



## FRANCHISE DISCLOSURE DOCUMENT

The Bar Method Franchisor LLC  
a Delaware limited liability company  
111 Weir Drive  
Woodbury, MN 55125  
1(800) 704-5004  
franchising@barmethod.com  
www.barmethod.com

The franchise offered is to operate a Bar Method® Studio featuring barre-based exercise classes using proprietary and non-proprietary techniques, formats and methods designed to provide fitness training in an attractive atmosphere.

The total investment necessary to begin operation of a Bar Method Studio is \$304,304 to \$511,232. This includes \$89,835 to \$111,926 that must be paid to the franchisor or an affiliate. We may also offer you the right to develop a minimum of 2 Bar Method Studios. You would then sign an Area Development Agreement and pay a \$75,000 Development Fee based upon the number of Bar Method Studios you agree to open, which replaces the Initial Franchise Fee you would have paid for those studios. The total investment necessary to enter into an Area Development Agreement for the right to develop 2 Studios is \$336,804 to \$543,732 (for the total initial investment to begin operation of your first Studio, plus the development fee for 2 Studios). This includes \$122,335 to \$144,426 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in a different format contact your sales representative at 111 Weir Drive, Woodbury, Minnesota 55125, telephone 866-956-4612.

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. 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 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 of this Franchise Disclosure Document: March 31, 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
<b>How much can I earn?</b>	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 D and E.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Bar Method® business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Bar Method® franchisee?</b>	Item 20 or Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 Risk(s) 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 arbitration at a location within 10 miles of its principal office (currently in Minnesota) and/or litigation only in the state of its principal office (currently Minnesota). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Minnesota than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Minimum Monthly Payments.** You must make minimum monthly fees, 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.
4. **Turnover Rate.** During the last 3 years, a large number of franchised outlets (12) were terminated, not renewed, re-acquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise system with a lower turnover rate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan  
Consumer Protection Division  
Attn: Franchise  
G. Mennen Williams Building  
525 West Ottawa St.  
Lansing, Michigan 48913  
(517) 373-7117

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### **Exhibits**

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## **Item 1**

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

The franchisor is The Bar Method Franchisor LLC (called “we” or “us” in this disclosure document). “You” means the person or entity acquiring a franchise. If you are a corporation, limited liability company or other entity, your owners must sign the Guaranty and Assumption of Obligations attached to the Franchise Agreement (Exhibit B), which means that all provisions of the Franchise Agreement also will apply to your owners.

#### **The Franchisor**

We are a Delaware limited liability company formed on October 25, 2021. Our principal business address is 111 Weir Drive, Woodbury, Minnesota 55125. We do business under our corporate name and the name Bar Method. We have offered franchises for Bar Method Studios since November 2021 and have never operated a Bar Method Studio or offered franchises in any other line of business. However, we do sell certain supplies directly to our franchisees, such as branded balls, stretching straps, videos, socks, apparel and other products. We have no other business activities.

Our agents for service of process are disclosed on Exhibit A.

#### **The Business**

We grant franchises for fitness studios which are primarily identified by the Marks and use the Franchise System (defined below) (collectively, “Bar Method Studios”). Bar Method Studios currently feature barre-based exercise classes using proprietary and non-proprietary instructional techniques, formats and methods designed to provide fitness training in an attractive atmosphere (as we may periodically add to, remove and otherwise modify them, collectively, the “Classes”). The Bar Method system is designed to create a lean, firm, sculpted body by reshaping and elongating muscles while maintaining an intense pace that burns fat and increases stamina. The basic Classes provide 8 or 9 strengthening exercises followed by stretches. The strength work combines holding positions that use the body’s own weight with small, controlled moves that increase range of motion and stamina. Stretching is focused on the hips, chest and lower back to improve posture and body alignment. Students begin the class with free weights and push-ups, move to the ballet bar to work their legs and abdominals, and finish on mats for more core work and stretching. Bar Method Studios currently offer both basic Classes as well as enhanced Classes that may focus on faster, more aerobic exercise programming or more restorative programming, more strength-based exercise programming and the incorporation of exercises from other modalities such as yoga. In addition to Classes, Bar Method Studios often sell fitness apparel and other items. In this disclosure document, we call your Bar Method Studio that you will operate under the Franchise Agreement your “Studio.” You must operate the Studio from a site we accept (the “Site”). You will sign the Franchise Agreement at the time we grant you a franchise for the operation of a Bar Method Studio. If you would like to provide virtual, online or live streaming content to your members you must also sign the Bar Livestream Amendment to the Franchise Agreement. This Amendment is included with the Franchise Agreement found at Exhibit B.



We also offer qualified people the right to develop multiple Bar Method Studios within a specific territory under the terms of an Area Development Agreement (“Area Development Agreement” or “ADA”). If you sign an Area Development Agreement, you will sign a separate Franchise Agreement for each Bar Method Studio you develop under your Area Development Agreement. You will sign the first Franchise Agreement when you sign the Area Development Agreement. The form of that agreement will be the form attached to this Disclosure Document. Later franchise agreements you sign will be in the form of agreement we use at the time you sign the agreement. The terms of those agreements may differ from the form attached to this Disclosure Document.

Bar Method Studios operate under certain trademarks, service marks and other commercial symbols that we specify, including “Bar Method®,” and we may periodically create, use and license or sublicense other trademarks, service marks and commercial symbols for use in operating Bar Method Studios, all of which we may periodically modify (collectively, the “Marks”). The “Franchise System” means our business system, business formats, proprietary instructional techniques and processes, methods, procedures, signs, designs, layouts, trade dress, standards, specifications and Marks, all of which we may periodically improve, further develop and otherwise modify. Bar Method Studios offer the Classes, products, services and amenities we authorize (and only the Classes, products, services and amenities we authorize) and operate under the mandatory and suggested specifications, standards, operating procedures and rules that we periodically specify for developing and/or operating a Bar Method Studio (collectively, the “System Standards”).

## **Our Parents, Predecessors and Certain Affiliates**

### **Parents**

On April 2, 2024 we became an indirect, wholly owned subsidiary of Purpose Brands Holdings, LLC (“Parent”). We are a direct wholly owned subsidiary of SEB Systems LLC (“Systems”). Systems is a direct wholly owned subsidiary of SEB Funding LLC (“Funding”) which is a direct wholly owned subsidiary of SEB SPV Guarantor LLC (“Guarantor”). Guarantor is a direct wholly owned subsidiary of our manager Anytime Fitness, LLC (“AFLLC”). AFLLC is a wholly owned subsidiary of Self Esteem Brands, LLC (“SEB”). SEB is a direct wholly owned subsidiary of Purpose Brands Intermediate, LLC doing business as Purpose Brands and Purpose Brands, LLC which is a direct wholly owned subsidiary of Parent. Parent is jointly owned by Anytime Worldwide, LLC (“AW”) and Ultimate Fitness Holdings, LLC (“UFH”). All of the entities disclosed in this paragraph have the same principal business address as we do with the exception of UFH, which has a principal business address of 6000 Broken Sound Pkwy NW, Suite 200, Boca Raton, Florida 33487.

### **Predecessor**

We have one predecessor, The Bar Method Franchising, LLC (“TBMLLC”). TBMLLC has the same principal business address as we do. TBMLLC began offering franchises under “The Bar Method” name in January 2008. One of TBMLLC’s affiliates, The Bar Method LLC (“TBM”), operated a Bar Method Studio in San Francisco, California from 2001 to December 2020. TBMLLC operated a Bar Method studio in Edina, Minnesota from 2021 to 2024. TBM offered

rights for Bar Method Studios from June 2003 until October 2007 and assigned those agreements to TBMLLC in January 2008. TBM has never offered franchises in any other line of business and has the same principal business address as we do.

In November 2021, as part of the Securitization Transaction (described below), TBMLLC transferred all existing U.S. franchise agreements and related agreements for Bar Method locations to us, and we became the franchisor of all existing and future franchise, area development and related agreements. Ownership and control of all U.S. trademarks and certain intellectual property relating to the operation of Bar Method locations in the U.S. were also transferred to us. TBMLLC no longer offers franchises for this business, and has never offered franchises in any other line of business.

### Affiliates

We have affiliates that offer franchises in other lines of business as discussed below. None of these affiliates have conducted the type of business that a Bar Method Studio will operate nor have they offered franchises for the type of business a Bar Method Studio franchisee will operate. Except as disclosed below, all of these affiliates have the same principal business address as we do.

Our affiliate, Anytime Fitness Franchisor, LLC (“Anytime Fitness”), is the franchisor of the Anytime Fitness brand. Anytime Fitness offers franchises for the operation of fitness centers designed to operate with minimal overhead and labor costs under the trademark, “Anytime Fitness®”. It and its predecessor AFLLC have been offering Anytime Fitness franchises since October 2002 and Anytime Fitness Express franchises from October 2006 to April 2024. AFLLC has operated Anytime Fitness centers since January 2005 and an Anytime Fitness Express center from October 2006 to 2009. In November 2021 the agreements under which these franchises were operated were transferred to Anytime Fitness as part of the Securitization Transaction discussed below. As of December 31, 2024, Anytime Fitness had 2,290 franchised centers in operation in the United States and AFLLC had 11 company-owned centers. AFLLC also acts as our manager as discussed below. Our affiliate, Anytime Fitness Iberia, SLU (“AFI”), offers and sells Anytime Fitness franchises for Anytime Fitness locations in Spain. Its principal business address is c/ Llacuna 75-81, 08005 Barcelona, Spain. AFI has offered Anytime Fitness franchises in Spain since 2013. It has operated Anytime Fitness centers in Spain since October 2012. As of December 31, 2024, it had 38 franchised centers and 4 company-owned centers in Spain.

Our affiliate Basecamp Fitness Franchisor LLC (“Basecamp”), is the franchisor of the Basecamp Fitness brand. It offers studio fitness center franchises under the Basecamp Fitness name that offer memberships allowing members to take short, regularly scheduled group training classes designed using High Intensity Interval Training strategies. It and its predecessor Basecamp Fitness, LLC (“BFLLC”), have been offering these franchises since April 2020. BFLLC has operated Basecamp Fitness studios since May 2019. In November 2021 the agreements under which these franchises were operated were transferred to Basecamp as part of the Securitization Transaction discussed below. As of December 31, 2024, Basecamp had 19 franchised studios operating in the United States and BFLLC had 4 company-owned studios.

Our affiliate Waxing the City Franchisor LLC (“Waxing Worldwide”), is the franchisor of the Waxing the City brand. It offers salon franchises under the Waxing the City name that focus on body waxing for men and women, and that sell related products and services. Waxing Worldwide and its predecessor, Waxing the City Worldwide, LLC (“WCWLLC”), have been offering these franchises since October 2012. WCWLLC has operated Waxing the City studios since December 2012. In November 2021 the agreements under which these franchises were operated were transferred to Waxing Worldwide as part of the Securitization Transaction discussed below. As of December 31, 2024, Waxing Worldwide had 151 franchised studios operating in the United States.

Our affiliate OTF Franchisor, LLC (“OTF Franchisor”) is the franchisor of the Orangetheory brand. It offers health and fitness studios that offer members access to exercise equipment, including cardio and strength equipment, in a simple, contemporary atmosphere characterized by its signature, energizing orange color scheme and trade dress. On April 2, 2024, OTF Franchisor became an indirect wholly owned subsidiary of Parent. As of December 31, 2024, OTF Franchisor had 1,283 franchised and 15 affiliate-owned studios operating in the United States and 33 franchised studios operating outside of the United States. The principal business address of OTF Franchisor is 6000 Broken Sound Pkwy NW, Suite 200, Boca Raton, Florida 33487.

We have several affiliates that sell goods or services to our franchisees. PV Distribution LLC (“ProVision”) provides information technology services, technology, and security systems, including computers, sound systems, software and other related components along with technology and software support, installation services, and security monitoring to our franchisees (see Item 8). SEB Distribution SPV LLC (“SEB Distribution”) will sell Bar Method branded and other products for use and retail sale in your Bar Method studio. Healthy Contributions SPV LLC (“Healthy Contributions”) is a data processing company that assists in the transfer, processing and distributions of funds and data for various fitness incentive programs, including group memberships, pay per visit, reimbursement, physical assessments, and vouchers. The principal business address of these affiliates is the same as our address. None of these affiliates has ever offered any fitness center franchises or franchises in any other lines of business, nor have they operated any fitness centers.

### **Securitization Transaction**

Under a securitization financing transaction which closed in November 2021 (the “Securitization Transaction”), SEB and its affiliates were restructured. As part of the Securitization Transaction, our predecessor, TBMLLC, transferred all existing U.S. franchise, area development and related agreements for Bar Method Studios to us, and we became the franchisor of all existing and future franchise, area development and related agreements. Ownership and control of all U.S. trademarks and certain intellectual property relating to the operation of Bar Method Studios in the U.S. were also transferred to us.

At the time of the closing of the Securitization Transaction, AFLLC entered into a management agreement with us to provide the required support and services to Bar Method franchisees under their franchise and area development agreements with us. AFLLC also acts as our franchise

sales agent. We will pay management fees to AFLLC for these services. However, as the franchisor, we will be responsible and accountable to you to make sure that all services we promise to perform under your Franchise or Area Development Agreement or other agreement you sign with us are performed in compliance with the applicable agreement, regardless of who performs these services on our behalf.

### **Market Competition**

Bar Method Studios appeal primarily to women between the ages of 25 and 65, although men and women of different age groups participate in the program. The business is not seasonal. Bar Method Studios compete with other facilities offering a variety of fitness programs. The physical fitness market is well developed and includes traditional facilities such as health clubs, gymnasiums, yoga classes, Pilates studios and specialized fitness facilities such as cycling studios, but is growing with facilities using new concepts and training techniques.

### **Regulations**

Your Bar Method Studio will be subject to national, state and local regulations that apply to all businesses, such as the Americans With Disabilities Act, wage and hour laws, employment laws, zoning laws, pricing and consumer disclosures laws, unfair and deceptive consumer practice laws and business licensing requirements. Because you will accept credit cards, you will also have to comply with any general laws and regulations relating to the acceptance of credit cards, including the Payment Card Industry (“PCI”) and Data Security Standard (“DSS”). Compliance with the PCI DSS is your responsibility. You must also comply with personal information, data protection and data privacy laws that affect the safekeeping of member information, and regulations that apply to electronic marketing, like faxes, emails, text messaging and telemarketing. Your business is subject to state and federal regulations that allow the government to restrict travel and/or require businesses to close during state or national emergencies.

In many states, health clubs and similar facilities are subject to various health and safety laws and rules, including laws requiring postings concerning steroids and other drug use, requiring certain medical equipment in the club, limiting the supplements that health clubs can sell, requiring bonds if a health club sells memberships valid for more than a specified time period, requiring club owners to deposit into escrow certain amounts collected from members before the club opens (so-called “presale” memberships), and imposing other restrictions on memberships that health clubs sell. Many states limit the length of your customer contracts, provide for specific provisions to be included in those contracts, prescribe the format or type size for the contract, and/or provide customers the right to terminate their contracts. State regulations may also require you to obtain a bond to protect pre-paid membership fees you collect. Some states and municipalities may also have enacted laws requiring a staff person be certified in basic cardiopulmonary resuscitation, or have other specialized training. In addition, some states have laws requiring a fitness studio to have an automated external defibrillator and other first aid equipment on the premises, and some may require you to take other safety measures. Some of these laws might also cover Bar Method Studios. State and local laws also might regulate

certifications that staff members must maintain. You should check your state and local laws to see whether any of these laws may apply to your Studio.

## **Item 2**

### **BUSINESS EXPERIENCE**

#### **Chief Executive Officer – Thomas Leverton**

Mr. Leverton has served as the Chief Executive Officer of our parent companies Purpose Brands Holdings, LLC and Purpose Brands Intermediate, LLC since November 2024. From February 2020 to November 2024, Mr. Leverton was a partner at Pritzker Private Capital, located in Chicago, Illinois. From July 2014 to February 2020, Mr. Leverton served as the Chief Executive Officer of CEC Entertainment, Inc. the parent company of the franchisor of the Chuck E. Cheese brand, located in Irving, Texas.

#### **Board Member – Charles Runyon**

Mr. Runyon has served as the Chief Executive Officer for us, Anytime Fitness, Basecamp and Waxing Worldwide from October 2021 to November 2024. He has served on our Board of Governors since October 2021. He also served as the President of TBMLLC from September 2019 to November 2024. He is also one of the founders of Anytime Fitness and has served as a Director of AFLLC since February 2002, until he was appointed as a Governor. He served as the President and Chief Manager of AFLLC from December 2009 to November 2024. In January 2013, he transitioned from the role of President to Chief Executive Officer of AFLLC. He has also served as Chief Executive Officer of WCWLLC from September 2012 to November 2024 and the President of BFLLC from August 2018 to November 2024. He has also served as a Governor of WCWLLC since September 2012 and as a Governor of BFLLC since August 2018.

#### **Board Member – Dave Mortensen**

Mr. Mortensen has served as the President for us, Anytime Fitness, Basecamp and Waxing Worldwide from October 2021 to November 2024. Mr. Mortensen served as the Vice President of TBMLLC from September 2019 to November 2024. He is also one of the founders of Anytime Fitness and served as the Secretary from December 2009 to November 2024 and as its President from January 2013 to November 2024. He has served as a Governor of AFLLC since December 2009. He also served as President and Secretary of WCWLLC from September 2012 to November 2024 and as a Governor since September 2012. Mr. Mortensen served as the Vice President of BFLLC from August 2018 to November 2024 and as a Governor since August 2018. He served as the President, Chief Financial Officer/Treasurer and Secretary of our affiliate ProVision Security Solutions, LLC from October 2009 to November 2024. In December 2009, he was appointed as a Governor of this organization. He has held these same positions for Provision from October 2021 to November 2024.

### **Chief Financial Officer – R. John Pindred**

Mr. Pindred has served as the Chief Financial Officer for us, Anytime Fitness, Basecamp and Waxing Worldwide since October 2021. He has also served as the Chief Financial Officer of our predecessor TBMLLC since September 2019. Mr. Pindred has also served as the Chief Financial Officer/Treasurer for AFLLC and WCWLLC since November 2014 and of BFLLC since August 2018. He has also served as the Chief Financial Officer of Purpose Brands Holdings, LLC since April 2024 and the Chief Financial Officer of Purpose Brands Intermediate, LLC since July 2024.

### **General Counsel and Secretary – James Goniea**

Mr. Goniea has served as the General Counsel and Secretary for us, Anytime Fitness, Basecamp and Waxing Worldwide since October 2021. He has held these same positions with our predecessor TBMLLC since September 2019 and with BFLLC since August 2018. He has held the position of General Counsel with AFLLC and WCWLLC since October 2017. He has also served as the General Counsel and Secretary of Purpose Brands Intermediate, LLC since July 2024.

### **Brand President – Stephanie Schon**

Ms. Schon has served as the Bar Method Brand President since November 2021. She has also served as the Brand President for TBMLLC since November 2020. From September 2018 until October 2020, she was the Chief Operating Officer at E&G Franchise Systems (headquartered in Eau Claire, WI, but Ms. Schon worked in Minneapolis, MN), which owns, operates, and franchises Erbert & Gerbert's sandwich shops.

### **Chief Technology Officer – Ameen Kazerouni**

Mr. Kazerouni has served as the Chief Technology Officer for our parent companies Purpose Brands Holdings, LLC and Purpose Brands Intermediate, LLC since July 2024. He was the Chief Technology Officer for Ultimate Fitness Group from February 2023 to July 2024. From October 2020 to February 2023, he was the Chief Analytics Officer of Ultimate Fitness Group. From January 2019 to October 2020, he was Head of ML/AI Research and Platforms for Zappos in Seattle, Washington.

### **Chief Development Officer – Matt Stanton**

Mr. Stanton has served as the Chief Development Officer for our parent companies Purpose Brands Holdings, LLC and Purpose Brands Intermediate, LLC since January 2025. From January 2023 to January 2025 he served as Chief Development Officer for AFLLC, WCWLLC, BFLLC and TBMLLC. From October 2021 to January 2023 he served as the Chief Growth Officer for MHI Restaurant Group, LLC located in Denver, CO. From December 2017 to October 2021 he served as Chief Development Officer for WellBiz Brands, Inc, located in Englewood, CO.

### **Senior Vice President of Franchise Administration – Jennifer Yiangou**

Ms. Yiangou has served as the Senior Vice President of Franchise Administration for our parent companies Purpose Brands Holdings, LLC and Purpose Brands Intermediate, LLC since July 2024. She served in the same role with WCWLLC, AFLLC, BFLLC and TBMLLC from September 2020 to July 2024. From October 2012 to September 2020 she was the Vice President of Franchise Administration for WCWLLC. She also served as the Vice President of Franchise Administration of AFLLC from January 2008 to September 2020, with BFLLC from August 2018 to September 2020, and with TBMLLC from September 2019 to September 2020.

### **Item 3**

#### **LITIGATION**

*Twin Cities Barbelles, LLC and Kayla O'Rourke v. The Bar Method Franchising, LLC* (American Arbitration Association Case No. 01-20-0005-2977, filed May 21, 2020). Twin Cities Barbelles, LLC and Kayla O'Rourke (collectively, "Ms. O'Rourke") filed an arbitration against our predecessor TBMLLC alleging that the Item 19 disclosures in the 2015 FDD lacked a reasonable basis and alleged that there were oral financial performance representations made to her not contained within the 2015 Item 19 and that induced Ms. O'Rourke to purchase her first franchised studio. Ms. O'Rourke also alleges misrepresentations were made to her to induce her to purchase a second franchised location in 2017. Ms. O'Rourke sought damages in excess of \$1,000,000 or the rescission of her two franchise agreements, plus attorneys' fees and costs, under theories of intentional and negligent misrepresentation and under various state laws regulating the sale of franchises. TBMLLC denied the allegations and asserted counterclaims against Ms. O'Rourke resulting from her abandonment of her two franchised studios and her failure to comply with the post-termination obligations in her franchise agreements. TBMLLC sought damages in excess of \$200,000, plus attorneys' fees and costs, for claims for breach of the franchise agreements, misappropriation of trade secrets, deceptive trade practices, trademark infringement and deceptive trade practices. The allegations made by Ms. O'Rourke concerned events that occurred before SEB became our indirect majority owner. The matter was settled pursuant to a Settlement Agreement and Release effective May 3, 2021 under which the parties terminated the two franchise agreements discussed above, released one another from any claims, and we paid Ms. O'Rourke \$125,000, which amount was funded by a third party seller in the SEB acquisition discussed above.

*Illinois v. The Bar Method Franchising Inc. and The Bar Method Inc.* (Case No. 2009CH 0125, Seventh Judicial Circuit of Illinois, filed February 9, 2009). The Illinois Attorney General brought this action against TBMLLC and its predecessor, alleging the agreement between TBM and an Illinois resident that TBM assigned to TBMLLC in January 2008 constituted a franchise that was not registered, as the Illinois Franchise Disclosure Act required, and that TBM did not provide a franchise disclosure document to the operator as that statute requires. On February 9, 2009, the same day as the Complaint in the matter was filed, TBMLLC and TBM agreed to the entry of a Final Judgment and Consent Decree in which, while not admitting any liability for any of the violations that the Illinois Attorney General alleged, TBMLLC and TBM agreed to the entry of a permanent injunction prohibiting TBMLLC and TBM from offering or selling

franchises in Illinois without being registered as a franchisor or failing to provide the franchise disclosure document to residents of Illinois as the Illinois Franchise Disclosure Act requires. TBMLLC also agreed to offer rescission of the agreement to its Illinois operator and to the payment of penalties and costs to the State of Illinois in the amount of \$5,000. The Illinois operator did not accept the offer of rescission and its agreement continues in effect.

In the Matter of the Investigation by Andrew Cuomo, Attorney General of the State of New York, of The Bar Method Inc. and Carl Diehl (Assurance No. 08-108). On April 2, 2009, TBM and Mr. Diehl, as its Vice President, entered into an Assurance of Discontinuance (“AOD”) under which, without admitting any violation of the law, they agreed to offer rescission of an agreement that TBM signed in New York without being registered to sell franchises in that state. As part of the AOD, TBM and Mr. Diehl agreed to comply with the provisions of the New York Franchises Act and not to sell franchises in New York without a current registration. TBM also paid to the State of New York the sum of \$2,500. The New York operator did not accept the offer of rescission and she continues to operate her studio under the agreement.

Other than these actions, no litigation is required to be disclosed in this Item.

#### **Item 4**

#### **BANKRUPTCY**

Except as set forth below, no bankruptcy information is required to be disclosed in this Item.

Thomas Leverton, the Chief Executive Officer of our parent companies Purpose Brands Holdings, LLC and Purpose Brands Intermediate, LLC, was the Chief Executive Officer of CEC Entertainment, Inc. located at 1707 Market Place Boulevard, Irving, Texas 75063 from July 2014 to February 2020. On or about June 24, 2020, approximately 4 months after Mr. Leverton left that company, CEC Entertainment and its debtor affiliates filed for protection under Chapter 11 of the United States Bankruptcy Code, Case No. 20-33163, United States Bankruptcy Court, Southern District of Texas (Houston). On December 15, 2020 the Court confirmed CEC and its debtor affiliates Plan of Reorganization. On December 30, 2020 the Court provided for the discharge of the debtors.

Our Chief Financial Officer, R. John Pindred, was an officer of Family Christian, LLC, 5300 Patterson Avenue Southeast, Grand Rapids, Michigan 49530, from August 2004 until September 2014. On February 11, 2015, about 5 months after Mr. Pindred left that company, Family Christian, LLC, filed for protection under Chapter 11 of the United States Bankruptcy Code, Case No. 15-00643, United States Bankruptcy Court, Western District of Michigan. On August 11, 2015, Family Christian, LLC’s Chapter 11 Plan of Liquidation, involving a sale of assets and continuity of operations, was confirmed. On August 1, 2016, the court issued a final decree closing the case.



## **Item 5**

### **INITIAL FEES**

#### **Initial Franchise Fee**

You will pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement. In most cases, the initial franchise fee is \$42,500. The initial franchise fee is not refundable under any circumstances.

However, we offer other pricing options for veterans and existing franchisees who are not in default under their existing Franchise Agreement(s) with us or our affiliates, and for people signing an Area Development Agreement to open and operate multiple Bar Method Studios. A schedule of the various pricing options and fees follows:

<b>Franchise Agreement Pricing</b>	<b>New Franchisee</b>	<b>New Franchisee Who Meets Veteran Requirements (Note 1)</b>	<b>Existing Franchisee (Note 2)</b>	<b>Existing Franchisee Who Meets Veteran Requirements</b>
Bar Method Studio Franchise	\$42,500	\$38,250	\$37,500	\$33,750

1. To qualify for the veteran pricing option, you must be a current member of the United States military, or a veteran who received an honorable discharge from a branch of the United States military.

2. We offer a pricing option for existing franchisees of ours, or of our affiliates, Anytime Fitness, Basecamp Fitness, Waxing the City, and Orangetheory, that are open and operating, and are in good standing, i.e., not subject to any uncured default notice.

3. We do not currently, but we may in the future offer a discount off the initial franchise fee for existing franchisees who have been recognized as top performers in our system.

#### **Area Development Agreement**

We also offer Area Development Agreements to develop 2 or more Bar Method Studios. You must pay an Initial Franchise Fee in connection with each Franchise Agreement you sign under the ADA. Pricing for ADAs is discussed below:

<b>Initial Franchise Fee Pricing under Area Development Agreements (Standard Bar Method Franchise)</b>	<b>New Franchisee</b>	<b>New Veteran Franchisee</b>	<b>Existing Franchisee</b>	<b>Existing Franchisee Who Meets Veteran Requirements</b>
2 locations	\$75,000	\$67,500	\$65,000	\$58,500
3 locations	\$97,500	\$87,750	\$82,500	\$74,250
Additional locations	+\$27,500 each	+\$27,500 each	+\$22,500 each	+\$20,250 each

If you sign an ADA, the initial franchise fee is referred to as a Development Fee, and you pay it in full, for all the Bar Method Studios you commit to open, when you sign the ADA. All portions of the Development Fee are deemed fully earned by us once paid and are non-refundable.

The number of Bar Method Studios we will allow you to open under an ADA may be limited by various factors, including the capacity of the market in which you choose to develop.

### **Training Fees**

Before your Studio opens, at least 3 teachers (including you, if applicable) must have attended and completed to our satisfaction our Teacher Training and must have become certified Bar Method instructors. We may not allow you to open if one or more of your teachers has not completed the Teacher Training to our satisfaction. There is no charge for this training unless you have more than 3 teachers attend. In that case, the fee is \$900 per additional teacher. This training will require independent self-study, virtual content, post-training review, completion of practice hours of instruction and a certification exam. If the training is held at a location that requires a coach or instructor to travel, you must pay the travel and living expenses of our instructor who performs the training. Any fees for this training are due before the training and are nonrefundable.

If the Principal Owner or Principal Operator is not going to be a Bar Method teacher, then you must designate a Teacher Manager to complete the Teacher Manager Support Program in addition to completing Teacher Training. The Teacher Training discussed above may be taken simultaneously with the Teacher Manager Support Program. This program is a 1-year program that must begin at least 90 days before your Studio opens and must be completed to our satisfaction. The cost of this training is \$5,000, is nonrefundable and must be paid to us or to a coach we designate before the training begins. All or part of this training may be provided online, by phone, on-site or by webinar.

### **Opening Purchases**

Before you open your Studio, you must buy from us all accessories and equipment needed to operate your Studio, including: dumbbells, sliders, mats, balls, stretching straps, risers and other initial equipment. We expect your payments to us for this initial equipment to be approximately \$7,900 to \$9,700 but this may vary depending on the size of your Studio. In addition, you must also buy from us an initial opening retail inventory of socks, shirts, water bottles, logoed apparel and/or other retail products that you will sell at your Studio. We call the opening initial retail inventory that you buy from us the “Retail Package.” We expect that your payments to us for the Retail Package will be \$2,300 to \$3,550 but may vary depending on the types and amounts of inventory you decide to buy. These payments include shipping and are not refundable.

You must purchase all information technology services, technology, network hardware, and security systems, including tablet or mobile devices, computers, sound systems, software and other related components, whether required or optional, from our affiliate, ProVision. Required and optional technology components are identified in the Operations Manual. ProVision will

provide you with technology support, monitoring, and installation services for your Studio. ProVision offers technology packages, which range in cost between \$14,648 and \$23,739. The basic package includes all of the technology components we require you to have to operate your Studio. The additional packages include optional components that you may choose to purchase and install, but which are not required by us. These package prices include shipping, installation and taxes which we estimate will cost 50% of the package cost. This cost may be financed through a third party. These payments are not refundable. You will also pay ProVision a monthly Technology Fee for technology solutions after billing begins (typically beginning when your Studio starts pre-sale 90 days before opening). The current Technology Fee to be paid before your Studio opens is \$1,287 (\$429 per month for 3 months prior to opening). See Item 6 for information on the monthly Technology fee.

We may pay a fee to qualifying, existing franchisees who refer to us a new prospective franchisee (not already in the system) who ultimately signs a Franchise Agreement with us, pays the initial franchise fee in full, and opens a new Studio for business.

### **Compliance Drawing and Construction Documents**

We create a specific studio layout/design (“**Compliance Drawing**”) of your Bar Method Studio using the as-built drawings, surveys, technical data, and site plans you provide. We provide one Compliance Drawing per Franchise Agreement. If additional Compliance Drawings are needed, you will pay us \$250 per Compliance Drawing. The Compliance Drawing documents the design of your Bar Method Studio but is not sufficient for construction and permitting. You must retain our designated architectural vendor to create a complete set of detailed construction documents and to complete construction of your facility in compliance with the Compliance Drawing and our mandatory specifications (“**Construction Documents**”), and to obtain any required permits, and conform the premises to local ordinances or building codes.

### **Grand Opening Program**

You must spend an amount we determine on your approved Grand Opening Program as described in Items 6 and 11. This amount will be between \$16,200 to \$25,000. Currently we do not require that you pay this amount to us but if you fail to spend the minimum required amount, we may require you to pay the difference between what you should have spent on your Grand Opening Program and what you actually spent as an additional Marketing Fund contribution. This amount would not be refundable.

### **Range of Initial Fees**

Franchisees signing franchise agreements during 2024 paid us initial fees (as described in this Item 5) ranging from \$26,500 to \$42,500.

## Item 6

### OTHER FEES

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Royalty	6% of Studio's Gross Revenue <sup>(2)</sup>	On the day of each month we periodically specify ( <b>"Payment Day"</b> ), currently the 10 <sup>th</sup>	
Marketing Fund contribution	Amount we periodically specify, subject to the Marketing Spending Requirement <sup>(3)</sup> , currently 2% of Studio's Gross Revenue <sup>(2)</sup>	On the day of each month that we periodically specify, currently the 20 <sup>th</sup>	
Local Marketing Spending Requirement	Your Marketing Fund Contribution (above) and Local Marketing Spend combined must equal 5% of Studio's quarterly Gross Revenue <sup>(3)</sup>	As incurred	If you fail to meet the Marketing Spending Requirement, you must pay us the difference as an additional Marketing Fund contribution.
Grand Opening Program	\$16,200 to \$25,000	As incurred	You must spend between \$16,200 and \$25,000, as we determine, on your approved Grand Opening Program. If you fail to spend the amount we require, we may require that you pay us the difference as an additional Marketing Fund contribution.
Marketing Materials	\$250 to \$500 for first year and thereafter may vary based on your purchases.	When incurred	You must purchase marketing materials for brand level promotions. We may prescribe minimum amounts you must purchase. We do not currently, but we may implement a program that automatically ships marketing materials to your Studio for brand level promotions at your cost.
Mandatory Seminars, Conferences or Programs	Currently, up to \$549 for early registration, increasing to \$729 at the Conference. We may increase this fee, but will not increase it above \$1,000 per registration.	Withdrawn within 1 month after the Conference	If we hold a Conference you must pay this fee for one Bar Method Studio, even if you do not register for our Conference. Payment of this fee covers registration for a Principal Owner of your Bar Method Studio to attend our Conference. This fee applies per person.
Ongoing product purchases	Currently \$1,000 to \$30,000 per year, depending on the products purchased, but could increase if costs increase	As incurred	Covers products you currently must or may buy from us.

<b>Type of Fee<sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Technology Fee	Currently, \$429 per month	On the day of each month that we periodically specify, currently the 15 <sup>th</sup>	You must pay this fee monthly to our affiliate, ProVision in support of system technology initiatives. This fee is subject to an annual increase of 10%, compounded annually and cumulative. <sup>(4)</sup>
Teacher Manager Support Program Fee	Currently \$5,000 per training (we may increase this fee upon notice to you, not to exceed \$10,000 per training).	Payable before training begins	1-year training program required if the Principal Owner or Principal Operator is not a Bar Method teacher. You will pay this fee to us or to a coach we designate.
Teacher Training Fee	Currently, \$900 per teacher (we may increase this fee upon notice to you, not to exceed \$2,000 per teacher).	Payable before training begins	Each teacher at your Studio must complete our Teacher Training program. Must have 4 teachers who have completed this training within 12-months after opening of your Studio. You are responsible for paying your teacher's travel, accommodation and payroll costs associated with taking this training, as applicable.
Coaching, Evaluation, and Certification (CEC) Program Fee	Currently, \$650 per year (we may increase this fee upon notice to you, not to exceed \$1,500).	Payable annually	This fee is for our coaching program, which includes an annual (virtual) check-in and virtual workshops.
CEC Video Fee	\$250 per hour, plus the costs of travel and expenses for our representative to conduct an in-person evaluation.  If you do not submit your videos on or before your assigned submission date, you will be subject to an additional \$50 late fee each week until submitted.	As Incurred	This fee is payable if you fail to submit an evaluation video with your CEC requirement and we send a representative to your Studio to conduct an in-person evaluation.
Other training fees	Currently \$250 per hour plus the costs of travel and expenses for our trainer (we may increase this fee, not to exceed \$500 per hour plus the costs of travel and expenses for our trainer).	As incurred	If you request and we agree, we will provide you with additional training to provide you and your staff with on-site studio operations and teaching training. If you are not meeting our teaching or operations standards, we may require you to take and pay for this training. We can also require you to take and pay for this training if we determine it is needed to keep the Franchise System competitive.
Workshop training fees	Charged per person or per studio depending on workshop (\$25 to \$100 per person or \$100 to \$500 per studio).	As incurred	This fee is payable for all persons attending workshops produced by us.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
National Coach fees	Some teacher training, teacher manager and other coaching services may be provided by approved, independent contractors and their fees are directly negotiated with you and are variable.	As incurred	We recommend coaches charge from \$45 to \$250 per hour depending on the training provided, or \$100 per certification, plus travel and accommodation costs.
Transfer Fee	\$7,500 or \$15,000 <sup>(5)</sup>	Before you transfer the franchise.	You only pay this fee if you sell your franchise or your interest in it.
Renewal Fee	\$10,000	Upon signing successor franchise agreement	
Music Licensing Fee	Currently \$2,100 per year. This fee may increase upon notice to you commensurate with increases from our preferred or designated vendor(s).	Annually upon demand	We license music from our vendor and will sublicense this music to you to be played at your live Classes. We reserve the right to require you to contract directly with a preferred or designated vendor for these services at which point you will pay these fees directly to the vendor.
Relocation Fee	\$1,500 plus our expenses	When you submit a request to move your Studio	You only pay this fee if you want to relocate your Studio. If we do not approve your request, we will refund the fee.
Management Fee	3% of Gross Revenue <sup>(2)</sup> plus direct costs and expenses	As incurred	Due only if we manage your Studio while we are considering whether to exercise purchase option.
Costs and attorneys' fees	Will vary under circumstances	As incurred	Payable if we incur costs as a result of your non-compliance with Franchise Agreement.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us and our affiliates if we or they are held liable for claims arising from your Studio's development or operation or your breach of the Franchise Agreement.
Interest	1.5% per month or highest interest rate the law allows, whichever is less	As incurred	Due on all overdue amounts and dishonored payments.
Follow-up inspection fee	Currently \$500 per day, but could increase if our costs increase, however, we will not increase above \$1,000 per day.	When invoiced	Payable only if we re-inspect the Studio to determine whether you have corrected deficiencies.

<b>Type of Fee<sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Insurance/Bond Handling Fees	Currently, \$100 plus premium costs and expenses (we may increase this fee, not to exceed \$300 plus premium costs and expenses).	Immediately after notice from us	You only pay this fee to us if you fail to obtain insurance or a health club surety bond if required, and we obtain the insurance coverage or the surety bond for you. This fee does not include the cost of insurance or bond premiums, for which you must also reimburse us.
Audit expenses	Cost of audit	As incurred	Due only if you fail to timely furnish reports or understate figures by 2% or more.
Liquidated Damages	\$10,000 multiplied by number of undeveloped Bar Method studios	Immediately after notice from us	Payable if your ADA is terminated.
Default Fee	\$500 per month per Studio	Monthly	Payable only if you are in default of the terms of your Franchise Agreement. Paid monthly until the violation is remedied. This provision does not limit other remedies available to us, including termination of your Franchise Agreement.
Bar Livestream Local Fee	Currently, \$50 per month per Studio (subject to increase upon notice to you commensurate with increases from our vendor).	Monthly	Only payable if you choose to participate in the Bar Livestream Local portion of the Bar Livestream Program. <sup>6</sup>
Bar Livestream Digital Music License Fee	Currently, \$460 per year, per Studio, plus applicable taxes (subject to increase upon notice to you commensurate with increases from our preferred or designated vendor(s)).	At the time you opt into the Bar Livestream Local portion of the Bar Livestream Program	Only payable if you choose to participate in the Bar Livestream Local portion of the Bar Livestream Program. <sup>6</sup> This fee would be payable in addition to the Music Licensing Fee above. We reserve the right to require you to contract directly with a preferred or designated vendor for these services at which point you will pay these fees directly to the vendor.
Bar Online Fee	Currently, no cost. We reserve the right to implement a fee for providing you with this add-on service for your memberships in the future, however this fee will not exceed \$30 per membership, per month.	Monthly	We require you to offer our Bar Online product as an add-on service to your in-studio memberships, however, you may not offer or sell standalone digital or online memberships. Currently we do not charge you for providing this add-on service for your memberships, but we reserve the right to charge you for this add-on service in the future.
Charitable Contribution	\$100 per month if you choose to participate.	Monthly	This is a voluntary contribution you will make once you open your Bar Method Studio, but only if you decide to participate in our Charitable Contribution Program.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Healthy Contributions Fitness Incentive Program - Initial Fees	Currently, no cost for set-up of the first Fitness Incentive Program, and \$20 for each additional Fitness Incentive Program. Also, currently, a \$1.50 initial member fee for each member you enroll on the Healthy Contributions website, and \$3 for each member enrolled by a Healthy Contributions staff member upon studio's request. We may change these fees upon notice to you commensurate with increases or changes by participating Fitness Incentive Programs.	Paid by ACH or similar draft, generally 40-45 days after each activity month end.	Payable to Healthy Contributions if members or non-member attendees of your location are participating in Fitness Incentive Programs administered by Healthy Contributions (these are incentive programs from healthcare providers or employers). Fees are for the ongoing work in administering, transferring, processing and distributing funds and data for all fitness incentive programs. You would sign the Health Contributions Agreement attached to this Disclosure Document as Exhibit L.
Healthy Contributions Fitness Incentive Program - Ongoing Fees	Currently, a \$5 fee per each Fitness Incentive Program per month, a monthly transaction fee of \$0.35 per active member for each applicable deposit and a \$0.40 per member, per month maintenance fee for data storage and security. We may change these fees upon notice to you commensurate with increases or changes by participating Fitness Incentive Programs.	Paid by ACH or similar draft, generally 40-45 days after each activity month end.	Payable to Healthy Contributions if members or non-member attendees of your location are participating in Fitness Incentive Programs administered by Healthy Contributions. Fees are for the ongoing work in administering, transferring, processing and distributing funds and data for all fitness incentive programs. You would sign the Health Contributions Agreement attached to this Disclosure Document as Exhibit L.
Enhanced Bar Method Format Certification Fees	<p>\$200 per instructor, per enhanced format if provided individually. We may increase this fee up to \$400 per instructor, per enhanced format if provided individually.</p> <p>You may also choose to have this training provided in a group format by a National Coach.</p>	As incurred	We recommend coaches charge a \$400 group fee and an additional \$100 per certification, plus travel and accommodation costs.

### **Explanatory Notes**

(1) All fees are imposed and collected by and payable to us or our affiliates and are non-refundable. Any limitation on our ability to increase a fee or other amount disclosed in this Disclosure Document only applies to Franchise Agreements signed in connection with this Disclosure Document. All limitations expire or otherwise terminate on the expiration or termination of the Franchise Agreement. These fees are uniform for franchisees signing the Franchise Agreement included in this disclosure document, although franchisees who signed other forms of franchise agreements pay different amounts for some fees.

You must sign and deliver to us the documents we periodically require to authorize us to debit your bank account automatically for the Royalty, Marketing Fund contribution, and other amounts due under the Franchise Agreement or any related agreement between us (or our affiliates) and you. Under our current automatic debit program for the Studio, we will debit your account on or after the Payment Day for the Royalty and Marketing Fund contributions. You



must make the funds available for withdrawal by electronic transfer before each due date. We may periodically change the mechanism for your payments of Royalties, Marketing Fund contributions and other amounts you owe to us and our affiliates under the Franchise Agreement or any related agreement, including collecting these amounts from your billing services provider.

In some cases, if a government authority imposes additional taxes on us based on your Studio, we may require you to reimburse us for those taxes.

(2) “Gross Revenue” means all revenue that you receive or otherwise derive from operating the Studio, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for that revenue. All Studio transactions must be conducted using our designated point of sale system. If you receive any proceeds from transactions associated with your Studio conducted outside our designated point of sale system you must report the proceeds to us as this revenue is considered Gross Revenue. You must also report to us any proceeds received from any business interruption insurance applicable to loss of revenue at the Studio, we will add to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. However, “Gross Revenue” excludes (a) sales taxes, use taxes, and other similar taxes that you add to the sales price, collect from the customer and pay to the appropriate taxing authority; and (b) any bona fide refunds and credits you actually provide to customers. At our discretion, we may also choose to exclude from Gross Revenue that portion of any revenue collected by you and donated to charity as part of a charitable venture that we designate. The first Royalty payment and Marketing Fund contribution are due on the “Payment Day” of the month following the month during which the Studio’s opening date falls, based on the Gross Revenue during the period beginning when the first Gross Revenue was recognized (including Gross Revenue derived during presale) and ending on the last day of the previous month.

(3) The “Marketing Spending Requirement” is the maximum amount that we can require you to spend on Marketing Fund contributions and approved Local Marketing (defined in Item 8) for the Studio during each calendar quarter and is 5% of the Studio’s Gross Revenue during the prior calendar quarter. Your annual Marketing Fund Contribution plus your Local Marketing Spend combined must equal at least 5% of your Studio’s Gross Revenue for the prior calendar year. Although we may not require you to spend more than the Marketing Spending Requirement on Marketing Fund contributions and approved Local Marketing for the Studio during any calendar quarter, you may choose to do so. We will not count towards your Marketing Spending Requirement any Grand Opening Program marketing spend or the cost of free or discounted Classes, coupons, special offers or price reductions that you provide as a promotion, signs, personnel salaries, administrative costs, employee incentive programs, or other amounts that we, in our reasonable judgment, deem inappropriate for meeting the Marketing Spending Requirement. We may periodically review your books and records and require you to submit reports periodically to determine your Local Marketing expenses. If you fail to spend (or prove that you spent) the Marketing Spending Requirement in any quarter, then in addition to our other rights, you must pay us the shortfall as an additional Marketing Fund contribution. There are no advertising or other cooperatives in the Bar Method Studio franchise network at this time, but we reserve the right to implement one in the future.

(4) We may increase the amount and calculation of the Technology Fee 10% annually. Adjustments are compounded annually and cumulative including increases in any given year of greater than 10% to adjust for prior years when no increase, or an increase of less than the permitted percentage increase, was implemented. The technology environment is rapidly changing and it is difficult to anticipate the future cost of developing, acquiring, implementing and licensing technologies, including mobile applications, related to our Franchise System. We may implement technology initiatives as we determine and you may be required to purchase additional hardware or software to support those initiatives. You must participate in these initiatives and pay any charges related to these initiatives, including the Technology Fee. You will pay the fee on the designated business day of each month after billing begins. Upon our request you must sign the ProVision Services Agreement. A copy of the current ProVision Services Agreement as of the date of this Disclosure Document is attached as Exhibit J.

(5) If you transfer the franchise before you open the Bar Method Studio, the fee will be \$15,000. If you transfer the franchise after you open, the transfer fee is \$7,500. In addition, prior to the transfer, you or the proposed transferee must pay to us or the applicable broker, as we designate, any broker fees or commissions that we or you incur in connection with the transfer.

(6) You have the option of participating in our Bar Livestream Program. If you participate you will have the option of participating in the various program components we offer through this program. Those components range from providing as an add on product to your members certain virtual, online or livestreaming content that we provide or providing content you create to your members on a virtual, online or livestreaming basis. To participate in this program you must sign the Bar Livestream Amendment which is included with the Franchise Agreement attached as Exhibit B. Livestream products are add on services to in-studio memberships, you may not offer or sell standalone digital or online memberships.

## **Item 7**

### **ESTIMATED INITIAL INVESTMENT**

#### **YOUR ESTIMATED INITIAL INVESTMENT Single Studio Franchise**

<b>Type of expenditure (1)</b>	<b>Low amount</b>	<b>High amount</b>	<b>Method of payment</b>	<b>When due</b>	<b>To whom payment is to be made</b>
Initial franchise fee (2)	\$42,500	\$42,500	Lump sum	Upon signing Franchise Agreement	Us
Franchisee Training, Travel & Living Expenses (3)	\$1,260	\$9,240	As incurred	As incurred during training	Airlines, hotels, restaurants

<b>Type of expenditure (1)</b>	<b>Low amount</b>	<b>High amount</b>	<b>Method of payment</b>	<b>When due</b>	<b>To whom payment is to be made</b>
Leasehold Improvements <b>(4)</b>	\$129,300	\$214,500	Varied times	Before Opening	Landlord and building contractor
3 Months' Rent + security deposit <b>(4)</b>	\$21,375	\$32,775	As incurred	Monthly	Landlord
Construction Management Fees & Site Survey <b>(4)</b>	\$0	\$15,300	As incurred	Before opening	Third parties
Office Supplies	\$2,000	\$3,200	As agreed	Varied times	Us, Affiliates and Vendors
Grand Opening Program <b>(5)</b>	\$16,200	\$25,000	As agreed	Before opening and for a period after opening	Us and Vendors
Architect/Design Fees <b>(6)</b>	\$13,750	\$24,225	As specified in contract	At time of design	Architect
Initial Fitness Equipment <b>(7)</b>	\$7,900	\$9,700	Lump sum	Before opening	Us
Furniture, Fixtures & Millwork <b>(7)</b>	\$22,371	\$32,613	As agreed	Varied times	Us, Affiliates and Vendors
Technology Package and Licenses <b>(8)</b>	\$14,648	\$23,739	As agreed	Varied times	Us, Affiliates and Vendors
Interior and Exterior Signage	\$19,200	\$25,550	As agreed	Varied times	Us and Vendors
Initial Retail Inventory (Retail Package) <b>(9)</b>	\$2,300	\$3,550	As agreed	At delivery	Us
Insurance & Bonds <b>(10)</b>	\$2,700	\$3,550	As incurred	Varied times	Us and Vendors
Miscellaneous Expenses <b>(11)</b>	\$2,900	\$12,990	As agreed	Varied times	Us, Affiliates and Vendors
Additional funds – 3 months <b>(12)</b>	\$5,900	\$32,800	As incurred	As incurred	Us and third parties

Type of expenditure (1)	Low amount	High amount	Method of payment	When due	To whom payment is to be made
Total estimated initial investment (13)	\$304,304	\$511,232			

### **Explanatory Notes**

(1) Type of Expenditures. The amounts provided in Item 7 include costs you will incur to start your business. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. Unless otherwise provided, and other than the leasehold improvements, the low and high ranges in the table are based on a 1,500 square foot studio (low) and 2,300 square foot studio (high). The estimates provided in Item 7 assume you will rent your franchised location from a third-party landlord. It does not include costs associated with the acquisition of real estate if you decide to operate from a property you purchase.

(2) Initial franchise fee. We describe the Initial Franchise Fee in Item 5. These estimates assume you pay the standard Initial Franchise Fee for new franchisees. If you sign an Area Development Agreement, you must commit to opening more than one Bar Method Studio, and you will pay the Development Fee at the time you sign the Area Development Agreement. The Development Fee will be credited to the Initial Franchise Fee due under each Franchise Agreement you or your affiliate signs for each Bar Method Studio developed under the Area Development Agreement. The Development Fee is described in Item 5. There are no other incidental expenses you should incur as a Developer, as the expenses to open each Studio are accounted for in the chart.

(3) Franchisee Training, Travel & Living Expenses. The person you designate as the “Principal Operator” of your Studio must attend our Initial Training Program which we also refer to as our “New Franchisee Training Program”. This program may be virtual or in-person at a location we designate, or a combination of both. Currently, we do not require you to travel for New Franchisee Training, but we may require it in the future. If your Principal Operator is not also a Principal Owner, then this individual must attend our Initial Training Program. If the Principal Owner or Principal Operator is not going to be a Bar Method teacher, you must have a Teacher Manager who must complete the Teacher Manager Support Program. The high estimate assumes travel and living expenses for 3 individuals to attend in-person Teacher Training, and payroll expense for 1 employee in addition to the Owner to attend New Franchisee Training. It also assumes expenses for a National Coach to provide additional training and Teacher Manager training.

(4) Real Estate & Leasehold Improvements. The recommended size of a Bar Method studio is 1,700 square feet of space, although some highly populated areas with appropriate demographics might justify larger spaces. You will need to alter the interior space to meet our then-current specifications, before you open your Studio. The leasehold improvements disclosed above reflect the range of construction costs experienced by our franchisees in 2023 and 2024. Some of our franchisees receive some tenant improvement allowance from their landlord. The

range of tenant improvement allowance received by franchisees in our system in 2023 and 2024 was \$35 to \$55 per square foot, with an average tenant improvement allowance of \$40.50 per square foot.

As described in Item 8, we offer a Construction Management Services program through our approved vendor to oversee the construction of your Studio. We have added these costs to the high end of the range.

Rent amounts can vary depending upon the area in which the Studio is located, its size, the condition of the premises, the landlord's contribution to your leasehold improvements and other factors. You probably will also have to pay the landlord a security deposit when you sign the lease. For rent, CAM and security deposit figures, on the low end of the range we assumed a studio with 1,500 square feet and on the high end of the range we assumed a studio with 2,300 square feet. We have included 3 months' rent and an additional one months' rent as a security deposit, at a base rate of \$29.23 per square foot and CAM charges of \$13.52 for a 1,500 square foot studio (low) and 2,300 square foot studio (high). These are the average rent and CAM charges reported to us by franchisees in 2022, 2023 and 2024.

(5) Grand Opening Program. If you are opening a new Bar Method Studio, you must spend an amount we determine, which will not be less than \$16,200 nor more than \$25,000, on a Grand Opening Program we have approved for your Bar Method Studio beginning approximately 4-6 weeks before your scheduled opening and ending approximately 8 weeks following the opening of your Bar Method Studio. You must work with our preferred vendors for your Grand Opening Program. We may require you to submit your grand opening plans and local marketing plans for our prior approval, submit proof of payment or other documentation to verify you have met minimum spend requirements, and show proof of performance of your advertising activity.

(6) Architect/Design Fees. We currently have a designated architectural vendor who provides the Construction Documents. The cost for these Construction Documents ranges from \$13,750 to \$24,225 and these fees are paid to the vendor directly. We will provide one Compliance Drawing for you at no charge, but you must pay us \$250 for each additional Compliance Drawing as needed. Our estimates assume you do not require additional Compliance Drawings. We do not construct, remodel or decorate your premises. The estimates assume standard tenant improvements within a structure designed for commercial use, and excludes items such as structural modifications, site work, energy studies, surveys and/or exterior improvements.

(7) Furniture, Fixtures & Millwork and Fitness Equipment. Furniture, fixtures and millwork are required components necessary to furnish your Studio and begin operations as specified in our confidential manual. You are also required to purchase from us certain fitness equipment that will be necessary to begin operation of your Studio. This includes balls, stretching straps, risers, an AED device, and other initial equipment that you must purchase from us. We may change the selection of equipment and supplies you must provide at any time. The amount of required equipment may depend on the size of your Studio.

(8) Technology Package and Licenses. These figures cover the estimated cost for the Studio Management System hardware, related supplies, and a sound system. “Studio Management System” means the integrated, computer-based, web-based, and application systems and services (both hardware and software) that we periodically specify for the management and operation of your Studio. We describe the Studio Management System in Item 11. You must purchase information technology services, technology, network hardware, and security systems, including tablet or mobile devices, computers, sound systems, software and other related components from our affiliate, ProVision. ProVision will provide you with technology support, monitoring, and installation services for your Studio. Required and optional technology components are identified in the Operations Manual. ProVision offers technology packages, which range in cost between \$14,648 to \$23,739 (payable to ProVision). The low estimate includes the basic package and the high estimate includes the more expensive package. The basic package includes all of the technology components we require you to have to operate your Studio. The high estimate package includes optional components that you may choose to purchase and install, such as the Local Livestream technology, but which are not required by us. Both of these estimates include taxes, shipping and installation, estimated at 50% of the total package cost.

(9) Retail Package. As we describe in Item 5, the Retail Package is the initial opening retail inventory that you will purchase from us. This includes socks, shirts, water bottles, apparel and/or other retail products. The amount you must pay for the Retail Package depends on the types and amounts of inventory you decide to buy.

(10) Insurance & Bonds. Some state laws also require the purchase of a bond. The requirements vary by state, and may depend on your net worth or the assets you may need to collateralize that bond. Further, you will need to purchase and maintain in effect at all times during the term of the Franchise Agreement a policy or policies of insurance, naming us and our affiliates as additional insureds on the face of each policy. You must have and maintain general liability insurance with complete operations coverage, broad form contractual liability coverage, property damage all with current minimum limits of \$1,000,000 per person and \$1,000,000 per occurrence, \$3,000,000 in the aggregate, and other insurance in the types and amounts as we may require or as required by law. The insurance policy must be written by a carrier who has a minimum rating acceptable to us. Before you make a decision to purchase the franchise, you should confirm that insurance is available for a fitness center of the type you intend to operate, given that you will not staff the premises all of the time.

(11) Miscellaneous Expenses. This estimate includes estimated utility deposits, building permit, licensing fees, legal and accounting fees, and music licensing and software fees before opening. We have also included the The Bar Livestream Digital Music License Fee in the high estimated amount only as it is an optional fee.

(12) Additional Funds – 3 Months. These figures include estimates of your initial start-up expenses (other than the items identified separately in the table and your Local Marketing Spend Requirement) for your Studio’s first 3 months of operation, including utilities for months 2 and 3, Technology Fees, royalties, advertising fund contributions, local marketing spend, Bar Livestream Local Fee, Music Licensing Fee, Bar Livestream Digital Music License

Fee, miscellaneous supplies, inventory, cleaning services, payroll costs (but not including any draw or salary for you or the Principal Owner or for the other owners of the Studio, any fees or other amounts you owe us, or any taxes or other permitting or licensing fees that you may pay), and other miscellaneous costs.

(13) Total Estimated Initial Investment. We relied on our franchisees' and our predecessor's affiliate's experience in developing, licensing and franchising Bar Method Studios to compile the estimate for additional funds and other estimates in this Item 7. This is based on our estimate of nationwide costs and market conditions prevailing as of the date of this Disclosure Document. We do not offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, your relationship with local banks, your experience in the fitness industry, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges or fees, interest or debt service obligations.

**YOUR ESTIMATED INITIAL INVESTMENT**  
**Area Developer<sup>1</sup>**

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>					
<b>Type of Expenditure</b>	<b>Low Amount</b>	<b>High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Development Fee	\$75,000	\$97,500	Lump sum	Upon signing the Area Development Agreement	Us
<b>TOTAL (Note 2)</b>	<b>\$75,000</b>	<b>\$97,500</b>			

**Explanatory Notes**

(1) If you sign an Area Development Agreement, you must commit to opening at least 2 Bar Method Studios, and you will pay the Development Fee at the time you sign the Area Development Agreement, which will vary depending on the number of Studios you agree to develop. As described in Item 5, we offer Area Development Agreements for 2, 3, or more than 3 Studios. The low estimate assumes you agree to develop 2 Studios, and the high estimate assume you agree to develop 3 Studios.

(2) If you sign an Area Development Agreement, you must also sign the form Franchise Agreement, attached as Exhibit B, for your first Studio, and thus this estimate is in addition to the estimated initial investment for a single Studio above, with the exception that the Development Fee replaces the Initial Franchise Fee you would have paid for those Studios.

## **Item 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **System Standards**

You must operate the Studio according to our System Standards, which may regulate, among other things, the brands, types, and models of equipment and other products and services you use to operate your Studio; required or authorized products and services or product and service categories; designated or approved suppliers of these items (which might include or be limited to us and/or our affiliates); and standards and procedures for instructing Classes, including certification requirements for your teachers. To maintain the quality of the goods and services that Bar Method Studios offer and the reputation of the Bar Method Studio franchise network, you must purchase all required furniture, the Studio Management System and its components, audio equipment, music services, barres and other exercise equipment, mirrors, lighting components, other equipment, furnishings and signs that we periodically require for the Studio. The Studio must contain all of the items we require, and only the items we periodically specify. You must purchase products, services supplies, equipment and other items we specify for the Studio only according to our System Standards and, if we require, only from suppliers or distributors that we designate or approve (which may include or be limited to us or our affiliates). You may not share space, sublease, house, or otherwise partner with any other business, independent contractor or service provider in your Studio location without our express permission.

We issue and modify our System Standards based on our, our predecessor's, our affiliates' and our franchisees' experience in licensing, franchising and/or operating Bar Method Studios. We will notify you in our Operations Manual (defined in Item 11) of our System Standards and names of designated and approved suppliers. We also provide our relevant standards and specifications to some approved suppliers. Currently, the purchases that you must make from us or our affiliates, from approved suppliers, or according to our System Standards represent approximately 70% to 80% of your total purchases in establishing, and approximately 30% to 50% of your total purchases in operating, your Studio.

#### **Suppliers**

You currently must buy only from us all of the fitness accessories and equipment needed to operate your Studio, including: dumbbells, sliders, mats, balls, stretching straps, risers and other initial equipment. You must purchase the Retail Package from us, which includes opening retail inventory such as socks, shirts, water bottles, apparel and/or other retail products. After you purchase the Retail Package, you may choose whether or not to continue to sell branded socks, shirts, apparel, and/or other branded products at retail from your Studio, but if you choose to continue to use or sell any of these products, you must buy them only from us or our approved suppliers. We are currently the sole provider of music services to be played at live Classes at your Studio. We are currently the sole provider of coaching and evaluation services for you and certification services for your teachers. If you would like to use a different provider we must approve that provider and that provider must be approved by us to provide the services to you.



You must obtain a Compliance Drawing from us. We will provide one Compliance Drawing per Franchise Agreement. We anticipate this Compliance Drawing will be sufficient to provide to an architectural vendor to create your Construction Documents. If additional Compliance Drawings are needed, you will pay us \$250 per Compliance Drawing. Unless we allow you to provide Bar Method content in a virtual, online or live streaming format, we are the only supplier of this content that you may provide and to provide it at all you must be participating in our Bar Livestream Program.

ProVision, an affiliate of ours, is currently the sole supplier of the Technology Packages and for certain technology services, hardware, and security systems, including tablet and mobile devices, computers, audio and video systems, software and other related components which you must purchase to operate your Studio. You may be required to purchase additional hardware or software to support future technology initiatives.

Healthy Contributions is an affiliate of ours that does not currently, but may in the future, provide services to you. These services may be optional or we may make participation with all or some of Healthy Contributions incentive programs mandatory in the future. Healthy Contributions assists in the transfer, processing and distribution of funds and data for various fitness incentive programs, such as Group Memberships, Pay per visit, reimbursement, physical assessments, and vouchers and receives a fee for these services. Healthy Contributions also provides an online portal to offer, track and manage fitness membership programs. Healthy Contributions may also have exclusive arrangements with some companies that offer these incentive programs to your members and may solicit companies or organizations that have multiple offices to offer memberships or discounts on memberships to their employees.

You must participate in all national promotional marketing campaigns, member programs, consumer sales and satisfaction programs or surveys that we require, including loyalty programs, rewards programs, member challenges, as well as obtain and maintain all technology we require to deliver member programming. Currently, we require you to offer our Bar Online product as an add-on service to your in-studio memberships, however, you may not offer or sell standalone digital or online memberships to Bar Online or your own Bar Livestream Local. You may be required to purchase branded assets or other materials to participate in such programs, incentives or promotions. Additionally, you are not allowed to create your own such programs, incentives or promotions without our explicit consent. We do not currently, but we may implement a program that automatically ships marketing materials to your studio for national campaigns at your cost.

As further described above and below, we have the right to designate a single source or sources from whom you must purchase any required products and services, and we and/or our affiliates may be that single source or one or more of the sources. Except as described above, as of the issuance date of this Disclosure Document, neither we nor our affiliate are the only approved suppliers of any required products and services.

We derive revenue from your purchases or leases of goods, services, supplies, fixtures, equipment, inventory and products from our mandatory, designated or preferred suppliers. This income may be in the form of percentage rebates on the purchases you make from the vendor or

fixed amounts on supplies and services. These rebates may be up to 15% of the amount of purchase you make from the vendor. There are no caps or limitations on the maximum amount of rebates we may receive from our suppliers as the result of franchisee purchases.

For the fiscal year ended December 31, 2024, we received \$89,119 in revenue from the purchase, lease or sale of required goods or services to our franchisees, which was 2.19% of our total revenues of \$4,062,990. ProVision received \$9,635 in revenue from the purchase, lease or sale of required goods or services to our franchisees. SEB Distribution received \$211,864 in revenue from the purchase, lease or sale of required goods or services to our franchisees. This information was taken from our and our affiliates' internal financial records. As this information was taken from our and our affiliates' internal financial records, revenue reported in this paragraph has not been modified for ASC 606 purposes.

We currently have a designated architectural vendor who provides the Construction Documents. The cost for these Construction Documents ranges from \$13,750 to \$24,225 and these fees are paid to the vendor directly.

We currently offer construction management services through an approved third-party vendor, to assist franchisees with the build-out of their studios ("Construction Management Services"). Construction Management Services generally include consulting services regarding construction-related lease requirements, construction estimates, general contractor bidding and selection (you select the general contractor), the exterior sign review and approval process, utilities set up, obtaining building permits, site conditions and work progress, FF&E operation, maintenance and trouble-shooting; providing a punch list of open issues; construction warranty work; and obtaining occupancy approval. While our vendor provides consulting services in these various areas if you sign its construction management agreement, you alone are responsible for all fees, costs, and expenses associated with your Studio's build-out, including plans and specifications, permits, licenses, construction and materials, FF&E, installation and insurance. The Construction Management Services are optional. However, we may transition the Construction Management Services program to a mandatory program. If this occurs, you must purchase Construction Management Services if you have not already signed a Franchise Agreement with us or have not commenced the construction of your Studio.

You currently must acquire a Technology Package which includes required studio technology and network hardware, Studio Management System (which includes our customer relationship management, point of sale system and certain other systems) and related services (including any apps, future technologies and other software platforms) only from us, or our affiliate, or our designated suppliers. Our affiliate is also the only approved supplier for all optional technology as identified in the Operations Manual. Except as described in this Item 8, there currently are no other goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, real estate, or comparable items related to establishing or operating your Studio that you must purchase from us or designated or approved suppliers. Other than owning an interest in us or an affiliate, none of our officers owns an interest in any other current supplier to Bar Method Studio franchisees.

You must use our preferred vendors for your Grand Opening Program for your Studio, which may include us or our affiliates, and we may require you to submit your grand opening plans and local marketing plans for our prior approval, submit receipts to verify you have met minimum spend requirements, and show proof of performance of your advertising activity. Our affiliate, SEB Distribution SPV LLC, will sell The Bar Method branded and other products for use and retail sale in your Bar Method Studio.

If you want to use any products, services or other items for or at the Studio that we have not yet evaluated, or other products, services or other items provided from a supplier or distributor that we have not yet approved you first must submit sufficient information, specifications and samples for us to determine whether the product or service complies with our standards and specifications and/or the supplier or distributor meets our criteria. We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) and/or other criteria. We may inspect the proposed supplier's or distributor's facilities and require the proposed supplier or distributor to deliver product or other samples, at our option, either directly to us or to any independent laboratory that we designate for testing. You need not pay us any fees for proposing new suppliers or distributors. We will use commercially reasonable efforts to notify you of our approval or disapproval within 30 days after receiving all information we require. We may periodically re-inspect the facilities, products and services of any approved supplier or distributor and revoke our approval of any supplier, distributor, product or service that does not continue to meet our criteria. Despite these rights, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including if we have already designated an exclusive source (which might be us or our affiliate) for the applicable product or service or if we believe that doing so is in the best interests of the Bar Method Studio network.

We will not provide material benefits, like renewal or additional franchises, to franchisees based on their purchase of particular products or services or use of particular suppliers. We attempt to negotiate purchase arrangements with suppliers, including price terms. In doing so, we seek to promote the overall interests of our franchise network and our interests as franchisor. In the future, we may derive revenue from your purchases or leases of goods, services, supplies, fixtures, equipment, inventory and products from our mandatory, designated or preferred suppliers. This income may be in the form of percentage rebates on the purchases you make from the vendor or fixed amounts on supplies and services. There are no caps or limitations on the maximum amount of rebates we may receive from our suppliers as the result of franchisee purchases. There are no formal purchasing or distribution cooperatives in the Bar Method Studio franchise network.

## **Insurance**

During the Franchise Agreement's term, you must maintain in force at your sole expense the insurance coverage for the Studio in the amounts, covering the risks, and containing only the exceptions and exclusions that we periodically specify for similarly situated Bar Method Studios. All of your insurance carriers must be rated A or higher by A. M. Best and Company, Inc. (or similar criteria as we periodically specify). You must have and maintain general liability

insurance with complete operations coverage, broad form contractual liability coverage, property damage, all with current minimum limits of \$1,000,000 per person and \$1,000,000 per occurrence, \$3,000,000 in the aggregate. All coverage must be on an “occurrence” basis. We may, upon at least 60 days’ notice to you, periodically increase the amounts of coverage required and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies must name us and any affiliates we designate as an additional insured and provide for 30 days’ prior written notice to us of a policy’s material modification or cancellation.

### **Local Marketing**

You must at your expense participate in the manner we periodically specify in all advertising, marketing, promotional, client relationship management, public relations and other brand-related programs that we periodically designate for the Studio, subject to the Marketing Spending Requirement. You must ensure that all of your advertising, marketing, promotional, client relationship management, public relations and other brand-related programs and materials that you or your agents or representatives develop or implement relating to the Studio (collectively, “Local Marketing”) is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. Before using them, we may require you to send to us, for our approval, descriptions and samples of all proposed Local Marketing that we have not prepared or previously approved within the previous 6 months. If you do not receive written notice of approval from us within 15 business days after we receive the materials, they are deemed disapproved. You may not conduct or use any Local Marketing that we have not approved or have disapproved. At our option, you must contract with one or more suppliers that we designate or approve to develop and/or implement Local Marketing. We may require you to submit proof of purchase or other documentation to verify you have met the Marketing spend requirements, and show proof of performance of your advertising activity. If you choose not to use our preferred vendors for local marketing you will not have access to certain resources, assets and communications. You must order sales and marketing materials from our approved suppliers and per our standards and specifications and you may only use our asset creation and management platforms for print or digital assets. You must provide us with full admin access (including with log-in information) to all social media accounts, profiles and pages, business managers, and ad accounts related to your Studio or that use our marks. You must provide ownership-level access to any Google Business profiles.

We do not currently, but we may in the future, designate vendors that provide local marketing services, such as placing and managing digital and/or traditional paid media tactics, which may be us or our affiliates. You may not send or otherwise transmit, or allow or use a third-party entity or service not approved by us to send or transmit any automated SMS text messages. All automated SMS text messages must be sent through our platform or another third-party platform approved by us.

## **Studio Upgrades**

In addition to your obligations to maintain the Studio according to System Standards, once during the Franchise Agreement's term we may require you to substantially alter the Studio's and the Site's appearance, branding, layout and/or design, and/or replace a material portion of the products, services, supplies, equipment and other items used in the operation of the Studios, in order to meet our then current requirements for new similarly situated Bar Method studios. This obligation could result in your making extensive structural changes to, and significantly remodeling and renovating, the Studio, and/or in your spending substantial amounts for new products, services, supplies, equipment and other items. You must incur any capital expenditures required to comply with this obligation and our requirements, even if you cannot amortize those expenditures over the remaining Franchise Agreement term. Within 60 days after receiving written notice from us, you must have plans prepared according to the standards and specifications we specify and, if we require, using vendors, suppliers, architects and contractors we designate or approve, and you must submit those plans to us for our approval. You must complete all work according to the plans we approve within the time period that we reasonably specify. However, this does not limit your obligation to comply with all mandatory System Standards we periodically specify.

### **Item 9**

#### **FRANCHISEE'S OBLIGATIONS**

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

<b>Obligations</b>	<b>Section in Franchise Agreement</b>	<b>Section in ADA</b>	<b>Disclosure Document item</b>
a. Site selection and acquisition/lease	Section 2	Sections 1 and 3.A	7, 8, 11 and 12
b. Pre-opening purchases/leases	Sections 2.C, 6 and 7.A	Section 1.C	5, 7, 8 and 11
c. Site development and other pre-opening requirements	Section 2	Sections 1,3 and Rider	7, 8 and 11
d. Initial and ongoing training	Section 4	Not Applicable	5, 6, 7 and 11
e. Opening	Section 2.G and 7.A	Sections 3.A,3.B, and Rider	11
f. Fees	Sections 2, 4, 5, 6, 7, 9, 13, 14, 16.A, 16.E, 17.D, 18.C, and 18.F	Sections 2, 6.B, 7.C, and Rider	5, 6, 7, 8 and 11
g. Compliance with standards and policies/Operating Manual	Sections 4.F, 4.G, 6, 7, 9.A, 10.A, 11.B and 14.B	Section 8.A, 8.C	6, 8 and 11
h. Trademarks and proprietary information	Sections 10 and 11	Not Applicable	13 and 14

<b>Obligations</b>	<b>Section in Franchise Agreement</b>	<b>Section in ADA</b>	<b>Disclosure Document item</b>
i. Restrictions on products/services offered	Sections 6.B, 6.E and 6.H	Not Applicable	8, 11 and 16
j. Warranty and customer service requirements	Section 6	Not Applicable	11 and 16
k. Territorial development and sales quotas	Section 2	Section 3 and Rider	8, 11 and 12
l. On-going product/service purchases	Section 6	Section 8.C	8, 11 and 16
m. Maintenance, appearance and remodeling requirements	Sections 2.F, 6.A, 6.H, and 14.B	Not Applicable	8 and 11
n. Insurance	Section 6.G and 15.B	Not Applicable	6, 7 and 8
o. Advertising	Section 6.H and 7	Not Applicable	6, 7, 8 and 11
p. Indemnification	Section 10.E, 17.D, and 18.I	Sections 7.C and 9	6
q. Owner's participation/ management/ staffing	Sections 1.C, 1.D, and 4	Section 1.A	11 and 15
r. Records and reports	Sections 7.A, 7.D and 8	Not Applicable	6 and 11
s. Inspections and audits	Sections 4.B, 4.D, 4.F, 8 and 9	Not Applicable	6
t. Transfer	Section 13	Section 7	6 and 17
u. Renewal	Section 14	Not Applicable	6 and 17
v. Post-termination obligations	Section 16	Section 6	6 and 17
w. Non-competition covenants	Sections 12 and 16.D	Section 9	17
x. Dispute resolution	Section 18	Section 9	17
y. Other: guaranty of franchise obligations (Note 1)	Personal Guaranty (which follows the Franchise Agreement)	Personal Guaranty (which follows the ADA)	15

### **Item 10**

## **FINANCING**

Except as disclosed below, we do not offer, directly or indirectly, any financing to you to help you establish your business. We do not guarantee any note, lease or other obligation you incur. However, we do have an arrangement with a third-party equipment lender who will provide financing to our franchisees who meet this lender's requirements.

Geneva Capital, LLC ("Geneva") offers financing of up to \$100,000 for a new location, including, among others, tangible equipment, security system, and signage (but excluding your

initial franchise fee and working capital), based on credit approval. Financing is offered as a lease that typically requires an advance payment of up to 20%. Geneva also collects a security deposit equal to 1 month's lease payment. Lease terms vary from 12 to 36 months. Geneva offers both true tax and capital leases. Fixed equivalent interest rates are based on current market rates and conditions and on your financial and credit worthiness. Geneva will not require you to pledge any other assets to secure the lease, but each individual who is an owner of any business entity that is the franchisee, and their spouse, must provide a personal guaranty. The amount of your lease payments will depend on the amount financed, the term of the lease, and the interest rate. You will have the right to purchase the equipment at the end of the lease at fair market value, typically capped at 10% of the original equipment cost, assuming you have not defaulted under the lease. The ability to prepay your obligations is negotiated on a case by case basis.

You will be in default under Geneva's lease documents if you fail to pay amounts owed when due or you breach any other provision of the lease documents. If you commit a payment default, you must pay a late charge of 15% of the payment which is late or \$25.00, whichever is greater or, if less, the maximum charge allowed by law. Regardless of the type of default, Geneva may retain your security deposit, elect not to renew any or all time-out controls programmed within the equipment, terminate or accelerate the lease and require that you pay the remaining balance of the lease (discounted at 3% per annum), and any purchase option due, and/or return the equipment to Geneva. Geneva may recover interest on the unpaid balance at the rate of 18% per annum or, if less, the highest rate permitted by law. It may also exercise any remedies available to it under the Minnesota Uniform Commercial Code or the law of its assignee's principal place of business. It may also file criminal charges against you and prosecute you to the fullest extent of the law if any information supplied by you on your credit application or during the credit process is found to have been falsified or misrepresented. You must also pay Geneva's reasonable attorneys' fees and actual court costs. If Geneva has to take possession of the equipment, you must pay the cost of repossession including damage to the equipment or real property as a result of repossession.

Under the personal guaranty, which is contained in Geneva's equipment lease agreement, you waive all notices. If you default under the lease agreement, Geneva may obtain and use consumer credit reports to determine acceptable means of remedies, and you waive any right or claim you may otherwise have under the Fair Credit Reporting Act (Equipment Lease Agreement – Section 12). Because the lease is a noncancelable net lease you are not entitled to any reduction of rent or any setoff for any reason, nor will the lease terminate or will your obligations be affected by any defect in, damage to or loss of possession or use of any of the equipment (Equipment Lease Agreement – Section 2). You waive any and all rights or remedies not in the lease (Equipment Lease Agreement – Section 14) and you and your guarantors, consent to personal jurisdiction in the state that Geneva or its assignee, as applicable, has its principal place of business and you and your guarantors waive trial by jury. If Geneva transfers the lease the transferee will not have to perform any of Geneva's obligations and the rights of the transferee will not be subject to any claims you have against Geneva (Equipment Lease Agreement – Section 11). A copy of the current Geneva lease documents as of the date of this Disclosure Document is attached as Exhibit K. We have a separate agreement with Geneva, under which we agreed to assume certain obligations if you default under your lease, including an obligation to assist Geneva in remarketing your equipment. Under that agreement, we also

agreed to establish a pool to compensate Geneva for certain amounts of the losses it incurs, and to guaranty payment of certain amounts of those losses. This agreement also provides for the payment of 1.5% of the lease amount to us as a referral fee and 1.5% of the lease amount added to the guaranty pool. There is no direct affiliation between Geneva and us.

Guidant Financial offers a program that allows you to use your retirement funds to buy your business without incurring tax penalties or getting a loan. Known as 401(k) business financing (or Rollovers for Business Start-up), Guidant charges a fee of \$4,995 for this service, which includes filing your business entity, designing a company 401(k) plan, helping you roll all (or a portion of) your existing retirement funds from your current custodian account to the new 401(k), and providing you with a consultation with a tax attorney to review the transaction. In addition, they provide ongoing, annual administration to your 401(k) plan for \$149 per month.

The form of agreement you would sign with them is attached as Exhibit J-2. Guidant can also help you secure an SBA loan for your business. A consulting fee of \$2,500 applies, however, this does come with a fully refundable guarantee should Guidant not be able to secure your funding or if the loan amount is greater than \$200,000, when the loan is completed.

You may use 401(k) business financing as the down payment for your SBA loan through Guidant. Guidant further offers unsecured financing. This program allows you to secure up to \$125,000 in capital, depending on credit score and debt utilization, among other factors. Minimum credit score of 680 is required. The fee for this service varies depending on the loan used.

Guidant can also secure equipment leasing for you. New locations require 10% down. Interest rates vary from 6.99 to 13.90% depending on credit score and other factors. Lease term up to 60 months. New business requires a credit score of 700 or higher while existing business require a credit score of 650 or higher. There is a fee associated with this service and it can range from \$250 to \$500.

Guidant also offers Portfolio Loans. This is a way to leverage your non-retirement stocks, bonds and mutual funds up to 80% of their value. Portfolio must be worth at least \$200,000. No minimum credit score required. The fee associated with this program is 2% to 3% of the value of the collateral. Start-up locations can also elect to defer payments for up to 2 years.

We have a separate agreement with Guidant Financial Group that requires that we are paid \$1,000 as a referral fee for each client that engages in their retirement rollover program. There is no direct affiliation between Guidant Financial Group and us.

Except as noted above, neither we nor our affiliates receive any consideration for placing financing with a lender. We and our affiliates have the right to sell, assign or discount to a third party all or part of any amounts you may owe to us or to our affiliates.



## **Item 11**

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

We may provide you any of these services through our employees or representatives, through our affiliates, or through any third party provider we designate. Under the management agreement between us and AFLLC, as described in Item 1, AFLLC has agreed to provide certain required support and services to Bar Method franchisees under their franchise and area development agreements with us.

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

Before you open the Studio, we will do the following:

(1) Once you have chosen a site location for your Bar Method Studio, either approve or disapprove that location. (Franchise Agreement – Section 2.B)

(2) Once we approve a site location for your Bar Method Studio, provide you with a Protected Territory for your Studio. (Franchise Agreement – Section 2.B)

(3) Create a specific studio layout/design for your Bar Method Studio (a “**Compliance Drawing**”) (Franchise Agreement – Section 2.F). If, however, you want to make changes in the Compliance Drawing, you will have to pay the vendor directly for the cost of those changes.

(4) Provide you mandatory and suggested specifications and layouts for a Bar Method Studio, which might include recommendations and/or requirements for dimensions, design, image, interior layout (including equipment placement), decor, products, services, supplies, equipment and other items you will use in the operation of your Studio, and color scheme. The Studio must contain all of the products, services, supplies, equipment and other items we require, and only those items, that we periodically specify. At our option, you must use only the real estate services provider, architect, development company and/or other contractor(s) that we periodically designate or approve to design and/or develop the Studio. Except as discussed below, we do not provide any products, services supplies, equipment or other items for the Studio's development directly or deliver or install items. We will sell to you all fitness accessories and equipment needed to operate your Studio, including: dumbbells, sliders, mats, balls, stretching straps, risers and other initial equipment. We will also sell to you your initial Retail Package, which will include socks, tanks, tops, leggings, accessories and/or other retail products that you will sell at your Studio. We will provide the names of designated, approved or recommended suppliers for many items and, where appropriate, provide written specifications.

You must prepare all required construction plans and specifications to suit the Site and make sure that they comply with the Americans with Disabilities Act and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. At our option, you must submit construction plans and specifications to us for approval before you begin constructing the Studio

and all revised or “as built” plans and specifications during construction. Our review is limited to ensuring your compliance with our design requirements and the Franchise Agreement’s other requirements. Our review is not designed to assess compliance with federal, state, or local laws and regulations, including the Americans with Disabilities Act, as compliance with those laws and regulations is your responsibility. You must remedy, at your expense, any noncompliance or alleged noncompliance with those laws and regulations. We may periodically inspect the Site while you are developing the Studio. (Franchise Agreement – Section 2.C)

(5) Provide the training programs that must be completed by you and your personnel before your Studio opens. (Franchise Agreement - Sections 4.A to 4.C). See below for additional information on these training programs and certifications.

(6) Provide you access to, for use in operating the Studio during the Franchise Agreement’s term, 1 copy of our development manual, operating manual and/or other manuals (collectively, the “Operations Manual”), which might include written or intangible materials and which we may make available to you by various means. The Operations Manual contains System Standards and information on your other obligations under the Franchise Agreement. We may modify the Operations Manual periodically to reflect changes in System Standards. You must keep your copy of the Operations Manual current and communicate all updates to your employees in a timely manner. In addition, you must keep any paper copy of the Operations Manual you maintain in a secure location at the Studio. If there is a dispute over its contents, our master copy of the Operations Manual controls. The contents of the Operations Manual are confidential and you may not disclose the Operations Manual to any person other than Studio employees who need to know its contents. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual, except as we periodically authorize for training and operating purposes. Our Operations Manual is a total of 99 pages as of our most recent fiscal year end and its table of contents is included in Exhibit C.

At our option, we may post the Operations Manual on the System Website or another restricted website to which you will have access. If we do so, you must periodically monitor the website for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on such a website will be deemed to be part of our confidential information.

Any materials, guidance or assistance that we provide concerning the terms and conditions of employment for your employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Operations Manual or otherwise, are solely for your optional use. Those materials, guidance and assistance do not form part of the mandatory System Standards. You will determine to what extent, if any, these materials, guidance or assistance should apply to the Studio's employees. We do not dictate or control labor or employment matters for franchisees and their employees and are not responsible for the safety and security of Studio employees or patrons. You are solely responsible for determining the terms and conditions of employment for all teachers and other Studio employees, for all decisions concerning the hiring, firing and discipline of Studio employees, and for all other aspects of the Studio’s labor relations and employment practices. (Franchise Agreement – Sections 4.F and 6.H)

(7) Assist with the development of your Grand Opening Marketing Program. We describe our marketing programs and assistance below in this Item 11. (Franchise Agreement – Section 7.A)

(8) Provide you with pre-opening support by assigning you a Franchise Business Consultant or other operations consultant support role. (Franchise Agreement – Section 2.F)

During your operation of the Studio, we will do the following:

(1) Advise you periodically regarding the Studio's operation based on your reports or our inspections. We will guide you on standards, specifications, operating procedures and methods that Bar Method Studios use, including methods and procedures for instructing Classes and evaluating teachers; purchasing required or recommended products, services supplies, equipment or other items; teacher training methods and procedures; and administrative procedures. We will guide you in our Operations Manual, in bulletins or other written materials, by electronic media, by telephone consultation, and/or at our office or the Studio. If you request and we agree to provide additional or special guidance, assistance or training, you must pay our then applicable charges, including our personnel's per diem charges and any travel and living expenses. Any specific ongoing training, conferences, conventions, advice or assistance that we provide does not create an obligation to continue providing that specific training, conference, convention, advice or assistance, all of which we may discontinue and modify at any time. (Franchise Agreement – Section 4.F)

(2) At our option, hold various training courses and programs, at the times and locations we designate. Your personnel whom we periodically specify must attend and satisfactorily complete these mandatory training courses and programs and attend any conferences, conventions or other programs that we periodically specify for some or all Bar Method Studios. (Franchise Agreement – Sections 4.C and 4.D)

(3) Provide updates to the Operations Manual and System Standards as we implement them. Our periodic modification of our System Standards (including to accommodate changes to the Studio Management System and the Marks), which may accommodate regional and/or local variations, may obligate you to invest additional capital in the Studio and incur higher operating costs, and you must comply with those obligations within the time period we specify. Although we retain the right to establish and periodically modify the franchise system and System Standards that you have agreed to follow, you retain the responsibility for the day-to-day management and operation of the Studio and implementing and maintaining System Standards at the Studio. We may vary the franchise system and/or System Standards for any Bar Method Studio or group of Bar Method Studios based on the peculiarities of any conditions or factors that we consider important to its operations. You have no right to require us to grant you a similar variation or accommodation. (Franchise Agreement – Sections 4.G, 6.H and 6.I)

(4) Maintain and administer the Marketing Fund and System Website. (Franchise Agreement – Section 7) We describe the Marketing Fund and System Website below in this Item 11.

(5) At our option, periodically establish programs in which some or all Bar Method Studios will provide products and services to certain groups of clients and prospective clients (“Group Programs”). You must participate in, use, support and comply with all elements of any Group Programs that we periodically establish. You may not alter your pricing or other terms for, or withhold access to any Classes or other products, services or amenities from, any one or more Group Program participants or otherwise treat any Group Program participant differently from your Studio’s other clients, except as we specify or approve. You must provide products and services to all valid members of the Group Program according to the standards and other terms that we periodically specify. If those standards or other terms include maximum, minimum or other pricing requirements, you must comply with those requirements to the maximum extent the law allows. All revenue you receive from Group Program participation must be reported to us and it will be included in Gross Revenue for purposes of calculating amounts you owe to us. We and our affiliates have the right to receive payments from companies, organizations and other groups representing any Group Program participants, because of establishing the Group Program or otherwise because of their dealings with you and other Bar Method Studio owners, and to use all amounts we and they receive without restriction for any purposes. (Franchise Agreement – Section 6.E)

(6) If you are participating in our Bar Livestream Program we will provide you Bar Method content if you have chosen to participate in the Bar On Demand access portion of the program. We will also pay you a referral fee if you are participating in the Bar Online Referral portion of the program. Bar Livestream Amendment Agreement – Included with Franchise Agreement (Exhibit B)

### **Advertising, Marketing, and Promotion**

We need not spend any amount on advertising in your area or territory. However, as disclosed in Item 6, the “Marketing Spending Requirement” is the maximum amount that we can require you to spend on Marketing Fund contributions and approved Local Marketing for the Studio during each calendar quarter, and is 5% of the Studio’s Gross Revenue during the calendar quarter. Your annual Marketing Fund Contribution plus your Local Marketing Spend combined must equal at least 5% of your Studio’s Gross Revenue for the prior calendar year. We may require you to submit proof of purchase or other documentation to verify you have met the Marketing Spending Requirement, and show proof of performance of your advertising activity. Although we may not require you to spend more than the Marketing Spending Requirement on Marketing Fund contributions and approved Local Marketing for the Studio during any calendar quarter, you may choose to do so. We recommend you spend at least \$1,500 on Local Marketing per month for your Studio.

#### **Grand Opening Marketing Program**

You must, at your expense, implement a grand opening marketing program for the Studio according to the requirements in the Operations Manual and other System Standards. At least 90 days before the Studio’s planned opening, you must prepare and submit to us for our approval a proposed grand opening marketing program that covers a period from 4-6 weeks before the scheduled opening of your Studio to approximately 8 weeks after the Studio’s opening and contemplates spending at least the minimum amount that we reasonably specify, which will be

between \$16,200 and \$25,000. You must use our preferred vendors for your Grand Opening Program for your Bar Method Studio, and we may require you to submit your grand opening plans and local marketing plans for our prior approval, submit receipts to verify you have met minimum spend requirements, and show proof of performance of your advertising activity. We may also require you to pay to us the amount you must spend on the grand opening marketing program and we will execute the grand opening marketing program. If you fail to spend the minimum required amount on the Grand Opening Program, you must pay us the difference between the amount you spent and the minimum required amount as an additional Marketing Fund contribution. The amounts you spend on the Grand Opening Program are in addition to the Marketing Fund contributions that you must pay to us. Any amounts that you spend for the Grand Opening Program, whether paid to us or otherwise, will not count towards your Marketing Spending Requirement. You must make the changes to the program that we specify and execute the program as we have approved it. (Franchise Agreement – Section 7.A). Upon request by us, you must provide us with a report itemizing the amounts you spent on the Grand Opening Program. We recommend that you work with us to tailor your Grand Opening marketing spend to match the needs of your individual market. Before opening you must complete a business plan, which will include a marketing plan, and you must review that plan with your franchise business consultant.

#### Marketing Fund

We maintain a marketing and brand fund (the “Marketing Fund”) for the advertising, marketing, promotional, client relationship management, public relations and other brand-related programs and materials for all or a group of Bar Method Studios that we deem appropriate. You must pay us, via electronic funds transfer or another payment method we specify and together with each payment of the Royalty, a contribution to the Marketing Fund in an amount that we periodically specify, subject to the Marketing Spending Requirement. (Franchise Agreement – Sections 7.B and 7.D.) We expect your initial Marketing Fund contributions will be 2% of the Studio’s Gross Revenue. Each Bar Method Studio that we or our affiliates operate contribute to the Marketing Fund at either the same rate as you or a rate similar to the rate at which other Bar Method Studio franchisees contribute. Some franchisees contribute to the Marketing Fund at different rates depending on the form of agreement they signed.

We designate and direct all programs that the Marketing Fund finances, with sole control over the creative and business concepts, materials and endorsements used and their geographic, market and media placement and allocation. The Marketing Fund may pay for preparing, producing and placing video, audio and written materials, digital media and social media; developing, maintaining and administering one or more System Websites, including online sales and scheduling capabilities, lead management and client retention programs; administering national, regional, multi-regional and local marketing, advertising, promotional and client relationship management programs, including purchasing trade journal, direct mail, Internet and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public and client relations, market research, and other advertising, promotion, marketing and brand-related activities. We may place advertising in any media, including digital, print, radio, and television, on a regional or national basis. Our in-house staff and/or national or regional advertising agencies may produce advertising, marketing, and promotional materials. The Marketing Fund also may reimburse Bar Method

Studio operators (including us and/or our affiliates) for expenditures consistent with the Marketing Fund's purposes that we periodically specify. There currently are no advertising cooperatives in the Bar Method Studio network.

We account for the Marketing Fund separately from our other funds and do not use the Marketing Fund to pay any of our general operating expenses, except to compensate us and our affiliates for the reasonable salaries, administrative costs, travel expenses, overhead and other costs we and they incur in connection with activities performed for the Marketing Fund and its programs, including conducting market research, preparing advertising, promotion and marketing materials, maintaining and administering the System Website, collecting and accounting for Marketing Fund contributions, and paying taxes on contributions. We do not use any Marketing Fund contributions principally to solicit new franchise sales, although part of the System Website is devoted to franchise sales. The Marketing Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Marketing Fund or any other reason. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We use all interest earned on Marketing Fund contributions to pay costs before using the Marketing Fund's other assets.

We prepare an annual, unaudited statement of Marketing Fund collections and expenses and we will give you the statement upon written request. During 2024, we spent the Marketing Fund contributions for the following purposes: 22% on creative services and production, 60% on media placement, 10% on administrative expenses, and 8% on marketing technology platforms. We do not intend for the Marketing Fund to be audited, but we may have the Marketing Fund audited periodically at the Marketing Fund's expense by an independent accountant we select.

We intend the Marketing Fund to maximize recognition of the Marks and patronage of Bar Method Studios. Although we will try to use the Marketing Fund to develop and/or implement advertising and marketing materials and programs and for other uses (consistent with these provisions) that will benefit all contributing Bar Method Studios, we need not ensure that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Marketing Fund contributions from Bar Method Studios operating in that geographic area, or that any Bar Method Studio benefits directly or in proportion to the Marketing Fund contributions that it makes. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Marketing Fund's expense to collect Marketing Fund contributions. We also may forgive, waive, settle and compromise all claims by or against the Marketing Fund. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you for maintaining, directing or administering the Marketing Fund.

We may at any time defer or reduce a Bar Method Studio operator's contributions to the Marketing Fund and, upon at least 30 days' written notice to you, reduce or suspend Marketing Fund contributions and/or operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will (at our option) either spend the remaining Marketing Fund assets in accordance with these provisions or

distribute the unspent assets to Bar Method Studio operators (including us and our affiliates, if applicable) then contributing to the Marketing Fund in proportion to their contributions during the previous 12-month period.

We do not maintain an advertising council composed of franchisees.

### **Local Marketing**

We do not currently, but we may in the future, require you to use our designated vendors that provide local marketing services, such as placing and managing digital and/or traditional paid media tactics. You may not send or otherwise transmit, or allow or use a third-party entity or service not approved by us to send or transmit any automated SMS text messages. All automated SMS text messages must be sent through our platform or another third-party platform approved by us. (Franchise Agreement – Section 7.C.)

You must at your expense participate in the manner we periodically specify in all advertising, marketing, promotional, client relationship management, public relations and other brand-related programs that we periodically designate for the Studio, subject to the Marketing Spending Requirement. Before using them, you must send to us, for our approval, descriptions and samples of all proposed Local Marketing that we have not prepared or previously approved within the previous 6 months. If you do not receive written notice of approval from us within 15 business days after we receive the materials, they are deemed disapproved. You may not conduct or use any Local Marketing that we have not approved or have disapproved. (Franchise Agreement – Section 7.C) If you choose not to use our preferred vendors for local marketing you will not have access to certain resources, assets and communications.

If you fail to spend the minimum required Marketing Spend Requirement, you must pay us the difference between the amount you spent and the minimum required amount as an additional Marketing Fund contribution. We reserve the right to audit your records upon request to determine compliance with this requirement.

### **Advertising Cooperatives**

Although we currently do not, in the future we may establish local advertising cooperatives in market areas in which 2 or more Bar Method Studios are operating. If we establish a cooperative in your area, or there is an existing cooperative in your area when you become a franchisee, you must participate and contribute your share to the cooperative. These cooperatives will, with our approval, administer advertising programs and develop advertising, marketing and promotional materials for the area the cooperative covers. We may require the cooperative to use an advertising agency or other partner we chose. The amount of the contribution you must contribute will be determined at the time we establish the cooperative but you will not be required to spend more than your maximum Marketing Spend Requirement. All franchisees and company-owned Bar Method Studios in the market area will be expected to contribute at the same rate to the cooperative. Each Bar Method Studio contributing to a cooperative will have one vote on matters involving the activities of the cooperative. But the cooperative may not produce or use any advertising, marketing or promotional plans that have not been approved by us. The cooperative will operate from written governing documents. Each cooperative will

prepare annual financial statements that will be available for review by a franchisee participating in the cooperative, upon request of that franchisee. We may change, dissolve or merge any cooperative at any time.

### **Marketing Resources, Pre-Approvals For Marketing Materials**

You must order sales and marketing materials from our approved suppliers and per our standards and specifications and you must use our asset creation and management platforms for print or digital assets. If you desire to use your own advertising materials for any marketing activity, you must obtain our prior approval, which may be granted or denied in our sole discretion. If you choose to use vendors who are not our preferred vendors you may not have access to certain resources, assets or communications. Use of logos, Marks and other name identification materials must be consistent with our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. You must also obtain our approval before establishing, or having established on your behalf, any websites, profiles or accounts relating to us, your Bar Method Studio, or to the Bar Method system. You are ultimately responsible for ensuring that your advertising complies with all applicable laws before using it.

### **System Website**

We or one or more of our designees may establish a website or series of websites or similar technologies, including mobile applications and other technological advances that perform functions similar to those performed on traditional websites, for the Bar Method Studio network to advertise, market and promote Bar Method Studios, the Classes and other products and services they offer, and the Bar Method Studio franchise opportunity; to facilitate the operations of Bar Method Studios (including, at our option, online Class scheduling and/or sales); and/or for any other purposes that we determine are appropriate for Bar Method Studios (those websites, applications other technological advances are collectively called the “System Website”). If we include information about the Studio on the System Website, then you must give us the information and materials that we periodically request concerning the Studio, its clients and its Classes and otherwise participate in the System Website in the manner that we periodically specify. We have the final decision concerning all information and functionality that appears on the System Website and will update or modify the System Website according to a schedule that we determine. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party’s rights. You must notify us whenever any information about you or your Studio on the System Website changes or is not accurate.

We own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website and all subsidiary websites, the log of “hits” by visitors, and any personal or business data that visitors (including you, your personnel and your clients) supply. We may use the Marketing Fund’s assets and your Marketing Fund contributions to develop, maintain, support and update the System Website. We may implement and periodically modify System Standards relating to the System Website and, at



our option, may discontinue all or any part of the System Website, or any services offered through the System Website, at any time.

All Local Marketing that you develop for the Studio must contain notices of the System Website in the manner that we periodically designate. Except for using social media according to our System Standards, you may not develop, maintain or authorize any other website, other online presence or other electronic medium (such as mobile or web-based applications, kiosks and other interactive properties or technology-based programs) that mentions or describes you or the Studio or its Classes or displays any of the Marks or otherwise related to The Bar Method system. You may not use any of the Marks in any keyword advertising, pay-per-click advertising or other search engine marketing, unless approved by us. We may also impose prohibitions on your posting or blogging of comments about us, the Studio or The Bar Method system. This prohibition includes personal blogs, common social networks like Facebook, Instagram, TikTok, X, Snapchat and Pinterest; professional networks, business profiles or online review or opinion sites like LinkedIn, Google Business Profile or Yelp; live-blogging tools like Twitter and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools. We must approve any content you seek to publish on the Internet and you must provide us with administrative access rights to all of your social media or other Internet based accounts, along with providing us all passwords and any log-in credentials needed to access, remove, delete or modify any such content (Franchise Agreement – Section 7.E.).

Except for the System Website and using social media according to our System Standards, you may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or using any other technology-based program without our approval. Nothing in the Franchise Agreement limits our right to maintain websites and technologies or to offer and sell products or services under the Marks or otherwise from any website, including the System Website or other technology, or otherwise over the Internet, such as live-streaming (including to your Studio's clients and prospective clients) without payment or obligation of any kind to you. (Franchise Agreement – Sections 7.E)

### **Computer System and Studio Management System**

You must obtain, maintain and use in operating the Studio the Studio Management System that we periodically specify. The Studio Management System and other components of the Studio's computer system includes our customer relationship management and point of sale systems and the systems necessary for generating and storing the Studio's operations, including Client Information (defined in Item 14), Class and staff scheduling, prospect information and financial and other operational data.

You must purchase from ProVision or our other designated vendors, and use the computer and network hardware and software that we periodically designate for the operation of your Bar Method Studio. ProVision offers technology packages which meet or exceed our minimum requirements. You must purchase at least the basic technology package from ProVision. Instead of the basic package, at your option, you may purchase an upgraded package which exceeds our

required minimum technology standards. Each package generally includes the following components: network and rack equipment, an alarm system, and sound kit (including speakers and 1 tablet). If you use tablet or mobile devices you must purchase them through ProVision and you must purchase, install and maintain mobile device management services for those devices through ProVision. As of the date of this Disclosure Document, the technology package costs range from \$14,648 for the basic (required) package to \$23,739 for the largest (optional) package. These package prices include taxes, shipping and installation, which we estimate cost 50% of the package cost. Equipment provided by ProVision typically has a warranty of 12 months on parts and labor from the date of installation on core hardware components only (excluding software).

You must acquire the Studio Management System software and other related services, including the POS system, only from us, our affiliate, ProVision or our designated vendors. This may include various applications, technologies and other platforms that we require you to use in managing your Studio. The various license and service agreements you sign with our vendor(s) govern your use of and operations under the Studio Management System, and you must pay us our current Technology Fee (currently, \$499 per month). The current Studio Management System currently consists of services provided by multiple vendors and offers the following services:

- processing, administering and collecting your Studio's client receivables;
- client management and reporting;
- point-of-sale stations and cash drawer for Class sales, retail transactions and other transactions;
- inventory control and tracking;
- class and staff scheduling;
- client tracking, prospecting and customer relations management; and
- back office organization and reporting.

As we mention in Item 8, we (or one of our affiliates or designees) may be your designated supplier for certain hardware, software applications, new technologies and other software platforms that we may require you to use to manage your Studio. You must use these applications, technologies and new software platforms as we require and you must pay us (or our affiliate or designee) our current Technology Fee for your use based on the number of Studios you operate.

We will have independent, unlimited access to all information and data in your computer system, including continuous independent access to all Client Information and other information in the Studio Management System. The Studio Management System must permit 24 hours per day, 7 days per week electronic communications between us and you. We may, at our option, periodically change the Studio Management System or components of the Studio Management System that we designate or approve for all similarly situated Bar Method Studios. If we do, you must acquire the components and other products and services required for the replacement Studio Management System and switch the Studio's operations to the replacement Studio Management System in the manner we specify. No contract limits the frequency or cost of this obligation. (Franchise Agreement – Sections 2.C and 6.D).

Neither we nor any affiliate or to our knowledge, a third party, has any obligation to provide you with ongoing maintenance, repairs, upgrades or updates to the Studio Management System or other software or hardware discussed above.

### **Site Selection and Opening**

You will be given the right to open a Bar Method Studio at a location that we agree on. You will have 12 months from the date you sign the Franchise Agreement to secure a location we approve and open and begin operating your Bar Method Studio. We will provide you with consulting services to assist you in evaluating and selecting a site for your Bar Method Studio and may provide you recommendations on sites. It is your obligation to select a site for your Studio and obtain our approval of that site. While we will assist you, and we may identify various potential sites in your market area, we have no obligation to locate or select a site for you, or negotiate the purchase or lease of a site, and we do not own the premises and lease them to you. Before you acquire any site, you must submit to us information and materials we require and obtain our approval to your site. The factors we take into account in approving a site are the visibility of the site, the location of competitors, whether the site is easily accessible, surrounding businesses and various other factors. We recommend that a Bar Method Studio should be 1,700 square feet. We will tell you within 10 business days whether or not we approve your proposed site after your submission to us of all site information that we require. If you and we are unable to agree on a site for your Studio, the opening of your Studio may be delayed.

We estimate that the time between your signing the Franchise Agreement (which is when you will first pay us consideration for the franchise) and opening the Studio for Classes is about 9-12 months. The precise timing depends on the competition for sites in your market; the time it takes you to locate an accepted Site and sign an accepted lease; the Site's location and condition; the work needed to develop the Studio according to our System Standards; completing training; obtaining financing; obtaining insurance; and complying with local laws and regulations.

You must open the Studio and begin providing Classes at the Studio on or before the date which is 12 months after the Franchise Agreement's effective date. Your failure to open and begin operating your Bar Method Studio at a location we approve within 12 months from the date you sign the Franchise Agreement will constitute a default of your Franchise Agreement and allow us to terminate your Franchise Agreement. You may not open the Studio for Classes until: (1) you have properly developed and equipped the Studio according to our standards and specifications and in compliance with all applicable laws and regulations and we have approved your Studio to offer no less than one approved Bar Method class format; (2) your personnel have completed all pre-opening training to our satisfaction and must have become certified Bar Method instructors; (3) you have paid all amounts then due to us; (4) you have given us copies of all required insurance policies or any other evidence of insurance coverage and payment of premiums as we request; (5) you have given us a copy of your fully-signed lease; and (6) if we (at our sole option) require, we have conducted a pre-opening inspection and/or have certified the Studio for opening. Our determination that you have met all of our pre-opening requirements will not constitute a waiver of your non-compliance or of our right to demand full compliance with those requirements. (Franchise Agreement – Section 2)

Under the Area Development Agreement, you will have the right to develop, open, and operate multiple Bar Method Studios. Each Studio must be developed and opened according to our then-current System Standards and other approval requirements. You or your affiliates must sign our then-current form of Franchise Agreement for each Bar Method Studio you develop and open under the Area Development Agreement, which may contain materially different terms and conditions than the Franchise Agreement attached to this Disclosure Document. We will determine or approve the location of future Bar Method Studios and any protected territories for those Studios based on our then-current System Standards for sites and protected territories.

## **Training**

### **New Franchisee Training**

Before the opening of your Studio we provide an initial training program we refer to as our “New Franchisee Training” to the person you designate as the “Principal Operator” of your Studio. (Franchise Agreement Section 4.A). You may also select one additional person to participate in the New Franchisee Training program at no additional charge but that person must attend all of the same sessions as you, we will not duplicate sessions for an additional attendee. The New Franchisee Training program currently includes self-paced homework, instructor guided and self-study online training, classroom training and/or remote training, in-person studio training, and post-training consultations, all of which may be provided in-person or in a virtual format at our discretion. The Operations Manual and the Teacher Training Manual serve as our instructional materials. New Franchisee Training is conducted on an as-needed basis in a virtual format, at our corporate headquarters in Woodbury, Minnesota, or at another location we designate, at our discretion. There is no charge to you for this training, but you are responsible for all travel and living expenses you and your personnel incur in attending the training. We do not currently require you to travel for New Franchisee Training but we may in the future. In addition, if your Principal Operator is not also a Principal Owner, then a Principal Owner of your business must also attend and complete this training to our satisfaction. Required attendees must successfully complete this training program at least 30 days before you open your Studio. If we determine that a required attendee cannot complete the New Franchisee Training program to our satisfaction, then in addition to our other rights, we may require you to attend additional training programs at your expense (for which we may charge reasonable fees).

The following chart describes our New Franchisee Training program as of the date of this disclosure document:

#### **INITIAL TRAINING PROGRAM (New Franchisee Training)**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Marketing	13	13	Online, self study and in Minnesota
Sales	11	4	Online, self study and in

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
			Minnesota
Operations	21	13	Online, self study and in Minnesota
<b>TOTAL HOURS</b>	<b>45</b>	<b>30</b>	

The New Franchisee Training will be provided by multiple facilitators, including Brynn Cox. Ms. Cox has worked in the fitness industry for 18 years. She has spent the last 13 years as a Bar Method Instructor and has been a Bar Method Master Instructor since 2019. During that time she also worked as a Bar Method Studio manager and Teacher Manager and Trainer. Additional people will also be involved in this training program. These people will have at least one year of experience in the subject they teach. Other members of our training staff at our designated training center may conduct training as necessary, and we may delegate our duties and share our training responsibilities.

If you have more than one Franchise Agreement with us, we may, at our option, for additional locations waive the requirement that you undertake this training.

The Initial Training Program and the training discussed below are for the purpose of protecting the goodwill related to the Franchise System and the Marks and not to control the day-to-day operation of your Bar Method Studio.

### *Teacher Training*

Before your Studio opens, at least 3 teachers (including you, if applicable) must have attended and completed to our satisfaction our Teacher Training and must have become certified Bar Method instructors. (Franchise Agreement Section 4.B). There is no charge for this training unless you have more than 3 teachers attend the first Teacher Training session. If you have more than 3 teachers attend or we are providing this training after the first Teacher Training session for your Studio has been completed, then the fee for this training is currently \$900 per teacher. Each teacher at your Studio must successfully complete this training and they may only teach practice classes and may not teach any classes (other than practice classes) until after they have successfully completed this training. As of the 1-year anniversary of the opening of your Studio you must have at least 4 teachers who have completed this training and you must offer at least 3 class formats; the classic Bar Method format, plus two enhanced formats. This training will be conducted via self-paced pre-work, virtual classroom instruction and/or remote training which may be provided in-person or in a virtual format, in-person studio training and a period of post-training teaching and consultations.

If you are purchasing an existing Bar Method studio that is already open and operating, we will provide you with one Teacher Training Session for one teacher and two enhanced format training for one teacher per format.

Teachers will be required to complete and pass a Certification Exam, an Anatomy Exam and complete a Certification class to our satisfaction in order to complete this training. If any training is held at a location outside of our corporate offices you must also pay the travel and living expenses of our instructor who performs the training. You are responsible for all travel, living and payroll expenses you and your personnel incur in attending the training.

#### *Teacher Manager Support Program*

If your Principal Owner or Principal Operator is not a Bar Method teacher, then you must designate a Teacher Manager to complete to our satisfaction our Teacher Manager Support Program. (Franchise Agreement Section 4.C). This individual must have successfully completed our Teacher Training or be taking it simultaneous with the Teacher Manager Support Program. This program is a 1-year program and must begin at least 90 days before your Studio opens. This training is currently made up of on-line training, coaching calls, and in-person training at your Studio, but we may provide all or part of this training online, by phone, on-site or by webinar. The cost of this training is currently \$5,000. You will also be responsible for paying travel, accommodation and payroll expenses for you and/or your teacher. If your Teacher Manager leaves your Studio you will pay this fee for each new Teacher Manager to take this training.

#### *Coaching, Evaluation & Certification*

Your teachers will require additional coaching and must pass an exam annually, during the time period we specify, to maintain their teaching certification after their Teacher Training is complete. The annual fee for this coaching and evaluation service is currently \$650. For this fee we will provide regular national continuing education workshops for you and your teachers, an annual Studio virtual check-in, and annual exams for your teachers. (Franchise Agreement – Section 4.I.). You must submit a class recording for review and observation with this coaching and evaluation. If you do not submit a video and we perform an on-site, in-person evaluation you must pay us an additional \$250 per hour, plus the cost of travel and lodging for our representative who conducts this evaluation and your Studio's access to our learning management system will be revoked until the evaluation is complete.

#### *Additional Training*

If you need additional coaching or evaluation services you may hire us to provide that service. If you hire an independent coach who has been approved by us to provide this service the cost, length and terms of that engagement will be between you and the coach. We may also require you to receive coaching or evaluation for various reasons, including if you are not meeting our requirements, if we determine additional pre-opening or post-opening assistance is needed, or if we determine that it is necessary for us to provide additional assistance to you to keep the Franchise System competitive. (Franchise Agreement – Section 4.D.). Such additional coaching and evaluation will be at your expense. All or part of this assistance may be provided online, by phone, on-site or by webinar. Our current fee for additional coaching or evaluation is \$250 per hour plus the cost of travel and living expenses. You and your personnel we specify must attend any workshops we produce. (Franchise Agreement – Section 4.D.). Such additional training and

assistance will be at your expense as described above. The cost for workshops is \$25 to \$100 per person per workshop or \$100 to \$500 per studio per workshop, depending on the workshop.

### **Third Parties**

If we designate a third party to provide training or coaching services you must pay the third party directly for the fees they charge you and reimburse them for their travel and accommodation costs.

### **Conference**

We may hold a Conference on a regular basis (likely, every other year) to discuss sales techniques, new programming and products, training techniques, performance standards, advertising programs, merchandising procedures, and other topics. This Conference may be live or a virtual event. You must pay the Conference fee and, if applicable, all travel and living expenses to attend regardless of whether you attend. The conference fee is currently \$549 per person for early registration or \$729 per person at the conference. Your Principal Owner must attend these conferences. The conferences may be held at various locations that we will designate or it may be virtual. (Franchise Agreement - Section 4.H).

## **Item 12**

### **TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. When you sign a Franchise Agreement, you will receive the right to operate a single Bar Method Studio at a specific location that we must approve. If the site for your Bar Method Studio has been identified before you sign the Franchise Agreement, then you must operate the studio at that site. If the site becomes unavailable to you for any reason, it is your obligation to select a new location, and to obtain our approval of that location before you acquire the site, and before you obtain any rights in the location. If a site has not been identified, then we will designate an area, and you may locate your Bar Method Studio at any site we approve within that area, so long as the site you select is not also within a protected territory of another Bar Method Studio. Once the site for your Bar Method Studio has been approved, we will grant you a protected territory. (If you sign an Area Development Agreement with us, we will also give you a protected territory at the time you sign that agreement.) The limitations on us in that territory are described below.

If you sign an Area Development Agreement (“ADA”), we will describe this territory in the Rider to that agreement. The territory will typically be described as a geographic area in which each of your Bar Method Studios must be developed. The criteria we use for determining these territories is simply geographic markets in which we believe it may be feasible to develop a Bar Method Studio. If you are in compliance with the Development Schedule set forth in the Rider, then until your protected territory rights expire, we will not develop or operate or grant anyone else a franchise to develop and operate a Bar Method Studio from any location in the Development Territory, except for fitness studios within private establishments where access to

these studios is limited to employees of the business, or transient guests of the business who, in either case, would not have reciprocity with any other Bar Method Studio as a result of their use or membership in this private studio. However, we do have the right to operate, or grant others the right to do so, fitness studios/businesses except under the Bar Method name within or outside your protected territory, and fitness studios/businesses operated under the Bar Method name or Marks outside your protected territory, even if they compete for members with your studio, and even if the territorial boundaries for that franchise overlap with the boundaries for your territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You will sign the Franchise Agreement for your first Bar Method Studio contemporaneously with signing the ADA. You will sign our then-current Franchise Agreement for each subsequent Bar Method Studio that you open according to the development schedule in the ADA. We will determine or approve the location of any future Bar Method Studios and any protected territories for those Bar Method Studios based on our then-current standards for sites and territories.

Your rights in this territory will end at the earlier of (i) the date your ADA expires or terminates; (ii) the date on which your last Bar Method Studio opens under the terms of the development schedule, and (iii) the date when the individual protected territories given to you under a franchise agreement for your final Bar Method Studio are determined. If the protected territory covers more than one city, county or designated market area, the protection for each particular city, county or designated market area will also expire on the date when we determine the protected territory to be given to you under a franchise agreement for your final Bar Method Studio to be developed in that city, county or designated market area. When your rights in a protected territory have expired under the ADA, you will still have the rights granted to you in any portion of these territories under an individual Franchise Agreement. When you sign a Franchise Agreement, we will give you a protected territory and describe it in a Rider to that agreement.

You are responsible if we terminate the ADA because you are unable to secure one or more acceptable, proposed locations to fulfill the development schedule in your ADA. If you fail to meet the terms of the development schedule in your ADA or you fail to develop a Bar Method Studio on or before the required opening date in your Franchise Agreement, we can terminate your ADA and/or Franchise Agreement(s) in their entirety and you are not entitled to a refund of any of the Development Fees or Initial Franchise Fees paid.

### **Protected Territory**

To identify your protected territory we will use mapping and demographic software to draw a circle around your location. The determination of your protected territory is within our sole discretion. Although the description of the boundaries identifying the protected territory may vary, the territory will not be larger than an area surrounding your Studio that has more than 50,000 people based on census projections for up to five years from the date of your Franchise Agreement.



We may attach a map to your Franchise Agreement that will identify the protected territory or we may simply describe an area surrounding your location. The map or description may not be a specific radius from your Bar Method Studio, because it will take into account traffic patterns and natural boundaries. Protected territories may overlap, but we will not approve anyone opening a Bar Method studio, or relocating a Bar Method studio, into a protected territory given to another studio. We cannot unilaterally change your protected territory, and there are no minimum quotas required; as long as your Franchise Agreement is in effect, you will retain the rights described in this paragraph. If we and you agree to renew your Bar Method franchise, we will recalculate the population in your market and reserve the right to revise your protected territory to reflect our then current guidelines. Except as provided above, your protected territory will not change even if the population within your protected territory changes.

The criteria we use for determining the boundaries of the protected territory in your Franchise Agreement include density of population, growth trends of population, apparent degree of affluence of population, the density of residential and business entities, traffic generators, driving time, and natural boundaries. During the term of your Franchise Agreement, we will not operate or license to anyone else the right to operate a Bar Method Studio that is physically located in your protected territory, except for fitness studios within private establishments where access to those studios is limited to employees of the business, or transient guests of the business who, in either case, would not have reciprocity with any other Bar Method Studio as a result of their use or membership in this private studio. However, we and our affiliates can operate fitness studios/businesses, or grant others the right to do so, outside your protected territory, including fitness studios/businesses operated under the Bar Method name or Marks, even if they compete for customers or members with your Studio, and even if the territorial boundaries for that franchise overlap with the boundaries for your territory. We and our affiliates also have the right to operate, and to grant franchises or licenses to others to operate, any fitness studios/business and any other business from locations within this territory under trademarks other than “The Bar Method”, without compensation to you.

We may also have situations where we designate a “TBD” (to be determined) territory. If you receive a TBD territory, you have the right to look for a site in any area that has not already been given as a protected territory to another Bar Method studio. However, if you find a proposed site in near proximity to another Bar Method studio, even though not in that studio’s protected territory, we may offer the site to the existing franchisee before we agree to assign that area to you or grant you the right to develop your studio at that site.

### **Relocation**

You may not relocate your Bar Method Studio without our approval and satisfying our site selection conditions in effect when you relocate, and you must pay us a relocation fee and reimburse our expenses in reviewing the new location. The new location must be within your protected territory, and it may not be located within any territory we grant to any other franchisee. You must upgrade the new space to comply with all of our current specifications.

## **Customers**

There are no restrictions on your soliciting and accepting clients from outside your territory or otherwise competing with other Bar Method Studios which are now, or in the future may be, located outside your territory. You may not provide unpaid or “community” Classes designed to generate awareness for your Studio or the Marks from a location other than the Studio unless we provide our prior written authorization and you comply with our directions and any System Standards applicable to those Classes. Except for this, without our express written permission, you may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing, to make sales (as opposed to advertising and marketing) because you may only make sales at the Studio. We and our affiliates may use other channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing, to solicit and make sales to clients in your territory using the Marks and other trademarks without compensating you. This includes our use of the System Website or other mediums, including via applications, to provide clients access to fitness instruction.

## **Options, Rights of First Refusal, or Similar Rights**

Under the Franchise Agreement, you have no options, rights of first refusal, or similar rights to acquire additional franchises within your territory or contiguous territories. We may not alter your territory or modify your territorial rights before your Franchise Agreement expires or is terminated, although we may do so for a successor franchise. Continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency.

## **Similar Affiliated Brands**

Except as described in Item 1, we do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, our current and future affiliates may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell. Item 1 describes our current affiliates that offer franchises, their principal business addresses, the goods and services they sell, whether their businesses are franchised and/or company-owned, and their trademarks. As described in Item 1, we have 3 affiliates that offer franchises under different trademarks and sell goods and services that are similar to those offered by us.

Our affiliate Anytime Fitness operates and franchises the operation of fitness centers designed to operate with minimal overhead and labor costs under the trademarks, “Anytime Fitness®” and “Anytime Fitness Express®” (although it no longer operates or franchises any Anytime Fitness Expresses). Anytime Fitness has the same principal business address as we do and does not maintain physically separate offices or training facilities. Our affiliate Basecamp operates and franchises the operation of studio fitness centers under the trademark “Basecamp® Fitness” which offer month-to-month memberships allowing members to take short, regularly scheduled group training classes designed using High Intensity Interval Training strategies. Basecamp has the same principal business address as we do and does not maintain physically separate offices or training facilities. Our affiliate OTF Franchisor operates and franchises the operation of studios in the United States under the trademark “ORANGETHEORY®” that offer members access to



exercise equipment, including cardio and strength equipment, in a contemporary atmosphere characterized by its signature orange color scheme and trade dress. OTF Franchisor's principal business address is 6000 Broken Sound Pkwy NW, Suite 200, Boca Raton, Florida 33487. It maintains physically separate offices and training facilities from the other brands discussed above.

There may be now, or in the future, Orangetheory, Anytime Fitness and/or Basecamp Fitness locations in the same market as current or future Bar Method franchisee territory(ies). All of the businesses that our affiliates and their franchisees operate may solicit and accept business from customers near your business. If there is a conflict between us and an Anytime Fitness franchisee and/or a Basecamp Fitness franchisee or between a Bar Method franchisee and/or an Anytime Fitness franchisee and/or a Basecamp Fitness franchisee, in either case regarding territory, customers or franchisor support, we will attempt to resolve the conflict after taking into account the specific facts of each situation and what is in the best interest of the affected system or systems. However, we do not have a policy related to, and are not responsible for, resolving conflicts between a Bar Method franchisee and an Orangetheory franchisee. We also have no obligation to resolve conflicts between or among Anytime Fitness franchisees or Basecamp Fitness franchisees.

### **Item 13**

#### **TRADEMARKS**

We grant you the non-exclusive right under the Franchise Agreement to use and display the Marks in operating, marketing, and advertising your Studio. We own the principal Marks in the chart below, which are registered on the principal register of the United States Patent and Trademark Office (the "PTO"):

<b>Mark</b>	<b>Registration Number</b>	<b>Date Registered</b>
THE BAR METHOD	3,361,568	January 1, 2008
THE BAR METHOD 	4,281,521	January 29, 2013
	4,431,143	November 12, 2013
BAR MOVE	4,575,293	July 29, 2014

We have filed all affidavits and renewed all registrations required to be renewed for the marks in the table above. No agreement currently in effect significantly limits our rights to use or license the Marks in a manner material to the franchise. You must follow our rules when you use the Marks.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, any state trademark administrator, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks.

You must notify us immediately of any actual or apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark. You may not communicate with any person other than us, and our attorneys, and your attorneys, regarding any infringement, challenge or claim. We may take the action that we or it deems appropriate (including no action) and control exclusively any litigation, PTO proceeding or other proceeding relating to any infringement, challenge or claim or otherwise concerning any Mark. You must sign any documents and take any reasonable actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our interests in the Marks. At our option, we may defend and control the defense of any litigation or proceeding relating to any Mark.

We will reimburse you for all damages and expenses you incur or for which you are liable in any proceeding challenging your right to use any Mark, but only if your use is consistent with the Franchise Agreement, the Operations Manual and System Standards and you have timely notified us of, and comply with our directions in responding to, the proceeding.

If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs you incur in changing the Studio's signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

You derive the right to use the Marks only under a franchise agreement.

#### **Item 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

No patents or patent applications are material to the franchise. We claim copyrights in the Operations Manual, advertising, training and promotional materials, and similar items used in operating the franchise. We have not registered these copyrights with the U.S. Registrar of Copyrights but need not do so at this time to protect them. You may use these materials only as we specify while operating your Studio and must modify or discontinue using them as we direct.

There currently are no effective determinations of the PTO, United States Copyright Office or any court regarding any of the copyrighted materials. No agreement limits our right to use or license the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your using the copyrighted materials. We need not protect or defend copyrights or take any action if notified of infringement, and you have no obligation to notify us

of any infringement. We may take the action we deem appropriate (including no action) and exclusively control any proceeding involving the copyrights. No agreement requires us to participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or claims arising from your use of copyrighted items.

We will disclose certain Confidential Information to you during the Franchise Agreement's term. "Confidential Information" includes site selection criteria and methodologies; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating Bar Method Studios, including methods, techniques and processes for teaching Classes and evaluating teachers and clients, as well as other information in the Operations Manual and System Standards; marketing research and promotional, marketing, advertising, public relations, client relationship management and other brand-related materials and programs for Bar Method Studios; knowledge of specifications for and suppliers of, and methods of ordering, certain products, services supplies, equipment and other items used in the development and operation of the Studio that Bar Method Studios use and/or sell; knowledge of the operating results and financial performance of Bar Method Studios other than the Studio; client communication and retention programs, along with data used or generated in connection with those programs, including Client Information; and any other information we reasonably designate as confidential or proprietary. However, Confidential Information does not include information, knowledge or know-how that is or becomes generally known in the fitness industry (without violating an obligation to us or our affiliate) or that you knew from previous business experience before we provided it to you or before you began training or operating the Studio. If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that this exclusion is fulfilled.

The Confidential Information is proprietary and includes our trade secrets. You and your owners (a) may not use any Confidential Information in any other business or capacity, whether during or after the Franchise Agreement's term; (b) must keep the Confidential Information absolutely confidential, both during Franchise Agreement's term and after for as long as the information is not in the public domain; (c) may not make unauthorized copies of any Confidential Information disclosed in written or other tangible or intangible form; (d) must adopt and implement all reasonable procedures that we periodically designate to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to Studio personnel and others needing to know the Confidential Information to operate the Studio, and using confidentiality and non-competition agreements with those having access to Confidential Information. We may regulate the form of agreement that you use and be a third party beneficiary of that agreement with independent enforcement rights; and (e) may not sell, trade or otherwise profit in any way from the Confidential Information, except during the Franchise Agreement's term using methods we approve.

You must comply with our System Standards, other directions from us, prevailing industry standards, all contracts to which you are a party or otherwise bound, and all applicable laws and regulations regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Client Information on your Studio Management System or in your possession or control. You also must employ reasonable means to safeguard the confidentiality and security of Client Information. "Client Information"

means names, contact information, financial information, activity-related information and other personal information of or relating to the Studio's clients and prospective clients. If there is a suspected or actual breach of security or unauthorized access involving your Client Information, you must notify us immediately after becoming aware of it and specify the extent to which Client Information was compromised or disclosed.

We and our affiliates may, through the Studio Management System or other means, have access to Client Information. During and after the Franchise Agreement's term, we and our affiliates may make all disclosures and use the Client Information in our and their business activities and in any manner that we or they deem necessary or appropriate. You must secure from your vendors, clients, prospective clients and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Client Information to us and our affiliates and for us and our affiliates to use that Client Information in the manner that the Franchise Agreement contemplates.

You must promptly disclose to us all ideas, feedback, concepts, techniques or materials relating to a Bar Method Studio that you or your owners, employees or contractors create ("Innovations"). Innovations are our sole and exclusive property, part of the Franchise System, and works made-for-hire for us. If any Innovation does not qualify as a work made-for-hire for us, you assign ownership of that Innovation, and all related rights to that Innovation, to us and must sign (and cause your owners, employees and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person for any Innovations. You may not use any Innovation in operating the Studio or in any other way without our prior approval.

You may not use any of our confidential or proprietary information for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence ("AI") model, algorithm improvement, or similar data aggregation activities without our prior approval. You must not, without our prior written consent, input any confidential or propriety information into any generative AI platform, or disclose any information to any provider or source of generative AI services. You must opt out of allowing any provider or source of generative AI to utilize our confidential or propriety information for training of any AI model or for other purposes.

### **Item 15**

#### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

Only you are authorized to operate the Studio. You must at all times faithfully, honestly and diligently perform your obligations and fully exploit the rights granted under this Agreement. You must at all times have a "Principal Operator" serve as your on-premises manager. Your Principal Operator must complete our New Franchisee Training program to our satisfaction. Your Principal Operator will also be our primary point of contact.

If you are an individual or group of individuals signing the Franchise Agreement, then no other individual or entity may direct or control the direction of the management of the Studio or its business or share in the revenue, profits or losses of, or any capital appreciation relating to, the Studio or its business.

If you are an entity signing the Franchise Agreement, then you must designate an individual as your Principal Owner. For an entity, the “Principal Owner” is an individual who owns more than 20% of your ownership interests. At our option, you must ensure that the Principal Operator and all of your Studio’s employees having access to Confidential Information sign agreements in a form we reasonably specify under which they agree to comply with the confidentiality, innovations, and non-compete restrictions in the Franchise Agreement.

If you are a corporation, limited liability company or other business entity, each of your owners and their spouses must sign an agreement in the form we designate undertaking personally to be bound, jointly and severally, by all of the Franchise Agreement’s and any ancillary agreement’s provisions, including the ADA. This agreement also includes an agreement to be bound by the confidentiality and noncompete provisions of the Franchise Agreement.

## **Item 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

Your Studio must offer all Classes and other products, services and amenities that we periodically specify as being mandatory. You may not offer, sell, or provide at the Studio, the Site or otherwise any Classes or other products, services or amenities that we have not authorized, including any Classes for which you and/or your teachers do not then maintain the Certifications that we then require. You must discontinue offering, selling or providing any Classes and other products, services or amenities that we at any time disapprove in writing. We may periodically change the types of Classes and other authorized services and products for your Studio. You must ensure that all Classes the Studio provides are led only by a teacher who has attained and then maintains Certification for those Classes and who uses the techniques, methods and procedures we periodically specify in the System Standards. You may not provide any Classes or any similar instruction or services, including unpaid or “community” Classes designed to generate awareness for your Studio or the Marks, from any location other than the Studio unless we provide our prior written authorization and you comply with our directions and any System Standards applicable to those Classes. You may not create, offer, provide or sell any products or services via any website, or otherwise via the Internet, including live-streaming, social media platform or an application, web-based or otherwise, or via any other technology without our express, written permission. As an example, you may not create, offer, provide or sell any Bar Method classes in a virtual, online, or livestream format unless you have executed an amendment to your Franchise Agreement expressly authorizing you to do so. Additionally, you may not offer or sell standalone digital or online memberships.

You may not share space, sublease, house, or otherwise partner with any other business, independent contractor or service provider in your Studio location without our express permission.

You must participate in all national promotional marketing campaigns, member programs, consumer sales and satisfaction programs or surveys that we require, including loyalty programs, rewards programs, member challenges and any other programs outlined in the Operations Manual. You may not create your own programs, incentives or promotions without our explicit consent.

Our System Standards may regulate Class scheduling and minimum numbers of Classes; participation in and requirements for client loyalty programs, reciprocity programs, client transfer policies and programs, and similar programs for clients of Bar Method Studios; and the terms of Class offerings and maximum, minimum and other pricing requirements for Classes and other products and services that the Studio offers, including requirements for promotions, special offers and discounts in which some or all Bar Method Studios participate, in each case to the maximum extent the law allows (although you are solely responsible for ensuring that your Class offerings comply with applicable laws and regulations). You also must participate in the manner we specify in any Group Membership Programs that we periodically establish. You must comply with the reciprocity, membership, and transfer programs we implement, as we periodically add or modify them.

### **Item 17**

## **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

### **THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	1.B of Franchise Agreement	The initial term is 6 years.
	Section 3.A and 4 and Rider of ADA	The term depends on the number of franchises to be developed under the ADA. It will typically be between 1 and 5 years.
b. Renewal or extension of the term	14 of Franchise Agreement	If you are in good standing and you meet our conditions, you can renew your franchise for an additional 5 year period.
	ADA – Not Applicable	You cannot renew the ADA.



<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
c. Requirements for franchisee to renew or extend	14 of Franchise Agreement  ADA – Not Applicable	Sign our then current form of franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement, including a reduction in the size of your protected territory under the new franchise agreement), agree to remodel, renovate and/or upgrade the Studio to comply with then current standards for new Bar Method Studios, pay a renewal fee and sign release (if state law allows). “Renewal” means signing our then current franchise agreement, which could contain materially different terms (including on Territory and fees).  You do not have the right to renew or extend the ADA.
d. Termination by franchisee	15.A of Franchise Agreement  ADA – Not Applicable	You may terminate the Franchise Agreement if we materially breach and fail to cure within 30 days after notice or, if we cannot reasonably correct the breach in 30 days, then within a reasonable time (subject to state law).  You do not have the right to terminate the ADA. (subject to state law).
e. Termination by franchisor without cause	Not applicable	We may not terminate the Franchise Agreement or ADA without cause.
f. Termination by franchisor with cause	15.B of Franchise Agreement  Section 5 of ADA	We may terminate the Franchise Agreement if you or your owners commit any one of several violations.  If you are in default under the Area Development Agreement, or you or any of your affiliates are in default under any Franchise Agreement or other agreement you have with us or with any of our affiliates.  The Franchise Agreement and the Area Development Agreement contain cross-default provisions.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
g. “Cause” defined – curable defaults	15.B of Franchise Agreement  Section 5 of ADA	Under the Franchise Agreement you have 72 hours to fully cure violations of law, 5 days to cure payment defaults and 20 days to cure other defaults not listed in (h) below.  Most defaults are curable and you will have 30 days to cure.
h. “Cause” defined – non-curable defaults	15.B of Franchise Agreement  Section 5 of ADA	Non-curable defaults under Franchise Agreement include: material misrepresentation or omission; failure to satisfactorily complete training; failure to sign lease or open Studio on time; failure to obtain our approval in the time we require to offer the number of Bar Method class formats we require; failure to comply with our requirements for securing real estate; abandonment or failure to actively operate; surrender or transfer of your or Studio’s control; allowing uncertified teacher to lead Class; conviction of or pleading no contest to felony; any dishonest, unethical or illegal conduct that adversely impacts reputation or goodwill; failure to maintain insurance; interference with our rights to inspect Studio or evaluate teachers; unauthorized transfer; termination of another franchise or other agreement; violation of non-compete or confidentiality restrictions; failure to pay taxes, suppliers or lenders; repeated defaults; bankruptcy-related events; and withholding our access to accounting and financial systems or data, revoking any electronic-funds transfer or direct debt authorization granted to us, or initiating any stop payments against us.  Similar reasons as for Franchise Agreement, you fail to meet your development obligations in the Development Schedule, fail to comply with our requirements for securing real estate, or we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
i. Franchisee's obligations on termination/non-renewal	16 of Franchise Agreement  Section 6 of ADA	Pay amounts due (including lost future fees), stop identifying as our franchisee or using Marks or similar marks, de-identify Studio, notify clients of expiration or termination and offer refund of prepaid fees, cease using Confidential Information (including Client Information and our proprietary processes), return Operations Manual (see also (o) and (r) below), and comply with our purchase option if we exercise it.  You lose all remaining rights to develop Bar Method Studios.
j. Assignment of contract by franchisor	13.A of Franchise Agreement and Section 7.A of ADA	We may assign agreements and change our ownership or form without restriction.
k. "Transfer" by franchisee - defined	13.B of Franchise Agreement and Section 7.B of ADA	Includes transfer of any interest in the Franchise Agreement, the Studio or its assets, or any direct or indirect ownership interest in you if you are an entity, or any transaction where Principal Operator or Principal Owner no longer meets requirements.
l. Franchisor approval of transfer by franchisee	13.B to 13.H of Franchise Agreement and Section 7.B of ADA	No transfers without our approval.
m. Conditions for franchisor approval of transfer	13.B to 13.H of Franchise Agreement	Conditions for non-control transfer are full compliance with Franchise Agreement and other agreements, you provide notice and information, transferee and its owners meet standards, you and your owners sign transfer agreements and release (if state law allows), payment of any broker fees or commissions and you pay us the transfer fee, and transferring Owners agree not to use Marks or compete. Conditions for control transfer are full compliance with Franchise Agreement and other agreements, you provide notice and information, transferee and its owners meet standards, transferee's personnel and new Principal Operator complete training, transferee (and its owners) sign our then-current form of franchise agreement and related documents, which may contain terms and conditions that differ materially from any or all of those in the Franchise Agreement, you (and your owners) sign any transfer related documents we require (including a release (if state law allows), payment of any broker fees or commissions and you pay us the transfer fee, price and payment

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
	Section 7.B of ADA	<p>terms do not adversely affect operation, transferee subordinates obligations, and transferee agrees not to use Marks or compete.</p> <p>You must sign franchise agreements for all remaining Bar Method Studios you are permitted to develop, and you must transfer those agreements to the same person or entity to whom you are transferring the ADA. You must meet any additional conditions we specify in the Operations Manual or otherwise in writing.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	13.H of Franchise Agreement	We have the right to match offers under certain conditions.
o. Franchisor's option to purchase franchisee's business	16.E of Franchise Agreement	We may purchase the Studios assets for fair market value when the Franchise Agreement expires or terminates and manage the Studio pending our purchase.
p. Death or disability of franchisee	13.F of Franchise Agreement  Section 7.B of ADA	<p>Must transfer to an approved transferee within 6 months.</p> <p>Your heirs can assume your rights, but if they do, they must meet the transfer requirements.</p>
q. Non-competition covenants during the term of the franchise	12 of Franchise Agreement and Section 9 of ADA	No owning interest in, performing services for, loaning or leasing to, or diverting Studio business or clients to a competitive business (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	16.D of Franchise Agreement and Section 9 of ADA	For 2 years, no owning interest in or performing services for a competitive business at the Site, within 5 miles of the Site, or within 5 miles of any other Bar Method Studio (subject to state law).
s. Modification of the agreement	18.J of Franchise Agreement and Section 9 of ADA	Modifications only by written agreement of the parties, but we may change the Operations Manual and System Standards.
t. Integration/merger clause	18.L of Franchise Agreement and Sections 8 and 9 of ADA	Only the terms of the Franchise Agreement and ADA, as applicable, are binding (subject to state law). Any representations or promises made outside of this disclosure document or the Franchise Agreement or ADA, as applicable, may not be enforceable.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
u. Dispute resolution by arbitration or mediation	18.F of Franchise Agreement and Section 9 of ADA	We and you must arbitrate all disputes at a site within 10 miles of our then current principal business address (currently Woodbury, MN) (subject to state law).
v. Choice of forum	18.H of Franchise Agreement and Section 9 of ADA	Subject to arbitration obligations, litigation is in state and city of our then current principal business address (currently Woodbury, MN) (subject to state law).
w. Choice of law	18.G of Franchise Agreement and Section 9 of ADA	Except for Federal Arbitration Act and other federal law, law of state where Studio is located applies to confidentiality and non-compete obligations and Minnesota law applies to other claims (subject to state law).

### **Item 18**

#### **PUBLIC FIGURES**

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 if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Gross Revenues as used in this Item 19 includes all revenues generated by franchised Bar Method Studios and reported to us for the 12-month period ended February 28, 2025, excluding bona fide refunds, credits given or allowed to customers for the return of merchandise and amounts collected from customers and remitted to a governmental taxing authority in satisfaction of sales taxes, however, chargebacks are not deducted from the calculation of Gross Revenues. This is consistent with the definition of Gross Revenues in our Franchise Agreement. However, we have denoted in the charts below those instances where Gross Revenues are calculated specific to a certain item, such as memberships and retail product sales.

As of February 28, 2025 there were 73 franchised Bar Method Studios in the Bar Method System. The information in the charts below above is taken from the 71 franchised Bar Method

Studios that were open and operating for the entire 12 month period ended February 28, 2025. We refer to this time period as the “Relevant Time Period” and we refer to these Bar Method Studios as the “Studios”. We excluded 3 Bar Method Studios from the Studios because they permanently closed during the Relevant Time Period. None of these Studios closed before operating for at least 12 months. The earliest of these Studios began operating in 2004 and the latest in 2023.

The following represents information on total Gross Revenue, Gross Revenue from memberships and retail sales, monthly membership count, and monthly unique customer count derived from information reported to us by the Studios for the Relevant Time Period. The charts below provide this information for all 71 Studios identified above and for each group of Studios in a quartile. Studios were placed in quartiles based on their individual Gross Revenue for the Relevant Time Period. The top 17 Studios based on Gross Revenue were placed in the Top quartile, the next 17 Studios were placed in the Second quartile, the next 18 Studios in the Third quartile, and the last 18 Studios in the Bottom quartile. These quartiles were used for each of the charts below.

### **Total Gross Revenue**

	Average of All (71 Studios)	Median of All (71 Studios)	Top 1/4 Average (17 Studios)	Top 1/4 Median (17 Studios)	Second 1/4 Average (18 Studios)	Second 1/4 Median (18 Studios)	Third 1/4 Average (18 Studios)	Third 1/4 Median (18 Studios)	Bottom 1/4 Average (18 Studios)	Bottom 1/4 Median (18 Studios)
<b>Total Gross</b>	<b>\$405,107</b>	<b>\$352,656</b>	<b>\$699,817</b>	<b>\$609,789</b>	<b>\$426,932</b>	<b>\$432,832</b>	<b>\$313,279</b>	<b>\$309,278</b>	<b>\$196,771</b>	<b>\$214,199</b>
Number/Percentage At or Above Average	29/41%		7/41%		11/61%		8/44%		12/67%	
Highest Total Gross	\$1,091,4		\$1,091,4		\$508,067		\$352,656		\$259,076	
Lowest Total Gross	\$39,866		\$515,997		\$355,735		\$274,682		\$39,866	

- 1. Total Gross Revenue** – The average Gross Revenue of the 71 Studios was calculated by determining the total Gross Revenue of these Studios for the Relevant Time Period and dividing that amount by the total number of these Studios. This same calculation was used to determine the average Gross Revenue for each group of Studios in each quartile in the chart above.

### **Gross Revenue from Membership Payments**

	Average of All (71 Studios)	Median of All (71 Studios)	Top 1/4 Average (17 Studios)	Top 1/4 Median (17 Studios)	Second 1/4 Average (18 Studios)	Second 1/4 Median (18 Studios)	Third 1/4 Average (18 Studios)	Third 1/4 Median (18 Studios)	Bottom 1/4 Average (18 Studios)	Bottom 1/4 Median (18 Studios)
<b>Total Membership Gross Revenue<sup>1</sup></b>	<b>\$289,743</b>	<b>\$245,873</b>	<b>\$478,812</b>	<b>\$429,614</b>	<b>\$320,963</b>	<b>\$318,714</b>	<b>\$226,227</b>	<b>\$228,010</b>	<b>\$143,475</b>	<b>\$141,061</b>
Number/Percentage At or Above Average Total Membership Gross Revenue	29/41%		6/35%		8/44%		10/56%		9/50%	
Highest Total Membership Gross Revenue	\$734,329		\$734,329		\$415,106		\$285,877		\$208,804	
Lowest Total Membership Gross Revenue	\$33,481		\$359,192		\$229,888		\$152,788		\$33,481	

1. **Membership Gross Revenue** - The average Gross Revenue from membership payments of the 71 Studios was calculated in the same manner as total Gross Revenue in the first chart for all Studios and for each group of Studios in each quartile in the chart immediately above.

### **Gross Revenue from Retail Product Sales**

	Average of All (71 Studios)	Median of All (71 Studios)	Top 1/4 Average (17 Studios)	Top 1/4 Median (17 Studios)	Second 1/4 Average (18 Studios)	Second 1/4 Median (18 Studios)	Third 1/4 Average (18 Studios)	Third 1/4 Median (18 Studios)	Bottom 1/4 Average (18 Studios)	Bottom 1/4 Median (18 Studios)
<b>Total Retail Product Sales Gross Revenue<sup>1</sup></b>	<b>\$24,009</b>	<b>\$18,422</b>	<b>\$37,718</b>	<b>\$31,099</b>	<b>\$24,959</b>	<b>\$19,330</b>	<b>\$23,036</b>	<b>\$21,491</b>	<b>\$11,084</b>	<b>\$10,570</b>
Number/Percentage At or Above Average Total Retail Product Sales Gross Revenue	26/37%		6/35%		5/28%		8/44%		9/50%	
Highest Total Retail Product Sales Gross Revenue	\$132,324		\$132,324		\$73,501		\$56,284		\$26,959	
Lowest Total Retail Product Sales Gross Revenue	\$20		\$9,991		\$7,434		\$9,157		\$20	

1. **Retail Product Sales Gross Revenue** – The average Gross Revenue of the 71 Studios for retail product sales was calculated in the same manner as total Gross Revenue in the first chart for all Studios and for each group of Studios in each quartile in the chart immediately above. For purposes of this calculation, we considered a “retail product” to be any item purchased by a customer that is not a service.

## **Monthly Member Count**

	Average of All (71 Studios)	Median of All (71 Studios)	Top 1/4 Average (17 Studios)	Top 1/4 Median (17 Studios)	Second 1/4 Average (18 Studios)	Second 1/4 Median (18 Studios)	Third 1/4 Average (18 Studios)	Third 1/4 Median (18 Studios)	Bottom 1/4 Average (18 Studios)	Bottom 1/4 Median (18 Studios)
<b>Monthly Member Count<sup>1</sup></b>	<b>141</b>	<b>130</b>	<b>203</b>	<b>201</b>	<b>171</b>	<b>161</b>	<b>116</b>	<b>115</b>	<b>77</b>	<b>75</b>
Number/Percentage At or Above Average Monthly Member Count	30/42%		7/41%		7/39%		8/44%		9/50%	
Highest Monthly Member Count	336		336		254		156		112	
Lowest Monthly Member Count	14		133		110		69		14	

1. **Monthly Member Count** – The average of the 71 Studios was calculated by determining the monthly member average of each of these Studios during the Relevant Time Period and then determining the average of all of these monthly averages. To determine the monthly member average of each of these Studios we determined the total number of members of that Studio during the Relevant Time Period and divided by 12. We used this same calculation to determine the monthly member average for each group of Studios in each quartile in the chart immediately above.

For purposes of calculating the Monthly Member Count we considered a member of a Studio to be an individual who attends at least 1 class per month in the Studio and has a membership agreement with that Studio. We have only counted these members as one even if they attend multiple classes or attend a class more than one-time per month. We have not included as a member a “walk-in” who does not have a signed membership agreement with the Studio that they walk into, or an individual who attends a class at a Studio based on their status as a member of a platform or other service that allows them to frequent different studios or gyms (commonly known as fitness aggregators), but does not have a membership agreement with that Studio.

## **Monthly Unique Customer Count**

	Average of All (71 Studios)	Median of All (71 Studios)	Top 1/4 Average (17 Studios)	Top 1/4 Median (17 Studios)	Second 1/4 Average (18 Studios)	Second 1/4 Median (18 Studios)	Third 1/4 Average (18 Studios)	Third 1/4 Median (18 Studios)	Bottom 1/4 Average (18 Studios)	Bottom 1/4 Median (18 Studios)
<b>Monthly Unique Customer Count<sup>1</sup></b>	<b>338</b>	<b>301</b>	<b>562</b>	<b>466</b>	<b>360</b>	<b>353</b>	<b>264</b>	<b>260</b>	<b>179</b>	<b>172</b>
Number/Percentage At or Above Average Monthly Unique Customer Count	26/37%		5/29%		7/39%		8/44%		8/44%	
Highest Monthly Unique Customer Count	1,338		1,338		566		350		330	
Lowest Monthly Unique Customer Count	52		296		252		216		52	



1. **Monthly Unique Customer Count** - The average of the 71 Studios was calculated by determining the monthly average of unique customers of each of these Studios during the Relevant Time Period and then determining the average of all of these monthly averages. To determine the monthly average of each of these Studios we determined the total number of unique customers of that Studio during the Relevant Time Period and divided by 12. We used this same calculation to determine the monthly member average for each group of Studios in each quartile in the chart immediately above.

We consider a unique customer of a Studio to be each unique individual who has taken at least one class, in studio, at the Studio as of the end of each month in the Relevant Time Period. We have excluded from the calculation repeat visits of a customer in the same month to the same Studio.

### **GENERAL INFORMATION APPLICABLE TO ALL OF ITEM 19**

**Some Bar Method Studios have sold these amounts. Your individual results may differ. There is no assurance that you'll sell as much.**

Percentages were rounded to the nearest whole percent and dollar amounts to the nearest dollar.

The information disclosed in this Item 19 does not reflect the cost of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Revenues information to calculate net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Bar Method Studio. Franchisees or former franchisees listed in this Disclosure Document may be one source of this information.

All of the Studios offered substantially the same products and services as you are expected to offer.

Written substantiation for the financial performance representations made in this Item 19 will be made available to you upon reasonable request.

Other than as set forth above, we do not make any representations about a franchisee's future financial performance or the past financial performance of franchised outlets. 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 our management by contacting General Counsel James Goniea at 111 Weir Drive, Woodbury, Minnesota 55125, telephone (651) 438-5000, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20**

**OUTLETS AND FRANCHISEE INFORMATION**

All of the information in the tables below is as of December 31 of the applicable year.

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

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2022	78	75	-3
	2023	75	73	-2
	2024	73	73	0
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	0	-1
<b>Total Outlets</b>	<b>2022</b>	<b>79</b>	<b>76</b>	<b>-3</b>
	<b>2023</b>	<b>76</b>	<b>74</b>	<b>-2</b>
	<b>2024</b>	<b>74</b>	<b>73</b>	<b>-1</b>

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

<b>States</b>	<b>Year</b>	<b>Number of Transfers</b>
California	2022	1
	2023	1
	2024	0
Florida	2022	0
	2023	1
	2024	0
New Jersey	2022	0
	2023	0
	2024	1

States	Year	Number of Transfers
New York	2022	0
	2023	0
	2024	1
Oregon	2022	0
	2023	0
	2024	1
Texas	2022	0
	2023	1
	2024	0
<b>Total</b>	<b>2022</b>	<b>1</b>
	<b>2023</b>	<b>3</b>
	<b>2024</b>	<b>3</b>

**Table No. 3**  
**Status of Franchised and Licensed Outlets**  
**For years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reason	Outlets at End of Year
Alabama	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
California	2022	26	1	2	0	0	0	25
	2023	25	1	0	1	0	0	25
	2024	25	2	1	0	0	0	26
Colorado	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
Connecticut	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Florida	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations- Other Reason	Outlets at End of Year
Hawaii	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	4	1	1	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Kansas	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Maryland	2022	2	0	0	0	0	0	2
	2023	2	0	1	0	0	0	1
	2024	1	0	0	0	0	0	1
Massachusetts	2022	4	0	2	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Missouri	2022	2	0	0	0	0	0	2
	2023	2	0	0	1	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	0	10
	2024	10	0	0	0	0	0	10
New York	2022	5	0	0	0	0	0	5
	2023	5	1	0	0	0	0	6
	2024	6	0	0	0	0	0	6
North Carolina	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Oregon	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Pennsylvania	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reason	Outlets at End of Year
South Carolina	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Utah	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
Washington	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	1	0	0	1
<b>TOTALS</b>	<b>2022</b>	<b>78</b>	<b>2</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>75</b>
	<b>2023</b>	<b>75</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>73</b>
	<b>2024</b>	<b>73</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>73</b>

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

State	Year	Outlets at Start of the Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Minnesota	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
<b>Total</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>

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

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened as of December 31, 2024</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlet in the Next Fiscal Year</b>
Arizona	1	0	0
Florida	1	0	0
Illinois	1	1	0
Massachusetts	1	0	0
New Jersey	1	0	0
New York	1	0	0
Oregon	1	0	0
Texas	1	0	0
Utah	1	1	0
<b>TOTALS</b>	<b>9</b>	<b>2</b>	<b>0</b>

A list of the names, addresses and telephone numbers for all of our current franchisees, and the locations of their open Bar Method Studios as of December 31, 2024, is listed in Exhibit D.

A list of all franchisees who have had an outlet terminated, canceled, not renewed, or otherwise voluntarily ceased to do business under the Franchise Agreement during the 12-month period ended December 31, 2024, or who have not communicated with us within 10 weeks of our application date, is also included in Exhibit E. There are 7 franchisees on this list, representing 7 franchises.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. Some franchisees have signed confidentiality agreements with us or our predecessor during the last three years. In some instances, current and former franchisees signed provisions restricting their ability to speak openly about their experience with the Bar Method Studio franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the Bar Method Studio franchise network.

## **Item 21**

### **FINANCIAL STATEMENTS**

Attached at Exhibit F is the audited financial statement of our affiliate SEB Franchising Guarantor LLC (“SFG”), for the fiscal years ended December 31, 2022, December 31, 2023 and December 31, 2024. SFG guarantees our performance under the Franchise Agreement and other related documents. A copy of the guaranty of SFG is attached at Exhibit F.

As reflected in Item 1, Anytime Fitness, LLC will be providing required support and services to franchisees under a management agreement with us. Attached at Exhibit F are the audited financial statements of Anytime Fitness, LLC for the fiscal years ended December 31, 2022, December 31, 2023 and December 31, 2024. These financial statements are being provided for disclosure purposes only. Anytime Fitness, LLC is not a party to the Franchise Agreement, Area Development Agreement or any other agreement we sign with franchisees nor does it guarantee our obligations under the Franchise Agreement or Area Development Agreement we sign with franchisees.

## **Item 22**

### **CONTRACTS**

The following agreements are exhibits to this disclosure document:

1. Franchise Agreement – Exhibit B
2. Current form of Release signed on renewal/transfer – Exhibit G
3. State-Specific Riders to Franchise Agreement – Exhibit H
4. Area Development Agreement – Exhibit I
5. ProVision Services Agreement – Exhibit J
6. Equipment Loan Documents – Exhibit K
7. Healthy Contributions Agreement – Exhibit L
8. Franchisee Questionnaire – Exhibit M

## **Item 23**

### **RECEIPTS**

Our and your copies of the Franchise Disclosure Document Receipt are the last pages of this disclosure document.

**EXHIBIT A**

**LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**



## LIST OF STATE AGENCIES

### California

Department of Financial Protection and Innovation  
2101 Arena Boulevard  
Sacramento, CA 95834  
(866) 275-2677

### Hawaii

Hawaii Commissioner of Securities  
Department of Commerce and Consumer Affairs  
Business Registration Division  
King Kalakaua Building  
335 Merchant Street, Rm. 205  
Honolulu, Hawaii 96813  
(808) 586-2744

### Illinois

Office of Attorney General  
Franchise Division  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

### Indiana

Indiana Secretary of State  
Securities Division  
302 West Washington Street  
Room E-111  
Indianapolis, IN 46204  
(317) 232-6681

### Maryland

Office of Attorney General  
Maryland Division of Securities  
200 St. Paul Place  
Baltimore, MD 21202-2020  
(410) 576-7786

### Michigan

Michigan Dept. of Attorney General  
Consumer Protection Division  
Antitrust and Franchise Unit  
525 W. Ottawa St.  
G. Mennen Williams Building, 1st Floor  
Lansing, MI 48913  
(517) 373-7117

### Minnesota

Minnesota Department of Commerce  
Registration and Licensing  
Division  
85 7th Place East, Suite 280  
St. Paul, MN 55101-2198  
(651) 539-1600

### New York

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, NY 10005  
(212) 416-8222

### North Dakota

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol - Fourteenth Floor, Dept. 414  
Bismarck, ND 58505-0510  
(701) 328-2910

### Rhode Island

Department of Business Regulation  
Division of Securities  
1511 Pontiac Avenue  
John O. Pastore Complex – Building 69-1  
Cranston, RI 02920  
(401) 222-3048

### South Dakota

South Dakota Department of Labor  
& Regulation  
Division of Insurance – Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-3563

### Virginia

State Corporation Commission  
Division of Securities and  
Retail Franchising  
1300 E. Main Street, 9th Floor  
Richmond, VA 23219  
(804) 371-9051

### Washington

Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, WA 98504-1200  
(360) 902-8760

### Wisconsin

Department of Financial Institutions  
Division of Securities  
4822 Madison Yards Way, North Tower  
Madison, WI 53705  
(608) 261-9555

## LIST OF AGENTS FOR SERVICE OF PROCESS

### **California**

California Commissioner of Financial Protection and Innovation  
California Dept. of Financial Protection and Innovation  
2101 Arena Boulevard  
Sacramento, CA 95834  
(866) 275-2677

### **Hawaii**

Commissioner of Securities for the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
King Kalakaua Building  
335 Merchant Street, Rm. 205  
Honolulu, Hawaii 96813  
(808) 586-2722

### **Illinois**

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-1090

### **Indiana**

Indiana Secretary of State  
201 State House  
200 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6531

### **Maryland**

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
(410) 576-6360

### **Michigan**

Michigan Dept. of Attorney General  
Consumer Protection Division  
Antitrust and Franchise Unit  
525 W. Ottawa St.  
G. Mennen Williams Building, 1st Floor  
Lansing, MI 48913  
(517) 373-7117

### **Minnesota**

Minnesota Commissioner of Commerce  
Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101-2198  
(651) 539-1600

### **New York**

New York Secretary of State  
One Commerce Plaza  
99 Washington Avenue, 6th Floor  
Albany, New York 12231-0001  
(518) 473-2492

### **North Dakota**

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol – Fourteenth Floor, Dept. 414  
Bismarck, North Dakota 58505-0510  
(701) 328-2910

### **Rhode Island**

Director of Rhode Island Department of Business Regulation  
1511 Pontiac Avenue  
John O. Pastore Complex – Building 69-1  
Cranston, RI 02920  
(401) 462-9527

### **South Dakota**

Director of South Dakota Division of Insurance – Securities Regulation  
124 S Euclid, Suite 104  
Pierre, South Dakota 57501  
(605) 773-3563

### **Virginia**

Clerk of the State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, Virginia 23219

### **Washington**

Director, Department of Financial Institutions  
Securities Division  
Financial Institutions  
150 Israel Road SW  
Tumwater, Washington 98501  
(360) 902-8760

### **Wisconsin**

Administrator, Division of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, WI 53705  
(608) 266-8557

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**BAR METHOD® STUDIO**

**FRANCHISE AGREEMENT**

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**Franchisee Name**

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**Address of Studio**

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**EXHIBITS**

EXHIBIT A	--	BASIC TERMS
EXHIBIT B	--	OWNERS
EXHIBIT C	--	GUARANTY AND ASSUMPTION OF OBLIGATIONS



**BAR METHOD® STUDIO  
FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “**Agreement**”) is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, MN 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

**1. Preambles and Grant of Franchise Rights.**

**1.A. Preambles.**

(1) We and our predecessors, and our and their affiliates, have developed a method of constructing and operating fitness studios which are primarily identified by the Marks (defined below) and use the Franchise System (defined below) (collectively, “**Bar Method Studios**”). Bar Method Studios currently feature barre-based exercise classes using proprietary and non-proprietary instructional techniques, formats and methods designed to provide fitness training in an attractive atmosphere (as we may periodically add to, remove and otherwise modify them, collectively, the “**Classes**”).

(2) We and our predecessors, and our and their affiliates, have developed and we use, promote and sublicense certain trademarks, service marks and other commercial symbols in operating Bar Method Studios, including “Bar Method®,” and we may periodically create, use and license or sublicense other trademarks, service marks and commercial symbols for use in operating Bar Method Studios, all of which we may modify from time to time (collectively, the “**Marks**”).

(3) We offer franchises to own and operate a Bar Method Studio offering the Classes, products, services and amenities we authorize (and only the Classes, products, services and amenities we authorize) and using our business system, business formats, proprietary instructional techniques and processes, methods, procedures, signs, designs, layouts, trade dress, standards, specifications and Marks, all of which we may improve, further develop and otherwise modify from time to time (collectively, the “**Franchise System**”).

(4) You have applied for a franchise to own and operate a Bar Method Studio, and we have approved your application relying on all of your representations, warranties and acknowledgments contained in your franchise application and this Agreement.

**1.B. Grant of Franchise and Term.** You have applied for a franchise to own and operate a Bar Method Studio at the location specified on Exhibit A (the “**Site**”), which is located within the territory also described on Exhibit A (the “**Protected Territory**”). (If the Site and Protected Territory are not determined as of the Effective Date, they will be determined in accordance with Sections 2.A and 2.B.) Subject to the terms of this Agreement, we grant you a

franchise to develop and operate a Bar Method Studio at the Site (the “**Studio**”), and to use the Franchise System in its operation, for a term beginning on the Agreement Date and ending on the date which is six (6) years after the Agreement Date, unless sooner terminated (the “**Term**”). Your Studio may only be operated at the Site.

1.C. Best Efforts. Only you are authorized to operate the Studio. You must at all times faithfully, honestly and diligently perform your obligations and fully exploit the rights granted under this Agreement. You must at all times have a Principal Operator whom we approve.

1.D. Participation for Individual or Business Entity Franchisee.

(1) If you are an individual or group of individuals, then you agree and represent that (a) except for the individual(s) signing this Agreement, no other individual or Entity (defined below) has the right (whether directly or indirectly) to direct or control the direction of the management of the Studio or its business or to share in the revenue, profits or losses of, or any capital appreciation relating to, the Studio or its business;

(2) If you are at any time a corporation, a limited liability company, a general, limited, or limited liability partnership, or another form of business entity (collectively, an “**Entity**”), you agree and represent that:

(a) your organizational documents, operating agreement, and/or partnership agreement (as applicable) will recite that this Agreement restricts the issuance and transfer of any Ownership Interests (defined below) in you, and all certificates and other documents representing Ownership Interests in you will bear a legend referring to this Agreement’s restrictions. In this Agreement, “**Ownership Interests**” means (i) in relation to a corporation, shares of capital stock (whether common stock, preferred stock or any other designation) or other equity interests; (ii) in relation to a limited liability company, membership interests or other equity interests; (iii) in relation to a partnership, a general or limited partnership interest; (iv) in relation to a trust, a beneficial interest in the trust; and (e) in relation to any Entity (including those described in (i) through (iv) above), any other interest in that Entity or its business that allows the holder of that interest (whether directly or indirectly) to direct or control the direction of the management of the Entity or its business (including a managing partner interest in a partnership, a manager or managing member interest in a limited liability company, and a trustee of a trust), or to share in the revenue, profits or losses of, or any capital appreciation relating to, the Studio, that Entity or its business;

(b) Exhibit B to this Agreement completely and accurately describes all of your Owners (defined below) and their Ownership Interests in you. In this Agreement, “**Owner**” means any individual or Entity holding a direct or indirect Ownership Interest (whether of record, beneficially, or otherwise) in you. Each of your Owners must sign an agreement in the form we designate undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us (a “**Guaranty**”), the current

version of which is Exhibit C to this Agreement. Subject to our rights and your obligations under Section 13, you and your Owners agree to sign and deliver to us revised Exhibits B to reflect any changes in the information that Exhibit B now contains;

(c) the individuals listed on Exhibit B are your Principal Owner and Principal Operator as of the Agreement Date. For an Entity, the “**Principal Owner**” is an individual who: (i) owns, directly or indirectly, more than ten percent (10%) of your Ownership Interests; and

(d) the Studio and other Bar Method Studios, if applicable, will be the only businesses you own or operate (although your Owners and affiliates may have other business interests, subject to Section 12).

## **2. Site Selection, Development and Opening of Studio.**

2.A. Site Acquisition. Prior to the acquisition by lease or purchase of the site for your Bar Method Studio, you will submit to us such information and materials as we may require, which may include, but not be limited to, your proposed lease. We will have ten (10) business days after receipt of the information and materials we requested to approve or disapprove your proposed site. No site will be deemed approved unless it has been expressly approved in writing by us by notice of site approval sent to you. Our examination and approval of the location of your Bar Method Studio Site does not constitute a representation, guaranty or warranty, express or implied, of the successful operation or profitability of the Bar Method Studio at that location. Following our approval of the Site and your acquisition of it, you authorize us to amend Exhibit A to this Agreement, without your signature, to identify: (i) the address of the Site; and (ii) the Protected Territory via a map or description of an area surrounding the Site.

2.B. Lease and Designation of Territory. You must obtain our prior written acceptance of the terms of any lease or sublease for the Site (the “**Lease**”) before you sign it. The Lease must contain the terms and provisions that are reasonably acceptable to us, including provisions to protect our rights as your franchisor. You acknowledge that our acceptance of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a Bar Method Studio operated at the Site. Our acceptance of the Lease indicates only that we believe that the Lease’s terms meet, or that we have waived, our then acceptable criteria. You must give us a copy of the fully-signed Lease within five (5) days after you and the landlord have signed it. You may not sign any renewal or amendment of the Lease that we have not accepted.

2.C. Developing and Equipping Studio. We will provide you mandatory and suggested specifications and layouts for a Bar Method Studio, which might include recommendations and/or requirements for dimensions, design, image, interior layout (including equipment placement), decor, color scheme and certain products, services, supplies, equipment or other items. “**Studio Management System**” means the integrated, computer-based, web-based, and application systems and services (both hardware and software) that we periodically specify for administering the management and operation of your Studio, which might include any one or more of Class and staff scheduling, point of sale, client management and progress tracking, prospect management, sales and marketing, billing and collections, accounting and

payroll, and communications functions. The Studio must contain all of the products, services, supplies, equipment and other items, and only the products, services, supplies, equipment and other items that we periodically specify. At our option, you must use only the real estate services provider, architect, development company and/or other contractor(s) that we periodically designate or approve to design and/or develop the Studio.

Your Studio must be developed in accordance with applicable laws, regulations, codes and other governing requirements, as well as our mandatory specifications (the “**Mandatory Specifications**”) that we provide to you, and with any studio specific layout that we provide to you (“**Compliance Drawing**”). You may not begin construction of your Studio until you have received our written consent to your actual design for your Studio via your Compliance Drawing. You must supply us with accurate site information for your proposed location to allow us to create a Compliance Drawing for you. This information will include, but not be limited to, as built drawings, surveys, technical data, construction documents and site plans. If you are developing a new Studio, we will provide you with one Compliance Drawing at no additional cost. If you require additional Compliance Drawings, you must pay us Two Hundred Fifty Dollars (\$250) for each additional Compliance Drawing.

Promptly after you have obtained possession of the Site, you will: (i) retain the services of our designated architectural vendor to create a complete set of detailed construction documents in strict accordance with the Compliance Drawing and our Mandatory Specifications (“**Construction Documents**”), and to complete construction of your Studio in accordance with such Construction Documents; (ii) retain the services of a general contractor; (iii) have prepared and submitted for our approval a site survey and basic architectural plans and specifications consistent with our Mandatory Specifications; (iv) purchase or lease, and then, in the construction of your Studio, use only the building materials, equipment, fixtures, furniture and signs we have approved; (v) complete the construction and/or remodeling, equipment, fixtures, furniture and signage lease in decorating your Studio in full and strict compliance with the plans and specifications we approve, and with all applicable ordinances, building codes and permit requirements without any alterations; (vi) obtain all customary contractors’ sworn statements and partial and final waivers; and (vii) obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act.

We may designate a construction management services vendor to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits, and to assist you through construction. If we require you to use a designated vendor for construction management services, you must pay such vendor the then-current fee for construction management services.

If your Studio is not constructed strictly according to the plans we have approved and our Mandatory Specifications, we may not approve you to open for business. If we do not approve your opening, you will have thirty (30) days from the date we deny our approval for opening to correct all the construction problems so that your Studio is strictly constructed according to our approved plans. If you fail to correct the problems within this thirty (30) day period, we may immediately terminate this Agreement. If your Studio opening is delayed for these or any other reasons, you will be responsible for any losses or costs relating to such delay. In any event, you

may not open your Studio until all of these problems have been resolved to our satisfaction and if the time period to correct the problems extends past the required opening date under this Agreement, you will only have to such required opening date to correct the problems.

You will make no changes to any building plan, design, layout or decor, or any equipment or signage in your Studio without our prior written consent, and such changes may not be contrary to the Mandatory Specifications.

Our review of any construction plans is limited to ensuring your compliance with our design requirements and this Agreement's other requirements. Our review is not designed to assess compliance with federal, state, or local laws and regulations, including the Americans With Disabilities Act, as compliance with those laws and regulations is your responsibility. You must remedy, at your expense, any noncompliance or alleged noncompliance with those laws and regulations. We may periodically inspect the Site while you are developing the Studio.

At your expense, you must construct, install trade dress and furnish all furniture, fixtures, equipment and other items in, and otherwise develop the Studio at the Site according to our standards, specifications and directions in the Bar Method Studio development manual or otherwise. If we require, you must purchase only approved brands, types and/or models of products, services, supplies, equipment and other items and/or purchase them only from suppliers we designate or approve (which may include or be limited to us or our affiliates).

We will provide you with a Franchise Business Consultant or another individual from our organization who will provide you with support in connection with your operations prior to the opening of your Studio.

2.D. Studio Opening. You must open the Studio and begin providing Classes at the Studio on or before the date which is twelve (12) months after the Agreement Date. You agree not to open the Studio for Classes until: (1) you have properly developed and equipped the Studio according to our standards and specifications and in compliance with all applicable laws and regulations and we have approved your Studio to offer at least one approved Bar Method class format; (2) all pre-opening training for the Studio's personnel has been completed to our satisfaction; (3) all amounts then due to us have been paid; (4) you have given us copies of all insurance policies required under this Agreement, or any other evidence of insurance coverage and payment of premiums as we request; (5) you have given us a copy of your fully-signed Lease; and (6) if we (at our sole option) require, we have conducted a pre-opening inspection and/or have certified the Studio for opening. Our determination that you have met all of our pre-opening requirements will not constitute a waiver of your non-compliance or of our right to demand full compliance with those requirements.

2.E. Relocation. You may not move or relocate your Studio without our prior written consent, which consent shall not be unreasonably withheld. The request for relocation must be made in writing, stating the new location and received by us at least sixty (60) days prior to the date of intended relocation and be accompanied by a relocation fee of One Thousand Five Hundred Dollars (\$1,500). You must also pay any expenses we incur in reviewing the new location. The new location must be within the Protected Territory, and it may not be located within any territory we grant to any other franchisee. We will refund the relocation fee to you if

we do not approve your new location. Upon receipt of our approval, you must upgrade the new space to comply with all of our current specifications, and construct the new premises in the manner required under this Section 2. Following your relocation, we or our designee will conduct a security inspection of the premises to assure all security equipment has been properly installed. You also consent to our amendment of Exhibit A to this Agreement to indicate the new location and any update to your Protected Territory.

2.F. Our Pre-Opening Obligations. Our pre-opening obligations to you include those set forth in Sections 2, 4, and 7.A.

### **3. Your Rights in Territory and Rights We Maintain.**

3.A. Protected Territory. Except as specified in this Section 3.A or in Exhibit A to this Agreement, during the Term, we will not operate or license to anyone else the right to operate a Bar Method Studio physically located in the Protected Territory. You acknowledge and agree that: (i) we and our affiliates have the right to grant other franchises or licenses and to operate company or affiliate owned fitness studios/businesses (including Bar Method Studios) at locations outside the Protected Territory even if they compete with your Bar Method Studio for customers or members; (ii) we and our affiliates have the right to grant other franchises or licenses and to operate company or affiliate-owned fitness studios/businesses (including Bar Method Studios) within private establishments located within the Protected Territory, provided that access to those centers is limited to employees of the business, or transient guests of the business who, in either case, would not have any reciprocity with any other Bar Method Studio as a result of their use or membership in this private studio; and (iii) we and our affiliates have the right to operate, and to grant franchises or licenses to others to operate, any fitness studios/businesses, or other businesses, from locations within and outside the Protected Territory under trademarks other than “The Bar Method”, without compensation to you. In addition, the boundaries of your Protected Territory may overlap with a territory we grant to another franchisee or to a Bar Method Studio we or our affiliates operate, so long as no other Bar Method Studio is physically located within your Protected Territory.

3.B. Additional Reservation of Rights. We and our affiliates reserve any and all rights not expressly granted to you under this Agreement, including, without limitation, the right to sell anywhere (including within the Protected Territory) products and services (including to your customers) under the “Bar Method” name, or under any other name, through any channel of distribution, including via the Internet, our website, mobile application, social media platforms or otherwise.

3.C. Limitations. The rights and privileges granted to you under this Agreement are personal in nature and may not be used at any location other than the Site. You do not have the right to delegate, subfranchise, or sublicense any of your rights under this Agreement. Without our written consent, you may not use the Site for any purpose other than the operation of a Bar Method Studio.

#### 4. Training.

4.A. Initial Training Program. At least thirty (30) days before opening the Studio for Classes, the person you designate as the “Principal Operator” (whether you, if you are an individual, or one of your Owners if you are an Entity) and your “Principal Owner” if different from your Principal Operator must attend and complete our “New Franchisee Training” to our satisfaction (“**Initial Training Program**”); provided that all attendees must attend the same Initial Training Program sessions. The Initial Training Program may include classroom training, instruction at designated facilities, hands-on training at an operating Bar Method Studio, remote training (including via Internet access) and/or self-study programs. Required attendees must complete the Initial Training Program to our satisfaction. If we determine that any required attendees cannot complete the Initial Training Program to our satisfaction, then in addition to our other rights and remedies, we may require these individuals to attend additional training programs at your expense. All individuals who attend this training program other than a Principal Owner must sign a confidentiality agreement that meets our requirement before they attend and you must provide us a copy of that agreement. The length of the training program will be at our discretion, and will be scheduled by us in our discretion.

4.B. Teacher Training. Before your Studio opens for Classes, at least three (3) of your teachers (including you, if applicable) must have attended and completed to our satisfaction our Teacher Training and must have become certified Bar Method instructors. As of the one (1) year anniversary date of the opening of your Studio you must have four (4) teachers on staff who have completed to our satisfaction the Teacher Training and you must offer at least three (3) class formats (the classic Bar Method class format plus two (2) enhanced class formats). Each teacher at your Studio must successfully complete this training and they may only teach in-studio practice Classes until after they have successfully completed this training. There is no charge for this training unless you have more than three (3) teachers attend the first Teacher Training session or we provide this training to additional teachers after the first Teacher Training session. You must pay our then-current teacher training fee for each of these individuals who attend this training. If the training is held at a location outside of our corporate offices you must pay the travel and living expenses of our instructor who performs the training. These amounts are due before the individual attends the training. We may provide all or part of this training online, by phone, on-site or by webinar. You are responsible for the costs, expenses any payroll of your teachers who attend this training.

4.C. Teacher Manager Support Program. If the Principal Owner or Principal Operator is not going to be a Bar Method teacher, then you must designate a Teacher Manager to complete the Teacher Manager Support Program in addition to completing Teacher Training. This individual must begin this Program at least 90 days before your Studio opens. We may designate a coach to perform this training. You must pay the then-current training fee for this training to us or the coach we designate. This fee must be paid before the training begins. All or part of this training may be provided online, by phone, on-site or by webinar

4.D. Ongoing Training. During the Term, we may make available additional training or workshops we deem advisable to familiarize you and your management team on changes and updates in the Franchise System. You can ask us to provide you with additional training and we can require you to undergo additional training, coaching or evaluation if you are not meeting our

requirements, if we determine additional pre-opening or post-opening assistance is required, or if we determine that it is necessary for us to provide additional assistance to you to keep the Franchise System competitive, including on-site studio operations and customer experience training and training on any topics we consider vital to your operations. We can also require you to attend any workshops we produce. Your personnel whom we periodically specify also must attend any conferences, workshops, conventions or other programs that we periodically specify for some or all Bar Method Studios. You must pay us our then-current fee for such additional assistance and training programs plus the cost of travel, lodging and meals. We may provide all or part of this assistance and training online, by phone, on-site or by webinar.

4.E. Fees and Expenses During Training; Third Parties. You will be responsible for your and your personnel's travel, living and other expenses (including local transportation expenses) and compensation incurred in connection with attendance at any training courses and programs, conferences, conventions or work at any Bar Method Studio that is part of their development. We may designate third parties to provide training or coaching services. You must pay the third party directly for the fees they charge you and reimburse them for their travel and accommodation costs, all at the times they specify.

4.F. General Guidance. We will advise you from time to time regarding the Studio's operation based on your reports or our inspections, including with respect to:

- (1) standards, specifications, operating procedures and methods that Bar Method Studios use, including methods and procedures for instructing Classes and evaluating teachers;
- (2) purchasing required or recommended products, services, supplies, equipment and other items;
- (3) teacher training methods and procedures; and
- (4) administrative procedures.

We will guide you in our development manual, operating manual, teacher training manual and/or other manuals (collectively, the "**Operations Manual**"); in bulletins or other written materials; by electronic media; by telephone consultation; and/or at our office or the Studio. If you request and we agree to provide additional or special guidance, assistance or training, you must pay our then applicable charges, including our personnel's per diem charges and any travel and living expenses. Any specific ongoing training, conferences, conventions, advice or assistance that we provide does not create an obligation to continue providing that specific training, conference, convention, advice or assistance, all of which we may discontinue and modify at any time.

4.G. Operations Manual and System Standards. We will provide you access to, for use in operating the Studio during the Term, our Operations Manual, which might include written or intangible materials and which may be made available to you by various means. At our option, we may post the Operations Manual on the System Website or another restricted website to which you will have access. If we do so, you must periodically monitor the website for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on such a website will be deemed to



be part of Confidential Information (defined in Section 11.A). The Operations Manual contains mandatory and suggested specifications, standards, operating procedures and rules that we periodically specify for developing and/or operating a Bar Method Studio (“**System Standards**”) and information on your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in System Standards. You agree to keep your copy of the Operations Manual current and communicate all updates to your employees in a timely manner. In addition, you agree to keep any paper copy of the Operations Manual you maintain in a secure location at the Studio. If there is a dispute over its contents, our master copy of the Operations Manual controls. You agree that the contents of the Operations Manual are confidential and that you will not disclose the Operations Manual to any person other than Studio employees who need to know its contents. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual, except as we periodically authorize for training and operating purposes.

4.H. Conference. A Principal Owner is required to register for and attend our conference, if and when we have them. If a Principal Owner cannot attend the conference, we will consider allowing you to transfer the registration to your Principal Operator, but to no other person. Additional representatives of yours may also attend the conference, as long as you register them and pay the then-current registration fee for their attendance. This conference may be a live or virtual event. You must also pay for all travel and living expenses incurred by you and your representatives in attending the conference, and pay all conference fees regardless of whether you attend. If you fail to register for our annual conference, we will bill you for the then-current “early bird” (or similar) conference fee after the conference.

4.I. Coaching and Evaluation Program Fee. After their initial Teacher Training your teachers must be certified by us each year on an annual basis, during the time period we specify. We will provide an annual (virtual) check-in and virtual workshops. You must pay us the Coaching and Evaluation Program Fee we charge from time to time. This fee is due to us annually. If you fail to provide us with an evaluation video at the time we request and we send a representative to your Studio to conduct an in-person evaluation you must, upon our demand, pay us our then-current CEC Video Fee plus any late fees and reimburse us for the costs of travel and expenses for our representatives who conduct the in-person evaluation.

4.J. Delegation of Performance. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to our affiliates or other third party designees, whether these designees are our agents or independent contractors with whom we contract to perform these obligations.

## 5. Fees.

5.A. Initial Franchise Fee. You agree to pay us an initial franchise fee in the amount listed on Exhibit A when you sign this Agreement. This fee is fully earned by us when you sign this Agreement and is not refundable under any circumstances.

5.B. Royalty. You agree to pay us, on or before the day of each month that we periodically specify (the “**Payment Day**”), a royalty (“**Royalty**”) in an amount equal to six percent (6%) of the Gross Revenue (defined below) of the Studio during the previous month (for

all months after the month during which your first Royalty payment is due). The first Royalty payment is due on the Payment Day of the month following the month during which the Studio first opens for Classes and is equal to six percent (6%) of the Gross Revenue of the Studio during the period beginning when the first Gross Revenue was recognized (including Gross Revenue derived during presale of Classes) and ending on the last day of the previous month.

5.C. Definition of Gross Revenue. In this Agreement, “**Gross Revenue**” means all revenue that you receive or otherwise derive from operating the Studio, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for that revenue and regardless of if the transaction resulting in the revenue was recorded in your point of sale system. If you receive any proceeds from any business interruption insurance applicable to loss of revenue at the Studio, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. However, “Gross Revenue” shall exclude (a) sales taxes, use taxes, and other similar taxes added to the sales price, collected from the customer and paid to the appropriate taxing authority; and (b) any bona fide refunds and credits that are actually provided to customers.

5.D. Automatic Debit. You must sign and deliver to us the documents we periodically require to authorize us to debit your bank account automatically for the Royalty, Marketing Fund (defined in Section 7.B) contribution, and other amounts due under this Agreement or any related agreement between us (or our affiliates) and you. You agree to make the funds available for withdrawal by electronic transfer before each due date. We may periodically change the mechanism for your payments of Royalties, Marketing Fund contributions and other amounts you owe to us and our affiliates under this Agreement or any related agreement, including collecting these amounts from your billing services provider.

5.E. Interest on Late Payments. All amounts which you owe us, if not paid (or made available for withdrawal from your bank account if we are then collecting those amounts by automatic debit) by the due date, will bear interest beginning on their due date at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. You acknowledge that this Section 5.E is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Studio. Your failure to pay all amounts that you owe us when due constitutes grounds for our terminating this Agreement under Section 15, notwithstanding this Section 5.E.

5.F. Taxes on Your Payments. In addition to any sales, use, excise, privilege or other transaction taxes that applicable law requires or permits us to collect from you for the sale, lease or other provision of goods or services under this Agreement, you shall pay us an amount equal to all federal, state, local or foreign (a) sales, use, excise, privilege, occupation or any other transactional taxes, and (b) other taxes or similar exactions, no matter how designated, that are imposed on us or that we are required to withhold in connection with the receipt or accrual of Royalties or any other amounts payable by you to us under this Agreement, excluding only taxes imposed on us for the privilege of conducting business and calculated with respect to our net income, capital, net worth, gross receipts, or some other basis or combination thereof, but not excluding any gross receipts taxes imposed on us or our affiliates for your payments intended to reimburse us or our affiliates for expenditures incurred for your benefit and on your behalf. You

shall make any additional required payment pursuant to this Section in an amount necessary to provide us with after-tax receipts (taking into account any additional payments required hereunder) equal to the same amounts that we would have received under this Agreement if such additional tax liability or withholding had not been imposed or required.

5.G. Technology Fee. You must pay our affiliate the then-current “Technology Fee” which amount may be changed upon notice to you. This fee is due on the day of each month that we specify after we or our affiliate begin to bill you for it. You acknowledge and agree that the technology environment is rapidly changing and that it is difficult to anticipate the cost of developing, acquiring, implementing and licensing internet based or other technologies that may benefit the Franchise System and that we may increase the amount charged for the Technology Fee as we reasonably determine from time to time. You must participate in any technology initiatives we require and you must pay all costs related to any such initiatives.

5.H. Music Licensing Fee. You must pay us an annual Music Licensing Fee for the licensing of music to be played in live classes taught at your Studio. This fee is Two Thousand One Hundred Dollars (\$2,100.00), but we may increase it upon notice to you commensurate with increases from our music vendor. It is due annually upon demand. We reserve the right to require you to contract directly with a preferred or designated vendor for these services at which point you will pay these fees directly to the vendor.

## **6. Studio Operation and System Standards.**

6.A. Condition and Appearance of Studio. You agree that you will not use the Studio or any part of the Site (including any parking area and any adjacent location with a common entrance) for any purpose other than operating a Bar Method Studio in compliance with this Agreement and offering the Classes, products, services and amenities (and only the Classes, products, services and amenities) that we periodically specify. You must place or display at the Site (interior and exterior) only those signs, logos and display and advertising materials that we periodically require or authorize during the Term. You further agree to maintain the condition and appearance of your Studio, its furniture, fixtures, equipment and other items and the Site (including any parking area) in accordance with our System Standards. Without limiting that obligation, you agree to take, without limitation, the following actions during the Term at your expense: (1) thorough cleaning, repainting and redecorating of the interior and exterior of the Site at intervals that we may periodically designate and at our direction; (2) interior and exterior repair of the Site as needed; and (3) repair or replacement, at our direction, of damaged, worn-out or obsolete products, furniture, fixtures, equipment and other items at intervals that we may periodically specify (or, if we do not specify an interval for replacing any of the foregoing, as that items needs to be repaired or replaced).

In addition to your obligations described above, once during the Term, we may require you to substantially alter the Studio’s and the Site’s appearance, branding, layout and/or design, and/or replace a material portion of your Studio’s products, services, supplies, equipment and other items, in order to meet our then current requirements for new similarly situated Bar Method Studios. You acknowledge that this obligation could result in your making extensive structural changes to, and significantly remodeling and renovating, the Studio, and/or in your spending substantial amounts for new products, services, supplies, equipment or other items, and you

agree to incur, without limitation, any capital expenditures required in order to comply with this obligation and our requirements (even if those expenditures cannot be amortized over the remaining Term). You understand and agree that we have no ability to identify with specificity the nature of these future general improvements or their expected cost and accept the risk that future general improvements may be imposed that will require significant capital expenditures in an amount that is unknown on the Effective Date and that cannot be fully amortized over the period of time then remaining in the Term. Within sixty (60) days after receiving written notice from us, you must have plans prepared according to the standards and specifications we prescribe and, if we require, using architects and contractors we designate or approve, and you must submit those plans to us for our approval. You must complete all work according to the plans we approve within the time period that we reasonably specify. However, nothing in this paragraph in any way limits your obligation to comply with all mandatory System Standards we periodically specify.

6.B. Classes, Products and Services Your Studio Offers. You agree that: (1) your Studio will offer all Classes and other products, services and amenities that we periodically specify as being mandatory; (2) all Classes that the Studio provides must be led only by an teacher who has attained and then maintains Certification for those Classes and who uses the techniques, methods and procedures we periodically specify in the System Standards; (3) unless we otherwise approve, you may not offer, sell, or otherwise provide at the Studio, the Site or otherwise, including via the Internet, live-stream, social media platform or any mobile or other electronic application, whether web-based or otherwise, or via any other technology, any Classes or other products, services or amenities nor may you offer or sell standalone digital or online memberships; and (4) you will discontinue offering, selling or otherwise providing any Classes and other products, services or amenities that we at any time disapprove in writing. You may not provide any Classes or any similar instruction or services, including unpaid or “community” Classes designed to generate awareness for your Studio or the Marks, from any location other than the Studio unless (i) we provide our prior written authorization for you to provide Classes at another location, and (ii) you comply with our directions and any System Standards applicable to those Classes. We must have approved you to offer: (i) three (3) Bar Method formats on or before the six (6) month anniversary of the opening of your Studio; and (ii) all Bar Method formats we require on or before the one (1) year anniversary date of the opening of your Studio.

You must participate in all national promotional marketing campaigns, member programs, consumer sales and satisfaction programs or surveys that we require, including loyalty programs, rewards programs, member challenges, as well as obtain and maintain all technology we require to deliver member programming. You may be required to purchase branded assets or other materials to participate in such programs, incentives or promotions. Additionally, you are not allowed to create your own such programs, incentives or promotions without our prior written consent which we may withhold in our sole discretion. All memberships and products you sell must comply with our pricing guidelines, as allowed by applicable law. You may not share space, sublease, house, or otherwise partner with any other business, independent contractor or service provider in your Studio location without our prior written consent, which we may withhold in our sole discretion.

6.C. Approved Products, Distributors and Suppliers. We reserve the right to periodically designate and approve standards, specifications, suppliers and/or distributors of the

products, services, supplies, equipment and other items you will use in the development and operation of your Studio and other products and services that we periodically authorize for use at or sale by the Studio. During the Term you must purchase all products, services, supplies, equipment and other items you will use in the development and operation of your Studio and other products and services for the Studio only according to our System Standards and, if we require, only from suppliers or distributors that we designate or approve (which may include or be limited to us or our affiliates). We and/or our affiliates may derive revenue based on your purchases and leases, including from charging you for products and services we or our affiliates provide to you and from promotional allowances, volume discounts and other payments made to us by suppliers and/or distributors that we designate or approve for some or all of our franchisees. We and our affiliates may use all amounts received from suppliers and/or distributors, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate.

If you want to use any products, services, supplies, equipment or other items in the development or operation of your Studio or other products or services for or at the Studio that we have not yet evaluated, or purchase any products, services, supplies, equipment or other items or other products or services from a supplier or distributor that we have not yet approved, you first must submit sufficient information, specifications and samples for us to determine whether the product or service complies with our standards and specifications and/or the supplier or distributor meets our criteria. We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) and/or other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product or other samples, at our option, either directly to us or to any independent laboratory that we designate for testing. We reserve the right periodically to re-inspect the facilities, products and services of any approved supplier or distributor and to revoke our approval of any supplier, distributor, product or service that does not continue to meet our criteria. Notwithstanding the foregoing, you agree that we may limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including if we have already designated an exclusive source (which might be our affiliate) for the applicable product or service or if we believe that doing so is in the best interests of the Bar Method Studio network.

6.D. Studio Management System. You agree to obtain, maintain and use in operating the Studio the Studio Management System that we periodically specify (including all hardware and software platforms). The Studio Management System shall permit twenty-four (24) hours per day, seven (7) days per week electronic communications between us and you, including allowing us continuous independent access to all Client Information (defined in Section 11.B), Gross Revenue and other financial information concerning the Studio's operations, and other information in the Studio Management System. All transactions associated with your Studio must be conducted and accounted for through your Studio Management System. We may, at our option, periodically change the Studio Management System or components of the Studio Management System (including any hardware or software platforms) that we designate or approve for all similarly situated Bar Method Studios. If we do, you agree to acquire the components and other products and services required for the replacement Studio Management

System and switch the Studio's operations to the replacement Studio Management System in the manner we specify and from only our approved suppliers (which may include us or any of our affiliates).

Notwithstanding any products and services for the Studio Management System that we or our approved suppliers or distributors provide to you and the fact that you must buy, use and maintain the Studio Management System under our standards and specifications, you will have sole and complete responsibility for: (a) the acquisition, operation, maintenance and upgrading of the Studio Management System; (b) the manner in which your Studio Management System is interconnected with our computer system and those of other third parties; and (c) any and all consequences that may arise if the system is not properly operated, maintained and upgraded or if the Studio Management System (or any of its components) fails to operate on a continuous basis or as we or you expect.

6.E. Group Programs. We have the right, but not the obligation, periodically to establish programs in which some or all Bar Method Studios will provide products and services to certain groups of clients and prospective clients ("**Group Programs**"). You must participate in, use, support and comply with all elements of any Group Programs that we periodically establish. You may not alter your pricing or other terms for, or withhold access to any Classes or other products, services or amenities from, any one or more Group Program participants or otherwise treat any Group Program participant differently from your Studio's other clients, except as we specify or approve. You must provide products and services to all valid members of the Group Program according to the standards and other terms that we periodically specify. If those standards or other terms include maximum, minimum or other pricing requirements, you must comply with those requirements to the maximum extent the law allows. We and our affiliates have the right to receive payments from companies, organizations and other groups representing any Group Program participants, because of establishing the Group Program or otherwise because of their dealings with you and other Bar Method Studio owners, and to use all such amounts we and they receive without restriction for any purposes.

6.F. Compliance with Laws and Good Business Practices. You must secure and maintain in force throughout the Term all required licenses and bonds, permits and certificates relating to the Studio's operation, comply with all requirements concerning Class offerings and sales, and otherwise operate the Studio in full compliance with all applicable laws, ordinances and regulations, including all present and future laws, regulations, policies, lists and other requirements of any governmental authority addressing or relating to terrorism, terrorist acts or acts of war; labor and employment laws; the Americans with Disabilities Act; pricing, membership, consumer disclosure, and unfair and deceptive consumer practice laws; the CAN-SPAM Act, the Telephone Consumer Protection Act (TCPA), the Telemarketing Sales Rule (TSR), and other federal and state anti-solicitation laws regulating marketing phone calls; and federal and state laws that regulate data security and privacy (including but not limited to the use, storage, transmission, and disposal of data regardless of media type). You also must comply with all laws, regulations and industry standards concerning data privacy and/or collection, use and storage of Client Information. The Studio must in all dealings with its clients, prospective clients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which might injure our business or reputation or the goodwill associated with the Marks or other

Bar Method Studios. You must notify us in writing within five (5) days of: (1) the commencement of any action, suit or proceeding relating to the Studio; (2) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which might adversely affect your operation or financial condition or that of the Studio; and (3) any notice of violation or alleged violation of any law, ordinance or regulation relating to the Studio. You must comply with all standards, laws, rules, regulations, or any equivalent thereof relating to personal information, data privacy, and data protection, including but not limited to, as applicable, the California Consumer Privacy Act, Cal. Civ. Code Section 1798.100 et seq., and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us immediately of any suspected data breach at or in connection with the Studio. If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Studio, unless otherwise directed by us.

6.G. Insurance and Bonds. During the Term you must maintain in force at your sole expense the insurance coverage (including bonds) for the Studio in the amounts, covering the risks, and containing only the exceptions and exclusions that we periodically specify for similarly situated Bar Method Studios. All of your insurance carriers must be rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). These insurance policies must be in effect on or before the deadlines we specify. All coverage must be on an “occurrence” basis, except for the employment practices liability insurance coverage, which is on a “claims made” basis. All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that we or our affiliates maintain. All coverage must provide for waiver of subrogation in favor of us and our affiliates. We may, upon at least sixty (60) days’ notice to you, periodically increase the amounts of coverage required and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies must name us and any affiliates we designate as an additional insured and provide for thirty (30) days’ prior written notice to us of a policy’s material modification or cancellation. You agree periodically to send us a valid certificate of insurance or duplicate insurance policy evidencing that you have maintained the required coverage and paid the applicable premiums. If you fail to obtain or maintain (or to prove that you have obtained or maintained) the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the Studio on your behalf, in which event you shall cooperate with us and you must pay us our then current insurance handling fee plus the cost of the premiums we pay for the insurance.

6.H. Compliance With System Standards. You acknowledge and agree that operating and maintaining the Studio according to System Standards, as we may periodically modify and supplement them, are essential to preserve the goodwill of the Marks and all Bar Method Studios. Therefore, you agree at all times to operate and maintain the Studio according to each and every System Standard, as we periodically modify and supplement them. System Standards may (except as specifically set forth below) regulate any aspect of the Studio’s development, operation and maintenance, including any one or more of the following:

- (1) dress, Certification standards and other standards for teachers, methods and procedures for instructing Classes and evaluating clients (including music to be played during Classes), standards and requirements for training teachers and other Studio employees, and initial and ongoing Certification requirements (provided that you are solely responsible for all of your hiring decisions and your employees' terms and conditions of employment);
- (2) Class and staff scheduling and minimum numbers of Classes;
- (3) collection and use of Client Information;
- (4) participation in and requirements for sales, promotional, public relations, advertising and/or marketing programs and materials and media used in these programs;
- (5) the design and appearance of the Studio and its products, services, supplies, equipment and other items, including the Studio's branding and cleanliness and the placement, maintenance, repair and replacement of equipment;
- (6) minimum and required standards and specifications for products, equipment, materials, supplies, services and other items that your Studio uses and/or sells;
- (7) participation in and requirements for group purchasing programs for certain products, services, supplies, equipment or other items and/or other products and services that Bar Method Studios use or sell;
- (8) participation in and requirements for client loyalty programs, reciprocity programs, client transfer policies and programs, and similar programs for clients of Bar Method Studios as adopted or modified from time to time, which may, without limitation:
  - (a) prohibit you from selling any membership that does not provide full reciprocity benefits to all your members, and a means of accessing other Bar Method Studios;
  - (b) require you to transfer members from your Studio to another Bar Method Studio based on the current policy; and
  - (c) prohibit you from offering or selling standalone digital or online memberships except as we may authorize or require;
- (9) the terms of Class offerings and maximum, minimum and other pricing requirements for Classes and other products and services that the Studio offers, including requirements for promotions, special offers and discounts in which some or all Bar Method Studios participate, in each case to the maximum extent the law allows (provided that you are solely responsible for ensuring that your Class offerings comply with applicable laws and regulations);
- (10) participation in market research and test programs that we periodically require or approve concerning various aspects of the Franchise System, including new or updated procedures, systems, equipment, signs, trade dress, supplies, marketing materials and strategies, merchandising strategies, Classes, products, services and/or amenities;



(11) standards and procedures for your and your employees' and other representatives' authorization to use, and use of, blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like X, virtual worlds, file, audio and video sharing sites like Pinterest and Instagram, and other similar social networking, online business profile, business networking site or media sites or tools (collectively, "**Social Media**") that in any way reference the Marks or involve your Studio;

(12) use and display of the Marks and required signage and postings, including notices of independent ownership on signs, Class offering materials, employee handbooks and other materials;

(13) accepting credit and debit cards and other payment systems, including through the Studio Management System or other provider of billing services;

(14) bookkeeping, accounting, data processing and recordkeeping systems and forms, including document retention requirements; and

(15) any other aspects of developing, operating and maintaining the Studio that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Bar Method Studios.

You acknowledge that our periodic modification of our System Standards (including to accommodate changes to the Studio Management System and the Marks), which may accommodate regional and/or local variations, may obligate you to invest additional capital in the Studio and incur higher operating costs, and you agree to comply with those obligations within the time period we specify. Although we retain the right to establish and periodically modify the Franchise System and System Standards that you have agreed to follow, you retain the responsibility for the day-to-day management and operation of the Studio and implementing and maintaining System Standards at the Studio.

We and you agree that any materials, guidance or assistance that we provide with respect to the terms and conditions of employment for your employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Operations Manual or otherwise, are solely for your optional use. Those materials, guidance and assistance do not form part of the mandatory System Standards. You will determine to what extent, if any, these materials, guidance or assistance should apply to the Studio's employees. You acknowledge that we do not dictate or control labor or employment matters for franchisees and their employees and will not be responsible for the safety and security of Studio employees or patrons. You are solely responsible for determining the terms and conditions of employment for all teachers and other Studio employees, for all decisions concerning the hiring, firing and discipline of Studio employees, and for all other aspects of the Studio's labor relations and employment practices.

6.I. Modification of Franchise System. We reserve the right to vary the Franchise System and/or System Standards for any Bar Method Studio or group of Bar Method Studios

based upon the peculiarities of any conditions or factors that we consider important to its operations. You have no right to require us to grant you a similar variation or accommodation.

## **7. Marketing.**

7.A. Grand Opening Marketing Program. You agree, at your expense, to implement a grand opening marketing program for the Studio in accordance with the requirements in the Operations Manual and other System Standards. At least ninety (90) days before the Studio's planned opening, you must prepare and submit to us for our approval a proposed grand opening marketing program that covers a period from 4-6 weeks before the scheduled opening of your Studio to approximately 8 weeks following the opening and contemplates spending at least the minimum amount that we reasonably specify, which will be between Sixteen Thousand Two Hundred Dollars (\$16,200) and Twenty Five Thousand Dollars (\$25,000). You must make the changes to the program that we specify and execute the program as we have approved it. At our option, you must contract with one or more suppliers that we designate or approve to develop and/or implement your grand opening marketing program. Upon request by us, you must provide us with a report itemizing the amounts you spent on the grand opening marketing program. If you fail to spend the minimum required amount on the grand opening marketing program, you must pay us the difference between the amount you spent and the minimum required amount as an additional Marketing Fund contribution. The amounts you spend on the grand opening marketing program are in addition to the Marketing Fund contributions that you must pay to us. Any amounts that you spend for the grand opening marketing program will not count towards your Marketing Spending Requirement.

7.B. Marketing Fund. We administer and control a marketing and brand fund (the "**Marketing Fund**") for the advertising, marketing, promotional, client relationship management, public relations and other brand-related programs and materials for all or a group of Bar Method Studios that we deem appropriate. You agree to pay us, via electronic funds transfer or another payment method we specify and together with each payment of the Royalty, a contribution to the Marketing Fund in an amount that we periodically specify, subject to the Marketing Spending Requirement (defined in Section 7.D).

We will designate and direct all programs that the Marketing Fund finances, with sole control over the creative and business concepts, materials and endorsements used and their geographic, market and media placement and allocation. The Marketing Fund may pay for preparing, producing and placing video, audio and written materials, electronic media and Social Media; developing, maintaining and administering one or more System Websites, including online sales and scheduling capabilities, lead management and client retention programs; administering national, regional, multi-regional and local marketing, advertising, promotional and client relationship management programs, including purchasing trade journal, direct mail, Internet and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public and client relations, market research, and other advertising, promotion, marketing and brand-related activities. The Marketing Fund also may reimburse Bar Method Studio operators (including us and/or our affiliates) for expenditures consistent with the Marketing Fund's purposes that we periodically specify.

We will account for the Marketing Fund separately from our other funds and not use the Marketing Fund to pay any of our general operating expenses, except to compensate us and our affiliates for the reasonable salaries, administrative costs, travel expenses, overhead and other costs we and they incur in connection with activities performed for the Marketing Fund and its programs, including conducting market research, preparing advertising, promotion and marketing materials, maintaining and administering the System Website, collecting and accounting for Marketing Fund contributions, and paying taxes on contributions. The Marketing Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Marketing Fund or any other reason. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Marketing Fund contributions to pay costs before using the Marketing Fund's other assets. We will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give you the statement upon written request. We may have the Marketing Fund audited periodically at the Marketing Fund's expense by an independent accountant we select. We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 7.B.

We intend the Marketing Fund to maximize recognition of the Marks and patronage of Bar Method Studios. Although we will try to use the Marketing Fund to develop and/or implement advertising and marketing materials and programs and for other uses (consistent with this Section 7.B) that will benefit all contributing Bar Method Studios, we need not ensure that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Marketing Fund contributions from Bar Method Studios operating in that geographic area, or that any Bar Method Studio benefits directly or in proportion to the Marketing Fund contributions that it makes. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Marketing Fund's expense to collect Marketing Fund contributions. We also may forgive, waive, settle and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Section 7.B, we assume no direct or indirect liability or obligation to you for maintaining, directing or administering the Marketing Fund.

We may at any time defer or reduce a Bar Method Studio operator's contributions to the Marketing Fund and, upon at least thirty (30) days' written notice to you, reduce or suspend Marketing Fund contributions and/or operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will (at our option) either spend the remaining Marketing Fund assets in accordance with this Section 7.B or distribute the unspent assets to Bar Method Studio operators (including us and our affiliates, if applicable) then contributing to the Marketing Fund in proportion to their contributions during the preceding twelve (12)-month period.

7.C. Local Marketing. You agree at your expense to participate in the manner we periodically specify in all advertising, marketing, promotional, client relationship management, public relations and other brand-related programs that we periodically designate for the Studio, subject to the Marketing Spending Requirement. You must ensure that all of your advertising, marketing, promotional, client relationship management, public relations and other brand-related

programs and materials that you or your agents or representatives develop or implement relating to the Studio (collectively, “**Local Marketing**”) is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. You may not market or advertise in violation of federal laws regulating advertising, such as the CAN-SPAM Act and the Telephone Consumer Protection Act, and state advertising laws applicable to your Studio. Before using them, you agree to send to us, for our approval, descriptions and samples of all proposed Local Marketing that we have not prepared or previously approved within the preceding six (6) months. If you do not receive written notice of approval from us within fifteen (15) business days after we receive the materials, they are deemed disapproved. You may not conduct or use any Local Marketing that we have not approved or have disapproved. At our option, you must contract with one or more suppliers that we designate or approve to develop and/or implement Local Marketing or provide other Local Marketing services. You may not send or otherwise transmit, or allow or use a third-party entity or service not approved by us to send or transmit any automated SMS text messages. All automated SMS text messages must be sent through our platform or another third-party platform approved by us. We assume no liability to you or any other party due to our specifying any programs or our approval or disapproval of any Local Marketing. We reserve the right to audit your records upon request to determine compliance with this requirement.

7.D. Marketing Spending Requirement. The “**Marketing Spending Requirement**” is the maximum amount that we can require you to spend on Marketing Fund contributions and approved Local Marketing for the Studio during each calendar quarter, and is an amount equal to five percent (5%) of the Studio’s Gross Revenue during the prior calendar quarter. Although we may not require you to spend more than the Marketing Spending Requirement on Marketing Fund contributions and approved Local Marketing for the Studio during any calendar quarter, you may choose to do so. We will not count towards your Marketing Spending Requirement any grand opening marketing program spend, the cost of free or discounted Classes, coupons, special offers or price reductions that you provide as a promotion, signs, personnel salaries, administrative costs, employee incentive programs, or other amounts that we, in our reasonable judgment, deem inappropriate for meeting the Marketing Spending Requirement. We may periodically review your books and records and require you to submit reports periodically to determine your Local Marketing expenses. If you fail to spend (or prove that you spent) the Marketing Spending Requirement in any quarter, then we may, in addition to and without limiting our other rights and remedies, require you to pay us the shortfall as an additional Marketing Fund contribution. You must use our preferred or designated vendors for your local marketing services and for your grand opening marketing program for your Studio, which may include us or our affiliates, and we may require you to submit your local marketing plans for our prior approval, submit proof of purchase or other documentation to verify you have met the Marketing Spending Requirement, and show proof of performance of your advertising activity.

7.E. System Websites. We or one or more of our designees may establish a website or series of websites or similar technologies, including mobile applications and other technological advances that perform functions similar to those performed on traditional websites, for the Bar Method Studio network to advertise, market and promote Bar Method Studios, the Classes and other products and services they offer, and the Bar Method Studio franchise opportunity; to facilitate the operations of Bar Method Studios (including, at our option, online Class scheduling

and/or sales); and/or for any other purposes that we determine are appropriate for Bar Method Studios (those websites, applications other technological advances are collectively called the “**System Website**”). If we include information about the Studio on the System Website, then you agree to give us the information and materials that we periodically request concerning the Studio, its clients and its Classes and otherwise participate in the System Website in the manner that we periodically specify. We have the final decision concerning all information and functionality that appears on the System Website and will update or modify the System Website according to a schedule that we determine. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party’s rights. You must notify us whenever any information about you or your Studio on the System Website changes or is not accurate.

We own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website and all subsidiary websites, the log of “hits” by visitors, and any personal or business data that visitors (including you, your personnel and your clients) supply. We may use the Marketing Fund’s assets and your Marketing Fund contributions to develop, maintain, support and update the System Website. We may implement and periodically modify System Standards relating to the System Website and, at our option, may discontinue all or any part of the System Website, or any services offered through the System Website, at any time.

All Local Marketing that you develop for the Studio must contain notices of the System Website in the manner that we periodically designate. Except for using Social Media according to our System Standards, you may not develop, maintain or authorize any other website, other online presence or other electronic medium (such as mobile or web-based applications, kiosks and other interactive properties or technology-based programs) that mentions or describes you or the Studio or its Classes or displays any of the Marks or otherwise related to The Bar Method system. Except for the System Website and using Social Media according to our System Standards, you may not conduct commerce or directly or indirectly offer, provide or sell any products or services using any website, another electronic means or medium, via live-stream or otherwise over the Internet or using any other technology-based program or application, without our approval. We may also impose prohibitions on your posting or blogging of comments about us, the Studio or The Bar Method system. This prohibition includes personal blogs, common social networks like Facebook, Instagram, TikTok, X, Snapchat and Pinterest; professional networks, business profiles or online review or opinion sites like LinkedIn, Google Business Profile or Yelp; live-blogging tools like X and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools. We must approve any content you seek to publish on the Internet and you must provide us with administrative access rights to all of your Social Media, Online Identifiers and other Internet based accounts, along with providing us all passwords and any log-in credentials needed to access, remove, delete or modify any such content. We reserve the right at any time, in its sole discretion, to require you to remove, delete, or modify any Online Identifier or Social Media or any information, content, or post thereon or created therewith. You shall not use any of the Marks in any keyword advertising, pay-per-click advertising or other search engine marketing, unless otherwise approved by us.

Nothing in this Section 7.E shall limit our right to maintain websites and other technologies or to offer and sell products or services under the Marks or otherwise from any website, including the System Website or other technology, or otherwise over the Internet, such as live-streaming or social media platforms, or via an application, web-based or otherwise (including to your Studio's clients and prospective clients) without payment or obligation of any kind to you.

7.F. Advertising Cooperatives. At such time as we in our sole discretion may determine, you shall join an advertising cooperative made up of other Bar Method franchisees (the "**Local Cooperative**"), as we determine. In such event, you must participate in the Local Cooperative on the terms and conditions we require. We can create, modify or dissolve any Local Cooperative at any time we determine.

7.G. Charitable Contribution. . You may choose to participate in our Charitable Contribution Program. If you do, you will pay One Hundred Dollars (\$100) to a charitable organization we designate on or before the first day of each month.

7.H. Marketing Materials. . Before opening your Studio, you must purchase from us certain marketing materials to market your Studio. We will make these items available for purchase from us, and we may provide recommended suppliers for additional marketing materials. If you order items other than those we have approved, you must obtain our prior approval of such items. We may require you to purchase minimum amounts of marketing materials during the term of this Agreement, and we may auto-ship these items to you at your cost. The amounts you pay for these items are nonrefundable and must be paid at the times we specify. These items will not constitute all of the items you will need to market your Studio and you will need to purchase other items.

## **8. Records, Reports and Financial Statements.**

You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats that we periodically specify. We may require you to use the Studio Management System to maintain certain sales and expense data, financial statements, Client Information and other information, in the formats that we periodically specify, and to transmit that data and information to us on a schedule that we periodically specify. At our option, the Studio Management System and/or other computer system you maintain for the Studio also must allow us unlimited, independent access to, and the ability to download, all information in your Studio Management System and/or computer system at any time.

You also agree to give us in the manner and format that we periodically specify:

(a) on or before the tenth (10th) day of each month, a report on the Studio's Gross Revenue during the previous month;

(b) within ninety (90) days after the end of each of your fiscal years, annual profit and loss and source and use of funds statements and a balance sheet for the Studio as of the end of the previous fiscal year; and

(c) within fifteen (15) days after our request, exact copies of federal and state income and other tax returns and any other forms, records, reports and other information that we periodically require relating to the Studio or you.

You agree to certify or validate each report and financial statement in the manner that we periodically specify. We may disclose data derived from these reports, including by creating and circulating reports on the financial results of the Studio and/or some or all other Bar Method Studios to other Bar Method Studio owners and prospective franchisees.

You agree to preserve and maintain all records in a secure location at the Studio or other safe location during the Term and for at least five (5) years afterward. If we determine that you have failed to comply with your reporting or payment obligations under this Agreement, including by submitting any false reports, we may require you to have audited financial statements prepared annually by a certified public accountant at your expense during the remaining Term, in addition to our other remedies and rights under the Agreement and applicable law.

You must pay us a default fee of Five Hundred Dollars (\$500) per month per violation if you fail to comply with our revenue reporting policies, fail to submit any financial statement we require in the form or time we require or fail to comply with any other policies set forth in the Operations Manual. The fee is payable monthly until the violation is remedied. The foregoing is in addition to any other rights we may have under this Agreement or otherwise.

## **9. Inspections, Evaluations and Audits.**

9.A. Inspections and Evaluations. To determine whether you and the Studio are complying with this Agreement and all System Standards, we and our designated agents and representatives may at all times, and without prior notice to you: (a) inspect the Studio; (b) examine and copy the Studio's business, bookkeeping and accounting records, tax records and returns, and other records and documents; (c) observe, videotape or otherwise monitor and/or evaluate (or have you or a third party observe, videotape or otherwise monitor and/or evaluate), whether on-premises or remotely, the Studio's operation, including both disclosed and undisclosed or so-called "mystery shopping" evaluations of Classes and other Studio operations, for consecutive or intermittent periods we deem necessary; and (d) discuss matters with the Studio's personnel, clients and prospective clients. You agree to cooperate with us and our designated agents and representatives fully. If we exercise any of these rights, we will use commercially reasonable efforts not to interfere unreasonably with the Studio's operation. You agree that your failure to achieve the minimum quality scores (as described in the Operations Manual) or otherwise satisfy our System Standards in any quality assurance inspection or evaluation we conduct with respect to the Studio is a default under this Agreement. Without limiting our other rights and remedies under this Agreement, you agree promptly to correct at your own expense all failures to comply with this Agreement (including any System Standards) that our inspectors note within the time period we specify following your receipt of our notice, which might include your personnel's completing additional training at your expense. We then may conduct one or more follow-up inspections to confirm that you have corrected these deficiencies and otherwise are complying with this Agreement and all System Standards. We may charge you an inspection fee to compensate us for our costs and expenses during any

inspection or evaluation. You also agree to present to your clients the evaluation forms and similar materials that we periodically specify and to participate and/or request that your clients participate in any surveys performed by or for us.

9.B. Audits. We may at any time during your business hours, and without prior notice to you, examine the Studio's business, bookkeeping and accounting records, tax records and returns, and other records. You agree to fully cooperate with our representatives and/or any independent accountants we hire to conduct any such inspection or audit. Without limiting the foregoing, we reserve the right, without notice to you, to independently access the Studio's accounting and financial systems and data or any accounting or financial systems used or required by us for the System to determine Gross Revenue and fees due to us under this Agreement, and you shall grant us access to all such accounting and financial systems and data. If any inspection or audit discloses an understatement of the Studio's Gross Revenue, you must pay us, within fifteen (15) days after receiving the inspection or audit report, the Royalties, Marketing Fund contributions and any other amounts due on the amount of the understatement, plus interest (in the amount described in Section 5.E) from the date originally due until the date of payment. If we reasonably determine that an inspection or audit is necessary due to your failure to furnish reports, supporting records or other information as required, or to furnish these items on a timely basis, or if our examination reveals a Royalty or Marketing Fund contribution understatement exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the cost of our examination, including legal fees and independent accountants' fees, plus the travel expenses, room and board, and compensation of our employees and representatives. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

9.C. Default Fee. You must pay us a default fee of Five Hundred Dollars (\$500) per month if you are in default of this Agreement. The fee is payable monthly until the violation is remedied. The foregoing is in addition to any other rights we may have under this Agreement or otherwise.

## **10. Marks.**

10.A. Ownership and Goodwill of Marks. Your right to use the Marks is derived only from this Agreement and is limited to your operating the Studio according to this Agreement and all System Standards we implement during the Term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our and our licensor's rights in the Marks. Your use of the Marks and any goodwill established by that use are for our and our licensor's exclusive benefit, and this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Studio under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks that we periodically authorize you to use. You may not at any time during or after the Term contest or assist any other person or Entity in contesting the validity, or our and our licensor's ownership, of the Marks.

10.B. Limitations on Your Use of Marks. You agree to use the Marks as the Studio's sole identification, subject to the notices of independent ownership that we periodically designate. You may not use any Mark (1) as part of any corporate or legal business name,



(2) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, electronic address, account name, username, profile, URL, metatag or otherwise in connection with any website or other electronic medium (each, an “Online Identifier”) without our consent, or (5) in any other manner we have not expressly authorized in writing. You must use the Marks only in accordance with all applicable laws and regulations pertaining to advertising and marketing, including, without limitation, federal and state laws pertaining to telemarketing (including the Telephone Consumer Protection Act), false advertising, unfair competition and unfair practices. You may not use any Mark in advertising the transfer, sale or other disposition of the Studio or any direct or indirect Ownership Interest in you without our prior written consent, which we will not unreasonably withhold. You may not manufacture, use, sell, or distribute, or contract with any party other than our or our affiliate’s authorized licensees to manufacture, use, sell, or distribute, any products, merchandise, or equipment bearing any of the Marks or otherwise incorporating any of our intellectual property rights (including our methodologies for teaching Classes). You agree to display the Marks prominently as we periodically specify at the Studio and on forms, advertising, supplies, vehicles, employee uniforms and other materials we designate. You agree to give the notices of trademark and service mark registrations that we periodically specify and to obtain any fictitious or assumed name registrations required under applicable law.

10.C. Notification of Infringements and Claims. You agree to notify us immediately of any actual or apparent infringement of or challenge to your use of any Mark, or of any person’s claim of any rights in any Mark, and not to communicate with any person other than us, our licensor, and our and our licensor’s attorneys, and your attorneys, regarding any infringement, challenge or claim. We or our licensor may take the action that we or it deems appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding or other proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. You agree to sign any documents and take any reasonable actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our and our licensor’s interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our and our licensor’s interests in the Marks. At our option, we or our licensor may defend and control the defense of any litigation or proceeding relating to any Mark.

10.D. Discontinuance of Use of Marks. If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs you incur in changing the Studio’s signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

10.E. Indemnification for Use of Marks. We agree to reimburse you for all damages and expenses you incur or for which you are liable in any proceeding challenging your right to use any Mark under this Agreement, provided your use has been consistent with this Agreement, the Operations Manual, and System Standards and you have timely notified us of, and comply with our directions in responding to, the proceeding.

## 11. Confidential Information, Client Information and Innovations.

11.A. Confidential Information. We and our affiliates possess (and will continue to develop and acquire) certain confidential information relating to the development and operation of Bar Method Studios (the “**Confidential Information**”), including:

- (1) site selection criteria and methodologies;
- (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating Bar Method Studios, including methods, techniques and processes for teaching Classes and evaluating teachers and clients, as well as other information in the Operations Manual and System Standards;
- (3) marketing research and promotional, marketing, advertising, public relations, client relationship management and other brand-related materials and programs for Bar Method Studios;
- (4) knowledge of specifications for and suppliers of, and methods of ordering, certain products, services, supplies, equipment and other items you will use in the development and operation of your Studio and other products that Bar Method Studios use and/or sell;
- (5) knowledge of the operating results and financial performance of Bar Method Studios other than the Studio;
- (6) client communication and retention programs, along with data used or generated in connection with those programs, including Client Information; and
- (7) any other information we reasonably designate from time to time as confidential or proprietary.

You acknowledge and agree that by entering into this Agreement and/or acquiring the Studio you will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information that we periodically designate in operating the Studio during the Term and according to the System Standards and this Agreement’s other terms and conditions, and that your use of any Confidential Information in any other business would constitute an unfair method of competition with us and our franchisees. We and our affiliates own all right, title and interest in and to the Confidential Information. You further acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you and your Owners agree, and you and they do agree, that you and your Owners:

- (a) will not use any Confidential Information in any other business or capacity, whether during or after the Term;
- (b) will keep the Confidential Information absolutely confidential, both during Term and thereafter for as long as the information is not in the public domain;

(c) will not make unauthorized copies of any Confidential Information disclosed in written or other tangible or intangible form;

(d) will adopt and implement all reasonable procedures that we periodically designate to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to Studio personnel and others needing to know such Confidential Information to operate the Studio, and using confidentiality and non-competition agreements with those having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights; and

(e) will not sell, trade or otherwise profit in any way from the Confidential Information, except during the Term using methods we approve.

For the avoidance of doubt, you may not use any such confidential information for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence (“AI”) model, algorithm improvement, or similar data aggregation activities without our express written consent. Such uses shall not be deemed related to the performance of this Agreement and are expressly prohibited. You shall not, without our prior written consent, input any such confidential information into any generative AI platform, or disclose such information to any provider or source of generative AI services. You shall opt out of allowing any provider or source of generative AI to utilize confidential information for training of any AI model or for other purposes.

“Confidential Information” does not include information, knowledge or know-how that is or becomes generally known in the fitness industry (without violating an obligation to us or our affiliate) or that you knew from previous business experience before we provided it to you (directly or indirectly) or before you began training or operating the Studio. If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is fulfilled.

**11.B. Client Information.** You must comply with our System Standards, other directions from us, prevailing industry standards, all contracts to which you are a party or otherwise bound, and all applicable laws and regulations regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Client Information on your Studio Management System or otherwise in your possession or control and, in any event, employ reasonable means to safeguard the confidentiality and security of Client Information. “**Client Information**” means names, contact information, financial information, activity-related information and other personal information of or relating to the Studio’s clients and prospective clients. If there is a suspected or actual breach of security or unauthorized access involving your Client Information, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Client Information was compromised or disclosed.

We and our affiliates may, through the Studio Management System or otherwise, have access to Client Information. During and after the Term, we and our affiliates may make any and all disclosures and use the Client Information in our and their business activities and in any

manner that we or they deem necessary or appropriate. You must secure from your vendors, clients, prospective clients and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Client Information to us and our affiliates and for us and our affiliates to use that Client Information in the manner that this Agreement contemplates.

11.C. Innovations. All ideas, improvements, concepts, techniques or materials relating to a Bar Method Studio, or any suggestions, comments, or other feedback with respect to the Franchise System (collectively, “**Innovations**”), whether or not protectable intellectual property and whether created by or for you or your Owners, employees or contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the Franchise System, and works made-for-hire for us. To the extent any Innovation does not qualify as a work made-for-hire for us, by this paragraph you assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your Owners, employees and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our predecessors, and our affiliates have no liability to you or obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Studio or otherwise without our prior approval.

## **12. Exclusive Relationship.**

You acknowledge that we have granted you the rights under this Agreement in consideration of and reliance upon your and your Owners’ agreement to deal exclusively with us in connection with fitness and exercise products and services. You therefore agree that, during the Term, neither you nor any of your Owners, directors or officers, nor any members of your or their Immediate Families (defined below), will:

(a) have any direct or indirect, controlling or non-controlling Ownership Interest – whether of record, beneficial or otherwise – in a Competitive Business (defined below), wherever located or operating, provided that this restriction will not apply to the ownership of shares of a class of securities which are publicly traded on a United States stock exchange representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding;

(b) perform services as a director, officer, manager, teacher, employee, consultant, representative or agent for a Competitive Business, wherever located or operating;

(c) directly or indirectly loan any money or other thing of value to, or guarantee any other person’s loan to, or lease any real or personal property to, any Competitive Business (whether directly or indirectly through any owner, director, officer, manager, teacher, employee or agent of any Competitive Business), wherever located or operating; or

(d) divert or attempt to divert any actual or potential business or client of the Studio to another Competitive Business.

The term “**Competitive Business**” means any gymnasium, an athletic or fitness center, a health club, an exercise or aerobics studio, or one or more similar facilities or businesses offering barre-based or other fitness-based instruction, or an entity that grants franchises or licenses for any of these types of businesses, other than a Bar Method Studio operated under a franchise agreement with us. The term “**Immediate Family**” includes the named individual, his or her spouse, and all minor children of the named individual or his or her spouse.

### **13. Transfer.**

13.A. Transfer by Us. You represent that you have not signed this Agreement in reliance on any direct or indirect owner’s, officer’s or employee’s remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement between us and you (or any of your owners or affiliates) without restriction. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to our interest in it. After our assignment of this Agreement to a third party who expressly assumes our obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement. Such an assignment shall constitute a release of us and novation with respect to this Agreement, and the assignee shall be liable to you as if it had been an original party to this Agreement.

13.B. Transfer by You – Defined. You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an Entity, to your Owners) and that we have granted you the rights under this Agreement in reliance upon our perceptions of your (or your Owners’) individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither a Control Transfer (defined below) nor a Non-Control Transfer (defined below) may be consummated without our prior written approval and satisfying the applicable conditions of this Section 13, subject to our right of first refusal under Section 13.H. A transfer of the ownership, possession or control of the Studio or any of its assets may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect.

In this Agreement, a “**Control Transfer**” means any transfer (as defined below) of (a) this Agreement or any interest in this Agreement; (b) the Studio or all or substantially all of its assets; or (c) any Controlling Ownership Interest (defined below) in you (if you are an Entity), whether directly or indirectly through a transfer of Ownership Interests in any Owner that is an Entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place. A “**Non-Control Transfer**” means any transfer (as defined below) of any non-Controlling Ownership Interest in you (if you are an Entity), whether directly or indirectly through a transfer of Ownership Interests in any Owner that is an Entity. References to a “**Controlling Ownership Interest**” in you mean either (i) twenty percent (20%) or more of your direct or indirect Ownership Interests; or (ii) an interest the acquisition of which grants the power (whether directly or indirectly) to direct or cause the direction of management and policies of you or the Studio to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition.

In this Agreement, the term “**transfer**,” whether or not capitalized, includes any voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition and includes the following events, whether they impact you (or your Owners) directly or indirectly:

(1) transfer of record or beneficial ownership of any Ownership Interest or the right to receive all or a portion of your profits or losses or any capital appreciation relating to you or the Studio (whether directly or indirectly);

(2) a merger, consolidation or exchange of Ownership Interests, or issuance of additional Ownership Interests or securities representing or potentially representing Ownership Interests, or a redemption of Ownership Interests;

(3) any sale or exchange of voting interests or securities convertible to voting interests, or any management agreement or other arrangement granting the right to exercise or control the exercise of the voting rights of any Owner or to control your or the Studio’s operations or affairs;

(4) transfer of a direct or indirect Ownership Interest or other interest in you, this Agreement, any of its assets, or the Studio in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law;

(5) if you or one of your Owners dies, transfer of a direct or indirect Ownership Interest or other interest in you, this Agreement, any of the Studio’s assets, or the Studio by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(6) the grant of a mortgage, charge, pledge, collateral assignment, lien or security interest in any Ownership Interest or other interest in you, this Agreement, the Studio or any of its assets; foreclosure upon or attachment or seizure of the Studio or any of its assets; or your transfer, surrender or loss of the possession, control or management of all or any material portion of the Studio (or its operation) or you.

13.C. Conditions for Approval of Non-Control Transfer. We will not unreasonably withhold our approval of a Non-Control Transfer if:

(1) you are then in full compliance with all of your obligations under this Agreement and all other agreements with us or our affiliate;

(2) you provide us written notice of the proposed transfer and all information we reasonably request concerning the proposed transferee, its direct and indirect owners (if the proposed transferee is an Entity) and the transfer at least thirty (30) days before its effective date;

(3) the proposed transferee and its direct and indirect owners (if the proposed transferee is an Entity) have no Ownership Interest in and do not perform services for a Competitive Business and meet our then applicable standards for non-controlling owners of Bar Method Studio franchisees;

(4) you and your Owners sign the form of agreement and related documents (including Guarantees) that we then specify to reflect your new ownership structure and a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors and assigns;

(5) prior to the transfer, you or the proposed transferee pay to us or the applicable broker, as we designate, any broker fees or commissions that we or you incur in connection with the transfer;

(6) prior to the transfer, you pay us a transfer fee. If the transfer occurs before your Studio has opened for business, the transfer fee will be Fifteen Thousand Dollars (\$15,000). If the transfer occurs after your Studio is open, then the transfer fee will be Seven Thousand Five Hundred Dollars (\$7,500); and

(7) beginning when the transfer closes, your transferring Owners agree to comply with Sections 16.B(2), 16.C and 16.D.

13.D. Conditions for Approval of Control Transfer. Subject to Section 13.H, we will not unreasonably withhold our approval of a Control Transfer if:

(1) you are then in full compliance with all of your obligations under this Agreement and all other agreements with us or our affiliate;

(2) you provide us written notice of the proposed transfer and all information we reasonably request concerning the proposed transferee, its direct and indirect owners (if the proposed transferee is an Entity) and the transfer at least forty-five (45) days before its effective date;

(3) the proposed transferee and its direct and indirect owners (if the proposed transferee is an Entity) have no Ownership Interest in and do not perform services for a Competitive Business, have sufficient business experience, aptitude and financial resources to operate the Studio, and otherwise meet our then applicable standards for Bar Method Studio franchisees;

(4) the transferee (or its direct or indirect owners) and its management personnel, if they are different from your management personnel, including any new Principal Operator, satisfactorily complete our then current initial training program applicable to the individual's position, which at our option might include both preliminary training before the transfer's closing and additional training after the transfer's closing;

(5) you and your Owners (if the transfer is of a direct or indirect Controlling Ownership Interest), or you, your Owners, the transferee and its direct and indirect owners (if the transfer is of this Agreement), sign the form of agreement and related documents (including Guarantees) that we then specify to reflect your new ownership structure or the assignment of this Agreement to the transferee, as applicable, and a general release, in a form satisfactory to us, of any and all claims against us and our

affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors and assigns;

(6) prior to the transfer, you or the proposed transferee pay to us or the applicable broker, as we designate, any broker fees or commissions that we or you incur in connection with the transfer;

(7) prior to the transfer, you or the transferee pay us a transfer fee. If the transfer occurs before your Studio has opened for business, the transfer fee will be Fifteen Thousand Dollars (\$15,000). If the transfer occurs after your Studio is open, then the transfer fee will be Seven Thousand Five Hundred Dollars (\$7,500);

(8) we have determined that the purchase price and payment terms will not adversely affect the operation of the Studio, and if you or your Owners finance any part of the purchase price, you and they agree that all obligations under promissory notes, agreements or security interests reserved in the Studio are subordinate to the transferee's obligation to pay all amounts due to us and our affiliates and otherwise to comply with this Agreement; and

(9) beginning when the transfer closes, you (if the transfer is of this Agreement) and/or your transferring Owners agree to comply with Sections 16.B(2), 16.C and 16.D.

If the proposed transfer is to or among your Owners or Immediate Family members, then Subsection (6) will not apply, although you must reimburse us for the costs we incur in the transfer, up to the amount of the transfer fee described in Subsection (6). At our sole option, we may review all information regarding the Studio that you give the transferee and give the transferee copies of any reports that you have given us or we have made regarding the Studio. You acknowledge that we have legitimate reasons to evaluate the qualifications of potential transferees (and their direct and indirect owners) and the terms of the proposed transfer, and that our contact with potential transferees (and their direct and indirect owners) to protect our business interests will not constitute tortious, improper or unlawful conduct.

13.E. Transfer to a Wholly-Owned Entity. Despite Section 13.D, if you are in full compliance with this Agreement, then upon at least ten (10) days' prior written notice to us, you may transfer this Agreement, together with all assets associated with the Studio, to an Entity which conducts no business other than the Studio and, if applicable, other Bar Method Studios and of which you own and control one hundred percent (100%) of the equity and voting power of all Ownership Interests, provided that all of the Studio's assets are owned, and the Studio's business is conducted, only by that single Entity. Transfers of Ownership Interests in that Entity are subject to all of the restrictions in this Section 13. You (including, if you are a group of individuals, any individual who will not have an Ownership Interest in the transferee Entity), your Owners, and the transferee Entity must sign the form of agreement and related documents (including Guarantees) that we then specify to reflect the assignment of this Agreement to the transferee Entity and a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors and assigns.



13.F. Death or Disability. Upon your or your Owner's death or disability, your or the Owner's executor, administrator, conservator, guardian or other personal representative (the "**Representative**") must transfer your interest in this Agreement, the Studio's assets and the Studio, or direct or indirect Ownership Interest in you, to a third party whom we approve. That transfer (including transfer by bequest or inheritance) must occur, subject to our rights under this Section 13.F, within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 13. A failure to transfer such interest within this time period is a breach of this Agreement. The term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or the Owner from supervising your or the Studio's management and operation for thirty (30) or more consecutive days.

13.G. Effect of Consent to Transfer. Our consent to any transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Studio's or transferee's prospects of success, or a waiver of any claims we have against you (or your Owners) or of our right to demand the transferee's full compliance with this Agreement's terms or conditions.

13.H. Our Right of First Refusal. If you or any of your Owners at any time determines to engage in a Control Transfer, you agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in this Agreement and the Studio (and its assets) or a direct or indirect Controlling Ownership Interest in you. To be a valid, bona fide offer, the offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price, the proposed purchase price must be in a fixed dollar amount and without any contingent payments of purchase price (such as earn-out payments), and the proposed transaction must relate exclusively to an interest in this Agreement and the Studio (and its assets) or a direct or indirect Controlling Ownership Interest in you and not to any other interests or assets.

We may, by delivering written notice to you within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that: (1) we may substitute cash for any form of consideration proposed in the offer; (2) our credit will be deemed equal to the credit of any proposed buyer; (3) the closing will be not less than sixty (60) days after notifying you of our election to purchase or, if later, the closing date proposed in the offer; and (4) we must receive, and you and your Owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or Ownership Interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and Ownership Interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or Ownership Interests being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Studio or your business prior to the closing of our purchase. If we do not exercise our right of first refusal, you or your Owners may complete the sale to the proposed buyer on the original offer's terms, but only if we approve the transfer as provided in this Section 13. If you do not complete the sale to the proposed buyer (with our approval) within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the offer (which you must

tell us promptly), we will have an additional right of first refusal during the thirty (30)-day period following either the expiration of the sixty (60)-day period or our receipt of notice of the material change in the offer's terms, either on the terms originally offered or the modified terms, at our option.

We may assign our right of first refusal under this Section 13.H to any Entity (who may be our affiliate), and that Entity will have all of the rights and obligations under this Section 13.H.

#### **14. Renewal Rights.**

When this Agreement expires (unless it is terminated sooner), you will have the right to renew the franchise and continue operating the Studio as a Bar Method Studio for an additional renewal term of five (5) years, with such renewal term being under our then-current form of franchise agreement. However, your right to renew the franchise shall only apply if, as of the end of the Term: (i) you have complied with all of your obligations under this Agreement and all other agreements with us and our affiliates throughout their terms; (ii) we are then still offering franchises for new Bar Method Studios; and (iii) you have given us written notice of your election to renew the franchise at least ninety (90) days, but not more than one hundred eighty (180) days, before the end of the Term. To renew the franchise, you and your Owners agree to:

- (a) sign our then-current form of franchise agreement and related documents, the provisions of which (including the fees and the rights in, and geographic area comprising, the Territory) may differ materially from any and all of those contained in this Agreement, modified to reflect the fact it is for a renewal franchise for a term of five (5) years;

- (b) remodel, renovate and/or upgrade the Studio in compliance with the then-current standards for new Bar Method Studios within the time period be reasonably specify;

- (c) pay us, instead of the initial franchise fee under such renewal franchise agreement, a renewal fee in an amount equal Ten Thousand Dollars (\$10,000); and

- (d) sign a general release in the form that we specify as to any and all claims against us, our affiliates our and their respective owners, officers, directors, employees, agents, representatives, successors and assigns.

#### **15. Termination of Agreement.**

15.A. Termination by You. You may terminate this Agreement if we commit a material breach of any of our obligations under this Agreement and fail to correct such breach within thirty (30) days after your delivery of written notice to us of such breach; provided, however, that if we cannot reasonably correct the breach within this thirty (30)-day period but provide you, within this thirty (30) day-period, with reasonable evidence of our effort to correct the breach within a reasonable time period, then the cure period shall run through the end of such reasonable time period. Your termination of this Agreement (including by taking steps to de-

identify the Studio or otherwise cease operations under this Agreement) other than in accordance with this Section 15.A is a termination without cause and a breach of this Agreement.

15.B. Termination by Us. We may, at our option, terminate this Agreement, effective upon delivery of written notice of termination to you, if:

(1) you or any of your Owners has made or makes a material misrepresentation or omission in acquiring any of the rights under this Agreement or operating the Studio;

(2) you, your Owner or other Studio personnel that we required to attend our Initial Training Program do not satisfactorily complete that training;

(3) you fail to comply with our requirements for securing real estate, you fail to open the Studio for Classes in compliance with this Agreement within twelve (12) months after the Agreement Date, or you fail to obtain our approval within the times we specify to offer the number of Bar Method class formats as set forth in this Agreement;

(4) you abandon or fail actively to operate the Studio offering full Classes to its clients during the required hours of operation for two (2) or more consecutive calendar days, or for three (3) or more calendar days during any month, unless you close the Studio for a purpose we approve or because of fire or other casualty;

(5) you surrender or transfer control of your or the Studio's management or operation without our prior written consent or you allow or permit any Class to be led by any teacher who has not then attained the required Certification;

(6) you or any of your Owners is convicted by a trial court of, or pleads no contest to, a felony;

(7) you or any of your Owners engages in any dishonest, unethical or illegal conduct which, in our opinion, adversely affects the Studio's reputation, the reputation of other Bar Method Studios or the goodwill associated with the Marks;

(8) you fail to maintain the insurance we require from time to time and/or you fail to provide us with proof of such insurance as this Agreement requires;

(9) you interfere with our right to inspect the Studio or observe its operation, including our right to attend and evaluate Classes or evaluate teachers;

(10) you or any of your Owners makes an unauthorized transfer in breach of this Agreement;

(11) any other franchise agreement or other agreement between us (or any of our affiliates) and you (or any of your Owners or affiliates) is terminated before its term expires, regardless of the reason;

(12) you or any of your Owners, directors or officers (or any members of your or their Immediate Families) breaches Section 12 or knowingly makes any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information;

(13) you violate any law, ordinance or regulation relating to the ownership or operation of the Studio, or operate the Studio in an unsafe manner, and (if the violation can be corrected) you do not begin to correct the violation immediately, and correct the violation fully within seventy-two (72) hours, after you receive notice of the violation from us or any other party;

(14) you fail to pay when due any federal, state or local income, sales or other taxes due on the Studio's operation, or repeatedly fail to make or delay making payments to your suppliers, lenders or others, unless you are in good faith contesting your liability for these taxes or payments;

(15) you or any of your Owners fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with any one or more obligations under this Agreement, whether or not any of these failures are corrected after we deliver written notice to you and whether these failures involve the same or different obligations under this Agreement;

(16) you or any of your Owners fails on two (2) or more separate occasions within any six (6) consecutive month period, or on three (3) or more separate occasions within any thirty-six (36) consecutive month period, to comply with the same obligation under this Agreement, whether or not any of these failures are corrected after we deliver written notice to you;

(17) you or any Owner makes an assignment for the benefit of creditors or admits in writing your or its insolvency or inability to pay your or its debts generally as they become due; you or any Owner consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of your or its property; the Studio or any of its assets is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you, any Owner or the Studio is not vacated within thirty (30) days following the order's entry;

(18) you withhold our access to accounting and financial systems or data, revoke any electronic-funds transfer or direct debt authorization granted to us or our affiliates, or initiate any stop payments against us or our affiliates;

(19) you fail to pay us (or our affiliates) any amounts due, whether arising under this Agreement or any other agreement, and do not correct the failure within five (5) days after we deliver written notice of that failure to you; or

(20) you fail to comply with any other provision of this Agreement or any mandatory System Standard and do not correct the failure within twenty (20) days after we deliver written notice of the failure to you.

**16. Rights and Obligations Upon Termination or Expiration.**

16.A. Payment of Amounts Owed. You agree to pay within five (5) days after this Agreement expires or is terminated, or on any later date that the amounts due are determined, all amounts owed to us or our affiliates under this Agreement or any related agreement which then are unpaid. Further, if this Agreement is terminated for any reason other than as a result of a material breach of this Agreement by us that is not cured within thirty (30) days following notice from you, such sums will include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of the default and the termination. You agree that until such obligations are paid in full, you hereby grant us a lien against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by you and located on your Studio premises on the date this Agreement terminates or expires and authorize us to file financing statements and other documents we deem appropriate to perfect such lien.

16.B. De-Identification. When this Agreement expires or is terminated for any reason:

(1) you must take any actions that are required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks and, at our option, to assign to us (or our designee) or cancel any electronic address, domain name or website, or rights maintained in connection with any search engine, that directly or indirectly associates you or the Studio with us, the Marks, the Franchise System or the network of Bar Method Studios;

(2) beginning on the De-identification Date (defined below) or the closing of the acquisition of the Purchased Assets (defined in Section 16.E) under Section 16.E, you and your Owners shall not directly or indirectly at any time thereafter or in any manner (except in connection with other Bar Method Studios you or they own and operate): (a) identify yourself or themselves or any business as a current or former Bar Method Studio or as one of our current or former franchisees or licensees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark, or other indicia of a Bar Method Studio in any manner or for any purpose, including in or on any advertising or marketing materials, forms, or any website, Social Media or other electronic media; or (c) use for any purpose any trade dress, trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with us or the network of Bar Method Studios;

(3) within three (3) days after the De-identification Date, you must remove and deliver to us (or, at our option, destroy) all exterior and interior signs, Local Marketing and other advertising, marketing and promotional materials, forms and other documents containing any of the Marks or otherwise identifying or relating to a Bar Method Studio;

(4) within ten (10) days after the De-identification Date, you must make such alterations as we reasonably specify to distinguish the Studio and its assets clearly from their former appearance as a Bar Method Studio and from other Bar Method Studios so as to prevent a likelihood of confusion by the public and otherwise take the steps that we specify to de-identify the Studio, including permanently removing all Marks and trade

dress from the Studio's walls and any of its other assets and altering the Studio's color scheme, layout and other aspects of the trade dress associated with the Franchise System; and

(5) within ten (10) days after the De-identification Date, in addition to any procedures that applicable law requires, you must notify all of the Studio's clients of the termination or expiration of this Agreement and provide each of them a pro rata refund of all Class fees and other charges that they prepaid related to any period after the effective date of termination or expiration of this Agreement.

You must provide us written evidence (including pictures, as applicable) of your compliance with this Section 16.B upon our request. If you fail to comply with any of your obligations under this Section 16.B, then, without limiting our other rights and remedies under this Agreement or applicable law, we or our designee may take any action that this Section 16.B requires on your behalf and at your expense, including by entering the Studio and adjacent areas, without prior notice or liability, to remove the items and/or make the alterations that this Section 16.B requires. The **"De-identification Date"** means: (i) the closing date of our (or our assignee's) purchase of the Purchased Assets pursuant to Section 16.E; or (ii) if that closing does not occur, the date upon which the option under Section 16.E expires or the date upon which we provide you written notice of our decision not to exercise that option, whichever occurs first. If we or our assignee acquires the Purchased Assets under Section 16.E, then your obligations under Sections 16.B(3), (4) and (5) will be void and of no force or effect.

16.C. Confidential Information. You agree that, when this Agreement expires or is terminated, you and your Owners will immediately cease using any Confidential Information, whether directly or indirectly through one or more intermediaries, in any business or otherwise and return to us all copies of the Operations Manual and any other confidential materials that we have loaned you. Without limiting the generality of the foregoing, you agree that:

(1) the Client Information is part of Confidential Information and our property. Therefore you agree that, when this Agreement expires or is terminated, you must provide us a copy of, or access to, all Client Information then existing and you and your Owners may not directly or indirectly sell, trade or otherwise profit in any way from any Client Information at any location or any time following the expiration or termination of this Agreement; and

(2) our proprietary methods, techniques and processes for teaching Classes and evaluating teachers and clients are part of our Confidential Information and our property, and provide a competitive advantage to Bar Method Studios. Therefore, you agree that, when this Agreement expires or is terminated, you and your Owners may not directly or indirectly use any of these methods, techniques or processes in any business or capacity at any location or at any time following the expiration or termination of this Agreement.

16.D. Covenant Not To Compete. Upon expiration (without the grant of a successor franchise) or termination of this Agreement for any reason except pursuant to Section 15.A, and except with respect to other franchise agreements with us then in effect, you and your Owners

agree that, for two (2) years beginning on the effective date of termination or expiration (subject to extension as provided below), neither you nor any of your Owners, nor any members of your or their Immediate Families, will:

(1) have any direct or indirect, controlling or non-controlling ownership interest in any Competitive Business which is located or providing services to clients at any location: (a) at the Site; (b) within a five (5)-mile radius of the Site; or (c) within a five (5)-mile radius of any Bar Method Studio then operating or under construction on the effective date of the termination or expiration, provided that this restriction will not apply to the ownership of shares of a class of securities which are publicly traded on a United States stock exchange representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding; or

(2) perform services as a director, officer, manager, teacher, employee, consultant, representative or agent for a Competitive Business which is located or providing services to clients at any location (a) at the Site; (b) within a five (5)-mile radius of the Site; or (c) within a five (5)-mile radius of any Bar Method Studio then operating or under construction on the effective date of the termination or expiration.

The time period during which these restrictions apply will be automatically extended, with respect to all persons covered by this Section 16.D, for each day during which any person covered by this Section 16.D is not complying fully with this Section 16.D. These restrictions also apply after transfers and other events, as provided in Section 13. You (and each of your Owners) acknowledge that you (and they) possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 16.D will not deprive you or them of personal goodwill or the ability to earn a living.

16.E. Our Right to Purchase Studio Assets.

(1) **Exercise of Option.** Upon termination of this Agreement for any reason (other than your termination in accordance with Section 15.A) or expiration of this Agreement without our and your signing a successor franchise agreement, we have the option, exercisable by giving you written notice within fifteen (15) days after the date of termination or expiration (the “**Exercise Notice**”), to purchase those assets used in the operation of the Studio that we designate (the “**Purchased Assets**”). We have the unrestricted right to exclude any assets we specify relating to the Studio from the Purchased Assets and not acquire them. You agree to provide us the financial statements and other information we reasonably require, and to allow us to inspect the Studio and its assets, to determine whether to exercise our option under this Section 16.E. If you or one of your affiliates owns the Site, we may elect to include a fee simple interest in the Site as part of the Purchased Assets or, at our option, lease the Site from you or that affiliate for an initial five (5)-year term with one (1) renewal term of five (5) years (at our option) on commercially reasonable terms. You (and your Owners) agree to cause your affiliate to comply with these requirements. If you lease the Site from an unaffiliated lessor, you agree (at our option) to assign the Lease to us or to enter into a sublease for the remainder of the Lease term on the same terms (including renewal options) as the Lease.

(2) **Operations Pending Purchase.** While we are deciding whether to exercise our option under this Section 16.E, and, if we do exercise that option, during the period beginning with our delivery of the Exercise Notice and continuing through the closing of our purchase, you must continue to operate the Studio according to this Agreement and all System Standards. However, we may, at any time during that period, enter the Studio's premises and assume the management of the Studio ourselves or appoint a third party (who may be our affiliate) to manage the Studio. All funds from the operation of the Studio while we or our appointee assumes its management will be kept in a separate account, and all of the expenses of the Studio will be charged to that account. We or our appointee may charge you (in addition to the amounts due under this Agreement) a management fee equal to three percent (3%) of the Studio's Gross Revenue during the period of management, plus any direct costs and expenses associated with the management. We or our appointee has a duty to utilize only reasonable efforts and will not be liable to you for any debts, losses or obligations the Studio incurs, or to any of your creditors for any products or services the Studio purchases, while managing it. You shall not take any action or fail to take any action that would interfere with our or our appointee's exclusive right to manage the Studio.

(3) **Purchase Price.** The purchase price for the Purchased Assets will be their fair market value for use in the operation of a Competitive Business (but not a Bar Method Studio as a going concern). However, the purchase price will not include any value for any rights granted by this Agreement, goodwill attributable to the Marks, our brand image, any Confidential Information or our other intellectual property rights, or participation in the network of Bar Method Studios.

(4) **Appraisal.** If we and you cannot agree on fair market value for the Purchased Assets, fair market value will be determined by three (3) independent appraisers, each of whom in doing so will be bound by the criteria specified in subparagraph (3). We will appoint one appraiser, you will appoint one appraiser, and these two appraisers will appoint the third appraiser. You and we agree to appoint our and your respective appraisers within fifteen (15) days after we deliver the Exercise Notice (if you and we have not agreed on fair market value before then), and the two appraisers so chosen must appoint the third appraiser within ten (10) days after the last of them is appointed. If either we or you do not appoint our or your respective appraiser by that deadline, then the other party's appointed appraiser shall be the sole appraiser to determine the purchase price under this Subsection (4). We and you each will bear the costs of our and your own appointed appraiser and share equally the fees and expenses of the third appraiser. Within thirty (30) days after we deliver the Exercise Notice, each party shall submit its respective calculation of fair market value to the appraisers in such detail as the appraisers request and according to the criteria specified in subparagraph (3). Within ten (10) days after receiving both calculations, the appraisers shall determine, by a majority vote, and notify you and us which of the calculations is the most correct. The appraisers must choose either your or our calculation, and may not develop their own fair market value calculation. The appraisers' choice shall be the purchase price.

(5) **Closing.** We will pay the purchase price at the closing, which will take place within sixty (60) days after the purchase price is determined. We may set off



against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates. We are entitled to all customary representations, warranties and indemnities in our asset purchase, including representations and warranties as to ownership and condition of, and title to, assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise, and indemnities for all actions, events and conditions that existed or occurred in connection with the Studio or your business prior to the closing of our purchase. At the closing, you agree to deliver instruments transferring to us: (a) good and merchantable title to the Purchased Assets, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (b) all of the Studio's licenses and permits which may be assigned or transferred. If you cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the sale will be closed through an escrow. You and your Owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective owners, officers, directors, employees, agents, representatives, successors and assigns.

(6) **Assignment.** We may assign our rights under this Section 16.E to any Entity (who may be our affiliate), and that Entity will have all of the rights and obligations under this Section 16.E.

16.F. Continuing Obligations. All of our and your (and your Owners') obligations under this Agreement which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until these obligations are satisfied in full or by their nature expire.

## **17. Relationship of the Parties/Indemnification.**

17.A. Independent Contractors. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us. You have no authority, express or implied, to act as the agent of us or any of our affiliates for any purpose. You are, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Studio and its business, including any personal property, equipment, fixtures or real property and for all claims or demands based on damage or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Studio. Further, we and you are not and do not intend to be partners, associates, or joint employers in any way, and we shall not be construed to be jointly liable for any of your acts or omissions under any circumstances. We have no relationship with your employees and you have no relationship with our employees. You agree to identify yourself conspicuously in all dealings with clients, prospective clients, teachers, employees, suppliers, public officials and others as the Studio's owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, employment materials, advertising and other materials we require from time to time.

17.B. No Liability for Acts of Other Party. We and you agree not to make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and

franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Studio's operation or the business you conduct under this Agreement.

17.C. Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon you or the Studio, due to the business you conduct (except any taxes we are required by law to collect from you for purchases from us and our income taxes). You are responsible for paying these taxes.

17.D. Indemnification and Defense of Claims.

(1) You agree to indemnify and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, representatives, successors and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) directly or indirectly arising out of or relating to: (a) the Studio's operation; (b) the business you conduct under this Agreement; (c) your breach of this Agreement; (d) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Studio's construction, design or operation, and including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees; or (e) claims alleging either intentional or negligent conduct, acts or omissions by you (or your contractors or any of your or their employees, agents or representatives), or by us or our affiliates (or our or their contractors or any of our or their employees, agents or representatives), subject to Section 17.D(3). "**Losses**" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs, including accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

(2) You agree to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described in Subsection 17.D(1)(a) through (e) above (collectively, "**Proceedings**"), including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct and/or willful wrongful omissions. Each Indemnified Party may at your expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Section 17.D (instead of having you defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible, subject to Section 17.D(3). An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you, and you agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 17.D. Your obligations

under this Section 17.D will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

(3) Despite Section 17.D(1), you have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses (including costs of defending any Proceeding under Section 17.D(2)) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employer) or our failure to compel you to comply with this Agreement, which are claims for which you are not entitled to indemnification pursuant to this Section 17.D(3). However, nothing in this Section 17.D(3) limits your obligation to defend us and the other Indemnified Parties under Section 17.D(2).

## **18. Enforcement.**

18.A. Severability and Substitution of Valid Provisions. Except as expressly provided to the contrary in this Agreement (including in Section 18.F), each Section, Subsection, paragraph, term and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or arbitrator with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of termination or of our refusal to enter into a successor franchise agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

18.B. Waiver of Obligations and Force Majeure. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. But, no interpretation, change, termination or waiver of any of this Agreement's provisions shall be binding upon us unless in writing and signed by one of our officers, and which is specifically identified as an amendment to this Agreement. No modification, waiver, termination, rescission, discharge or cancellation of this Agreement shall affect the right of any party hereto to enforce any claim or right hereunder, whether or not

liquidated, which occurred prior to the date of such modification, waiver, termination, rescission, discharge or cancellation. Any waiver we grant will be without prejudice to any other rights we have, will be subject to our continuing review, and may be revoked at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.

We and you will not be deemed to waive or impair any right, power or option this Agreement reserves (including our right to demand exact compliance with every term, condition and covenant or to declare any breach to be a default and to terminate this Agreement before the Term expires) because of any custom or practice at variance with its terms; our or your failure, refusal or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including any System Standard; our waiver of or failure to exercise any right, power or option, whether of the same, similar or different nature, with other Bar Method Studios; the existence of franchise or license agreements for other Bar Method Studios which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement or accord and satisfaction. We are authorized to remove any legend or endorsement, and they shall have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government which do not arise from a violation or alleged violation of any law, rule, regulation or ordinance; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payment of amounts owed at the time of the occurrence or payment of Royalties, Marketing Fund contributions and other amounts due afterward.

18.C. Costs and Attorneys' Fees. If we incur expenses due to your failure to pay when due amounts owed to us or otherwise to comply with this Agreement, you agree, whether or not we initiate a legal proceeding (and, in the event either we or you do initiate a legal proceeding, if we prevail in such proceeding), to reimburse us for any costs and expenses which we incur, including reasonable accounting, attorneys', arbitrators' and related fees.

18.D. Applying and Withholding Payments. Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us (or our affiliates). We may set-off any amounts you or your Owners owe us or our affiliates against any amounts we or our affiliates might owe you or your Owners, whether in connection with this Agreement or otherwise. You agree that you will not withhold payment of any amounts owed to us or our affiliates on the grounds of our or their alleged nonperformance of any of our or their obligations under this Agreement or any other agreement.

18.E. Rights of Parties are Cumulative. Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy under this Agreement which we or you are entitled by law to enforce.

18.F. Arbitration. All controversies, disputes or claims between us (and our affiliates and our and their respective owners, officers, directors, managers, agents and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, directors, managers, agents and employees, as applicable) arising out of or related to:

- (1) this Agreement or any other agreement between you and us or any provision of any of such agreements (including this Section 18.F);
- (2) our relationship with you;
- (3) the scope and validity of this Agreement or any other agreement between you and us or any provision of any of such agreements (including the scope and validity of the arbitration obligations under this Section 18.F, which you and we acknowledge is to be determined by an arbitrator and not a court); or
- (4) any System Standard

will be submitted for arbitration to the office of the American Arbitration Association closest to our then current principal business address. Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one (1) arbitrator in accordance with the then existing Commercial Arbitration Rules of the American Arbitration Association. Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator which is within ten (10) miles of our principal business address at the time that the arbitration action is filed. The arbitrator has no authority to establish a different hearing locale. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law.

The arbitrator shall have the right to award or include in his or her award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that: (1) the arbitrator shall not have authority to declare any Mark generic or otherwise invalid; and (2) except for punitive, exemplary and other forms of multiple damages available to any party under federal law or owed to third parties which are subject to indemnification under Section 17.D, we and you waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary or other forms of multiple damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

We and you agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. However, if an arbitrator, notwithstanding the foregoing, determines that any contractual limitations period provided for in this Agreement is not applicable or enforceable, then the parties agree to be bound by the provision of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder. We and you further agree that, in connection with any

such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 18.C.

We and you agree that arbitration shall be conducted on an individual, not a class-wide, basis, that only we (and our affiliates and our and their respective owners, officers, directors, managers, agents and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, directors, managers, agents and employees, as applicable) may be the parties to any arbitration proceeding described in this Section 18.F, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving us and/or any other person or Entity. Notwithstanding the foregoing or anything to the contrary in this Section 18.F or Section 18.A, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 18.F, then we and you agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 18 (excluding this Section 18.F).

The provisions of this Section 18.F are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Notwithstanding anything to the contrary contained in this Section 18.F, we and you have the right to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. In that case, we and you must contemporaneously submit the dispute for arbitration on the merits according to this Section 18.F.

18.G. Governing Law. Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, all controversies, disputes or claims arising from or relating to:

- (1) this Agreement or any other agreement between you (or your owners or affiliates) and us (or our affiliates);
- (2) our relationship with you;
- (3) the validity of this Agreement or any other agreement between you (or your owners or affiliates) and us (or our affiliates); or
- (4) any System Standard

will be governed by the laws of the State of Minnesota, without regard to its conflict of laws rules. The parties agree, however, that if: (a) you are not a resident of Minnesota, or if you are

an Entity and you are not organized or incorporated under the laws of the State of Minnesota, and (b) the Studio is not located in Minnesota, then the provisions of the Minnesota Franchise Act and the regulations promulgated thereunder shall not apply.

18.H. Consent to Jurisdiction. Subject to the arbitration obligations in Section 18.F, you and your Owners agree that all judicial actions brought by us against you or your Owners, or by you or your Owners against us, our affiliates or our or their respective owners, officers, directors, agents, or employees, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where we maintain our principal business address at the time that the action is brought. You and each of your Owners irrevocably submits to the jurisdiction of such courts and waives any objection that any of them may have to either jurisdiction or venue. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you or any of your Owners resides or the Studio is located.

18.I. Waiver of Punitive Damages and Jury Trial. EXCEPT FOR PUNITIVE, EXEMPLARY AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER SECTION 17.D, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU (OR YOUR OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

WE AND YOU (AND YOUR OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER US OR YOU (OR YOUR OWNERS).

18.J. Binding Effect. This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns and successors in interest. Subject to our rights to modify the Operations Manual, System Standards and Franchise System, and our right to modify Exhibit A to reflect the Site's address and Territory, this Agreement may not be amended or modified except by a written agreement signed by both you and us.

18.K. Limitations of Claims. EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING IS COMMENCED IN THE PROPER FORUM WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.

18.L. Construction. The preambles and exhibits are a part of this Agreement which, together with any riders, addenda or amendments signed by the parties, constitutes our and your entire agreement and supersedes all prior and contemporaneous oral or written agreements and understandings between us and you relating to the subject matter of this Agreement. There are no other oral or written representations, warranties, understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in this Agreement or any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement and are not binding on us. Except as provided in Sections 17.D and 18.F, nothing in this Agreement is intended nor deemed to confer any rights or remedies upon any person or Entity not a party to this Agreement.

References in this Agreement to “**we**” “**us**” and “**our**,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal in connection with the Studio. The term “**affiliate**” means any person or Entity directly or indirectly owned or controlled by, under common control with, or owning or controlling the party indicated. “**Control**” means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the owners of the rights under this Agreement and the Studio, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. “**Person**” (whether or not capitalized) means any individual or Entity. The term “**Studio**” includes all of the assets of the Bar Method Studio you operate under this Agreement, including its revenue and income.

The headings of the Sections, Subsections and paragraphs are for convenience only and do not define, limit or construe their contents. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words “**include**,” “**including**,” and words of similar import shall be interpreted to mean “including, but not limited to” and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter. This Agreement may be executed in multiple copies, each of which will be deemed an original.

18.M. The Exercise of Our Judgment. We have the right to operate, develop and change the Franchise System and System Standards in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and our judgment of what is in the best interests of us or our affiliates, the Bar Method Studio network generally, or the Franchise System at the time our decision is made, without regard to whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision promotes our or our affiliates’ financial or other individual interest. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated or completed actions that require our approval.



## **19. Notices and Payments.**

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered:

(1) in the case of Royalties, Marketing Fund contributions and other amounts due, at the time we actually debit your account (if we institute an automatic debit program for the Studio);

(2) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or

(3) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid;

and must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice and/or, with respect to any approvals or notices that we provide to you or your Owners, at the Studio's address. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

## **20. Representations, Warranties and Acknowledgments.**

To induce us to sign this Agreement and grant you the rights under this Agreement, you (on behalf of yourself and your Owners) represent, warrant and acknowledge to us that:

(a) none of your (or your Owners') property or interests is subject to being blocked under, and you and your Owners otherwise are not in violation of, Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, or any other federal, state, or local law, ordinance, regulation, policy, list or other requirement of any governmental authority addressing or in any way relating to terrorist acts or acts of war.

(b) you have independently investigated the Bar Method Studio franchise opportunity and recognize that, like any other business, the nature of a Bar Method Studio's business may, and probably will, evolve and change over time.

(c) an investment in a Bar Method Studio involves business risks and your business abilities and efforts are vital to your success.

(d) obtaining and retaining clients for your Studio will require you (among other things) to make consistent marketing and promotional efforts, and to maintain a high level of client service and strict adherence to the Franchise System and our System Standards, and that you are committed to doing so.

(e) except as set forth in our Franchise Disclosure Document, you have not received or relied upon, and we expressly disclaim making, any representation, warranty or guaranty, express or implied, as to the revenues, profits or success of your Studio or any other Bar Method Studio.

(f) any information you have acquired from other Bar Method Studio franchisees regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy.

(g) you have no knowledge of any representations made about the Bar Method Studio franchise opportunity by us, our affiliates or any of our or their officers, directors, owners or agents that are contrary to the statements made in our Franchise Disclosure Document or to the terms and conditions of this Agreement.

(h) in all of their dealings with you, our owners, officers, employees and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are only between you and us.

(i) all statements you have made and all materials you have given us in acquiring the rights under this Agreement are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the rights under this Agreement.

(j) you have read this Agreement and our Franchise Disclosure Document and understand and accept that the terms and covenants in this Agreement are reasonable and necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Bar Method Studio, and to protect and preserve the goodwill of the Marks.

**[The remainder of this page is intentionally left blank.]**

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the Agreement Date.

**FRANCHISOR**

**THE BAR METHOD FRANCHISOR LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

**(IF ENTITY):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**EXHIBIT A**  
**to the**  
**BAR METHOD STUDIO FRANCHISE AGREEMENT**

**BASIC TERMS**

**FRANCHISE AGREEMENT RIDER**

1. Effective Date: \_\_\_\_\_
2. Franchisee: \_\_\_\_\_
3. Site:

---

If no location has been determined at the time this Franchise Agreement has been executed, then the Site shall be within the following area, provided the exact location shall be subject to our review and approval:

---

If the above-named location specifies a location yet to be determined, we reserve the right to sell franchises, and grant territories to others who will operate Bar Method studios in and around the above-described location. You may then be required to choose a final location outside of any protected territory given to any other franchisee, and that territory may be outside of the city or areas identified above. Should this happen, you would have to obtain our review and approval for a new location. Likewise, if you choose to move your final address at any time, or if the location set forth above, or any other location we agree upon, becomes unavailable for any reason, it is your obligation to select a new location, and to obtain our approval of that location before you acquire the site, or obtain any rights in the location.

4. Protected Territory:

- 
5. The initial franchise fee is \$\_\_\_\_\_.

**FRANCHISOR**

**THE BAR METHOD FRANCHISOR LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

**(IF ENTITY):**

\_\_\_\_\_  
[Entity Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**EXHIBIT B**  
**to the**  
**BAR METHOD STUDIO FRANCHISE AGREEMENT**

**OWNERS AND GUARANTORS**

**OWNERS**

The ownership structure for \_\_\_\_\_ is as follows:

Name: _____ Address: _____	% of Total Shares/Units: _____
Name: _____ Address: _____	% of Total Shares/Units: _____
Name: _____ Address: _____	% of Total Shares/Units: _____
Name: _____ Address: _____	% of Total Shares/Units: _____

**OFFICERS/PRINCIPALS:**

The officers and principal employees for \_\_\_\_\_ are as follows:

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

**PRINCIPALS:**

Your Principal Owner is \_\_\_\_\_.

Your Principal Operator is \_\_\_\_\_.

**FRANCHISOR**

**THE BAR METHOD FRANCHISOR LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

**(IF ENTITY):**

\_\_\_\_\_  
[Entity Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**EXHIBIT C**  
**to the**  
**BAR METHOD STUDIO FRANCHISE AGREEMENT**

**PERSONAL GUARANTY AND AGREEMENT TO BE BOUND**  
**PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT**

In consideration of the execution of the Franchise Agreement (the "Agreement") between THE BAR METHOD FRANCHISOR LLC ("we" or "us") and \_\_\_\_\_ (the "Franchisee"), dated \_\_\_\_\_, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of the Agreement. The undersigned waive (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty will apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof. It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

FRANCHISEE:

PERSONAL GUARANTORS:

\_\_\_\_\_  
- Individually

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Telephone

4916-2227-3554, v. 1



**BAR LIVE AMENDMENT TO  
BAR METHOD LICENSE/FRANCHISE AGREEMENT**

**THIS BAR LIVE AMENDMENT** (the “**Amendment**”) is made and entered into as of \_\_\_\_\_ (the “**Amendment Date**”) by and between **THE BAR METHOD FRANCHISOR, LLC** (“we,” “us” “**Franchisor**” or “our”), and \_\_\_\_\_ (“you” “**Franchisee**” or “your”).

We and you agree as follows:

1. Amendment. We and you are parties to that certain License Agreement or Franchise Agreement (as amended, the “**Current Agreement**”) under which you operate a Bar Method Studio known as The Bar Method \_\_\_\_\_ (the “**Studio**”). The Bar Method expressly retains exclusive rights to provide Bar Method content to consumers in any digital or online format.

We and you hereby agree to amend the Current Agreement to allow you to create, offer, sell and provide certain Bar Method classes in a virtual, online, or livestream format, subject to the payment of associated fees and the conditions and limitations herein. You and we agree that the Current Agreement is hereby amended by the addition of the following paragraph at the end of the Current Agreement:

“Bar Livestream Local/On Demand. Notwithstanding our reservation of exclusive rights to provide Bar Method content to consumers in any digital or online format, beginning upon execution of this Amendment, you shall be permitted to offer Bar On Demand content to members of your studio who have a current membership agreement for in-studio classes (“Studio Members”) and you shall be permitted to create, publish, and offer Bar Livestream Local content to those Studio Members subject to the following conditions and payment of the associated fees. We will also agree to pay you a portion of the net revenue we generate from selling Bar Online memberships to certain members of your Bar Method Studio who cancel their existing memberships.

You may participate in all or some of the programs as outlined below. Please initial to acknowledge your acceptance of each program, your agreement to pay the associated fees, if applicable, and your acceptance of any other stated terms for each program in which you choose to participate.

**PROGRAM 1: Bar On Demand**. Your participation in this program will allow you to offer Bar On Demand access as an “add-on” product to new and existing members with a “Club Bar Unlimited” membership. You will not currently pay a fee to us for this Program, although we expressly reserve the right to charge you a monthly fee in the future.

**PROGRAM 2: Bar Online Referral Payment**. Your participation in this program will allow you to receive twenty-percent (20%) of up to the first three (3) billed months of net (after tax and any applicable discounts) revenue generated by qualifying Bar Online subscriptions sold to Club Bar Unlimited/Club Bar Limited members of your Bar Method Studio who cancel their membership with your studio and, within 30 calendar days of their membership cancellation, begin any Bar Online membership (qualifying subscriptions exclude limited-term, trial, new client offer, or any other temporary memberships). By

participating in this program you agree to the following terms: to provide any membership or customer data we require to validate membership cancellation; payments will be distributed from us to you by ACH once every 6 months, but payments will be due and payable only if your Bar Method Studio is open and operating at the time any such distributions are made. Distributions made under this program are not subject to royalty payment and we will report them to the IRS and issue you an IRS form 1099; you must provide a completed W-9. We reserve the right to change any of the terms of this Program at any time at our discretion.

**PROGRAM 3 Bar Livestream Local.** Your participation in this program will allow you to create, publish, and offer Bar Livestream Local content to existing members of your Bar Method Studio subject to the following conditions and payment of the associated fees. To participate in this program you must: purchase an annual Digital Music License for virtual streaming from us at the then-current annual cost, currently, Four Hundred and Sixty Dollars (\$460), plus any applicable taxes; or you must purchase the appropriate music licensing for virtual streaming directly from BMI, ASCAP, and SESAC, and/or if applicable, SOCAN, and furnish us proof of purchase and licensing; you must only use copyrighted music that is appropriately licensed for publication in online or virtual classes; you must pay us the then-current monthly Bar Livestream Local fee, currently fifty Dollars (\$50) per month; and you must ensure that all Bar Livestream Local content created and published by your Bar Method studio complies with all applicable state, local and federal laws and requirements, including but not limited to: the public accommodation provisions of the Americans with Disabilities Act and any applicable FTC regulations.

Initial here if you choose to purchase an annual music license for virtual publication through us.

Initial here if you choose to purchase an annual music license for virtual publication directly from BMI, ASCAP and SESAC or SOCAN, if applicable.

By participating in this program you agree to pay us, our affiliate, or our designee, our then-current monthly “Bar Livestream Local Fee”, and, if applicable, the annual “Digital Music License Fee”, plus applicable taxes, if any. We may increase the Bar Livestream Local and Digital Music License Fees upon notice to you. You agree that we will automatically debit the Bar Livestream Local and, if applicable, the Digital Music License Fees from your bank account on the date we specify upon notice to you. If such date falls on a weekend or holiday, it will be debited on the following business day. You acknowledge and agree that the digital music royalty and licensing environment is subject to change and we may change the licenses, technologies and/or services paid through the Digital Music Licensing Fee as we reasonably determine from time to time. You must participate in any music licensing initiatives we require, and you must pay all costs related to any such initiatives.”

2. Representation of Authority. The undersigned represents that he or she is duly authorized and has legal capacity to execute and deliver this Amendment on behalf of Franchisee. The undersigned representative of Franchisee represents and warrants to Franchisor that the execution and delivery of the Agreement and the performance of such party's obligations hereunder

have been duly authorized, and that the Amendment is a valid and legal agreement binding on Franchisee and enforceable in accordance with its terms.

3. Effect. This Amendment shall be deemed fully executed and its terms given full force and legal effect as of the date signed by Franchisor notwithstanding anything to the contrary herein. In the event of a conflict between the terms and provisions of this Amendment and the Current Agreement this Amendment shall control. Except as amended hereby, the Current Agreement shall continue in full force and effect.

4. Release. In consideration of Franchisor agreeing to the amendment to the Franchise Agreement as set forth herein, Franchisee hereby releases and forever discharges Franchisor, and its affiliates, as well as their respective members, shareholders, directors, officers, employees and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors and assigns, from any and all claims, known or unknown, Franchisee may have against such parties, from the beginning of time to the date hereof, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Franchise Agreement or under any other agreement between Franchisee and Franchisor or its affiliates.

The above Release shall not apply to residents of California or where the Bar Method Studio is to be operated in California.

THE REMAINDER OF THIS PAGE LEFT BLANK

SIGNATURES FOLLOW ON NEXT PAGE

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Amendment effective as of the date first written above.

**FRANCHISOR**

**THE BAR METHOD FRANCHISING,  
LLC**, a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C**

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**EXHIBIT D**

**CURRENT FRANCHISEES**

**As of December 31, 2024**

Franchisee	Street Address	City	State	Zip Code	Telephone Number
Barre on the Plains, LLC	185 1st. Street, Unit 1 & 2	Auburn	AL	36830	(334) 501-7707
HH Bar, LLC	2095 Rose Street, Ste 102	Berkeley	CA	94709	(510) 705-1534
Studio 408 LLC	2020 South Bascom Ave, Unit G	Campbell	CA	95008	(408) 680-0145
Princess Assassin LLC	5416 Ygnacio Valley Rd, Ste 30	Concord	CA	94521	(925) 338-1366
True Barre Concepts, Inc.	2698 Mowry Ave	Fremont	CA	94538	(510) 200-6007
Fresno Blessed Barre	6751 N Palm Ave	Fresno	CA	93704	(559) 573-3333
West and Marina LLC	1221 Hermosa Ave, Ste 200	Hermosa Beach	CA	90254	(310) 376-3444
Feel Free and Fresh, LLC	2482 Nissen Drive	Livermore	CA	94551	(925) 344-3434
Little Engine Group, LLC	6695 E Pacific Coast Hwy, Ste 125	Long Beach	CA	90803	(562) 596-0203
AK Arabesque LLC	13050 San Vicente Blvd	Los Angeles	CA	90049	(310) 899-1109
Shep MDR, LLC	13400 W Washington Blvd, Ste 201	Marina Del Ray	CA	90292	(310) 301-6500
Prima Barre, LLC	177 Riverside Ave	Newport Beach	CA	92663	(949) 540-9307
Hella Barre, LLC	3298 Lakeshore Ave	Oakland	CA	94610	(510) 444-2276
High Seat, LLC	2180 W. Bayshore Rd	Palo Alto	CA	94303	(650) 329-8875
Bar Method Palos Verdes Peninsula, LLC	429 Silver Spur, Ste 2E	Palos Verdes Estates	CA	90274	(310) 265-0550
SE Barre LLC	32 Mills Place	Pasadena	CA	91105	(626) 844-7888
West and Liberty, LLC	3125 Rosecrans St, Ste B	San Diego	CA	92110	(619) 226-2301
Mirielle Roukoz	4464 Broad Street	San Luis Obispo	CA	93401	(310) 376-3444
High Seat, LLC	128 De Anza Blvd	San Mateo	CA	94402	(650) 573-3330
Akbarre LLC	1101 Anacapa St, Ste 150	Santa Barbara	CA	93101	(805) 697-6709
A Method To My Fitness, LLC	19375 Plum Canyon Rd	Santa Clarita	CA	91350	(661) 476-9137
AK Arabesque, LLC	11239 Ventura Boulevard	Studio City	CA	91604	(818) 985-5438

Franchisee	Street Address	City	State	Zip Code	Telephone Number
TBM Tracy, LLC	1900 W Grant Line Rd	Tracy	CA	95376	(925) 344-3434
Barre & Beyond LLC	5141 West Walnut Ave	Visalia	CA	93277	(559) 372-7103
Barre Belles, LLC	1946A Mount Diablo Blvd	Walnut Creek	CA	94596	(925) 933-1946
Bar Method of L.A., LLC	8416 W Third Street	West Hollywood	CA	90048	(323) 651-2226
Method to my Madness LLC	20929 Ventura Blvd, Ste 39	Woodland Hills	CA	91364	(818) 696-3580
Bar NALA LLC	800 Post Road	Darien	CT	06820	(203) 202-7975
Bar Fairfield, LLC	85 Mill Plain Road, Ste V	Fairfield	CT	06824	(203) 259-8825
SMD Ventures, LLC	5966 S Dixie Hwy, Unit 108	South Miami	FL	33143	(305) 668-7738
STUDIO 44 LLC	4102 W Boy Scout Blvd, Ste 1	Tampa	FL	33607	(813) 304-2644
Bar Method Central Florida, LLC	480 North Orlando Ave, Ste 132	Winter Park	FL	32789	(407) 539-0099
Olson Ventures, LLC	2758 King Street, Ste 2016	Honolulu	HI	96826	(808) 798-8449
G Barre 18 LLC	2112 S Michigan Ave	Chicago	IL	60616	(312) 877-5192
MLaine Bar Fitness LLC	1 East Delaware Place, Ste 208	Chicago	IL	60611	(312) 573-9150
STKO, LLC	600 Central Avenue, Suite 127	Chicago	IL	60035	(847) 432-9150
GLENVIEW415, LLC	301 N Happ Rd	Northfield	IL	60093	(415) 377-8804
Tall Bar, LLC	5215 W 116th Place	Leawood	KS	66211	(913) 339-9348
Taller Bar, LLC	4722 Rainbow Blvd	Westwood	KS	66205	(913) 499-1468
Baltimore Fitness Concepts, LLC	900 East Fort Avenue, Ste 107	Baltimore	MD	21230	(410) 929-4465
Barre Above, LLC	99 South St, 2nd Floor	Hingham	MA	02043	(781) 374-7174
Studio Be - Wellesley, LLC	66 Central Street, Suite 16	Wellesley	MA	02482	(781) 772-2110
Body By Bar, LLC	1048 Town and Country Crossing Dr	Town and Country	MO	63017	(636) 778-1819
JAXSIN LLC	80 Morristown Rd	Bernardsville	NJ	07924	(908) 766-4433
Bar Squared LLC	91 Vervalen Street	Closter	NJ	07624	(305) 668-7738
Barre Bell Works, LLC	101 Crawfords Corner Rd	Holmdel	NJ	07733	(732) 444-1832
This is Magic, LLC	14 Kings Road	Madison	NJ	07940	(973) 410-0550
The New Method Montclair, Inc.	493 Bloomfield Ave, 2nd Floor	Montclair	NJ	07042	(973) 783-1227

Franchisee	Street Address	City	State	Zip Code	Telephone Number
NSN GROUP LLC	712 Ginesi Drive	Morganville	NJ	07751	(732) 972-1537
The Ridgewood Bar Method, LLC	580 North Maple Ave	Ridgewood	NJ	07450	(201) 444-0300
The Bar Method Shrewsbury, LLC	170 Patterson Avenue	Shrewsbury	NJ	07702	(732) 747-3600
Summit Barre, LLC	7 Bank Street	Summit	NJ	07901	(908) 522-1550
Bar 908 Partners LLC	105 Elm Street	Westfield	NJ	07090	(908) 232-0746
Lindsay Glenn LLC	267 Pacific Street	Brooklyn	NY	11201	(718) 522-3350
Will Bar, LLC	97 North 10th Street, Ste 2B	Brooklyn	NY	11249	(202) 347-7999
BARRE HARBOR LLC	50 Stewart Ave	Huntington	NY	11743	(631) 923-1172
Bar NALA NYC, LLC	678 Broadway	New York	NY	10012	(646) 435-7938
Theresa Livingston Budd and Anthony Anselmo	134 Main St	Port Jefferson	NY	11777	(631) 828-1474
Foxes in Socks, LLC	250 S Service Rd	Roslyn Heights	NY	11576	(516) 484-0200
Melani Insko and Erik Insko	4810 Ashley Park Ln	Charlotte	NC	28210	(704) 900-5026
COURAGE FITNESS TRAINING, LLC	15780 Boones Ferry Road	Lake Oswego	OR	97034	(503) 305-5942
DBMovement, LLC	904 NW Hoyt Street	Portland	OR	97209	(503) 954-3811
Smooth As Cyle, LLC	10339 Perry Hwy	Wexford	PA	15090	(878) 332-8952
Dunn Barre, LLC	211 River Landing Dr, Suite D	Daniel Island	SC	29492	(843) 936-6141
Park Cities Barre LLC	5560 W Lovers Lane, Suite 243	Dallas	TX	75209	(214) 357-4444
The Firm Practice LLC	11661 Preston Rd, Ste 14	Dallas	TX	75230	(214) 792-9111
White Rock Lake Barre, LLC	718 N Buckner Blvd, #1606	Dallas	TX	75218	(214) 321-3988
Goodyra Productions, LLC	503 Westheimer Rd	Houston	TX	77006	(281) 974-4065
KJ Money Productions, LLC	12850 Memorial Dr, Ste. 1135	Houston	TX	77024	(281) 888-6266
DOBarre, LLC	4017 Preston Road, Ste 521	Plano	TX	75093	(972) 403-0503
The Little Method, LLC	2211 East Southlake Blvd, Ste 550	Southlake	TX	76092	(817) 329-0050
Six Goodies, LLC	1057 E 2100 S	Salt Lake City	UT	84106	(801) 485-4227
Barre Northwest, LLC	6726 Greenwood Ave N	Seattle	WA	98103	(206) 784-5100

As of December 31, 2024, there were no area development agreements in place.

**CURRENT FRANCHISEES**  
**THAT HAVE SIGNED A FRANCHISE AGREEMENT BUT NOT OPENED**

**As of December 31, 2024**

Franchisee	Street Address	City	State	Zip Code	Telephone Number	Signed but Not Open
Breathe, Stretch, Shake Barre, Inc.	50 Via Verona	Palm Beach Gardens	FL	33418	(914) 262-3214	Projected to open in Palm Beach Gardens, FL
Kathleen Karam and Christopher Karam	415 S Monroe Street	Hinsdale	IL	60521	(708) 261-1725	Projected to open in Hinsdale, IL
Nancy Chang	48 Kent St, Unit 6	Brookline	MA	02445	(617) 281-2725	Projected to open in TBD, MA
EAW BARRE LLC	60 Culberson Rd	Basking Ridge	NJ	07920	(908) 500-1928	Projected to open in Catalina Foothills, AZ
B BARRE NJ LLC	9 Farrand St	Bloomfield	NJ	07003	(973) 876-9692	Projected to open in Wayne, NJ
Barre NY North, Inc.	4 Oxford Rd	Holmdel	NJ	07733	(732) 939-5075	Projected to open in Mount Kisco, NY
Bar II Barre Bend, LLC	2294 NW Brickyard St	Bend	OR	97703	(503) 477-1766	Projected to open in TBD, OR
Sinduja Kannan	3029 Margarita Loop	Round Rock	TX	78665	(225) 329-6461	Projected to open in Round Rock, TX
Two Renew, LLC	493 S. Parkview Dr	Salt Lake City	UT	84054	(801) 784-2963	Projected to open in Salt Lake City, UT

As of December 31, 2024, there were no area development agreements in place.

## **EXHIBIT E**

### **LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**

**During the Year Ended December 31, 2024**

<b>Name</b>	<b>City</b>	<b>State</b>	<b>Phone</b>	<b>Reason</b>
Elevated Assets, LLC	Oakland	CA	(415) 956-0446	Termination
Bodies 360, LLC	San Diego	CA	(858) 382-4292	Termination <sup>1</sup>
Liremac Partners, LLC	Chatham	NJ	(908) 766-4433	Transfer
718 Bar, LLC	Brooklyn	NY	(415) 963-1593	Transfer
Chelsea Endeavors, Inc.	Garden City	NY	(929) 428-1076	Termination <sup>1</sup>
NW Barre LLC	Portland	OR	(503) 305-5942	Transfer
Three Barre Belles, LLC	Spokane	WA	(509) 534-3000	Non-Renewal

<sup>1</sup> Outlet unopened

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

**EXHIBIT F**

**FINANCIAL STATEMENTS AND AFFILIATE GUARANTY**

**SEB Franchising Guarantor LLC**  
**Financial Statements**  
**December 31, 2024 and 2023 and for the three years**  
**ended December 31, 2024**



# SEB Franchising Guarantor LLC

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December 31, 2024, 2023 and 2022

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## **Report of Independent Auditors**

To the Management and Board of Directors of Purpose Brands Intermediate LLC

### ***Opinion***

We have audited the accompanying financial statements of SEB Franchising Guarantor LLC (the "Company"), which comprise the balance sheet as of December 31, 2024, and the related statements of income (loss), member's equity and cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements").

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

### ***Basis for Opinion***

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

### ***Other Matter***

The financial statements of the Company as of December 31, 2023 and for the years ended December 31, 2023 and 2022 were audited by other auditors whose report, dated March 27, 2024, expressed an unmodified opinion on those statements.

### ***Responsibilities of Management for the Financial Statements***

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

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



### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

Minneapolis, Minnesota  
March 21, 2025

**SEB Franchising Guarantor LLC**  
**Balance Sheets**  
**December 31, 2024 and 2023**

---

	2024	2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Total assets	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
<b>Liabilities and Member's Equity</b>		
Member's equity	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Total liabilities and member's equity	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>

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

**SEB Franchising Guarantor LLC**  
**Statements of Income (Loss)**  
**Years Ended December 31, 2024, 2023 and 2022**

---

	2024	2023	2022
General and administrative expenses	\$ 9,750	\$ 597	\$ 1,035
Other income			
Interest income	<u>196,144</u>	<u>146</u>	<u>249</u>
Net income (loss)	<u>\$ 186,394</u>	<u>\$ (451)</u>	<u>\$ (786)</u>

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

**SEB Franchising Guarantor LLC**  
**Statements of Member's Equity**  
**Years Ended December 31, 2024, 2023 and 2022**

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	<b>Member's Equity</b>
<b>Balance at December 31, 2021</b>	\$ 5,000,021
Contributions	786
Net loss	(786)
<b>Balance at December 31, 2022</b>	<u>5,000,021</u>
Contributions	430
Net loss	(451)
<b>Balance at December 31, 2023</b>	<u>5,000,000</u>
Contributions	9,750
Distributions	(196,144)
Net income	186,394
<b>Balance at December 31, 2024</b>	<u><u>\$ 5,000,000</u></u>

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

**SEB Franchising Guarantor LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2024, 2023 and 2022**

---

	2024	2023	2022
<b>Cash flows used in operating activities</b>			
Net income (loss)	\$ 186,394	\$ (451)	\$ (786)
<b>Cash flows provided by financing activities</b>			
Contributions	9,750	430	786
Distributions	(196,144)	-	-
Net cash flows used in financing activities	(186,394)	430	786
Decrease in cash and cash equivalents	-	(21)	-
<b>Cash and cash equivalents</b>			
Beginning of year	5,000,000	5,000,021	5,000,021
End of year	\$ 5,000,000	\$ 5,000,000	\$ 5,000,021

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

# SEB Franchising Guarantor LLC

## Notes to Financial Statements

December 31, 2024, 2023 and 2022

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### 1. Nature of Business and Summary of Significant Accounting Policies

#### Nature of Business

SEB Franchising Guarantor LLC (the "Company") is a special purpose Delaware limited liability company and a direct, wholly-owned subsidiary of SEB Funding LLC, which is a direct, wholly-owned subsidiary of SEB SPV Guarantor LLC, which is a direct, wholly-owned subsidiary of Anytime Fitness, LLC, which is a direct, wholly-owned subsidiary of Self Esteem Brands, LLC, which is a direct, wholly-owned subsidiary of Purpose Brands Intermediate LLC, which is a direct, wholly-owned subsidiary of Purpose Brands Holdings LLC.

The Company guarantees the obligations of the franchising subsidiaries. The franchising subsidiaries include Anytime Fitness Franchisor LLC, OTF Franchisor LLC, Basecamp Fitness Franchisor LLC, The Bar Method Franchisor LLC and Waxing the City Franchisor LLC.

The activities of the Company are limited to:

- guaranteeing certain obligations of the franchising subsidiaries,
- holding the rights and obligations under certain accounts and other assets, including but not limited to any franchise capital accounts and
- entering into other transactions to which it is a party and undertaking any other activities related thereto.

#### Cash and Cash Equivalents

The Company maintains its cash in financial institutions which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant cash credit risk. The Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

#### Income Taxes

The Company is treated as a single member limited liability company (LLC) that is treated as a disregarded entity for tax purposes. As such, the Company's income, losses, and credits are included in the income tax returns of Purpose Brands Holdings LLC.

The Company has evaluated its tax positions and related income tax under the Financial Accounting Standards Board's (FASB) authoritative guidance *Accounting for Income Taxes*. No provision or liability for federal or state income taxes has been included in these financial statements. A provision has been made, however, for state minimum fees and other state taxes which are applicable to all entities.

The Company is not currently under examination by any taxing jurisdiction and management believes there are no uncertain income tax positions taken which would require the Company to reflect a liability for unrecognized tax positions. In the event of any future penalties or interest, the Company has elected to record interest and penalties as income tax expense on the Company's statements of income (loss).



# SEB Franchising Guarantor LLC

## Notes to Financial Statements

### December 31, 2024, 2023 and 2022

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#### **Fair Value Measurements**

The Company follows the provisions of FASB's authoritative guidance regarding *Fair Value Measurements*. This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy categorized into three levels based on the inputs used.

Generally, the three levels are as follows:

Level 1 Quoted prices in active markets for identical assets.

Level 2 Significant other observable inputs.

Level 3 Significant unobservable inputs.

The Company does not have any significant fair value measurements on a recurring or nonrecurring basis for the years ended December 31, 2024 and 2023.

The carrying amount of cash approximates fair value because of the short maturity of these instruments.

#### **Subsequent Events**

Subsequent events have been evaluated by management for recognition or disclosure through March 21, 2025, which is the date the financial statements were available to be issued.

## **2. Guarantees**

The Company established franchise capital accounts in which the Company maintains funds necessary to either provide a guarantee for franchising subsidiaries or to support any franchisor liquidity or net worth requirement, including in respect of eligibility for any exemptions applicable to franchisors or licensors of franchises under the applicable franchise laws. The Company may accept receipt of unrestricted funds credited to such franchise capital account by Anytime Fitness, LLC, deposit to the franchise capital account the proceeds of capital contributions made to such account, and disburse funds from the franchise capital account to fund any loan or advance made in accordance with the base indenture.

## **3. Contingencies**

#### **Legal**

The Company is subject to various claims, legal proceedings and investigations covering a wide range of matters that may arise in the ordinary course of business. Management believes the resolutions of claims and pending litigation will not have a material effect, individually or in the aggregate, on the financial statements of the Company.

#### **Concentration of Risk**

##### **Credit Risk**

Cash and cash equivalents are financial instruments, which potentially subject the Company to a concentration of credit risk. The Company maintains cash in major financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company maintains balances in excess of these limits, but does not believe that such deposits are subject to any unusual risk.

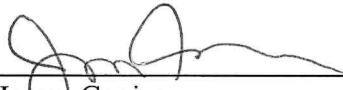
## GUARANTEE OF PERFORMANCE

For value received, **SEB Franchising Guarantor LLC**, a Delaware limited liability company (the “Guarantor”), located at 111 Weir Drive, Woodbury, Minnesota 55125, absolutely and unconditionally guarantees to assume the duties and obligations of **The Bar Method Franchisor LLC**, located at 111 Weir Drive, Woodbury, Minnesota 55125 (the “Franchisor”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement and Area Development Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement and Area Development Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement and Area Development Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement and Area Development Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Woodbury, Minnesota, on the 28 day of March 2025.

GUARANTOR:

SEB FRANCHISING GUARANTOR LLC

By:   
James Goniea  
Its: Secretary

# **Anytime Fitness, LLC and Subsidiaries**

**Consolidated Financial Statements**

**December 31, 2024 and 2023 and for the three  
years ended December 31, 2024**

# Anytime Fitness, LLC and Subsidiaries

## Index

December 31, 2024, 2023, and 2022

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## **Report of Independent Auditors**

To the Management and Board of Directors of Purpose Brands Intermediate LLC

### ***Opinion***

We have audited the accompanying consolidated financial statements of Anytime Fitness, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of comprehensive income, of changes in member's deficit and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Other Matter***

The consolidated financial statements of the Company as of December 31, 2023 and for the years ended December 31, 2023 and 2022 were audited by other auditors whose report, dated March 27, 2024, expressed an unmodified opinion on those statements.

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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



### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

A stylized, handwritten-style signature of "PricewaterhouseCoopers LLP" in black ink.

Minneapolis, Minnesota  
March 21, 2025

**Anytime Fitness, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2024 and 2023**

(in thousands of US dollars)

	2024	2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 9,591	\$ 6,352
Restricted cash	6,641	6,767
Accounts receivable, net of allowance for credit losses	18,873	9,518
Vendor rebates receivable	6,122	5,423
Due from related parties	461	162
Inventory	9,105	4,683
Prepaid expenses	10,673	5,639
Other current assets	4,354	122
Deferred costs, current portion	2,073	353
Total current assets	<u>67,893</u>	<u>39,019</u>
Property and equipment, net	<u>2,965</u>	<u>3,477</u>
Other assets		
Operating lease right-of-use assets	2,575	3,781
Intangible assets, net of accumulated amortization	1,693	2,153
Software development and license costs, net of accumulated amortization	27,385	17,338
Goodwill	127	141
Other assets	2,889	175
Deferred costs, net of current portion	5,592	1,150
Total other assets	<u>40,261</u>	<u>24,738</u>
Total assets	<u>\$ 111,119</u>	<u>\$ 67,234</u>
<b>Liabilities and Member's Deficit</b>		
Current liabilities		
Current maturities of long-term debt	\$ 7,238	\$ 3,638
Current maturities of operating lease liabilities	946	989
Accounts payable	8,536	6,008
Accrued expenses and other current liabilities	8,711	2,398
Due to related parties	30	139
Deferred revenue, current portion	17,401	10,017
Total current liabilities	<u>42,862</u>	<u>23,189</u>
Long-term liabilities		
Long-term debt, net of current maturities and financing costs	955,589	475,111
Operating lease liabilities, net of current maturities	1,927	3,222
Deferred revenue, net of current portion	59,750	34,321
Total long-term liabilities	<u>1,017,266</u>	<u>512,654</u>
Total liabilities	<u>1,060,128</u>	<u>535,843</u>
Member's deficit		
Member's deficit	(949,044)	(468,645)
Accumulated other comprehensive income	35	36
Total member's deficit	<u>(949,009)</u>	<u>(468,609)</u>
Total liabilities and member's deficit	<u>\$ 111,119</u>	<u>\$ 67,234</u>

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

# Anytime Fitness, LLC and Subsidiaries

## Consolidated Statements of Comprehensive Income

### Years Ended December 31, 2024, 2023 and 2022

(in thousands of US dollars)

	2024	2023	2022
<b>Revenues</b>			
Franchise royalties	\$ 145,245	\$ 61,387	\$ 58,105
Franchise fees	20,063	14,390	11,096
Sales	78,248	41,857	42,586
Advertising fund revenue	16,379	17,607	17,531
Vendor rebates	55,950	47,825	42,115
Other revenues	1,124	1,016	700
Total revenues	317,009	184,082	172,133
Cost of goods sold	43,354	18,835	18,554
Gross profit	273,655	165,247	153,579
General and administrative expenses	89,493	64,416	48,492
Advertising fund expense	16,638	18,948	16,682
Total general, administrative, and advertising fund expense	106,131	83,364	65,174
Income from operations	167,524	81,883	88,405
<b>Other (expense) income</b>			
Interest expense	(53,325)	(26,161)	(26,207)
Other income	1,046	493	10
Other expense	(2,635)	(1,907)	(1,499)
Gain (loss) on sale or closure of fitness center operations	481	-	(4)
Total other (expense) income, net	(54,433)	(27,575)	(27,700)
Net income	113,091	54,308	60,705
<b>Other comprehensive income</b>			
Foreign currency translation adjustments	(1)	(4)	(14)
Comprehensive income	\$ 113,090	\$ 54,304	\$ 60,691

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



**Anytime Fitness, LLC and Subsidiaries**  
**Consolidated Statements of Changes in Member's Deficit**  
**Years Ended December 31, 2024, 2023 and 2022**

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	Member's Deficit	Other Comprehensive Income (Loss)	Total Member's Deficit
<i>(in thousands of US dollars)</i>			
<b>Balances at December 31, 2021</b>	\$ (469,950)	\$ 53	\$ (469,897)
Contributions	1	-	1
Distributions	(53,469)	-	(53,469)
Net income	60,705	-	60,705
Foreign currency translation adjustments	-	(14)	(14)
<b>Balances at December 31, 2022</b>	(462,713)	39	(462,674)
Contributions	1,029	-	1,029
Distributions	(61,268)	-	(61,268)
Net income	54,307	-	54,307
Foreign currency translation adjustments	-	(3)	(3)
<b>Balances at December 31, 2023</b>	(468,645)	36	(468,609)
Contributions	6,929	-	6,929
Distributions	(600,419)	-	(600,419)
Net income	113,091	-	113,091
Foreign currency translation adjustments	-	(1)	(1)
<b>Balances at December 31, 2024</b>	<u>\$ (949,044)</u>	<u>\$ 35</u>	<u>\$ (949,009)</u>

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

# Anytime Fitness, LLC and Subsidiaries

## Consolidated Statements of Cash Flows

### Years Ended December 31, 2024, 2023 and 2022

(in thousands of US dollars)

	2024	2023	2022
<b>Cash flows from operating activities</b>			
Net income	\$ 113,091	\$ 54,308	\$ 60,705
Adjustments to reconcile net income to net cash flows from operating activities			
Depreciation and amortization	13,831	6,125	2,705
Amortization of debt issuance costs, included in interest expense	3,970	1,740	1,740
Loss on sale of property and equipment	-	112	2
(Gain) loss on sale or closure of fitness center operations	(481)	-	4
Operating right-of-use assets and operating lease liabilities, net	(107)	(58)	130
Changes in assets and liabilities			
Accounts receivable, net	(2,966)	(1,398)	1,000
Vendor rebates receivable	(699)	(944)	(726)
Due from related parties	(299)	333	(61)
Inventory	(1,831)	(552)	(676)
Prepaid expenses and other assets	(6,035)	1,984	(2,196)
Deferred costs	2,083	302	76
Accounts payable and other accrued expenses	1,226	4,001	(1,076)
Due to related parties	(109)	(253)	142
Deferred revenue	5,154	1,004	2,545
Net cash flows provided by operating activities	126,828	66,704	64,314
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	(591)	(1,407)	(1,898)
Proceeds from sale of property and equipment	525	-	13
Cash acquired in common control transaction	2,172	-	-
Purchases of software development and license costs	(6,847)	(8,654)	(7,472)
Purchases of trademarks	(20)	(29)	(28)
Net cash flows used in investing activities	(4,761)	(10,090)	(9,385)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of long-term debt	524,000	-	-
Principal payments on long-term debt	(29,000)	-	(1,213)
Financing costs related to issuance of long-term debt	(14,892)	-	-
Cash contributions	-	-	1
Distributions paid to member	(599,060)	(60,125)	(53,469)
Net cash flows used in financing activities	(118,952)	(60,125)	(54,681)
Effect of exchange rate on cash flows, net	(2)	(4)	(13)
Net increase (decrease) in cash, cash equivalents and restricted cash	3,113	(3,515)	235
<b>Cash, cash equivalents and restricted cash</b>			
Beginning of year	13,119	16,634	16,399
End of year	\$ 16,232	\$ 13,119	\$ 16,634
<b>Supplemental disclosures of cash flow information</b>			
Cash paid for interest	\$ 52,480	\$ 24,419	\$ 24,488
<b>Supplemental schedule of noncash investing and financing activities</b>			
Right-of-use assets acquired under operating leases	\$ -	\$ 1,569	\$ 975
Distributions of software development to member	-	1,143	-
Contribution of net liabilities from member	(3,531)	-	-
Contributions of intangible assets	13	2	-
Contributions of software development and license costs	6,916	1,027	-

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

# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

#### **1. Nature of Business and Summary of Significant Accounting Policies**

##### **Nature of Business**

Anytime Fitness, LLC ("Anytime Fitness") was originally formed as a corporation in February 2002. On December 11, 2009, Anytime Fitness elected to change the legal form of its business to a limited liability company (LLC). Anytime Fitness is a direct, wholly owned subsidiary of Self Esteem Brands, LLC ("SEB"). SEB is a wholly owned subsidiary of Purpose Brands Intermediate LLC ("PBI"), which is a direct, wholly owned subsidiary of Purpose Brands Holdings LLC ("PBH").

Anytime Fitness operates corporate-owned 24-hour fitness centers. These fitness centers are subject to the same fee structure as other franchisees.

Anytime Fitness has a master franchise agreement with a related party which allows the master to franchise and operate Anytime Fitness centers in Spain. Anytime Fitness collects various recurring and nonrecurring fees from this master franchisee.

##### **Subsidiary Operations**

SEB SPV Guarantor LLC ("SEB SPV") is a direct, wholly owned subsidiary of Anytime Fitness. SEB SPV and its subsidiaries were formed during 2021 in connection with the SEB securitization transaction. SEB SPV is the holding company of and guarantees the obligations of SEB Funding LLC ("SEB Funding or Issuer").

SEB Funding is a direct, wholly owned subsidiary of SEB SPV. SEB Funding is the sole member of SEB Franchising Guarantor LLC, Healthy Contributions SPV LLC, PV Distribution LLC, SEB Distribution SPV LLC, and SEB Systems LLC. SEB Funding is the Issuer of the Series 2021-1 and the Series 2024-1 Notes (Note 5).

SEB Systems LLC ("SEB Systems") comprises the operations of its direct, wholly owned subsidiaries (collectively, the "franchising entities"): Anytime Fitness Franchisor LLC, OTF Franchisor LLC, Waxing the City Franchisor LLC, Basecamp Fitness Franchisor LLC, and The Bar Method Franchisor LLC. The franchising entities are the franchisors of fitness centers, fitness studios, and waxing studios in the United States and in certain cases, internationally.

Anytime Fitness Franchisor LLC ("Anytime Fitness Franchisor") franchises the right to open, operate, and manage fitness centers in the United States and internationally. Franchisees pay Anytime Fitness Franchisor an initial franchise fee to acquire the franchise. Anytime Fitness Franchisor has various initial and ongoing obligations to franchisees, including training. During the term of the franchise agreement, franchisees pay royalties in amounts that vary according to the franchise agreement.

Anytime Fitness Franchisor also has master franchise agreements with entities that allow the master franchisees to franchise and operate Anytime Fitness centers in various international jurisdictions. Anytime Fitness Franchisor collects an initial master franchise fee and various recurring and nonrecurring fees from the master franchisee.

OTF Franchisor, LLC ("OTF Franchisor" or "OTFF") franchises the right to open, operate, and manage Orangetheory health and fitness studios. Franchisees pay OTF Franchisor an initial franchise fee to acquire the franchise. OTF Franchisor has various initial and ongoing obligations to franchisees, including training. During the term of the franchise agreement, franchisees pay royalties in amounts that vary according to the franchise agreement.

# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

OTF Franchisor provides its franchisees, regional operators (“Area Representatives”), and international master franchisees the ability to develop and operate Orangetheory health and fitness studios under a comprehensive system.

Waxing the City Franchisor LLC (“Waxing the City Franchisor”) franchises the right to open, operate, and manage a business that offers a studio experience focused on facial and body waxing and the sale of related products or services in the United States. Franchisees pay Waxing the City Franchisor an initial franchise fee to acquire the franchise. During the term of the franchise agreement, franchisees pay royalties in amounts that vary according to the franchise agreement.

Basecamp Fitness Franchisor LLC (“Basecamp Fitness Franchisor”) franchises the right to open, operate, and manage fitness studios in the United States and internationally. Franchisees pay Basecamp Fitness Franchisor an initial franchise fee to acquire the franchise. During the term of the franchise agreement, franchisees pay royalties in amounts that vary according to the franchise agreement.

Basecamp Fitness Franchisor operates internationally as Sumhiit Fitness. Basecamp Fitness Franchisor has a master franchise agreement with an entity that allows the master franchisee to franchise and operate Sumhiit Fitness studios in an international jurisdiction. Basecamp Fitness Franchisor collects an initial master franchise fee and various recurring and nonrecurring fees from the master franchisee.

The Bar Method Franchisor LLC (“Bar Method Franchisor”) franchises the right to open, operate, and manage fitness studios in the United States and internationally. Franchisees pay Bar Method Franchisor an initial franchise fee to acquire the franchise. During the term of the franchise agreement, franchisees pay royalties in amounts that vary according to the franchise agreement.

The Bar Method Franchisor also has a master franchise agreement with an entity that allows the master franchisee to franchise and operate Bar Method fitness studios in an international jurisdiction. Bar Method Franchisor collects an initial master franchise fee and various recurring and nonrecurring fees from the master franchisee.

Waxing the City Worldwide, LLC, Basecamp Fitness, LLC, and The Bar Method Franchising, LLC, affiliates of the Company, operate corporate-owned studios that are subject to the same fee structures as other franchisees.

SEB Franchising Guarantor LLC guarantees the obligations of the franchising entities.

OTF Product Sourcing LLC (“OTFPS”) sells fitness equipment, fitness related wearable technology and accessories, and other retail products to OTF Franchisor’s franchisees.

PV Distribution LLC (“PV Distribution”) provides managed technology services, including surveillance and security system setup and access control systems for Purpose Brands franchise businesses and commercial customers.

SEB Distribution SPV LLC (“SEB Distribution”) procures, holds, and distributes inventory and supplies to Purpose Brands franchise businesses.

# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

Healthy Contributions SPV LLC ("Healthy Contributions") is a billing processing company that assists in the transfer, processing, and distribution of funds and data for various fitness incentive programs.

Anytime Fitness Enterprises, LLC, a subsidiary of Anytime Fitness, is lessee of certain lease agreements for Anytime Fitness corporate-owned fitness centers.

Anytime Fitness China Holding ("Hong Kong"), Ltd., a subsidiary of Anytime Fitness, is a foreign holding company set up to hold assets and operations in China.

#### **Basis of Presentation**

The consolidated financial statements include the accounts of Anytime Fitness, LLC and its subsidiaries (collectively, the "Company") and are prepared in accordance with accounting principles generally accepted in the United States of America. All significant intercompany balances and transactions are eliminated in consolidation.

On April 2, 2024 ("transaction date"), Anytime Worldwide, LLC ("AWW"), the indirect parent company of the franchisors of the Anytime Fitness, Waxing the City, Basecamp and Bar Method brands, entered into a transaction agreement (Note 5) with Ultimate Fitness Holdings, LLC ("UFH"), the ultimate indirect parent company of the franchisor of the Orangetheory Fitness brand, and PBH. Upon closing of the transaction, AWW and UFH each contributed all of the equity interests in each of their respective subsidiaries to PBH, resulting in AWW and UFH each owning fifty percent (50%) of the total outstanding equity interests in PBH, and PBH contributed such equity interests to PBI, resulting in PBI becoming the direct or indirect parent company of AWW's and UFH's respective subsidiaries, including Anytime Fitness. In conjunction with closing of this transaction, OTF Franchisor and OTFPS were contributed to Anytime Fitness and ultimately to SEB Systems, becoming an indirect subsidiary of Anytime Fitness (Note 5).

In accordance with ASC 805, Business Combinations, the Company has elected not to apply pushdown accounting and has prepared the financial statements on a historical basis. The acquisition of OTFF and OTFPS to Anytime Fitness has been accounted for as a business combination between entities under common control and thus, there was no step up to fair value. The results for this transfer are included in the Company's results of operations from April 2, 2024, the date of common control.

#### **Use of Estimates**

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly assesses these estimates and, while actual results could differ, management believes that the estimates are reasonable.

#### **Cash and Cash Equivalents**

The Company maintains its cash in financial institutions which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant cash credit risk. The Company considers all highly liquid

# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

#### **Restricted Cash**

Restricted cash consists of franchisee contributions held in a general advertising and marketing fund. The use of the cash is restricted to advertising and marketing expenditures, as defined. Restricted cash has been combined with cash and cash equivalents when reconciling the beginning and end of period balances in the consolidated statements of cash flows.

#### **Accounts Receivable and Allowance for Credit Losses**

Accounts receivable consists primarily of franchise fees, royalty fees, and trade receivables that develop in the normal course of business. It is the policy of management to review the outstanding accounts receivable at year end for any expected losses, as well as bad debt expenses in the past, and establish an allowance for credit losses for uncollectible amounts, if necessary. The allowance for credit losses was \$1,801 and \$165 for the years ended December 31, 2024 and 2023, respectively. Accounts receivable is considered past due if any portion of the receivable balance is outstanding past the due date established by the Company.

#### **Inventory Valuation**

Inventory consists of finished goods and is primarily comprised of equipment, studio supplies, retail products, and technology hardware. Inventories are carried at the lower of cost or net realizable value, and cost is determined using the first-in, first-out (FIFO) method. Management performs periodic assessments to determine the existence of obsolete, slow-moving, and nonsaleable inventories and records necessary provisions to reduce such inventories to net realizable value.

#### **Prepaid Expenses**

Prepaid expenses primarily consist of payments made in advance for goods and services to be received in future periods. As of December 31, 2024 and 2023, prepaid expenses include prepaid interest, prepaid inventory, and other operating prepaid expenses that can be amortized over time. Prepaid expenses are recognized as current assets and amortized over the periods in which the related benefits are realized.

#### **Property and Equipment and Depreciation Methods**

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The estimated useful lives for furniture, equipment, and auto and trucks are 5 to 7 years. Depreciation of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements.

#### **Business Combinations**

The Company accounts for business combinations using the acquisition method of accounting, which requires that the assets acquired and the liabilities assumed are measured at fair value at the date of acquisitions. The purchase price of the acquisitions is allocated to the assets acquired including amortizable intangible assets and the liabilities assumed in the amounts equal to the estimated fair value of each asset and liability. Any excess of purchase price over fair value of net

# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

assets is recorded as goodwill. This allocation process requires use of estimates and assumptions, including estimates of future cash flows to be generated by the acquired assets. The Company applies the business combination guidance for acquisitions which meet the definition of a business in accordance with the revised guidance in ASU 2017-01, Business Combinations, which clarifies the definition of a business.

#### **Impairment of Long-Lived Assets, Goodwill, and Intangible Assets**

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations accounted for under the acquisition method. On January 1, 2024, the Company adopted Financial Accounting Standards Update (ASU) No. 2014-02, Accounting for Goodwill, which allows entities to elect to amortize goodwill on an entity-wide or a reporting unit level over 10 years, or a shorter period if determined that another useful life is more appropriate. Amortization expense for the year ended December 31, 2024 amounted to \$14.

The Company is required to test goodwill for impairment only when a triggering event occurs that indicates the fair value of the Company may be below its carrying amount. Factors that could trigger an impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant change in the manner of use of the acquired assets, or the Company's overall business and significant negative industry or economic trends. No triggering events were identified in the years ended December 31, 2024, 2023 and 2022.

The Company paid and capitalized fees for the development of trademarks. These trademarks are amortized on the straight-line method over fifteen years. Trademarks acquired in a business combination are determined to have indefinite lives, therefore the Company does not amortize, but tests them annually for impairment. Franchise rights are amortized on a straight-line method over the remaining term of the franchise agreement. Noncompete agreements are amortized on a straight-line method over three years.

The Company incurs costs related to internally developed software. Generally accepted accounting principles authorize software to be capitalized once technical feasibility has been established. Technical feasibility is established when the developer completes all the planning, designing, coding, and testing activities necessary to determine that the product can be produced according to its design specifications. These costs are amortized on the straight-line method over three years.

The Company accounts for cloud computing arrangements (arrangements that include software as a service, platform as a service, infrastructure as a service, and other similar hosting arrangements) that contain a software license element as software costs. As such, these costs are amortized as internally developed software on the straight-line method over three years.

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future forecasted net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the discounted cash flows or appraised values, depending upon the nature of the assets. No such impairment charges were recognized for the years ended December 31, 2024, 2023 and 2022.

# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

#### **Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities as of December 31, 2024 and 2023 consist of sales tax payables, customer deposits, and accruals for general operating and payroll related expenses. Accrued expenses are recognized when obligations are incurred, even if not yet invoiced, and are settled in the normal course of business.

#### **Income Taxes**

The Company is treated as a single member limited liability company (LLC) that is treated as a disregarded entity for tax purposes. As such, the Company's income, losses, and credits are included in the income tax returns of Purpose Brands Holdings LLC.

The Company has evaluated its tax positions and related income tax under the Financial Accounting Standards Board's (FASB) authoritative guidance *Accounting for Income Taxes*. Management believes that since the Company is taxed as an LLC, there is not a significant impact on the Company as a result of implementing this standard. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements. A provision has been made, however, for state minimum fees and other state taxes which are applicable to all entities.

The Company recognizes the effect of uncertain income tax positions only if those positions are more likely than not of being sustained. The Company is not currently under examination by any taxing jurisdiction and management believes there are no uncertain income tax positions taken which would require the Company to reflect a liability for unrecognized tax positions. The periods subject to examination are tax years subsequent to 2020. In the event of any future penalties or interest, the Company has elected to record interest and penalties as income tax expense on the Company's consolidated statements of comprehensive income. The

#### **Revenue From Contracts with Franchisees and Members**

##### ***Revenue Recognition Significant Accounting Policies Under ASC 606***

The Company's revenues are comprised of franchise royalties, advertising fund contributions, initial franchise fees, area development fees, master franchise fees, transfer and renewal fees, corporate-owned fitness center sales, vendor rebates, managed technology services, product and equipment sales, and other revenues.

##### ***Franchise Revenue***

Franchise revenues consist primarily of franchise royalties, franchise fees, advertising fund contributions, and consumer fitness, health, and wellness applications. Franchise fees consist of initial franchise fees, area development agreement ("ADA") fees, master franchise fees, area representative fees, and transfer and renewal fees.

The Company's primary performance obligation under the franchise agreement is granting certain rights to use the Company's intellectual property over the term of each agreement. The Company has certain pre-opening services, including training and construction management, that are provided as part of the franchise agreement. These pre-opening activities are considered distinct from the franchise license and are therefore recognized upon opening of the franchise.

The Company has elected the FASB's practical expedient related to pre-opening activities and does not analyze each separate activity as its own distinct performance obligation. The franchise fees remaining after any pre-opening performance obligations have been satisfied are recognized on a straight-line basis over the term of the respective agreement.



# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

Franchise royalties, consumer fitness, health, and wellness application fees, and advertising fund contributions are collected as defined in the terms of the franchise agreements. Under the Company's franchise agreements, advertising fund contributions paid by franchisees must be spent on advertising, marketing, and related activities. Initial, ADA, master, and renewal franchise fees are payable by the franchisee upon signing a new franchise agreement, and transfer fees are paid to the Company when one franchisee transfers a franchise agreement to a different franchisee.

#### **Vendor Rebates**

The Company recognizes vendor rebate income from franchisees' use of certain preferred vendor arrangements. Vendor rebates are recognized when franchisees purchase services or equipment from preferred vendors and the collectability from the vendor is reasonably assured.

#### **Corporate-Owned Fitness Center Sales**

Members are offered multiple membership choices varying in length. Membership dues are earned and recognized over the membership term on a straight-line basis. Personal training and class package revenue is recognized at the time the service is performed or class used, respectively. Revenue from prepayments of personal training or packages of sessions are deferred until the sessions are used or expire. Corporate-owned fitness center sales is included within sales on the consolidated statements of comprehensive income.

#### **Sales**

The Company sells fitness equipment, studio supplies, retail products, and technology hardware purchased from third party manufacturers to franchisees and consumers.

For fitness equipment and managed technology and security equipment sales, revenue is recognized upon transfer of control of ordered items, generally upon delivery to the customer and assembly or installation of the equipment in the club or studio location. Franchisees are also charged for all freight and installation costs incurred for the delivery and installation of equipment. Freight and installation revenue is recorded within sales and freight and installation costs are recorded within cost of goods sold on the consolidated statements of comprehensive income.

For studio supplies, retail products, and technology hardware sales, revenue is generally recognized upon shipment, when legal title is transferred. The Company offers a warranty on certain technology hardware for defective items.

#### **Technology Fees**

Technology fees are for software licenses and other technology provided to clubs and studios. Technology fees cover the development or purchase of software licenses or sublicenses that franchisees must use in the operation of their club or studio. Technology fee revenue is billed and recognized monthly when services are rendered. Technology fees are recorded within franchise royalties on the consolidated statements of comprehensive income.

#### **Other Revenues**

Other revenue consists of contracts with customers for use of the Company's trademarks and intellectual property rights, health insurance reimbursement processing fees, training and coaching fees, online membership fees, and optional local advertising which is separate from the advertising fund described below. Other revenue is recognized monthly when the Company bills the franchisee or when services are rendered.

# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

#### ***Disaggregation of Revenues***

Current accounting standards require that companies disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The Company has included its revenues disaggregated in its consolidated statements of comprehensive income to satisfy this requirement.

#### ***Taxes Collected and Remitted to Government Authorities***

The Company may be required to collect and remit taxes on taxable transactions from customers related to certain taxing authorities based on a percentage of revenue. As the Company is acting as a collection agent with respect to these taxes, these amounts are not included in revenues and are recorded in accrued expenses and other current liabilities on the consolidated balance sheets.

#### ***Deferred Revenue***

Deferred revenue from initial franchise fees, ADA fees, area representative fees, master franchise fees, and renewal and transfer fees is collected up front and is generally recognized on a straight-line basis over the term of the underlying franchise agreement, net of any performance obligations which have been satisfied. Also included in deferred revenue are corporate-owned fitness center and online membership fees, equipment and installations fees, and pre-paid personal training sessions. The Company classifies these contract liabilities as deferred revenue in the consolidated balance sheets.

#### ***Deferred Costs***

The Company defers incremental costs associated with franchise sales facilitated by Area Representatives. These costs are recognized as commission expense over the term of the agreement as services required by the Company are performed. Incremental costs primarily relate to a portion of initial franchise fees received from new franchisees which are due to the Area Representative under the terms of the agreement. The Company also has deferred compensation and brokerage commission costs resulting from the sales of initial franchises, ADA, and master franchises. These deferred compensation and brokerage commissions are generally recognized on a straight-line basis over the term of the underlying franchise agreement. The Company classifies these contract assets as deferred costs in the consolidated balance sheets.

#### ***Advertising Fund***

The Company has advertising funds for the creation and development of marketing, advertising, and related programs and materials for fitness centers located in the United States. On behalf of the advertising fund, the Company collects advertising fees from franchisees, in accordance with the provisions of the franchise agreements. The use of amounts received by the advertising fund is restricted to advertising, product development, public relations, and administrative expenses. The Company consolidates and reports all assets and liabilities held by the advertising fund within the consolidated financial statements. Amounts received or receivable by advertising funds are reported as restricted assets within current assets on the consolidated balance sheets. The Company records all revenues of the advertising fund, except those discussed below, within franchise revenue and all expenses of the advertising fund, except those discussed below, within the operating expenses on the consolidated statements of comprehensive income. The Company provides administrative services to the advertising fund and charges the advertising fund a fee for providing those services.

# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

Included in the advertising fund are fees collected from franchisees related to continuing engagement credits. These funds are used by the Company at its discretion on behalf of the Anytime Fitness brand and its franchisees. These revenues and expenses are included in other revenues and general and administrative expenses, respectively, on the consolidated statements of comprehensive income.

#### **Shipping and Delivery Costs**

The Company records costs related to shipping and delivery in cost of goods sold.

#### **Cost of Goods Sold**

Cost of goods sold primarily includes the direct costs associated with equipment sales, including freight costs, to new and existing franchisee-owned clubs and studios in the U.S and internationally. Our cost of revenue changes primarily based on equipment sales volume.

#### **Conference**

The Company hosts a conference every other year and encourages all franchisees to attend this meeting. Since the Company is not in the business of hosting conferences, the Company records the receipts and expenses as net expense in general and administrative expenses on the consolidated statements of comprehensive income.

#### **Debt Issuance Costs**

The Company defers debt issuance costs, which consist primarily of bank and legal fees. Such costs are related to the note payable and revolving credit facility as described in Note 5 and are amortized over the terms of the facilities using the effective interest rate method. Unamortized deferred financing costs related to term debt are recorded as a direct deduction from the carrying value of the associated debt liability, while unamortized deferred financing costs related to revolving credit facilities are recorded as noncurrent assets unless the original commitment is for less than one year.

#### **Advertising Costs**

Advertising costs associated with solicitation of new franchisees are expensed as incurred. Advertising costs totaled \$1,126, \$1,442 and \$1,240 for the years ended December 31, 2024, 2023 and 2022, respectively.

#### **Fair Value Measurements**

The Company follows the provisions of FASB's authoritative guidance regarding *Fair Value Measurements*. This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy categorized into three levels based on the inputs used.

Generally, the three levels are as follows:

- Level 1      Quoted prices in active markets for identical assets.
- Level 2      Significant other observable inputs.
- Level 3      Significant unobservable inputs.

# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximates fair value because of the short maturity of these instruments. See Note 5 for fair value of long-term debt obligations.

#### **Leases**

The Company leases various facilities. For any lease with an initial term in excess of 12 months, the related leased asset and liability are recognized on the consolidated balance sheets as operating leases at the inception of an agreement where it is determined that a lease exists. The Company has elected to exclude short-term leases for all classes of underlying assets from consolidated balance sheets recognition. A lease is considered to be short-term if it contains a lease term of 12 months or less. Lease expense related to short term leases is recognized on a straight-line basis over the term of the lease. The Company may enter into leases that contain both lease and nonlease components. The Company has elected to not combine lease and nonlease components for all asset classes.

Operating lease assets are included in operating lease right-of-use ("ROU") assets. ROU assets represent the right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the related operating lease. These assets and liabilities are recognized based on the present value of future payments over the lease term at the commencement date. The Company uses the incremental borrowing rate for all classes of underlying assets as the discount factor.

#### **Comprehensive Income**

The Company's comprehensive income for the years ended December 31, 2024, 2023 and 2022 consists of net income and currency translation adjustments.

#### **Subsequent Events**

Subsequent events have been evaluated by management for recognition or disclosure through March 21, 2025, which is the date the consolidated financial statements were available to be issued.

## **2. Related Party Transactions**

#### **Due From Related Parties**

At December 31, 2024 and 2023 the Company had receivables from entities related by common ownership in the amount of \$461 and \$162, respectively. The receivables are due on demand.

#### **Due to Related Parties**

At December 31, 2024 and 2023 the Company had payables to entities related by common ownership in the amount of \$30 and \$139, respectively. The payables are due on demand.

During the years ended December 31, 2024, 2023 and 2022, Anytime Fitness received an allocation of payroll and related expenses from SEB, an entity under common control. These payroll costs represent services provided by shared employees whose responsibilities support multiple entities within the corporate group. The allocation methodology is based on management's estimate of time and resources dedicated to the Company's operations. For the years ended December 31, 2024, 2023 and 2022, the Company recorded \$32,808, \$31,553, and \$26,089, respectively, in payroll and related expenses allocated from SEB, which is included in general and administrative expenses in the consolidated statements of comprehensive income. Management

# Anytime Fitness, LLC and Subsidiaries

## Notes to Consolidated Financial Statements

### December 31, 2024, 2023 and 2022

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*(in thousands of US dollars)*

believes that the allocation methodology is reasonable based on the nature of shared services; however, these transactions are not necessarily indicative of amounts that would have been incurred if the Company operated on a standalone basis.

### 3. Property and Equipment

Property and equipment is composed of the following at December 31:

	2024	2023
<b>Property and equipment</b>		
Leasehold improvements	\$ 5,607	\$ 5,777
Equipment	3,960	3,572
Fitness equipment	2,507	2,757
Autos and trucks	309	309
Furniture and equipment	390	397
Construction in progress	58	35
Total property and equipment	12,831	12,847
Less: Accumulated depreciation	(9,866)	(9,370)
Property and equipment, net	\$ 2,965	\$ 3,477

Depreciation expense for the years ended December 31, 2024, 2023, and 2022 amounted to \$1,016, \$935, and 900, respectively.

# Anytime Fitness, LLC and Subsidiaries

## Notes to Consolidated Financial Statements

### December 31, 2024, 2023 and 2022

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(in thousands of US dollars)

#### 4. Intangible Assets, Software Development, and License Costs

Intangible assets, software development, and license costs consist of the following at December 31:

	2024	2023
Amortizable trademarks	\$ 435	\$ 401
Franchise rights	1,655	1,655
Noncompete agreements	66	66
Less: Accumulated amortization	<u>(1,590)</u>	<u>(1,097)</u>
Amortizable intangible assets, net	566	1,025
Nonamortizable trademarks and trademarks in progress	<u>1,127</u>	<u>1,128</u>
Intangible assets, net	<u>\$ 1,693</u>	<u>\$ 2,153</u>
Amortizable software development and license costs	\$ 44,733	\$ 23,348
Less: Accumulated amortization	<u>(18,835)</u>	<u>(6,533)</u>
Amortizable software development and license costs,	25,898	16,815
Software development in progress	<u>1,487</u>	<u>523</u>
Software development and license costs, net	<u>\$ 27,385</u>	<u>\$ 17,338</u>

Amortization expense for the years ended December 31, 2024, 2023, and 2022 amounted to \$12,801, \$5,190, and \$1,805, respectively.

Future amortization of intangible assets, software development, and license costs is as follows:

	Amount
<b>Year Ending December 31,</b>	
2025	\$ 14,547
2026	8,945
2027	2,781
2028	42
2029	42
Thereafter	<u>107</u>
	<u>\$ 26,464</u>

# Anytime Fitness, LLC and Subsidiaries

## Notes to Consolidated Financial Statements

### December 31, 2024, 2023 and 2022

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(in thousands of US dollars)

#### 5. Long-Term Debt

##### Securitization

On November 24, 2021, the Issuer entered into a securitization transaction pursuant to which various direct and indirect subsidiaries of SEB contributed nearly all vendor rebate agreements, existing and future franchise agreements, development agreements, and substantially all franchising and licensing activities to the Company. Since the Issuer and all subsidiaries are under common control, the contributions were recorded at book value.

On April 2, 2024, the Issuer's parent company entered into a merger transaction pursuant to which various direct and indirect subsidiaries of the merged company were contributed to the Securitization. Since the Issuer and all subsidiaries are under common control, the contributions were recorded at book value. The net book value of the assets and liabilities contributed are summarized below as of April 2, 2024:

Cash and cash equivalents	\$	2,172
Accounts receivable		6,389
Inventory		2,591
Prepaid expenses and other assets		5,956
Deferred costs		8,245
Intangible assets and software development costs		8,592
Accounts payable		(3,497)
Accrued expenses and other current liabilities		(4,118)
Deferred revenue		(27,689)
Net liabilities contributed	\$	<u>(1,359)</u>

The Issuer, its direct parent, as well as the Issuer's direct and indirect subsidiaries, except SEB Franchising Guarantor LLC, (collectively, the Purpose Brands Securitization Entities) hold substantially all of the franchising-related assets and have jointly and severally guaranteed the payment of each series of notes and the payment and performance of all other obligations of the Issuer.

Anytime Fitness, LLC manages and services the assets of the Purpose Brands Securitization Entities in return for a management fee under a management agreement (the "Securitization Management Agreement"). The primary responsibilities of Anytime Fitness, LLC as the manager are to administer collections of royalties and other securitized revenues and perform certain franchising, operational, intellectual property and reporting on behalf of the Purpose Brands Securitization Entities with respect to the managed assets.

##### Series 2021-1 Notes

In connection with the securitization transaction completed on November 24, 2021 (see "Securitization" section), the Issuer issued \$485,000 of Series 2021-1 Class A-2 Fixed Rate Senior Secured Notes ("Series 2021-1 Class A-2 Notes"). In addition, the Issuer entered into \$20,000 of Series 2021-1 Class A-1 Variable Funding Notes (the "Variable Funding Notes" or "Series 2021-1 Class A-1-VFN Notes") and an additional \$6,100 of Series 2021-1 Class A-1 Senior Secured Liquidity Reserve Notes (the "Liquidity Reserve Notes" or "Series 2021-1 Class A-1-LR Notes"). Collectively, the Series 2021-1 Class A-1-LR Notes, Series 2021-1 Class A-1 VFN Notes and Series 2021-1 Class A-2 Notes shall be referred to as "Series 2021-1 Notes". The Series 2021-1

# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

Notes are secured by substantially all assets of and guaranteed by the Purpose Brands Securitization Entities.

Borrowings under the Series 2021-1 Class A-2 Notes bear interest at a fixed rate of 4.969% per annum. Interest and principal payments on the Series 2021-1 Class A-2 Notes are due on a quarterly basis. The requirement to make quarterly principal payments on the Series 2021-1 Class A-2 Notes is subject to certain financial conditions set forth in the indenture. The legal final maturity date of the Series 2021-1 Class A-2 Notes is January 2052. Unless the outstanding principal is prepaid, the indenture provides for an anticipated repayment date in January 2027. If the Issuer has not repaid or refinanced the Series 2021-1 Class A-2 Notes prior to the anticipated repayment date, additional interest will accrue pursuant to the Indenture.

Borrowings under the Series 2021-1 Class A-1-VFN Notes bear interest at a variable rate equal to SOFR plus 3.56%. There is a term SOFR adjustment of 10/15/25bps (for 1/3/6-month tenors) that increases the SOFR plus 3.56% interest on the Series 2021-1 Class A-1-VFN Notes. The Series 2021-1 Class A-1-VFN Notes may also be used to issue letters of credit. The Series 2021-1 Class A-1-VFN Notes will also be subject to (i) certain commitment fees in respect to the unused portion of the commitments of the investors thereunder, and (ii) certain fees in respect of letters of credit issued thereunder. Letters of credit outstanding under the Series 2021-1 Class A-1-VFN Notes, including \$6,100 of an interest reserve letter of credit issued in connection with the Series 2021-1 Notes, were \$0 and \$8,050, as of December 31, 2024 and 2023, respectively. The \$6,100 of Series 2021-1 Class A-1 Senior Secured Liquidity Reserve Notes were moved to the Series 2024-1 Class A-1 Senior Secured Liquidity Reserve Notes after the transaction date. The Company does not expect any material loss from these letters of credit because the Company does not anticipate any funds will be drawn thereunder by the beneficiaries thereof. No other borrowings were outstanding against the Series 2021-1 Class A-1-VFN Notes as of December 31, 2024 and 2023.

Advances under the Liquidity Reserve Notes shall bear interest at the Prime Rate plus 3.00%. The Liquidity Reserve Notes will also be subject to certain commitment fees in respect to the unutilized portion of the commitments of the investors thereunder. No borrowings were outstanding against the Liquidity Reserve Notes as of December 31, 2024 and 2023.

Debt issuance costs of \$8,700 were recorded as a reduction of long-term debt in connection with the issuance of the Series 2021-1 Notes. The debt issuance costs are amortized to interest expense through the anticipated repayment dates.

#### **Series 2024-1 Notes**

In connection with the business combination transaction completed on April 2, 2024 (see "Business Combination" section), the Issuer issued \$480,000 of Series 2024-1 Class A-2 Fixed Rate Senior Secured Notes ("Series 2024-1 Class A-2 Notes" "Indenture"). In addition, the Issuer entered into \$90,000 of Series 2024-1 Class A-1 Variable Funding Notes (the "Series 2024-1 Class A-1-VFN Notes") of which \$40,000 was drawn at close, and an additional \$16,000 of Series 2024-1 Class A-1 Senior Secured Liquidity Reserve Notes (the "Liquidity Reserve Notes" or "Series 2024-1 Class A-1-LR Notes") which were transferred from the Series 2021-1 Class A-1 Senior Secured Liquidity Reserve Notes after the transaction date. Collectively, the Series 2024-1 Class A-1-VFN Notes and Series 2024-1 Class A-2 Notes shall be referred to as "Series 2024-1 Notes". The Series 2024-1 Notes are secured by substantially all assets of and guaranteed by the Purpose Brands Securitization Entities.



# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

Borrowings under the Series 2024-1 Class A-2 Notes bear interest at a fixed rate of 7.386% per annum. Interest and principal payments on the Series 2024-1 Class A-2 Notes are due on a quarterly basis. The requirement to make quarterly principal payments on the Series 2024-1 Class A-2 Notes is subject to certain financial conditions set forth in the Indenture. The legal final maturity date of the Series 2024-1 Class A-2 Notes is April 30, 2054. Unless the outstanding principal is prepaid, the Indenture provides for an anticipated repayment date in April 2029. If the Issuer has not repaid or refinanced the Series 2024-1 Class A-2 Notes prior to the anticipated repayment date, additional interest will accrue pursuant to the Indenture.

Borrowings under the Series 2024-1 Class A-1-VFN Notes bear interest at a variable rate equal to SOFR plus 3.3%. The Series 2024-1 Class A-1-VFN Notes may also be used to issue letters of credit. The Series 2024-1 Class A-1-VFN Notes will also be subject to (i) certain commitment fees in respect to the unused portion of the commitments of the investors thereunder, and (ii) certain fees in respect of letters of credit issued thereunder. Letters of credit outstanding under the Series 2024-1 Class A-1-VFN Notes, including \$17,950 of interest reserve letters of credit transferred from the Series 2021-1 Class A-1 Senior Secured Liquidity Reserve Notes, were \$18,021 as of December 31, 2024. The Company does not expect any material loss from these letters of credit because the Company does not anticipate any funds will be drawn thereunder by the beneficiaries thereof. As of December 31, 2024, there were \$15,000 of additional borrowings outstanding against the Series 2024-1 Class A-1-VFN Notes.

Debt issuance costs of \$14,892 were recorded as a reduction of long-term debt in connection with the issuance of the Series 2024-1 Notes. The debt issuance costs are amortized to interest expense through the anticipated repayment dates.

The net proceeds from the issuance of the Series 2024-1 Notes and Series 2021-1 Notes, after transaction expenses, were distributed to SEB.

The Series 2024-1 Notes and Series 2021-1 Notes are subject to a series of covenants and restrictions customary for this type of transaction, including (i) debt service and securitized net cash flow coverage ratios, (ii) maintenance of specified reserve accounts to be used to make required payments in respect of the Series 2024-1 Notes and Series 2021-1 Notes, and (iii) provisions relating to optional and mandatory prepayments. The Series 2024-1 Notes and Series 2021-1 Notes are also subject to customary rapid amortization events provided for in the Indenture. The Company was in compliance with its financial covenants for each quarter in the years ended December 31, 2024 and 2023.

# Anytime Fitness, LLC and Subsidiaries

## Notes to Consolidated Financial Statements

### December 31, 2024, 2023 and 2022

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(in thousands of US dollars)

Long-term debt consists of the following at December 31:

	2024	2023
Series 2021-1 Class A-2 Senior Secured Notes	\$ 483,788	\$ 483,788
Series 2024-1 Class A-2 Senior Secured Notes	480,000	-
Variable Funding Notes	15,000	-
Less: Unamortized financing costs	<u>(15,961)</u>	<u>(5,039)</u>
Long-term debt, net of financing costs	962,827	478,749
Less: Current maturities	<u>(7,238)</u>	<u>(3,638)</u>
Long-term debt, net of current maturities and financing costs	<u>\$ 955,589</u>	<u>\$ 475,111</u>

The annual principal payment requirements for long-term debt, subject to certain financial conditions set forth in the Indenture, are as follows:

	Amount
<b>Year Ending December 31,</b>	
2025	\$ 7,238
2026	9,650
2027	495,100
2028	4,800
2029	<u>462,000</u>
Total principal payments	<u>\$ 978,788</u>

#### 6. Deferred Revenue

Deferred revenue at December 31, 2024 and 2023 was \$77,151 and \$44,338, respectively. The increase resulted from a contribution of \$27,689 of deferred revenue into the Purpose Brands Securitization Entities on April 2, 2024 (Note 5) and the net difference between new sales and the standard or accelerated recognition of revenue. During 2024, the Company recognized \$20,258 of revenue that was either included in deferred revenue at December 31, 2024 or as of the April 2, 2024 contribution date. The Company expects to recognize approximately \$17,401 of deferred revenue in 2025 and the remainder in subsequent years.

#### 7. Leasing Activities

The Company leases various facilities under operating leases with terms that expire at various dates through August 2029. Under certain facility leases, the Company is obligated to pay all repair and maintenance costs.

# Anytime Fitness, LLC and Subsidiaries

## Notes to Consolidated Financial Statements

### December 31, 2024, 2023 and 2022

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(in thousands of US dollars)

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	2024	2023
Weighted average remaining lease term	3.36 years	4.26 years
Weighted average discount rate	5.00 %	5.00 %

The maturities of lease liabilities are as follows:

	Amount
<b>Year Ending December 31,</b>	
2025	\$ 1,068
2026	885
2027	755
2028	323
2029	91
Total lease payments	3,122
Less: Present value discount	(249)
Present value of operating lease liabilities	2,873
Less: Current maturities	(946)
Operating lease liabilities, net of current maturities	\$ 1,927

The following summarizes the components of lease expense, included in general and administrative expenses in the consolidated statements of comprehensive income, for the years ended December 31:

	2024	2023	2022
<b>Lease expense</b>			
Operating lease expense	\$ 990	\$ 1,025	\$ 855
Short-term lease expense	73	72	186
Nonlease component expense	464	464	389
Total lease expense	\$ 1,527	\$ 1,561	\$ 1,430

## 8. Contingencies

### Legal

The Company is subject to various claims, legal proceedings, and investigations covering a wide range of matters that may arise in the ordinary course of business. Management believes the resolutions of claims and pending litigation will not have a material effect, individually or in the aggregate, on the consolidated financial statements of the Company.

# **Anytime Fitness, LLC and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2024, 2023 and 2022**

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*(in thousands of US dollars)*

#### **Concentration of Risk**

##### ***Credit Risk***

Cash and cash equivalents are financial instruments, which potentially subject the Company to a concentration of credit risk. The Company invests its excess cash in several major financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company maintains balances in excess of these limits but does not believe that such deposits with its banks are subject to any unusual risk.

##### ***Geographic Risk***

Franchised studios and corporate-owned studios are primarily located throughout the U.S. Consequently, the operations of the Company are affected by fluctuations in the U.S. economy and the respective state and federal regulatory and economic environments. The Company is also affected by fluctuations in the economic environment of the foreign countries in which it maintains license agreements.

##### ***Supplier Risk***

During the years ended December 31, 2024 and 2023, the Company purchased approximately 53% and 50%, respectively, of all its inventory from 5 vendors.

**EXHIBIT G**

**RELEASE ON RENEWAL/TRANSFER**

**THE BAR METHOD FRANCHISOR LLC**

**RENEWAL/ASSIGNMENT OF FRANCHISE DOCUMENTS RELEASE**

The Bar Method Franchisor LLC (“we,” “us,” or “our”) and the undersigned franchisee, \_\_\_\_\_ (“you” or “your”), currently are parties to a certain Franchise Agreement (the “Franchise Agreement”) dated \_\_\_\_\_. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation] \_\_\_\_\_

\_\_\_\_\_. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, predecessors, successors and assigns (collectively, the “Bar Method Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Bar Method Parties (1) arising out of or related to the Bar Method Parties’ obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Bar Method Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Bar Method Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

The general release above does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

***[IN CALIFORNIA:*** The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and

unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. The parties acknowledge that they are familiar with the provisions of California Civil Code Section 1542 which reads as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party

You and your owners, for yourselves and each of the Releasing Parties, hereby waives and relinquishes every right or benefit which he, she, or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that he, she, or it may lawfully waive such right or benefit. In connection with this waiver and relinquishment, with respect to the Claims, you and your owners, for yourselves and each of the Releasing Parties, acknowledges that he, she, or it may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of this release, but that it is the parties' intention, fully, finally and forever to settle and release all such Claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist, and, in furtherance of such intention, the releases given hereunder shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.

**[Signature Page Follows]**

**FRANCHISOR:**

**THE BAR METHOD FRANCHISOR  
LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

**(IF ENTITY)**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS)**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**FRANCHISEE OWNER(S):**

\_\_\_\_\_  
[Printed Name]

\_\_\_\_\_  
[Signature]

Date: \_\_\_\_\_

\_\_\_\_\_  
[Printed Name]

\_\_\_\_\_  
[Signature]

Date: \_\_\_\_\_

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**EXHIBIT H**

**STATE SPECIFIC ADDENDA**

## **ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF THE BAR METHOD FRANCHISOR LLC**

The following are additional disclosures for the Franchise Disclosure Document of The Bar Method Franchisor LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

### **CALIFORNIA**

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

Notwithstanding anything to the contrary in The Bar Method Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all Bar Method® franchises offered and sold in the state of California:

1. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the franchise disclosure document.

2. Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the contents of this website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

3. 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.

4. Item 3 of the Franchise Disclosure Document is supplemented by the additional paragraph.

“Neither we nor any person described in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.”

5. Item 17 of the FDD is amended by the insertion of the following:

“The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning transfer, termination and non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There may also be court decisions

which may supersede the Franchise Agreement and your relationship with us, including the areas of transfer, termination and renewal of your franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires franchisee to execute 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 Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).”

6. The Franchise Agreement and Area Development Agreement require application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

7. The Franchise Agreement and Area Development Agreement require binding arbitration. The arbitration will occur at the office of the American Arbitration Association located nearest The Bar Method Franchisor LLC’s principal offices (currently, Woodbury, Minnesota). You will bear all costs of arbitration if we secure any relief against you in the arbitration, or are successful in defending a claim you bring against us in the arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

8. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671 certain liquidated damage clauses are unenforceable.

9. The maximum interest rate to be charged in California is 10%.

10. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

## **HAWAII**

Notwithstanding anything to the contrary in The Bar Method Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all Bar Method® franchises offered and sold in the state of Hawaii: The disclosure document is amended to include the following information:

1. The Bar Method Franchisor LLC's Franchise Disclosure Document is currently registered or exempt, or seeking registration or exemption, in the states of: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

2. The states in which The Bar Method Franchisor LLC's Franchise Disclosure Document is or will be shortly on file: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

3. No state has refused, by order or otherwise, to register the franchise which is the subject of The Bar Method Franchisor LLC's Franchise Disclosure Document.

4. No state has revoked or suspended the right to offer the franchise which is the subject of The Bar Method Franchisor LLC's Franchise Disclosure Document.

5. The Bar Method Franchisor LLC has not withdrawn the proposed registration of the Franchise Disclosure Document in any state.

**THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES AND THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

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

The franchisor's registered agent in the state authorized to receive service of process is:

Commissioner of Securities of Department of Commerce and Consumer Affairs  
335 Merchant Street  
Honolulu, Hawaii 96813

No release language set forth in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

Based upon the Franchisor's financial condition, the Hawaii Director of Commerce and Consumer Affairs has required the deferral of all initial fees to be paid to the Franchisor until the Franchisor's pre-opening obligations to the franchisee have been fulfilled.

## **ILLINOIS**

Notwithstanding anything to the contrary in The Bar Method Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Bar Method® franchises offered and sold in the state of Illinois:

1. The following statements are added to the end of Item 17:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement.

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

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois 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. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

2. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or

other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

## **MARYLAND**

Notwithstanding anything to the contrary in The Bar Method Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all Bar Method® franchises sold to residents in the state of Maryland:

1. On the basis of the financial information submitted by the Franchisor to the Maryland Securities Division the Division has required and the Franchisor has posted a surety bond, which surety bond is on file with the Maryland Securities Division to secure the Franchisor's pre-opening obligations to Maryland Franchisees.

2. The following is added to the end of the "Summary" sections of Item 17(c), entitled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law. Exhibit H is our current form of release for renewals and transfers of franchises.

3. The following is added to the end of the "Summary" section of Item 17(h), entitled "Cause defined – non-curable defaults":

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

4. The following sentence is added to the end of the "Summary" section of Item 17(v), entitled "Choice of forum":

However, subject to your arbitration obligation, you may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following is added to the end of the "Summary" section of Item 17(w), entitled "Choice of Law":

However, Maryland law applies to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

7. Item 17 of the Franchise Disclosure Document and the Franchise Agreement are amended by the insertion of the following: "The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

8. Exhibit M (Franchisee Questionnaire) to the Franchise Disclosure Document is revised to include the following language:

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

9. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

## **MINNESOTA**

Notwithstanding anything to the contrary in The Bar Method Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Bar Method® franchises offered and sold in the state of Minnesota:

1. Item 13 is revised to include the following language:

"To the extent required by the Minnesota Franchise Act, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement."

2. The following is added at the end of the chart in Item 17:

For franchises governed by the Minnesota Franchises Law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document, Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

3. Item 17(c) and 17(m) are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.

4. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

5. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

## NEW YORK

Notwithstanding anything to the contrary set forth in The Bar Method Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Bar Method® franchises offered and sold in the state of New York:

The New York Addendum is only applicable if you are a resident of New York or if your business will be located in 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:

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 an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, 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 or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added at the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

4. 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 Sections 687(4) and 687(5) be satisfied.

5. 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.

6. 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.

7. 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.

8. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **NORTH DAKOTA**

Notwithstanding anything to the contrary set forth in The Bar Method Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Bar Method® franchises offered and sold in the state of North Dakota:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. The North Dakota Securities Commissioner has determined that it is unfair and unequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 17c. and from any other place it appears in the Disclosure Document or in the Franchise Agreement.

2. Item 17r. is revised to provide that covenants not to compete, such as those mentioned in Item 17r. of the Disclosure Document are generally considered unenforceable in the state of North Dakota.

3. Any references in the Disclosure Document and in the Franchise Agreement and to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

4. Any references in the Disclosure Document and in the Franchise Agreement to any requirement to consent to a waiver of trial by jury are deleted.

5. Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.

6. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

7. Any references in the Disclosure Document and in the Franchise Agreement requiring franchisee to consent to termination penalties or liquidated damages are deleted.

8. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

## **RHODE ISLAND**

Notwithstanding anything to the contrary set forth in The Bar Method Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Bar Method® franchises offered and sold in the state of Rhode Island:

The Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

## **VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for The Bar Method Franchisor LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. The following language is added to the end of the “Summary” section of Item 17(e), entitled “Termination by franchisor without cause”:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

## **WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. A surety bond in the amount of \$100,000 has been obtained by the franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.
2. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
3. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
4. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
5. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
6. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations

period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

7. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
8. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
9. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
10. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
11. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
12. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
13. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
14. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
15. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking

enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

16. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
17. **Questionnaires and Acknowledgments.** 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.
18. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
19. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.
20. On or about November 22, 2019, our predecessor entered into an Assurance of Discontinuance (No. 19-2-31052-9 SEA) with the State of Washington entitled In Re: Franchise No Poaching Provisions under which it agreed to refrain from including “no-poach” language in its Franchise Agreement, which restricts a franchisee from recruiting and/or hiring the employees of other franchisees and/or employees of the franchisor or its affiliates, which the Attorney General alleges violates Washington state and federal antitrust and unfair practices laws. Our predecessor also agreed to refrain from enforcing the language in any of the existing Franchise Agreements, notified its current franchisees of the entry of the Assurance of Discontinuance, notified the Washington Attorney General if any of its franchisees attempted to enforce such a provision, offered to amend existing Franchise Agreements to delete the no-poach language and remove the language from existing Franchise Agreements as they come up for renewal. Our predecessor satisfied the requirements in the Assurance of Discontinuance and submitted to the State of Washington a declaration of completion.

## **WISCONSIN**

Notwithstanding anything to the contrary set forth in The Bar Method Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Bar Method® franchises offered and sold in the state of Wisconsin:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provision of the Franchise Agreement that are inconsistent with the law Wis.Stas.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis. Code.



**THE FOLLOWING PAGES IN THIS EXHIBIT  
ARE STATE-SPECIFIC RIDERS TO THE  
FRANCHISE AGREEMENT AND AREA  
DEVELOPMENT AGREEMENT**

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
FRANCHISE AGREEMENT  
FOR USE IN CALIFORNIA**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”). This Rider is annexed to and forms part of the Agreement. This California Rider is only applicable if you are a resident of California or if your business will be located in California.

2. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043) provides franchisees with additional rights concerning transfer, termination and non-renewal of the Agreement and certain provisions of the Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Agreement and your relationship with us, including the areas of transfer, termination and renewal of your franchise. If the Agreement is inconsistent with the California Franchise Relations Act, the California Franchise Relations Act will control.

3. The Agreement requires you to execute a general release of claims upon renewal or transfer of the 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 California Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the California Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, you shall not be required to execute a general release.

4. The Franchise Agreement require binding arbitration. The arbitration will occur at the office of the American Arbitration Association located nearest The Bar Method Franchisor LLC’s principal offices (currently, Woodbury, Minnesota). You will bear all costs of arbitration if we secure any relief against you in the arbitration, or are successful in defending a claim you bring against us in the arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

5. The Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

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

7. The provision in the Agreement which terminates the franchise upon your bankruptcy may not be enforceable under Title 11, United States Code, Section 101.

8. The franchise agreement contains a waiver of punitive damages and jury trial provisions. These waivers may not be enforceable under California law.

9. The text of Section 18.K of the Franchise Agreement is hereby deleted and replaced with [Intentionally Deleted].

10. Sections 20 (b) through (g) and Section 20 (j) of the Agreement are deleted in their entirety and replaced with [Intentionally Deleted].

11. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the date stated on the first page above.

**FRANCHISOR**

**THE BAR METHOD FRANCHISOR LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

**(IF ENTITY):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”). This Rider is annexed to and forms part of the Agreement. This Illinois Rider is only applicable if you are a resident of Illinois and your business will be located in Illinois.

2. **GOVERNING LAW.** Section 18.G of the Agreement is deleted and replaced with the following:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Agreement.

3. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 18.H of the Agreement:

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

4. **RENEWAL AND TERMINATION.** The following sentence is added to the end of Sections 14 and 15.B of the Agreement:

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** The following sentence is added as a new paragraph to Section 18.I of the Agreement:

HOWEVER, THIS SECTION SHALL NOT ACT AS A CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THE

ILLINOIS FRANCHISE DISCLOSURE ACT AT SECTION 705/41 OR ILLINOIS REGULATIONS AT SECTION 200.609.

6. **INSOLVENCY.** The following sentence is added to the end of Subsection 15.B(17) of the Agreement:

This Subsection 15.B(17) may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

7. **TERMINATION.** The Franchise Agreement is modified by the insertion of the following at the end of Section 15.B:

“Notwithstanding the foregoing, to the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults under this Section 15.B, which shall not be less than ten (10) days and in no event shall such notice be required to be more than 30 days.”

8. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as a new Section 21 of the Agreement:

**21. ILLINOIS FRANCHISE DISCLOSURE ACT.**

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 any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

9. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

**[Signatures on following page]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the date stated on the first page above.

**FRANCHISOR**

**THE BAR METHOD FRANCHISOR LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

**(IF ENTITY):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”). This Rider is annexed to and forms part of the Agreement. This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Bar Method Studio that you will operate under the Agreement will be located in Maryland.

2.     **SURETY BOND.** On the basis of the financial information submitted by us to the Maryland Securities Division the Division has required and we have posted a surety bond, which surety bond is on file with the Maryland Securities Division to secure our pre-opening obligations to you.

3.     **RELEASES.** The following sentence is added to the end of Sections 13.C (“Conditions for Approval of Non-Control Transfer”), 13.D (“Conditions for Approval of Control Transfer”), 13.E (“Transfer to a Wholly-Owned Entity”), 14(d) (“Successor Franchise Rights”), 16.E.(5) (“Our Right to Purchase Studio Assets”) of the Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law.

4.     **INSOLVENCY.** The following sentence is added to the end of Subsection 15.B(17) of the Agreement:

This Subsection 15.B(17) may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5.     **GOVERNING LAW.** The following sentence is added to the end of Section 18.G of the Agreement:

However, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6.     **CONSENT TO JURISDICTION.** The following sentence is added to the end of Section 18.H of the Agreement:



However, subject to your arbitration obligation, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **LIMITATIONS OF CLAIMS.** The following sentence is added to the end of Section 18.K of the Agreement:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

8. **ACKNOWLEDGMENTS.** Sections 20 (b) through (g) and Section 20 (j) of the Agreement are deleted in their entirety and replaced with the following:

“[Intentionally Deleted]”

9. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

**[Signatures on following page]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the date stated on the first page above.

**FRANCHISOR**

**THE BAR METHOD FRANCHISOR LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

**(IF ENTITY):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”). This Minnesota Rider is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

2.     **RELEASES.** The following sentence is added to the end of Sections 13.C (“Conditions for Approval of Non-Control Transfer”), 13.D (“Conditions for Approval of Control Transfer”), 13.E (“Transfer to a Wholly-Owned Entity”), 14(d) (“Successor Franchise Rights”), 16.E.(5) (“Our Right to Purchase Studio Assets”) of the Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3.     **RENEWAL AND TERMINATION.** The following sentence is added to the end of Sections 14 and 15.B of the Agreement:

However, with respect to franchises governed by the Minnesota Franchises Law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

4.     **GOVERNING LAW.** The following sentence is added to the end of Section 18.G of the Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

5.     **CONSENT TO JURISDICTION.** The following sentence is added to the end of Section 18.H of the Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this agreement will abrogate or reduce any of your rights under Minnesota

statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** If and then only to the extent required by the Minnesota Franchises Law, Section 18.I of the Agreement is deleted in its entirety.

7. **LIMITATIONS OF CLAIMS.** The following is added to the end of Section 18.K of the Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

8. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

**[Signatures on following page]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the date stated on the first page above.

**FRANCHISOR**

**THE BAR METHOD FRANCHISOR  
LLC**, a Delaware limited liability  
company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

**(IF ENTITY):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
FRANCHISE AGREEMENT  
FOR USE IN NEW YORK**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”). This Rider is annexed to and forms part of the Agreement. This New York Rider is only applicable if you are a resident of New York or if your business will be located in New York.

2. Section 18 of the Agreement is revised to include the following language:

“Provided, however, that all rights arising under Franchisee’s favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.”

3. Section 13.A of the Agreement is revised to include the following:

“Franchisor will not make an assignment except to an assignee who, in Franchisor’s good faith judgment, is willing and able to assume its obligations under the Agreement.”

4. The Agreement is modified by the addition of the following Section 15.A:

“In addition, Franchisee shall have the right to terminate the Area Development Agreement to the extent allowed under applicable law.”

**[Signatures on following page]**

**IN WITNESS WHEREOF**, the undersigned have executed this Rider as of the date first set forth above.

**FRANCHISOR**

**THE BAR METHOD FRANCHISOR  
LLC**, a Delaware limited liability  
company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

**(IF ENTITY):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”). This Rider is annexed to and forms part of the Agreement. This North Dakota Rider is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

2. **RESTRICTIVE COVENANTS.** Section 16.D is amended by the addition of the following language at the end of such section:

The enforceability of the foregoing shall be subject to Section 9-08-06 of Chapter 9-08 of the North Dakota Century Code.

3. **GOVERNING LAW AND JURISDICTION.** Sections 18.G and 18.H are amended by adding the following language at the end of each section:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, as amended, this Agreement shall be enforced against either Franchisee or Franchisor in courts located in North Dakota and interpreted in accordance with the laws of the State of North Dakota.

4. **RELEASES.** The following sentence is added to the end of Sections 13.C (“Conditions for Approval of Non-Control Transfer”), 13.D (“Conditions for Approval of Control Transfer”), 13.E (“Transfer to a Wholly-Owned Entity”), 14(d) (“Successor Franchise Rights”), 16.E.(5) (“Our Right to Purchase Studio Assets”) of the Agreement:

Notwithstanding the foregoing, the release shall not apply to the extent prohibited by the North Dakota Franchise Investment Law, as amended.

5. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.



**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the date stated on the first page above.

**FRANCHISOR**

**THE BAR METHOD FRANCHISOR  
LLC**, a Delaware limited liability  
company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

**(IF ENTITY):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”). This Rider is annexed to and forms part of the Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Bar Method Studio that you will operate under the Agreement will be located in Rhode Island; and/or (b) the offer or sale relating to the Agreement occurred in Rhode Island.

2.     **GOVERNING LAW AND JURISDICTION.** Sections 18.G and 18.H are amended by adding the following language at the end of each section:

Section §19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**[Signatures on following page]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the date stated on the first page above.

**FRANCHISOR**

**THE BAR METHOD FRANCHISOR  
LLC**, a Delaware limited liability  
company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

**(IF ENTITY):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
FRANCHISE AGREEMENT  
FOR USE IN VIRGINIA**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

**[Signatures on following page]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the date stated on the first page above.

**FRANCHISOR**

**THE BAR METHOD FRANCHISOR  
LLC**, a Delaware limited liability  
company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

**(IF ENTITY):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

## WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. A surety bond in the amount of \$100,00 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.
2. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
3. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
4. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
5. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
6. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations

period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

7. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
8. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
9. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
10. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
11. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
12. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
13. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
14. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
15. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking

enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

16. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
17. **Questionnaires and Acknowledgments.** 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.
18. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
19. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.
20. The words “or relied upon” are hereby deleted from Section 20.E of the Agreement.
21. The following is hereby deleted from Section 2.E. of the Franchise Agreement:

“You acknowledge that our acceptance of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a Bar Method Studio operated at the Site.”
22. Sections 20 (b) through (g) and Section 20 (j) of the Agreement are deleted in their entirety and replaced with the following: “[Intentionally Deleted]”

**[Signatures on following page]**



**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the date stated on the first page above.

**FRANCHISOR**

**THE BAR METHOD FRANCHISOR  
LLC**, a Delaware limited liability  
company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

**(IF ENTITY):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN CALIFORNIA**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

Notwithstanding anything to the contrary set forth in The Bar Method Franchisor LLC Area Development Agreement, the following provisions shall supersede and apply to all Bar Method Studio franchises offered and sold in the state of California:

1. We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_. This Rider is annexed to and forms part of the Area Development Agreement. This California Rider is only applicable if you are a resident of California or if your business will be located in California.
2. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning termination, transfer and non-renewal of the Area Development Agreement and certain provisions of the Area Development Agreement relating to termination, transfer and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Area Development Agreement and your relationship with Franchisor, including the areas of termination and renewal of Franchisee’s franchise. If the Area Development Agreement is inconsistent with the law, the law will control.
3. The Area Development Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.
4. The provision in the Area Development Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.
5. The Area Development Agreement requires binding arbitration. The arbitration will occur at the office of the American Arbitration Association located nearest The Bar Method Franchisor LLC’s principal offices (currently, Woodbury, Minnesota). You will bear all costs of arbitration if we secure any relief against you in the arbitration, or are successful in defending a claim you bring against us in the arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

6. The Area Development Agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.

7. The Area Development Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

8. Section 18.K. of the Franchise Agreement which is incorporated into the Area Development Agreement is hereby deleted in its entirety from the Area Development Agreement.

9. Section 8 of the Area Development Agreement is deleted in its entirety and replaced with the following:

“[Intentionally Deleted]”

10. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the undersigned have executed this Rider as of the date first set forth above.

THE BAR METHOD FRANCHISOR LLC

DEVELOPER:

**[INSERT LEGAL NAME OF DEVELOPER]**

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

Notwithstanding anything to the contrary set forth in The Bar Method Franchisor LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Bar Method Studio franchises offered and sold in the state of Illinois:

1. We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_. This Rider is annexed to and forms part of the Area Development Agreement. This Illinois Rider is only applicable if you are a resident of Illinois and your business will be located in Illinois.

2. Illinois law governs the Area Development Agreement.

3. 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.

4. Franchisee’s rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

6. The provision in the Area Development Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

7. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

8. Section 5 of the Area Development Agreement shall be modified by the addition of the following sentence at the end of such section.

“To the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults under this Section 5, to the extent required by Illinois law, which in no event shall be less than ten (10) days, and in no event shall such notice be required to be greater than thirty (30) days.”

**IN WITNESS WHEREOF**, the undersigned have executed this Rider as of the date first set forth above.

THE BAR METHOD FRANCHISOR LLC

DEVELOPER:

**[INSERT LEGAL NAME OF DEVELOPER]**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

Notwithstanding anything to the contrary set forth in The Bar Method Franchisor LLC Area Development Agreement, the following provisions shall supersede and apply to all Bar Method Studio franchises sold to residents in the state of Maryland:

1. We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_. This Rider is annexed to and forms part of the Area Development Agreement.

2. On the basis of the financial information submitted by us to the Maryland Securities Division the Division has required and we have posted a surety bond, which surety bond is on file with the Maryland Securities Division to secure our pre-opening obligations to you.

3. Section 5 of the Area Development Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

4. Section 9 of the Area Development Agreement is revised to include the following language:

“Notwithstanding the standing provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.”

5. The representations made in the Area Development Agreement are not intended to nor should they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Section 7 of the Area Development Agreement is revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

7. The Area Development Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland law, and we will comply with that law in Maryland.

8. Notwithstanding anything to the contrary in the Area Development Agreement, nothing will prevent the Franchisee from filing suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

9. Recital B and Section 8 of the Area Development Agreement are deleted in their entirety and replaced with the following in each case:

“[Intentionally Deleted]”

10. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

11. Each provision to this Rider to the Area Development Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Rider.

**IN WITNESS WHEREOF**, the undersigned have executed this Rider as of the date first set forth above.

THE BAR METHOD FRANCHISOR LLC

DEVELOPER:

**[INSERT LEGAL NAME OF DEVELOPER]**

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

Notwithstanding anything to the contrary set forth in The Bar Method Franchisor LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Bar Method Studio franchises offered and sold in the state of Minnesota:

1. We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_. This Rider is annexed to and forms part of the Area Development Agreement. This Minnesota Rider is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

2. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

3. Franchisor will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that the Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for nonrenewal of the Area Development Agreement.

4. Franchisor shall not require Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

5. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

**[Signatures on following page]**



**IN WITNESS WHEREOF**, the undersigned have executed this Rider as of the date first set forth above.

THE BAR METHOD FRANCHISOR LLC

DEVELOPER:

**[INSERT LEGAL NAME OF DEVELOPER]**

\_\_\_\_\_  
By:\_\_\_\_\_  
Its:\_\_\_\_\_

\_\_\_\_\_  
By:\_\_\_\_\_  
Its:\_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN NEW YORK**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

Notwithstanding anything to the contrary set forth in The Bar Method Franchisor LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Bar Method Studio franchises offered and sold in the state of New York:

1. We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_. This Rider is annexed to and forms part of the Area Development Agreement. This New York Rider is only applicable if you are a resident of New York or if your business will be located in New York.

2. Section 9 of the Area Development Agreement is revised to include the following language:

“Provided, however, that all rights arising under Franchisee’s favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.”

3. Section 7 of the Area Development Agreement is revised to include the following:

“Franchisor will not make an assignment except to an assignee who, in Franchisor’s good faith judgment, is willing and able to assume its obligations under the Agreement.”

4. The Area Development Agreement is modified by the addition of the following Section 5:

“In addition, Franchisee shall have the right to terminate the Area Development Agreement to the extent allowed under applicable law.”

**[Signatures on following page]**

**IN WITNESS WHEREOF**, the undersigned have executed this Rider as of the date first set forth above.

THE BAR METHOD FRANCHISOR LLC

DEVELOPER:

**[INSERT LEGAL NAME OF DEVELOPER]**

\_\_\_\_\_  
By:\_\_\_\_\_  
Its:\_\_\_\_\_

\_\_\_\_\_  
By:\_\_\_\_\_  
Its:\_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

Notwithstanding anything to the contrary set forth in The Bar Method Franchisor LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Bar Method Studio franchises offered and sold in the state of North Dakota:

1. We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_. This Rider is annexed to and forms part of the Area Development Agreement. This North Dakota Rider is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.
2. Section 6.B of the Area Development Agreement is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys’ fees.
3. Section 6.B of the Area Development Agreement is modified to delete any requirement that franchisee consent to termination penalties or liquidated damages.
4. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

**[Signatures on following page]**

**IN WITNESS WHEREOF**, the undersigned have executed this Rider as of the date first set forth above.

THE BAR METHOD FRANCHISOR LLC

DEVELOPER:

**[INSERT LEGAL NAME OF DEVELOPER]**

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

**RIDER TO THE BAR METHOD FRANCHISOR LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN VIRGINIA**

**THIS RIDER** is made and entered into as of \_\_\_\_\_ (the “**Agreement Date**”), regardless of the date of the parties’ signatures, between **THE BAR METHOD FRANCHISOR LLC**, a Delaware limited liability company with its principal business address at 111 Weir Drive, Woodbury, Minnesota 55125 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

Notwithstanding anything to the contrary set forth in The Bar Method Franchisor LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Bar Method Studio franchises offered and sold in the state of Virginia:

1. No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, franchise seller, or other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the undersigned have executed this Rider as of the date first set forth above.

THE BAR METHOD FRANCHISOR LLC

DEVELOPER:

**[INSERT LEGAL NAME OF DEVELOPER]**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## **WASHINGTON ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT AND RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. A surety bond in the amount of \$100,00 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

2. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

3. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

4. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

5. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

6. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of

limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

7. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

8. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

9. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

10. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

11. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

12. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

13. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

14. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

15. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party



seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

16. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

17. **Questionnaires and Acknowledgments.** 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.

18. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

19. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise. Area Development Agreement or elsewhere are void and unenforceable in Washington.

20. Recital B and Section 8 "Acknowledgments" of the Area Development Agreement are deleted in their entirety and replaced with the following: “[Intentionally Deleted]”

**IN WITNESS WHEREOF**, the undersigned have executed this Rider as of the date first set forth above.

THE BAR METHOD FRANCHISOR LLC

DEVELOPER:

**[INSERT LEGAL NAME OF DEVELOPER]**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT I**

**AREA DEVELOPMENT AGREEMENT**

AREA DEVELOPMENT AGREEMENT

THE BAR METHOD FRANCHISOR LLC

111 Weir Drive

Woodbury, Minnesota 55125

1(800) 704-5004

[www.barmethod.com](http://www.barmethod.com)

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BAR METHOD  
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement is made as of the Effective Date set forth in the Rider attached to this Agreement (the “Rider”) between THE BAR METHOD FRANCHISOR LLC, a Delaware limited liability company (“we” or “us”), and the Developer named in the Rider (“you”).

RECITALS:

A. We and our predecessors have developed certain policies, procedures and techniques for the operation of studios offering barre-based exercise classes using proprietary and non-proprietary instructional techniques, formats and methods designed to provide fitness training in an attractive atmosphere under “The Bar Method” service mark and related trademarks and service marks. In addition to the “The Bar Method” mark, we may in the future adopt, use and license additional or substitute trademarks, service marks, logos and commercial symbols in connection with the operation of Bar Method studios (collectively, the “Marks”). We grant franchises to qualified candidates for the operation of Bar Method studios. These studios use our policies, methods, procedures, standards, specifications and the Marks, all of which we may improve, further develop or otherwise modify from time to time (all of which are collectively referred to as the “System”).

B. You acknowledge that you have had an adequate opportunity to be thoroughly advised of the provisions of this Agreement and the form of Franchise Agreement we currently use to grant rights to operate studios, have had sufficient time and opportunity to evaluate and investigate the System and the procedures and financial requirements associated with the System, as well as the competitive market in which it operates, and have sufficient knowledge and experience in the type of business offered hereunder and are capable of evaluating the merits and risks of the franchise investment.

C. You are entering into this Agreement because you want to develop and operate multiple Bar Method studios that use the Marks and the System. You recognize that while you will have certain limited rights to transfer your interest in this Agreement, and in the studios you develop, we are entering into this Agreement with you based on your representation that you intend to personally develop all of the studios described in this Agreement, and not with a view to reselling your right to open these studios.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

1. Grant of Development Rights. The following provisions control with respect to the rights granted hereunder:

A. We grant to you, under the terms and conditions of this Agreement, the right to develop and operate the number of barre-based studios identified in the Rider (the “Bar Method Studios”), using the Marks, operating within the nonexclusive area described in the Rider (the “Development Territory”).

B. You agree to be bound by the “Development Schedule” in the Rider. Time is of the essence for the development and operation of each Bar Method Studio in accordance with the Development Schedule. Each Bar Method Studio must be developed and operated by you pursuant to a separate Franchise Agreement that you enter into with us.

C. Unless otherwise indicated in the Rider and except as set forth in Section D below, if you are in compliance with the Development Schedule set forth in the Rider, we will not develop or operate or grant anyone else a franchise to develop and operate a Bar Method Studio from any location in the

Development Territory prior to the earlier of (i) the expiration or termination of this Agreement; (ii) the date on which your last Bar Method Studio must be open pursuant to the terms of the Development Schedule; or (iii) the date on which the Protected Territory for your final Bar Method Studio is determined; except that if the Development Territory covers more than one city, county or designated market area, the protection for each particular city, county or designated market area will expire upon the earliest of (1) any of the foregoing events or (2) the date when the Protected Territory for your final Bar Method Studio to be developed in such city, county or designated market area under this Agreement is determined. Notwithstanding anything in this Agreement, upon the earliest occurrence of any of the foregoing events (i) the Development Territory will expire and (ii) we will be entitled to develop and operate, or to franchise others to develop and operate, Bar Method Studios from locations in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been signed between us and you and that has not been terminated.

D. You acknowledge and agree that: (i) we and our affiliates have the right to grant other franchises or operate company or affiliate owned fitness studios/businesses (including Bar Method Studios) at locations outside the Development Territory even if they compete with your Bar Method Studio for customers or members; (ii) we and our affiliates have the right to grant other franchises or licenses and to operate company or affiliate-owned fitness studios/businesses (including Bar Method Studios) within private establishments located within the Development Territory, provided that access to those centers is limited to employees of the business, or transient guests of the business, in either case who would not have any reciprocity with any other Bar Method Studio as a result of their use or membership in this private studio; and (iii) we and our affiliates have the right to operate, and to grant franchises or licenses to others to operate fitness studios/businesses, or any other business, within and outside the Development Territory under trademarks other than the Marks, all without compensation to you.

2. Development Fee. You must pay us a Development Fee in the amount set forth in the Rider. This fee is nonrefundable and is payable in full when you sign this Agreement and is fully earned by us at that time. However, you will not be required to pay an Initial Franchise Fee for any of the Bar Method Studios you develop under this Agreement.

A. You will sign the Franchise Agreement for your first Bar Method Studio concurrently with this Agreement. A separate Franchise Agreement must be signed, on our then-current form, for each such Bar Method Studio. Upon the execution of each Franchise Agreement, the terms and conditions of that Franchise Agreement control the establishment and operation of such Bar Method Studio.

B. The Development Fee is consideration for this Agreement and not consideration for any Franchise Agreement.

3. Development Schedule. The following provisions control with respect to your development rights and obligations:

A. You must comply with the Development Schedule requirements regarding: (i) the date of execution of the Franchise Agreements and site approval requests; (ii) the opening date for each Bar Method Studio; and (iii) the cumulative number of Bar Method Studios to be open and continuously operating for business in the Development Territory. You represent that you have conducted your own independent investigation and analysis of the prospects for the establishment of Bar Method studios within the Development Territory, approve of the Development Schedule as being reasonable, viable, and essential to the potential success of your business and recognize that failure to sign a Franchise Agreement, obtain a site approval, open a Bar Method Studio or have a cumulative number of Bar Method Studios open and operating, according to the applicable dates set forth in the Development Schedule, gives us the right, in our sole discretion, to immediately terminate this Agreement pursuant to Section 5.

B. You may not open a Bar Method Studio under this Agreement unless you have notified us of your intention to develop the Bar Method Studio at least thirty (30) days prior to the date set forth in the Development Schedule and meet each of the following conditions (these conditions apply to each Bar Method Studio to be developed in the Development Territory):

1. Good Standing. You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us or any of our affiliates. You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Bar Method studios.

2. Execution of Franchise Agreement. You and we have entered into our then-current form of Franchise Agreement and such other agreements that we require for the grant of Bar Method studio franchises for the proposed Bar Method Studio. You understand that we may modify the then-current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations; provided, however, that you will not be required to pay any initial franchise fee under any of those Franchise Agreements. You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement. The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Bar Method studio must be in accordance with the terms of the applicable Franchise Agreement.

4. Term. Unless sooner terminated in accordance with Section 5 of this Agreement, the term of this Agreement and all rights granted to you will expire on the date that you sign the Franchise Agreement for the last Bar Method Studio that is scheduled to be opened under the Development Schedule.

5. Default and Termination. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement or if you or any affiliate of yours breaches any of the terms of any Franchise Agreement or any other agreement that you or your affiliates have with us or our affiliates. For purposes of this Agreement, an “affiliate” of any person will be any person or entity that controls that person, is under the control of that person, or is under common control with that person.

All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency; (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority; (iii) you make a general assignment or other similar arrangement for the benefit of your creditors; (iv) a final judgment against you remains unsatisfied of record for thirty (30) days or longer; (v) execution is levied against your business or property, or the business or property of any of your affiliates that have entered into Franchise Agreements with us; (vi) a suit to foreclose any lien or mortgage against premises or equipment is instituted against you and not dismissed within thirty (30) days, or is not in the process of being dismissed; (vii) you fail to timely meet any of your obligations set forth in the Development Schedule or you fail to comply with our requirements for securing real estate for your Bar Method Studio; (viii) you or any of your affiliates open any Bar Method Studio before that person or entity has signed a Franchise Agreement with us for that studio in the form we provide; (ix) you fail to comply with any other provision of this Agreement, or your or any of your affiliates fail to comply with any other agreement you or they have with us or our affiliates and do not correct the failure within thirty (30) days after written notice of that failure is delivered to the breaching party (except that if the failure to comply is the third failure to comply with any provision of any agreement that you or any of your affiliates have with us or an affiliate of ours within any twelve (12) consecutive month period, then we need not provide any opportunity to cure

the default); or (x) we have delivered to you or any of your affiliates a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

6. Rights and Duties of Parties Upon Termination or Expiration. Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will automatically terminate, and:

A. All remaining rights granted to you to develop Bar Method Studios under this Agreement will automatically be revoked and will be null and void and shall revert to us. You will not be entitled to any refund of any fees.

B. You and your affiliates must within five (5) business days of the termination or expiration pay all sums owing to us and our affiliates. In addition, you agree to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to Ten Thousand Dollars (\$10,000) for each undeveloped Bar Method Studio. You agree that this amount is in addition to the Development Fee paid under this Agreement, and is for lost revenues from Royalty Fees (as defined in the Franchise Agreement) and other amounts payable to us, including the fact that you were holding the development rights for those Bar Method Studios and precluding the development of certain Bar Method studios in the Development Territory, and that it would be difficult to calculate with certainty the amount of damage we will incur. Notwithstanding your agreement, if a court determines that this liquidated damages payment is unenforceable, then we may pursue all other available remedies, including consequential damages.

7. Ownership/Transfer. The following provisions govern any transfer:

A. You represent and warrant that the information contained in the Statement of Ownership and Management attached hereto is true and correct as of the Effective Date. You shall immediately notify us of any change in any of the information in the Statement of Ownership and Management last submitted to us. Further, upon our request you shall provide us with an updated Statement of Ownership and Management. Each of your owners as of the Effective Date and thereafter, must sign our then-current Guaranty at the time such individual becomes your owner.

B. We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity. Upon any transfer of this Agreement by us or any of our legal rights and obligations hereunder, we will be released from all such obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer.

C. This Agreement is entered into by us with specific reliance upon your personal experience, skills and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and will remain personal to you. You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent as set forth below.

1. As used in this Agreement, the term "Transfer" means any sale, assignment, lease, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you or control of the business franchised hereunder. You acknowledge that these provisions prohibit you from subfranchising or sublicensing any right you have under any agreement with us, and that your intent in entering into this Agreement is that you (and not any licensee or transferee) will be opening and operating the Bar Method Studios to be developed under this Agreement. You shall not in any event have the right to pledge, encumber, charge, hypothecate or otherwise give any third party a



security interest in this Agreement in any manner whatsoever without our express prior written consent, which consent may be withheld for any reason whatsoever in our sole and absolute judgment.

2. In the event of a proposed Transfer by you we will not unreasonably withhold our consent to the Transfer so long as the conditions set forth below, as well as any other conditions we may impose, are all satisfied:

- (a) The transferee meets our then current standards for the issuance of development rights, including satisfying any requirements imposed by applicable law, be of good moral character and reputation and shall have a good credit rating, financial capabilities and competent business qualifications reasonably acceptable to us. You shall provide us with the information we may reasonably require to make a determination concerning a proposed transferee;
- (b) The transferee, including all shareholders, members and partners of the transferee, shall jointly and severally execute a new area development agreement with us on terms that are reasonably acceptable to us;
- (c) If the transferee is a corporation, limited liability company or partnership, each stock or membership certificate, or the partnership agreement, shall have conspicuously endorsed upon it a statement that it is held subject to, and further Transfer of any interest therein is subject to, all restrictions imposed upon Transfer by this Agreement;
- (d) If the transferee is a corporation, partnership, or limited liability company, no new voting interest in the transferee shall be issued to any person or entity without obtaining our prior written consent;
- (e) You shall have fully paid and satisfied all of your obligations to us and our affiliates, including any under any Franchise Agreements for the operation of Bar Method studios; provided, however, you shall not be required to pay to us a transfer fee unless you are not transferring Franchise Agreements at that time because you have not opened any Bar Method studios, then you will pay a \$7,500 transfer fee at the time of your transfer approval request;
- (f) You shall have executed an agreement in form satisfactory to us in which you agree to: (i) release any claims you has against us and our affiliates; (ii) subordinate any claims you may have against the transferee to any amounts owed by the transferee to us; (iii) comply with the post-term obligations referenced in this Agreement, including the non-competition and confidentiality provisions; and (iv) indemnify us against all claims brought against us by the transferee for a period of three (3) years following the transfer;
- (g) If the transferee is a corporation, limited liability company or partnership, all the shareholders, members, or partners of the transferee shall enter into a written agreement, in a form satisfactory to us, jointly and severally guaranteeing the full payment and performance of the transferee's

obligations to us and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under the terms of this Agreement; and

- (h) Contemporaneous with the Transfer hereunder you shall have transferred to the transferee all of the Franchise Agreements under which you or any affiliate are operating Bar Method studios, and you must comply with all of the conditions for transferring each of those agreements, including the requirement to pay a transfer fee in connection with the transfer of each of those agreements.

D. You consent to us releasing to any proposed transferee any information we may have concerning the development business or any Bar Method studio.

E. Notwithstanding anything set forth herein, you may not Transfer a portion of your rights or obligations hereunder, if such Transfer would result in the division of the development business operated hereunder.

8. Acknowledgments. To induce us to execute this Agreement, you represent and warrant to us as follows:

A. You recognize and acknowledge the importance of maintaining our standards for service, and further recognize and acknowledge the importance of following the System with respect to the development and operation of Bar Method studios.

B. You have the entire control and direction of the Bar Method studios to be opened and operated by you, subject only to the conditions and covenants established by the Franchise Agreements for those studios. You acknowledge that the businesses to be operated under those Franchise Agreements involve business risks, and that your success shall be largely determined by your own skill and efforts as an independent business person.

C. You acknowledge that the Bar Method concept is a relatively new concept that continues to evolve. As such, the methods of operation for a Bar Method studio continue to be created and refined. You acknowledge that such businesses as well as the System will evolve over time, and that such evolution will likely result in numerous changes to the System, some of which may require additional investment by you. You have been advised to consult with your own advisors with respect to the legal, financial and other aspects of this Agreement and the Franchise Agreement and you have had the opportunity to consult with such advisors and also have had the opportunity to independently investigate the opportunities offered under all such agreements.

D. You have entered into this Agreement after making an independent investigation of our operations and history and not upon any representation as to profits which you might be expected to realize and that no one has made any representation to induce you to accept the franchise granted hereunder and to execute this Agreement, except as may be set forth the Franchise Disclosure Document you acknowledge receiving at least fourteen (14) days prior to the date you paid us or any affiliate any money or executed any agreement with us or any affiliate.

9. Miscellaneous. You acknowledge that other Bar Method franchisees/area developers have or will be granted franchises or area development rights at different times and in different situations, and further acknowledge that the provisions of such agreements may vary substantially from those contained in this Agreement. You shall not complain on account of any variation from standard specifications and

practices granted to any other franchisee/area developer and shall not be entitled to require us to grant to you a like or similar variation thereof. The provisions set forth in the Franchise Agreement for your first Bar Method Studio containing any covenants not to compete, enforcement provisions, notice provisions, and sections referenced as "Enforcement" or "Representations, Warranties and Acknowledgments" are hereby incorporated into this Agreement by reference and shall be applicable to this Agreement until such time as you sign a subsequent Franchise Agreement, at which time the provisions of the new agreement relating to covenants not to compete, enforcement, notice, and all sections referenced as "Enforcement" or "Representations, Warranties and Acknowledgments" shall be incorporated into this Agreement by reference in place of the previous provisions. Likewise, if you or any affiliate later sign yet another Franchise Agreement, at all times, the provisions contained in the last Franchise Agreement you or such affiliate sign with us, which relate to covenants not to compete, enforcement, and notice, and all sections referenced as "Enforcement" or "Representations, Warranties and Acknowledgments," are hereby incorporated into this Agreement by reference in place of the previous provisions. This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between you and us on the matters contained in this Agreement; but nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you. We may designate another party to perform, or delegate to another party the performance of, of our duties and obligations under this Agreement or authorize that party to act on our behalf. Any provisions of this Agreement which, by their nature, may or are to be performed following expiration or termination of this Agreement, shall survive such termination or expiration. You must indemnify us in any action, suit, proceeding, demand, investigation, or inquiry (formal or informal) wherein our liability is alleged or in which we are named as a party as a result of activities by you which are not in accordance with this Agreement, with our policies, or with any law, rule, regulation, or custom governing your business that is conducted pursuant to this Agreement. If such an action or a claim is made against us, you shall indemnify and hold us harmless from all costs reasonably incurred by us in the defense of any such claim brought against us or in any action, suit, proceeding, demand, investigation, or inquiry (formal or informal) in which we are named as a party including, without limitation, reasonable attorneys' fees, costs of investigation or proof of facts, court costs, other litigation expenses, and travel and living expenses, and from all amounts paid or incurred by us arising out of such claim or action (collectively, the "Costs"). We may defend any claim made against us. Such an undertaking by us shall, in no way, diminish your obligation to indemnify us and hold us harmless. We are not required or obligated to seek recovery from third parties or otherwise mitigate our losses in order to maintain a claim against you. The above Recitals are made a part of this Agreement.

[THIS AGREEMENT CONTINUES WITH A RIDER,  
WHICH IS A PART OF THIS AGREEMENT]

## AREA DEVELOPMENT AGREEMENT RIDER

1. Effective Date: \_\_\_\_\_, 20\_\_\_\_
2. Developer:
3. Development Territory:

If this Development Territory references one or more sites yet to be determined, then we reserve the right to develop and operate a Bar Method Studio in and around the above-described city, county or area, and to sell franchises and grant territories to others (including through area development agreements) who will operate Bar Method Studios in and around the above-described city, county or area. You may then be required to choose a final location for your Bar Method Studio outside of any protected territory given to us or to any other franchisee or area developer, which final location may be outside of the county, city or area identified above. Should this happen, you would have to obtain our review and approval for a new Development Territory, and location for your Bar Method Studio.

4. Total Number of new Bar Method Studios to be opened and operated in the Development Territory:
5. Development Fee: \$
6. Development Schedule: You acknowledge and agree that a material provision of this Area Development Agreement is that the following number of Bar Method Studios must be opened and continuously operated by you in the Development Territory in accordance with the following Development Schedule:

<b>Bar Method Studio Number</b>	<b>Date by Which the Bar Method Studio Must Be Opened and Operated by You in the Development Territory</b>	<b>Cumulative Number of Bar Method Studios to be Opened and Operated by You in the Development Territory as of the Date in Preceding Column</b>

You acknowledge and agree that in no event will any new Bar Method studio developed outside of the Development Territory be added towards the calculation to determine whether you have satisfied any Cumulative Number as required above. You may not close any Bar Method Studio without our prior written consent, which we may withhold in our sole discretion.

IN WITNESS WHEREOF, we and you have signed this Agreement as of the Effective Date set forth above.

THE BAR METHOD FRANCHISOR LLC

DEVELOPER:  
[INSERT LEGAL NAME OF DEVELOPER]

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND  
PERSONALLY BY THE TERMS AND CONDITIONS  
OF THE AREA DEVELOPMENT AGREEMENT

In consideration of the execution of the Area Development Agreement (the "Agreement") between THE BAR METHOD FRANCHISOR LLC ("we" or "us" or "our") and **[INSERT LEGAL NAME OF DEVELOPER]** (the "Developer"), dated \_\_\_\_\_, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Developer, including without limitation the dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an Area Development Agreement containing the identical terms and conditions of the Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the Developer or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Developer.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will be joint and several and will not be contingent or conditioned upon our pursuit of any remedies against the Developer or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Developer's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty will apply in all modifications to the Agreement of any nature agreed to by Developer with or without the undersigned receiving notice thereof.

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

DEVELOPER: **[INSERT LEGAL NAME OF DEVELOPER]**

PERSONAL GUARANTORS:

\_\_\_\_\_  
- Individually

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Telephone

## STATEMENT OF OWNERSHIP AND MANAGEMENT

The undersigned (“Developer”) represents and warrants to The Bar Method Franchisor LLC (“Franchisor”) that as of the date set forth below all of the information below is true and complete:

**Developer’s Director(s):** \_\_\_\_\_

<b>Ownership</b> <i>(Each owner must sign a Guaranty)</i>		
<b>NAME OF OWNER</b>	<b>NO. OF SHARES/UNITS OWNED</b>	<b>OWNERSHIP PERCENTAGE</b>
		%
		%
		%
		%

<b>Management</b> <i>(List each individual holding a position as board-member or officer)</i>	
<b>NAME OF INDIVIDUAL</b>	<b>ROLE/TITLE</b>

Developer acknowledges that this Statement of Ownership and Management applies to the Bar Method Area Development Agreement. Developer shall immediately notify Franchisor upon any change in the information contained in this Statement of Ownership and Management, and upon request of Franchisor, complete an updated or new Statement of Ownership and Management and Guaranty executed by all owners of Developer.

**DEVELOPER:**  
**[INSERT LEGAL NAME OF DEVELOPER]**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT J**

**PROVISION SERVICES AGREEMENT**



## SERVICES AGREEMENT

THIS SERVICES AGREEMENT (the "Agreement") is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), by and between PV Distribution LLC a Delaware limited liability company ("ProVision") and \_\_\_\_\_, ("Customer") having a Bar Method® Studio located at the following address: \_\_\_\_\_ (the "Studio").

### 1. Services:

a. *Website Hosting Services.* ProVision agrees to perform and provide to Customer, services consisting of non-exclusive electronic access to a digital information processing, transmission and storage system ("Server") to store Customer's website ("Site") and make the Site available on and via the global computer communications network ("Internet") as specified herein ("Hosting Services"). Customer agrees that the Hosting Services shall not include any web site development services, authorship or creation with respect to the Site.

b. *Software Installation and Support.* ProVision agrees to install the Bar Method- approved proprietary studio management software (the "Proprietary Software") on Customer's Equipment (defined in Section 3.d.), or assist Customer in its access to the Proprietary Software in the event the Proprietary Software is web-based and, through it or its designees, to provide remote support of the Proprietary Software ("Proprietary Installation and Support Services" or "Proprietary I&S Services"). The Proprietary I&S Services may include the periodic upgrading of the Proprietary Software with newer versions or releases. All installation, assistance and support for the Proprietary Software is provided remotely. Upgrades, updates or other changes to the Proprietary Software may be made remotely and at such times as ProVision deems necessary or appropriate, in its sole discretion, with or without notice. Upon availability of a new release or version of the Proprietary Software, ProVision may cease supporting prior versions or releases upon not less than thirty (30) days prior written notice. Any new or additional Equipment necessitated by a software upgrade will be the responsibility of Customer.

c. *Security Monitoring.* ProVision agrees to perform and provide to Customer security monitoring services ("Security Monitoring Services") if, and only if, Customer purchases all security equipment through ProVision pursuant to a separate purchase order and ProVision installs that equipment. Customer acknowledges that the Security Monitoring Services will include the monitoring of the physical alarm system but such Security Monitoring Services do not include the video recorders or the monitoring of closed circuit televisions (CCTVs). *ProVision will not provide Security Monitoring Services for a security system purchased from, or installed, by a third party.*

d. *Availability of Services.* The Hosting Services, Proprietary I&S Services and Monitoring Services (if applicable) are collectively referred to as the "Services." Subject to the terms and conditions of this Agreement, ProVision shall attempt to provide the Services for twenty- four (24) hours a day, seven (7) days a week throughout the term of this Agreement. Customer agrees that from time to time the Services may be inaccessible or inoperable for any reason, including, without limitation: (i) equipment malfunctions; (ii) periodic maintenance procedures or repairs which ProVision may undertake from time to time; or (iii) causes beyond the control of ProVision or which are not reasonably foreseeable by ProVision, including, without limitation, interruption or failure of telecommunication or digital transmission links, hostile network attacks network congestion or other failures. Customer agrees that ProVision has no control of availability of Services on a continuous or uninterrupted basis.

e. *ProVision Materials.* In connection with performance of the Services and at the sole discretion of ProVision with no obligation, ProVision may provide to Customer certain materials, including, without limitation, license to the Proprietary Software or other computer software (in object code or source code form), data, documentation or information developed or provided by ProVision or its suppliers under this Agreement, domain names, electronic



mail addresses and other network addresses assigned to Customer, and other know-how, methodologies, equipment, and processes used by ProVision to provide the Services to Customer ("ProVision Materials").

f. *Customer Content.* Customer shall be solely responsible for providing, updating, uploading and maintaining the Site and any and all files, pages, data, works, information and/or materials on, within, displayed, linked or transmitted to, from or through the Site, including, without limitation, trade or service marks, images, photographs, illustrations, graphics, audio clips, video clips, email or other messages, metatags, domain names, software and text ("Customer Content"). The Customer Content shall also include any registered domain names provided by Customer or registered on behalf of Customer in connection with the Services.

## **2. Licenses, Access and Proprietary Rights**

a. *License of Customer Content.* Customer grants to ProVision, and ProVision accepts from Customer, a non-exclusive, worldwide and royalty free license to copy, display, use and transmit on and via the Internet the Customer Content in connection with ProVision's performance or enforcement of this Agreement.

b. *Access to Customer Equipment and Facilities.* Customer shall permit ProVision access to the facility at the above-referenced address to install and configure all Equipment and any ProVision Materials necessary for ProVision to perform the Services.

c. *License of ProVision Materials.* In consideration of Customer's payment of all compensation to ProVision pursuant to Section 4, ProVision grants to Customer, and Customer accepts from ProVision, a limited, non-transferable, non-exclusive license or sublicense, as applicable, for the term of this Agreement, to copy and use the ProVision Materials, solely in connection with the operation of the Studio identified at the above referenced address and in connection with the Site for Customer's internal business purposes.

d. *ProVision Proprietary Rights.* ProVision shall retain all right, title and interest (including copyright and other proprietary or intellectual property rights) in the ProVision Materials and all legally protectable elements, derivative works, modifications and enhancements thereto, whether or not developed in conjunction with Customer, and whether or not developed by ProVision, Customer or any contractor, subcontractor or agent for ProVision or Customer. To the extent that ownership of the ProVision Materials do not automatically vest in ProVision by virtue of this Agreement or otherwise, Customer agrees to and hereby does transfer and assign to ProVision all right, title and interest in the ProVision Materials and protectable elements or derivative works thereof. Upon any termination or expiration of this Agreement, Customer shall return all ProVision Materials to ProVision and erase and remove all copies of all ProVision Materials from any computer equipment and media in Customer's possession, custody or control.

## **3. Site and Services Terms and Limitations**

a. *Site Storage and Security.* At all times, Customer shall bear full risk of loss and damage to the Site and all Customer Content. Customer shall be solely responsible for undertaking measures to: (i) prevent any loss or damage to Customer Content; (ii) maintain independent archival and backup copies of the Site and all Customer Content; (iii) ensure the security, confidentiality and integrity of all Customer Content transmitted through or stored on the Server; and (iv) ensure the confidentiality of Customer's password. The Server, ProVision and Services are not an archive and ProVision shall have no liability to Customer or any other person for loss, damage or destruction of any Customer Content. If Customer's password is lost, stolen or otherwise compromised, Customer shall promptly notify ProVision, whereupon ProVision shall suspend access to the Services by use of such password and issue a replacement password to Customer's authorized representative.

b. *Acceptable Use Policy.* Customer is solely responsible for all acts, omissions and use under and charges incurred with Customer's account or password or in connection with the Site or any Customer Content displayed, linked, transmitted through or stored on the Server. Customer agrees not to engage in unacceptable use of any Services, which includes, without limitation, use of the Services to: (i) disseminate or transmit unsolicited messages, chain letters or unsolicited commercial email; (ii) disseminate or transmit any material that,

to a reasonable person may be abusive, obscene, pornographic, defamatory, harassing, grossly offensive, vulgar, threatening or malicious; (iii) disseminate or transmit files, graphics, software or other material, data or work that actually or potentially infringes the copyright, trademark, patent, trade secret or other intellectual property right of any person; (iv) create a false identity or to otherwise attempt to mislead any person as to the identity, source or origin of any communication; (v) export, re-export or permit downloading of any message or content in violation of any export or import law, regulation or restriction of the United States and its agencies or authorities, or without all required approvals, licenses and/or exemptions; (vi) interfere, disrupt or attempt to gain unauthorized access to any computer system, server, network or account for which Customer does not have authorization to access or at a level exceeding Customer's authorization; (vii) disseminate or transmit any virus, trojan horse or other malicious, harmful or disabling data, work, code or program; or (viii) engage in any other activity deemed by ProVision to be in conflict with the spirit or intent of this Agreement or any ProVision policy.

c. *Rights of ProVision.* Customer agrees that ProVision may, in its sole discretion, remove or disable access to all or any portion of the Site or Customer Content stored on the Server at any time and for any reason. ProVision has no obligation to monitor the Site or any Customer Content, but reserves the right in its sole discretion to do so.

d. *Equipment.* Customer shall be solely responsible for providing, maintaining and ensuring compatibility with all hardware, software, electrical and other physical requirements necessary for ProVision to perform the Services and for Customer to access the Site, including, without limitation, telecommunications and digital transmission connections and links, routers, local area network servers, virus software, firewalls, or other equipment (collectively "Equipment").

e. *Alarm Permit.* Customer acknowledges that an alarm permit may be required. Obtaining the alarm from the local authority (Police or Fire Departments) is the responsibility of Customer.

f. *Monthly Alarm Testing.* Customer agrees that a monthly test of the security system is required.

#### **4. Payment Terms**

a. *Payments.* Customer shall pay ProVision for the Services and license hereunder at Section 2(c) the amounts set forth below. ProVision expressly reserves the right to change its rates charged hereunder for the Services at any time, upon thirty (30) days' notice to Customer.

The rate to be paid by Customer to ProVision is Four Hundred Twenty-nine Dollars (\$429) per month as of the Effective Date. ProVision may change the amount and calculation of the foregoing fee ten percent (10%) annually. Adjustments are compounded annually and cumulative including increases in any given year of greater than ten percent (10%) to adjust for prior years when no increase, or an increase of less than the permitted percentage increase, was implemented.

*ProVision will not provide Security Monitoring Services for any security system purchased from or installed by a third party.*

b. *Invoices.* Customer will be invoiced on a monthly basis in advance for Services to be provided for such month. Customer agrees to sign and deliver to ProVision and to ProVision's bank(s) and Customer's bank, as necessary, all forms and documents that ProVision may request to permit ProVision to debit Customer's account, either by check, via electronic funds transfer or other means or methods as ProVision may designate (the "Payment Methods") for the Technology Fee and for any other fees and payments that may be owing to ProVision under this Agreement. Customer will notify ProVision at least twenty (20) days before closing or changing the account against which such debits are to be made. If such account is closed or ceases to be used, Customer will immediately provide all documents and information necessary to permit ProVision to debit the amounts due from an alternative account.

i. If any check that Customer submits to ProVision is returned for insufficient funds, or if ProVision is unable to collect funds via the Payment Methods due to insufficient funds, Customer will pay ProVision an Insufficient Funds Fee of \$100 for each returned check, and each time ProVision is unable to collect monies via the Payment Methods.

ii. ProVision reserves the right to invoice on a pro rata basis for any part of a calendar month to allow for subsequent invoices to be calculated and paid on a calendar monthly basis.

iii. If Customer is delinquent in its payments, in addition to any other rights ProVision has under this Agreement, ProVision may suspend Services upon written notice to Customer until all payments are current and ProVision may modify the payment terms to require other assurances to secure Customer's payment obligations hereunder.

iv. All fees charged by ProVision for Services are exclusive of taxes and similar fees now in force or enacted in the future imposed on the transaction, all of which the Customer will be responsible for, except for taxes based on ProVision's net income.

v. Customer agrees that amounts of any unpaid invoice shall accrue interest at one and one half percent (1.5%) per month or the maximum amount permitted by law, whichever is less.

vi. Customer shall pay all costs of collection, including reasonable attorney's fees and costs, in the event any invoice requires collection efforts.

c. *Taxes.* Customer shall promptly pay all federal, state and local taxes arising out of this Agreement and the Services and equipment described herein, including any sales to similar tax on any payments payable to ProVision under this Agreement. ProVision will not be liable for these or any other taxes, and Customer will indemnify ProVision for any such taxes that may be assessed or levied against ProVision which arise or result from the Services or equipment described in this Agreement.

## **5. Warranties and Disclaimer**

a. *ProVision Warranties.* ProVision warrants to Customer that: (i) ProVision has the right and authority to enter into and perform its obligations under this Agreement; and (ii) ProVision shall perform the Services in a commercially reasonable manner. Customer's sole remedy in the event of breach of this warranty will be to terminate the Agreement pursuant to Section 8.

b. *Customer Warranties.* Customer represents and warrants to ProVision that: (i) Customer has the power and authority to enter into and perform its obligations under this Agreement; (ii) Customer Content does not and shall not contain any content, materials, data, work, trade or service mark, trade name, link, advertising or services that actually or potentially violates any applicable law or regulation or infringe or misappropriate any proprietary, intellectual property, contract or tort right of any person; and (iii) Customer has express written authorization from the owner to copy, use and display the Customer Content on and within the Site.

c. *Disclaimer of Warranty.* EXCEPT AS EXPRESSLY STATED AT SECTION 5(a), PROVISION MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE, CONCERNING ANY SUBJECT MATTER OF THIS AGREEMENT. PROVISION EXPRESSLY DISCLAIMS ANY WARRANTY THAT THE SERVICES OR PROVISION MATERIALS WILL MEET CUSTOMER'S REQUIREMENTS OR WILL BE UNINTERRUPTED, ERROR FREE OR FREE FROM DATA LOSS.

## **6. Limitation of Liability**

EXCLUSIVE OF LIABILITY UNDER SECTION 7 (INDEMNIFICATION), IN NO EVENT SHALL PROVISION BE LIABLE TO CUSTOMER OR ANY OTHER PERSON FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF DATA, LOSS OF PROFIT OR GOODWILL, FOR ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ITS SUBJECT MATTER, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT OR OTHERWISE, EVEN IF PROVISION HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. PROVISION'S TOTAL LIABILITY FOR DAMAGES SHALL BE LIMITED TO THE TOTAL FEES PAID BY CUSTOMER TO PROVISION HEREUNDER FOR THE ONE (1) YEAR PERIOD PRIOR TO ANY ACT OR OMISSION GIVING RISE TO ANY POTENTIAL LIABILITY.

## **7. Indemnification**

a. *By Customer.* Customer agrees to indemnify, hold harmless and defend ProVision and its directors, officers, employees and agents from and against any third party action, claim, demand, dispute, or liability, including reasonable attorney's fees and costs, arising from or relating to: (i) Customer's breach of this Agreement; (ii) any negligence or willful misconduct of Customer; (iii) any allegation that the Site or Customer Content infringes a third person's copyright, trademark or proprietary or intellectual property right, or misappropriates a third person's trade secrets; or (iv) any action or conduct of ProVision undertaken pursuant to this Agreement. Customer agrees that ProVision shall have the right to participate in the defense of any such claim through counsel of its own choosing.

b. *By ProVision.* ProVision agrees to indemnify, hold harmless and defend Customer and its directors, officers, employees and agents from and against any third party action, claim, demand or liability, including reasonable attorney's fees and costs, arising from or relating to any allegation that the ProVision Materials infringe a third person's copyright, trademark or proprietary or intellectual property right, or misappropriates a third person's trade secrets.

## **8. Insurance**

a. At all times during the term of this Agreement, Customer must maintain in force, at its sole expense, the types and amounts of insurance that ProVision may require from time to time. The insurance coverage must be maintained under one or more policies of insurance issued by insurance companies rated A+ or better by Alfred M. Best & Company, Inc. All policies must name ProVision and The Bar Method Franchisor LLC as additional insureds and must provide that ProVision receives ten (10) days' prior written notice of termination, expiration, reduction or cancellation of any such policy. Upon the execution of this Agreement Customer must provide ProVision with a copy of the certificate or other evidence as ProVision may require of the required insurance. Customer must submit to ProVision annually, a copy of the certificate or other evidence of the renewal or extension of any such insurance.

## **9. Term and Termination**

a. *Term.* The term of this Agreement shall be in conjunction with Customer's Franchise Agreement executed between itself and The Bar Method Franchisor LLC to operate a Bar Method® Studio at the Facility ("Franchise Agreement").

b. *Termination.* This Agreement may be terminated by a written agreement executed by the parties. In addition, the Agreement will terminate automatically without further notice in the event that the Franchise Agreement between Customer and The Bar Method Franchisor LLC is terminated or expires. Notwithstanding the foregoing, ProVision reserves the right, in its sole discretion and without prior notice, at any time, to suspend Customer's access to or use of the Server, Services or any portion thereof, in the event ProVision believes or has reason to believe that Customer is in violation or may be violating any term or condition of this Agreement. In the event of suspension of Services, ProVision shall thereafter provide prompt written notice to Customer of the suspension of Services and the reasons therefore. In addition, in the event that ProVision's license to or right to distribute the Proprietary Software is terminated for any reason, any license granted to Customer for use of the Proprietary Software shall automatically terminate. ProVision shall provide Customer with written notice of such termination. ProVision will use good-faith efforts to procure a substitute license for similar software including, without limitation, web-based software, within a period of thirty (30) days after termination. However, ProVision makes no representation or warranty as to the continued availability of the Proprietary Software and will have no liability whatsoever to Customer in such a termination event.

c. *Rights Upon Termination.* In the event this Agreement is terminated for any reason, Customer shall pay ProVision, on a pro rata basis, for all Services provided to Customer up to the date of termination.

## **10. General**

a. *Independent Contractors.* The parties and their respective personnel, are and shall be

independent contractors and neither party by virtue of this Agreement shall have any right, power or authority to act or create any obligation, express or implied, on behalf of the other party.

b. *Assignment.* Customer may not assign any of its rights, duties or obligations under this Agreement to any person or entity, in whole or in part, and any attempt to do so shall be deemed void and/or a material breach of this Agreement. ProVision may assign this Agreement or any of its rights, duties or obligations under this Agreement to any person or entity, in whole or in part, without Customer's consent. Upon ProVision's assignment of this Agreement or any of its rights, duties or obligations hereunder, it will be released from all obligations and liabilities arising or accruing in connection with this Agreement or such rights, duties or obligations so assigned in the event this Agreement is not assigned in whole, after the date of such transfer or assignment.

c. *Waiver.* No waiver of any Provision hereof or of any right or remedy hereunder shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. No delay in exercising, no course of dealing with respect to, or no partial exercise of any right or remedy hereunder shall constitute a waiver of any other right or remedy, or future exercise thereof.

d. *Severability.* If any Provision of this Agreement is determined to be invalid under any applicable statute or rule of law, it is to that extent to be deemed omitted, and the balance of the Agreement shall remain enforceable.

e. *Notice.* All notices shall be in writing and shall be deemed to be delivered when received by certified mail, postage prepaid, return receipt requested. All notices shall be directed to the parties at the respective addresses given above or to such other address as either party may, from time to time, designate by notice to the other party.

f. *Amendment.* No amendment, change, waiver, or discharge hereof shall be valid unless in writing and signed by both parties.

g. *Governing Law, Jurisdiction and Venue.* This Agreement shall be governed in all respects by the laws of the State of Minnesota without regard to its conflict of laws provisions. The parties hereto expressly agree that venue shall be exclusively in the state or federal courts located in Ramsey County, Minnesota. The parties hereto hereby consent to the exclusive jurisdiction of the federal and state courts in Ramsey County, Minnesota and expressly waive any objection to personal jurisdiction, improper venue and/or convenience of such forums.

h. *Survival.* The definitions of this Agreement and the respective rights and obligations of the parties under Sections 1(f), 2(a), 2(d), 3, 4, 5(b), 5(c), 6, 7, 8(c) and 9 shall survive any termination or expiration of this Agreement.

i. *Force Majeure.* If the performance of any part of this Agreement by either party is prevented, hindered, delayed or otherwise made impracticable by reason of any flood, riot, fire, judicial or governmental action, labor disputes, act of God or any other causes beyond the control of either party, that party shall be excused from such to the extent that it is prevented, hindered or delayed by such causes.

j. *Entire Agreement.* This Agreement constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to the subject matter hereof, superseding all prior or contemporaneous proposals, communications and understandings, oral or written.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties, by their duly authorized representatives, have executed this Agreement.

CUSTOMER

PV Distribution LLC

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Printed: \_\_\_\_\_

Printed: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT K**  
**FINANCING DOCUMENTS**

# MASTER EQUIPMENT LEASE AGREEMENT

Agreement # \_\_\_\_\_

Federal Tax # \_\_\_\_\_

## CUSTOMER INFORMATION

FULL LEGAL NAME OF CUSTOMER

STREET ADDRESS

CITY

STATE

ZIP

PHONE

EQUIPMENT LOCATION:

## SUPPLIER INFORMATION

NAME OF SUPPLIER

STREET ADDRESS

CITY

STATE

ZIP

PHONE

## EQUIPMENT DESCRIPTION

QUANTITY

ITEM DESCRIPTION

Equipment Cost \$ \_\_\_\_\_

SERIAL # \_\_\_\_\_

## RENTAL TERMS

Term in months \_\_\_\_\_

Rent Commencement Date:

## RENTAL PAYMENT AMOUNT

\_\_\_\_\_ Payments of \$ \_\_\_\_\_ (w/o tax) plus applicable taxes

## SECURITY DEPOSIT

\$ \_\_\_\_\_

Rental Payment Period is monthly unless otherwise indicated

**END OF LEASE TERMS:** Provided the Master Equipment Lease Agreement (the "Agreement") has not terminated early and no event of default under the Agreement has occurred, Customer shall have the following options at the end of the original term. 1. Purchase the equipment immediately upon expiration of the Lease. 2. Renew the Agreement per paragraph 1 of the Agreement. 3. Return the Equipment to a location designated by Owner per paragraph 5 of the Master Equipment Lease Agreement.

**THIS IS A NONCANCELABLE/IRREVOCABLE AGREEMENT. THIS AGREEMENT CANNOT BE CANCELED OR TERMINATED BY CUSTOMER.**

MASTER TERMS AND CONDITIONS (This Agreement contains provisions set forth on page 2 and any supplements and/or addendums, all of which are made part of this Agreement).

1. **AGREEMENT:** Customer agrees to rent from Owner the personal property described under "EQUIPMENT DESCRIPTION" and as modified by supplements and/or addendums to this Agreement from time to time signed by Customer and Owner (along with any upgrades, replacements, repairs and additions, "Equipment"). This Agreement may be modified only by written agreement, signed by Customer and Owner, and not by course of performance or dealing. The term of this Agreement will begin on the Rent Commencement Date as established by the above RENTAL TERMS and will continue for the number of consecutive months provided herein. **THE TERM WILL BE EXTENDED, IN ACCORDANCE WITH THE END OF LEASE TERMS, ON A MONTH TO MONTH RENTAL BASIS UNLESS CUSTOMER SENDS OWNER WRITTEN NOTICE OF CUSTOMER'S INTENTIONS AT LEAST THIRTY (30) DAYS BEFORE THE END OF THE ORIGINAL TERM, PROVIDED THAT THE MONTHLY PAYMENT SHALL BECOME DUE IF CUSTOMER FAILS TO REMIT THE PURCHASE OPTION AMOUNT TO OWNER OR RETURN THE EQUIPMENT AS PROVIDED HEREIN.** Customer authorizes Owner to insert in this Agreement the Rent Commencement Date, any serial numbers and other identification data about the Equipment, as well as any other omitted factual matters. This Agreement is the final agreement between the parties; any verbal or written communications prior to this Agreement are hereby superseded by this Agreement. If any provision of this Agreement is declared unenforceable in any jurisdiction, the other provisions herein shall remain in full force and effect in that jurisdiction and all others. (CONTINUE ON PAGE 2)

## OWNER ACCEPTANCE

DATED (MM/DD/YYYY): \_\_\_\_\_

OWNER: GENEVA CAPITAL, LLC

1311 Broadway St, Alexandria, MN 56308

AUTHORIZED SIGNATURE: \_\_\_\_\_

TITLE: \_\_\_\_\_

## CUSTOMER ACCEPTANCE

If transmitted electronically, via facsimile, email or similar means you agree that we may treat electronic record or a paper copy of the output received from electronic transmission as an original of this written Agreement.

DATED (MM/DD/YYYY): \_\_\_\_\_

CUSTOMER: \_\_\_\_\_

AUTHORIZED SIGNATURE: \_\_\_\_\_

TITLE: \_\_\_\_\_

**PERSONAL GUARANTY:** As additional consideration for Owner to enter into this Master Equipment Lease Agreement ("Agreement"), the undersigned ("You") and for more than one guarantor, jointly, severally, absolutely, unconditionally, and continually personally guarantee that the Customer will make all payments and meet all obligations required under this Agreement and any supplements thereto fully and promptly. You agree that Owner may make other arrangements with the Customer and You waive all notice of those changes and will remain responsible for any and all payment and obligations under the Agreement. Owner does not have to notify You if the Customer is in default. If the Customer defaults, You will immediately pay in accordance with the default provisions of the Agreement all sums due under the terms of the Agreement and will perform all the obligations of the Agreement. If it is necessary for Owner to proceed legally to enforce this Guaranty, this Agreement will be deemed fully executed and performed in, and will be governed by and construed in accordance with the state law in accordance with Owner's or Its Assignee's principal place of business. You expressly consent to jurisdiction of any state or federal court in Owner's state or Its Assignee's principal place of business or any other court so chosen by Owner. **YOU EXPRESSLY CONSENT TO GOVERNING LAW, VENUE PROVIDED HEREIN AND EXPRESSLY HEREBY WAIVE THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES YOU MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT.** You agree to pay all costs, including attorneys' fees and costs incurred in enforcement of this Guaranty. You agree to be bound by paragraph 14 of this Agreement. It is not necessary for Owner to proceed first against the Customer or the equipment before enforcing this Guaranty against You.

Personal Guarantor

Personal Guarantor Signature

DATE (MM/DD/YYYY)

Mobile Phone #

Email Address

Personal Guarantor

Personal Guarantor Signature

DATE (MM/DD/YYYY)

Mobile Phone #

Email Address



**2. NON-CANCELABLE LEASE:** CUSTOMER'S OBLIGATION TO MAKE PAYMENTS, TO PAY OTHER SUMS WHEN DUE AND TO OTHERWISE PERFORM AS REQUIRED UNDER THE AGREEMENT IS ABSOLUTE AND UNCONDITIONAL AND SHALL NOT BE SUBJECT TO ANY ABATEMENT, REDUCTION, SETOFF, DEFENSE, OR COUNTERCLAIM WHICH CUSTOMER MAY HAVE AGAINST ANY PERSON FOR ANY REASON WHATSOEVER OR ANY MALFUNCTION, DEFECT OR INABILITY TO USE ANY ITEM OF EQUIPMENT.

**3. RENT:** The Agreement shall commence upon the Rent Commencement Date and shall end upon full performance by Customer in observance of all terms, conditions, and covenants set forth in the Agreement and any extension thereof. Rent shall be paid in advance and in the amount and frequency as provided herein plus any applicable taxes and fees including but not limited to sales tax, use tax, property tax, equipment protection fees, and late charges. The first such rental payment shall be due on the Rent Commencement Date and each subsequent payment will be due on the same day of each subsequent month or other frequency as explicitly provided for. Owner will have the right to apply all sums received from Customer to any amounts due and owed to Owner under the terms of this Agreement or any other Agreement between Owner and Customer. Customer agrees that Customer owes Owner additional pro rata rent calculated as one-thirtieth (1/30<sup>th</sup>) of the monthly rental amount per day from the earlier of the date of Equipment delivery or the date of advanced funding to Supplier until the Rent Commencement Date and the Agreement begins. Provided no events of default have occurred, Owner will allow Customer to pay off the Agreement early for an amount equal to the sum of all remaining unpaid rental payments, discounted to a net present value at a rate up to five percent (5%), plus the purchase option price.

**4. OWNERSHIP OF EQUIPMENT:** Owner has purchased the Equipment at the direction of Customer. Owner shall at all times have sole ownership and title to the Equipment. Customer warrants that the Equipment shall at all times remain personal property; the Equipment is removable from and is not essential to any premise upon which it is located regardless of attachment to realty, and Customer agrees to take such action at its expense as may be necessary to prevent any third party from acquiring any interest in the Equipment. This Agreement is a "true lease" and not a loan or installment sale. If this Agreement is held by a court not to be a "true lease" Customer hereby grants Owner a security interest in the Equipment and all proceeds arising therefrom. If any portion of the rent or other payments hereunder shall be deemed interest and such interest exceeds the highest rate permitted by applicable law, such excess interest shall be applied to your obligations to us or refunded if no obligations remain. Customer hereby authorizes Owner to file UCC financing statements as we deem necessary to protect our interest, and Owner may charge a fee to cover related costs or at Owner's discretion a non-filing protection fee. The parties further agree that this Agreement is a "finance lease" under Article 2A of the Uniform Commercial Code ("UCC") and notwithstanding any determination to the contrary, Owner will have the rights and remedies of a lessor as if the Agreement were a "finance lease" under Article 2A of the UCC. To the extent permitted by applicable law, Customer hereby waives any and all rights conferred upon a lessee under UCC Article 2A-508 through 2A-522 as enacted by Minnesota Statute Sections 336.2A-508 through 336.2A-522 whether or not said statute is applicable, or other applicable law. Customer shall not alter the Equipment without prior consent from Owner. Any alterations or improvements to any item of Equipment shall be deemed accessions and shall be returned to Owner with the Equipment to Owner upon the Agreement expiration or earlier repossession. Customer shall maintain the Equipment in good repair, condition and working order. Customer shall furnish all parts, mechanisms, devices and labor required to keep the Equipment in such condition and pay all costs incident to the Equipment's operation.

**5. LOCATION OF EQUIPMENT:** Customer will keep and use the Equipment at Customer's Equipment Location on page 1 and Customer agrees not to move it unless Owner agrees to it in advance. At the end of the Agreement's term or upon termination for any other cause, unless Equipment is purchased or the Agreement is renewed, Customer will return the Equipment to a location Owner specifies at Customer's expense. The Equipment must have been inspected and tested by a source authorized by Owner and paid at Customer's expense documenting that the Equipment is in full working order, in complete repair and is in good retail condition acceptable to the Owner. Customer agrees to remove any and all sensitive data stored on Equipment or software at Customer's expense. Upon request, Customer shall advise Owner as to the exact location of the Equipment. Owner reserves the right to inspect the Equipment (by a source authorized by the Owner) at any time during normal business hours throughout the Agreement term and Customer shall permit Owner access to the Equipment for such purposes.

**6. WARRANTIES: OWNER MAKES NO WARRANTY, REPRESENTATION, OR COVENANT, EXPRESS OR IMPLIED, THAT THE EQUIPMENT IS FIT FOR A PARTICULAR PURPOSE OR THE EQUIPMENT IS MERCHANTABLE. CUSTOMER SELECTED THE SUPPLIER AND EACH ITEM OF EQUIPMENT INCLUDED IN THIS AGREEMENT BASED UPON CUSTOMER'S OWN JUDGMENT AND DISCLAIMS ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY OWNER. OWNER SHALL HAVE NO LIABILITY FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT, FOR ANY DELAY OR FAILURE BY SUPPLIER(S) TO DELIVER AND INSTALL THE EQUIPMENT OR TO PERFORM ANY SERVICES, OR WITH RESPECT TO THE SELECTION, INSTALLATION, TESTING, PERFORMANCE, QUALITY, MAINTENANCE, OR SUPPORT OF THE EQUIPMENT. THE SUPPLIER IS NOT AN AGENT OF OWNER'S AND NO REPRESENTATION BY SUPPLIER SHALL IN ANY WAY AFFECT CUSTOMER'S DUTY TO PAY THE RENTAL PAYMENTS AND PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT.**

**7. LOSS OR DAMAGE:** Customer is responsible for the risk of loss, destruction of, or damage to the Equipment. No such loss or damage relieves Customer from the payment obligations under this Agreement. Customer agrees to promptly notify Owner in writing of any loss or damage and at Owner's discretion either pay to Owner the Accelerated Amount or repair or replace the Equipment so that the Equipment is returned to the condition required herein.

**8. COLLATERAL PROTECTION & INSURANCE:** Customer agrees to keep the Equipment fully insured against property damage and/or loss with Geneva Capital, LLC and its Assigns as Loss Payee in an amount not less than the original Equipment Cost until this Agreement is terminated. Customer also agrees to obtain a \$500,000 comprehensive general liability insurance policy and to include Geneva Capital, LLC and its Assigns as an Additional Insured on the policy. Customer agrees to provide Owner with a complete certificate of insurance acceptable to Owner, before this Agreement begins. In the event the acceptable certificate is not received or later lapses, Customer further authorizes Owner as Customer's attorney-in-fact to enroll Customer in an equipment protection program through a third-party insurance provider and Customer agrees to pay a monthly administrative surcharge to Owner. Owner shall be under no obligation or duty to enroll Customer in such program and such coverage may not protect Customer's interests and may be at a higher cost than what Customer could arrange on its own. Any insurance proceeds will be paid to Owner and Customer grants Owner a power of attorney to effectuate such payments of insurance proceeds or negotiate checks. Insurance proceeds shall be applied to any loss or damage, but Customer shall remain liable for any balance due under this Agreement if insurance proceeds are insufficient to pay off the Lease. **NOTHING IN THIS PARAGRAPH WILL RELIEVE CUSTOMER OF CUSTOMER'S RESPONSIBILITY FOR PROPERTY AND LIABILITY INSURANCE COVERAGE ON THIS EQUIPMENT.**

**9. INDEMNITY:** Customer shall and does hereby agree to indemnify, defend and hold harmless Owner and any Assignee, and each of their directors, officers, employees, agents or affiliates from any and all claims, demands, actions, suits, proceedings, costs, expenses, damages, and liabilities (including attorneys' fees) arising out of, connected with or resulting from the delivery, possession, use, operation, maintenance, repair or return of Equipment by Customer or its employees, agents, customers or vendors. Customer's obligations under the preceding sentence shall survive expiration of any rental term or the termination of the Agreement.

**10. TAXES AND FEES:** Customer agrees to pay when due all taxes (including but not limited to sales tax, personal property tax, fines and penalties) relating to this Agreement or the Equipment on a monthly basis. If the Equipment is subject to personal property tax, Customer agrees to pay a monthly amount to Owner, beginning in the first year in which the taxes are assessed, calculated as 1/12th of the estimated personal property tax for the year as well as any administrative fees charged by the Owner for processing the tax filings. Such amount will be adjusted each year to reflect changes in the valuation of the Equipment. If the Equipment or use of the Equipment requires licensing or registration with any governmental authority, Customer shall, at Customer's expense, obtain and maintain such license or registration continuously during the term of this Agreement and pay all license and/or registration fees. Customer agrees Owner may make a profit on any administrative surcharge, or processing of any taxes and/or fees.

**11. ASSIGNMENT: CUSTOMER HAS NO RIGHT TO SELL, TRANSFER, ASSIGN OR SUBLEASE THE EQUIPMENT OR THIS AGREEMENT.** Owner may sell, assign, or transfer this Agreement. Customer agrees that if Owner sells, assigns, or transfers this Agreement, the new owner will have the same rights and benefits that Owner has now and will not have to perform any of Owner's obligations. Customer agrees that the rights of the new owner will not be subject to any claims, defenses, or set offs that Customer may have against Owner.

**12. DEFAULT AND REMEDIES:** If Customer does not pay any rental payment or other sum due to Owner when due, or if Customer breaches any of Customer's obligations in the Agreement or any other agreement with Owner, or if Customer or any Guarantor of Customer's obligations dies, becomes insolvent, files for or is the subject of a proceeding in bankruptcy, Customer will be in default. Customer agrees that a default under this Agreement or any other agreement between Customer and Owner shall constitute a default under all agreements at Owner's discretion. If any part of a payment is not received by Owner within 4 days of its due date, Customer agrees to pay a late charge of 15% of the payment which is late or \$25.00, whichever is greater, or if less, the maximum charge allowed by law. If Customer is ever in default, Owner may do any of the following, each of which shall be cumulative: retain Customer's security deposit; elect not to renew any or all time-out controls programmed within the Equipment; remotely disable the Equipment; instruct Supplier, manufacturer or others to withhold service on the Equipment; proceed by appropriate court action(s) to enforce any right or remedy under this Agreement, at law or in equity, including any right under the UCC; recover interest on any unpaid payment from the date it was due until fully paid at the rate of 18% per annum or if less the highest rate permitted by law; without notice, cancel this Agreement whereupon all of Customer's rights to the use of the Equipment shall terminate, and Customer shall deliver possession of the Equipment to Lessor in accordance with this Agreement and Customer shall deliver possession of the Equipment to Lessor in accordance with this Agreement and Customer shall remain liable for all amounts due herein; take possession of any or all of the Equipment and sell, dispose of, hold, use or lease the Equipment; declare immediately due and payable, as liquidated damages for loss of bargain and not as a penalty (i) all accrued and unpaid rent and other accrued obligations hereunder, plus (ii) the sum of all unpaid rent for the remaining Agreement term plus the end of term purchase option price, both discounted to present value at a discount rate of 3% (the "Accelerated Amount") (the Accelerated Amount shall bear interest at a rate equal to 18% per annum or if less the highest rate permitted law). If any information supplied by Customer on the credit application or during the credit process is later found to have been falsified or misrepresented, Customer shall be considered in default and in addition to the preceding remedies, Owner may file criminal charges against Customer and prosecute to the fullest extent of the law. If Owner refers this Agreement to an attorney or collection agency for collection, Customer agrees to pay Owner reasonable attorney and collection fees and actual court costs. Customer further agrees that in the event of default, Owner shall be allowed to take possession of the Equipment and in the event of repossession transfers all ownership interest in said equipment to Owner. If Owner takes possession of the Equipment, Customer agrees to pay the cost of repossession including any damage to the Equipment or real property as a result of the repossession. Customer agrees that Owner will not be responsible to pay Customer any consequential or incidental damages for any default by Owner under this Agreement. Customer agrees that any delay or failure to enforce Owner's rights under this Agreement does not prevent Owner from enforcing any rights at a later time. Customer further authorizes Owner to obtain and use consumer credit reports as may be needed and Customer waives any right or claim Customer may otherwise have under the Fair Credit Reporting Act in absence of this continuing consent.

**13. MISCELLANEOUS:** The Security Deposit is to secure Customer's performance under this Agreement. Customer will pay the security deposit on the date Customer signs this Agreement. In the event this Agreement is not fully completed or consummated, the security deposit will be retained by Owner to compensate Owner for Owner's documentation, processing, collection efforts and other expenses. If all conditions herein are fully complied with and provided there are no events of default to this Agreement per paragraph 12, the security deposit will be refunded to Customer after the return of the Equipment in accordance with paragraph 5 or the Agreement is paid in full. This Agreement may be signed in counterparts that together will constitute one document. This Agreement may be executed by way of facsimile or electronic transmission, and if so, shall be treated as an original having the same binding legal effect. Only the counterpart of this Agreement that bears Owner's manually applied signature shall constitute the original chattel paper for purposes of possession. Any provision of this Agreement that is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement. Captions or paragraph headings are intended for convenience or reference only and shall not be construed to define, limit or describe the scope or intent of any provision hereof. Customer will promptly execute or otherwise authenticate and deliver to the Owner such further documents or take such further action as Owner may reasonably request in order to carry out the intent and purpose of this Agreement. Unless Customer provides Owner with written notice of non-acceptance of the Equipment within ten (10) days of Supplier's delivery of Equipment to Customer, the Equipment shall be deemed to be fully accepted and Agreement shall be fully valid and in force whether or not Customer has executed a Delivery & Acceptance Certificate. Upon Owner's request, Customer agrees to provide updated financial information (including but not limited to financial statements and tax returns).

**14. LAW. THIS AGREEMENT WILL BE DEEMED FULLY EXECUTED AND PERFORMED IN OWNER'S OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS AND WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE STATE LAW IN ACCORDANCE WITH OWNER'S OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS. CUSTOMER EXPRESSLY CONSENTS TO JURISDICTION OF ANY STATE OR FEDERAL COURT IN OWNER'S STATE OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS OR ANY OTHER COURT SO CHOSEN BY OWNER. CUSTOMER EXPRESSLY CONSENTS TO GOVERNING LAW, VENUE PROVIDED HEREIN AND EXPRESSLY HEREBY WAIVES THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES CUSTOMER MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT.**



AUTHORIZED SIGNATURE



DATE

Geneva Capital, LLC  
1311 Broadway Street  
Alexandria, MN 56308

**Credit Release & Information Verification Language**

By signing this application the applicant(s) certifies that all information contained in this application, and all attachments hereto, are true and accurate to the best of the applicant(s) knowledge and are made for the purpose of obtaining credit for business purposes, and not for personal or family use. The applicant(s) hereby authorize Geneva Capital L.L.C. and its assigns to obtain and use consumer credit reports on the undersigned, now and from time to time, as may be needed in the credit evaluation and review process and waives any right or claim the applicant(s) would otherwise have under the Fair Credit Reporting Act in absence of this continuing consent. The applicant(s) further authorize any government agency, bank or financial institution to release credit information on the applicant(s) accounts to Geneva Capital L.L.C. and its assigns. If credit is extended, Applicant agrees that submitting an electronic, photocopy or facsimile copy of a signed authorization shall be deemed to be binding, valid, genuine and authentic as an original-signature document for all purposes. The applicant(s) further authorize Geneva Capital L.L.C. to mail, fax or e-mail solicitations of future lease financing services to applicant.

X \_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*



## iFinance Agreement

Investing your retirement savings into a small business can be a prudent strategy for achieving your retirement goals. Guidant Financial is dedicated to ensuring that Guidant's iFinance meets all applicable regulations for a Rollover for Business Start-ups plan.

Please review each statement and verify your understanding of the specific actions you must take when utilizing a Rollover for Business Start-ups plan such as Guidant's iFinance.

### FIDUCIARY OBLIGATIONS:

To benefit from the tax-deferred advantages of a qualified retirement account, regulations require that you choose investments that are in the best interest of your retirement account.

I verify that I have performed due diligence and believe that my decision to invest my personal retirement funds into the corporation is a good investment in the best interest of my 401(k).

I verify my understanding that I could lose up to 100% of my investment if the business fails.

I have done my own due diligence and have determined that the use of my retirement monies as funding source for iFinance and related business transaction is a prudent use of my retirement monies and is a good investment for the 401(k) Plan.

### 401(k) PLAN RESPONSIBILITIES:

As the trustee of a 401(k) plan, you have a duty to manage the plan so that it benefits *all* employees not just the owners and officers of the Corporation.

I verify that I will use this 401(k) as a long-term savings vehicle for *all* employees of the business and agree that I will encourage all eligible employees to participate.

I verify my understanding that when company stock is offered for purchase within the 401(k) plan, the offering *must* be available for *all* eligible employees.

### PERSONAL SALARY/COMPENSATION CONSIDERATIONS:

To avoid any appearance of a conflict-of-interest with your 401(k) investment, you must defer paying yourself compensation until the company becomes an active business.

I verify that I will not draw compensation from the company before being opened for business; the company must be actively engaged in the buying or selling of goods and/or services.

I verify my understanding that my compensation should come from revenue generated from the business and not from the proceeds of the sale of employer stock to the 401(k).

I verify my understanding that taking compensation above what is fair and reasonable for the position and industry can create a prohibited transaction.

### TERMS OF AGREEMENT:

I acknowledge that I have read, understand, and agree to be bound by the terms of this Agreement as detailed in the linked <sup>1</sup>. These Terms of Agreement are hereby incorporated by reference and, together with the documents executed in connection therewith, constitute the entire agreement between parties. There are no agreements, understandings, restrictions, representations, or warranties other than those set forth or referred to herein unless the parties have entered into an Addendum in writing, signed by the parties, that specifically references this Agreement.

I agree to discuss these requirements – *Fiduciary Obligations, 401(k) Plan Responsibilities, & Personal Salary/Compensation Considerations* – with my Outside Counsel to make an informed decision.

Signature

Date

Printed Name

<sup>1</sup> [http://www.guidantfinancial.com/Libraries/documents/Guidant\\_401k\\_Online\\_Terms\\_and\\_Conditions\\_2010\\_09\\_21.sflb.pdf](http://www.guidantfinancial.com/Libraries/documents/Guidant_401k_Online_Terms_and_Conditions_2010_09_21.sflb.pdf)



## iFinance Agreement

### CLIENT INFORMATION

Client Legal Name:

Client Date of Birth:

Client Address:

City:

Spouse's Name (if applicable):

Spouse's Date of Birth:

County:

State:

Zip:

What state do you want the Corporation filed in?<sup>2</sup>:

### SHAREHOLDER INFORMATION

**Retirement Funds/Accounts:** Please list all parties investing retirement funds that will be used with iFinance.

❖ Have there been any rollovers within any of the below referenced accounts within the last 12 months?

If yes, please explain:

Account Owner Name	Type	Custodian	Amount	Inherited?
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**Non-Retirement Funds:** Please list all parties investing personal funds in your new Corporation

Account Owner Name	Source	Amount
	Guidant Fee/Cash	

I have confirmed with my custodian that my funds can be transferred and I acknowledge that I am ultimately responsible for ensuring that my funds are eligible for transfer/rollover into the iFinance Plan.

The Internal Revenue Code imposes a limit of one IRA-to-IRA distribution with a 12 month period. Distributions that fall outside this exception are subject to applicable taxes and penalties. Have you made a 60 day IRA-to-IRA distribution from any IRA you own during the preceding 12 months, whether that IRA is listed above or not? If "yes" what was the date on the distribution check and to whom was that check made payable?

<sup>2</sup> In the event you submit your contract and later change the state of investment, additional requirements and fees will apply. Contact Guidant immediately.



## iFinance Agreement

### OUTSIDE COUNSEL

Consultations with outside counsel are conducted by telephone. Please indicate who you prefer to have represented by outside counsel<sup>2</sup>.

I, \_\_\_\_\_, hereby acknowledge that I have personally filled out the iFinance Agreement, the information therein is accurate to the best of my knowledge, and Guidant is entitled to rely on that information in fulfilling the iFinance.

### PROPOSED INVESTMENT; BUSINESS TRANSACTION

- Are you purchasing a franchise?
- Will you be purchasing an existing business with iFinance?  
If yes, please answer the four following questions:
  1. This acquisition is an:
    - ❖ If other, please specify:
  2. Who are you purchasing the existing business from:
    - ❖ If yes, how many existing employees are expected to remain with the business?
  3. Does this existing business have employees that will remain with the business after you acquire it?
    - ❖ If yes, how many existing employees are expected to remain with the business?
  4. Does this existing business have an existing retirement plan of any type?
    - ❖ If yes, specify the type: \_\_\_\_\_
    - ❖ If other, please specify: \_\_\_\_\_
- Do you contemplate the iFinance corporation will purchase, lease or otherwise occupy real estate that is owned by you, a family member or any entity in which you or any family member have any ownership?  
If yes, please explain: \_\_\_\_\_
- Do you anticipate the iFinance corporation entering into any type of commercial transaction or dealings with you, a family member or any entity in which you or any family member have ownership?  
If yes, please explain: \_\_\_\_\_
- Identify any and all parties (including other entities) involved with your pending business transaction. Include any familial relationships among those parties: \_\_\_\_\_

<sup>2</sup> As provided in Paragraph 10 of the "Terms and Conditions." Client will receive two telephonic consultations, each ranging from 30-60 minutes maximum as determined by outside legal counsel to provide legal advice to Client on issues pertaining to the iFinance structure. If client's spouse/other investor desires to have separate legal counsel (i.e. no joint representation), the legal fees and costs of that separate legal counsel for the spouse/other investor will be the sole responsibility and expense of the Client. Client understands and agrees that GUIDANT will have no responsibility for such additional expenses.

"Joint Representation" means that both parties will be considered equally as clients, that both have the same legal interests, and both agree to attend all conferences with Outside Counsel. If you cannot meet those requirements, you must select single representation. With single representation, you may invite your spouse to attend any conference even if the spouse is not a client, with the understanding that you waive confidentiality in order to have the spouse attend. In this case, you both understand that only the represented spouse is entitled to reply on the legal advice.



## iFinance Agreement

Do you, your spouse, your children, or other investor(s) currently have ownership interest in any other business entities? (These include sole proprietorships, inactive and shell entities.)

Entity Name	State of Filing	Entity Type	Active?	What does it do?
Your ownership	Spouse's Ownership	List other owners, their relationship to you, and percentage of their ownership:		
# of Employees	# of 1099 Contractors:	Will this business interact with the iFinance business in any way?		
Explain:				
Type of Existing Retirement Plan:				

Entity Name	State of Filing	Entity Type	Active?	What does it do?
Your ownership	Spouse's Ownership	List other owners, their relationship to you, and percentage of their ownership:		
# of Employees	# of 1099 Contractors:	Will this business interact with the iFinance business in any way?		
Explain:				
Type of Existing Retirement Plan:				

I understand that ANY interaction or co-mingling between any entity/business I have an ownership interest in and the new corporation that is being set up as part of my iFinance plan may constitute a prohibited transaction. If I decide that the entity or entities in which I have a personal ownership interest will interact with the iFinance corporation in any way, I agree to consult with my account manager and the outside legal counsel referred by Guidant, prior to such interaction. I agree to inform my outside counsel of all facts relating to any such possible interaction. My initials below indicate that all individuals involved in the iFinance structure understand and agree to the above statements.



## iFinance Agreement

This Agreement to Provide Services, dated \_\_\_\_\_, is a contract between Guidant Financial Group, Inc. ("GFG") and \_\_\_\_\_ ("Client").

Upon return of a signed and completed copy of this Agreement, subject to the \_\_\_\_\_, your payment of GFG's Agreed Fee, and the approval of this Agreement by GFG's compliance department, you will have retained GFG to produce documents and to provide services required for the iFinance program, as detailed below:

### AGREED FEE:

Establishment of new 401(k) Corporation, including filing fees;  
Establishment of new 401(k) Profit Sharing 401(k) Plan;  
Assistance in the establishment of corporate bank account;  
Assistance in the establishment of 401(k) bank account;  
Assistance in transfer of funds to current plan administrator to the new 401(k) Plan; Two (2) sessions of consultation with outside legal counsel; and  
Lifetime support with SBA consultant(s).

Please add the optional expedited service to the Agreed Fee for an additional \$499.00. This includes the expedited filing fee (where available), overnight delivery of documents as necessary, and expedited processing priority. This service is not offered for all states - consult your Consultant for details.<sup>7</sup>

Method of payment (select one of the choices below):

I have read, understand and agree to the terms of this agreement as detailed in the linked <sup>4</sup>

<sup>5</sup>

Client Signature

Date

Printed Name

<sup>4</sup> The default state of filing will be the Client's state of residence, unless otherwise indicated by the client and agreed to by GFG. It is the client's responsibility to notify GFG if client would prefer to file in a state other than client's state of residence. The number of shares and par value authorized for your Corporation will be determined based on GFG's standard practices, unless agreed to otherwise. GFG will pay up to \$500 in filing fees directly associated with the filing of the Articles of Incorporation. Filing fees will be determined by state filing fee requirements and based on GFG's standard filing practices, unless agreed to otherwise. Any filing fees, including fees related to the expedite of such filing, in excess of \$500 are the sole responsibility of the client and such excess fees must be paid by the client to GFG in advance of filing the Articles of Incorporation. GFG cannot guarantee the processing times for filings and will not be held liable for any damages caused by delay from processing a filing.

<sup>5</sup> In addition to the Agreed Fee, you will have the opportunity to engage GFG for the required recordkeeping services of your 401(k) Plan. Recordkeeping fees begin at \$119 per month. Fees will be paid in accordance with the terms of the Recordkeeping Agreement. Additional Recordkeeping fees may apply.

<sup>6</sup> As detailed in Paragraph 10 of the "Terms of Agreement."

<sup>7</sup> EXPEDITE filings in California will incur an additional charge of \$200 for each entity. This charge will be added to the Agreed Fee.

<sup>8</sup> Each individual contributing retirement funds to the iFinance is required to sign the agreement.

**EXHIBIT L**

**HEALTHY CONTRIBUTIONS AGREEMENT**



## Healthy Contributions Terms and Conditions of Service

Healthy Contributions (“HC”) is the payment processor and program administrator for a number of Fitness Incentive Programs offered by multiple, individual Program Providers. By opting to participate in any of the Fitness Incentive Programs administered by HC the Client (“Client”) agrees to abide by HC’s Terms and Conditions set forth below, and as may be updated or amended from time to time.

1. Appointment of HC as Payment Processor. By opting to become a Client in any Fitness Incentive Program the Client agrees that HC will serve as the payment processor for the Fitness Incentive Program. HC will, among other things, (A) provide an electronic platform for the Client’s entry of Fitness Incentive Programs specific data; (B) collect Fitness Incentive Program specific data from the Client (including Program Member usage data) and convey the data and information provided by the Client to the Program Provider; (C) disburse Fitness Incentive Program reimbursements and fees to the Client as directed by the Program Provider. Client agrees that HC has no independent or derivative liability to the Client for any reimbursements, fees or payments due to Client from any Program Provider under any Fitness Incentive Program and that HC’s obligations to Participating Facility are limited to disbursing monies to Client received by HC from the Program Provider as directed by the Program Provider. Client acknowledges that HC has made no warranty, guarantee or representations to Client concerning the level, if any, of compensation or profit that Client may derive from participating in any Fitness Incentive Program. HC agrees to provide a 1099 Form to each Client that meets applicable IRS thresholds. Client’s that do not meet applicable IRS thresholds may request a 1099 Form by contacting: [compliance@healthycontributions.com](mailto:compliance@healthycontributions.com). Client understands and acknowledges that the relationship created hereby is non-exclusive, meaning that either party hereto may do business with any other party that provides the same or similar services. Client agrees that HC may communicate with Client by, among other methods, email or other electronic means in order to, among other things, update Client concerning Fitness Incentive Program changes, enhancements, offers and other pertinent information. These communications may include information concerning health plans or promotional advertisings in connection with Fitness Incentive Programs and/or HC’s services.
2. Payment. Unless HC’s fees are being completely satisfied by the Program Provider, Client agrees to pay HC for its services provided herein as set forth below in the Healthy Contribution Club Fee Structure Schedule (the “Fee Structure Schedule”), pursuant to the payment method mandated by the Program Provider or, alternatively, pursuant to the available payment method selected by Client. HC reserves the right to change the fees and charges provided for herein without prior notice. If Client objects to such change, the Client may either alter its method of payment (if the payment method is not mandated by the Program Provider) or withdraw from the relevant Program, as provided for in these Terms and Conditions. Client acknowledges and agrees that under some Fitness Incentive Programs HC may receive compensation from a Program Provider (as solely determined by HC and the Program Provider) for providing its services as a payment processor and administrator for a Fitness Incentive Program and that the compensation is fully earned by HC and that Client has no claim to any part of HC’s compensation. HC will post on its website each month a report of fees and processing charges charged to Client for services performed by HC in the prior month. Payments will be drafted from Client’s accounts monthly. If payment is unable to be drafted, Client will be notified and offered a second payment method. A late fee of \$29.00 may be imposed if payment is not made within 10 days of notification. In addition, in the event that Client has not paid any fee within 10 days

of notification by HC, HC reserves the right to suspend all services to be provided to Client pursuant to this Agreement until such time as full payment is made by Client, and HC will not be liable to Client or any third party in any manner, or in breach of this Agreement, for such suspension of services.

3. Obligations of Client. The Client agrees, among other things, to: (A) provide HC only with accurate data and information reflecting actual Program Member participation in the Fitness Incentive Program; (B) correctly update all Program Member data in the Healthy Contributions website by the 5<sup>th</sup> of every month for the preceding month (for example, by February 5 for January Program Member participation) Data must be submitted to Healthy Contributions by the 5<sup>th</sup> calendar day of each calendar month; (C) review monthly return reports data as soon as they are made available and take action on any payment discrepancies found; (D) promptly reimburse to the Program Provider any monies received by the Client that HC or the Program Provider determine in good faith were paid to the Client based upon inaccurate, false or faulty data or information submitted by the Client or that were paid to the Client by HC or the Program Provider by mistake. Client agrees to provide HC with a completed W-9 Form and verifies that the information on the W-9 Form is accurate. The inability of HC to verify W-9 Form information provided by a Client may result in enrollment delays, payments delays and/or access restrictions. Client agrees to inform HC immediately of any change of control in the Client's ownership. Client agrees that a Program Provider and/or HC may audit Client's participation in any Fitness Incentive Program and that Client will provide full cooperation in connection with any such audit. Client understands and agrees that participation in a Fitness Incentive Program may require the Client to be able to demonstrate that the Client maintains liability insurance at levels required by the Program Provider.
4. Termination by Client. Client may terminate this agreement by withdrawing from all applicable Fitness Incentive Program (as permitted by such Fitness Incentive Programs) administered by HC and by providing HC with thirty (30) days written notice of termination. Upon withdrawing from all Fitness Incentive Programs and terminating this agreement, Client is obligated to cooperate with HC in closing out Program Member accounts and providing appropriate communications to Program Members.
5. Termination by HC. HC may terminate this agreement by providing thirty (30) days advance notice to the Client. HC may terminate this agreement immediately if HC determines, in its reasonable discretion that Client has (A) repeatedly failed to abide by the terms and conditions of this agreement or (B) has intentionally provided inaccurate, false or faulty data to HC in connection with any Fitness Incentive Program.
6. Trademarks. All advertisements or other marketing materials relating to Healthy Contributions or a Program Provider's name, trademark, service mark, logo or other commercial symbol must be approved by Healthy Contributions and that Program Provider's legal department prior to publication by Client. Requests can be facilitated through Healthy Contributions.
7. Confidential Information/Privacy. Client agrees that "Confidential Information" shall include, but not be limited to, the terms of this agreement, the financial terms of any Fitness Incentive Program administered by HC, the identity of Program Providers, the identity of Program Members and their unique identifiers, including Program Members Personal Information (defined below). Participating Center agrees to treat Confidential Information as strictly confidential, to protect Confidential Information from disclosure in the same manner and degree that Client protects its own confidential

information and to refrain from sharing Confidential Information with third parties without the express consent of HC. In addition, Client agrees to abide by all applicable privacy laws, regulations or rules with respect to any "Personal Information" of Program Members. "Personal Information" includes all information that is deemed Personal Information, or the equivalent, by any applicable privacy law, regulation or rule, and includes, without limitation, an individual's first name or first initial and his or her last name, or any information concerning a natural person which, because of the name, number, personal mark, or other identifier, can be used to identify such natural person, whether or not in combination with any one or more of the following data elements: (A) social security number; (B) driver's license number or state identification card number; (C) bank account number (D) credit or debit card number; (E) account passwords or personal identification number, other access codes, or any other accounts or resources; (F) electronic identification number; (G) digital signatures; (H) biometric data, including fingerprints; (I) birth date; (J) parent's legal surname prior to marriage; (K) identification number assigned by an employer; or (L) any individually identifiable information, in electronic or physical form, regarding the individual's medical history or medical treatment or diagnosis by a health care professional.

8. Indemnification. Client agrees to defend, indemnify and hold harmless HC, its owners, affiliates, officers, directors, employees, agents, insurers and representatives from and against any and all third party demands, losses, actions, damages, claims, costs, expenses and liability, including attorney's fees (collectively, "Claims") that result from or arise out of, directly or indirectly, (a) any act or omission of Client related to any Fitness Incentive Programs; (b) any violation of the terms of this agreement or (c) any claims asserted by any participating member arising from participating member's utilization of the Participating Facility.
9. Dispute Resolution. In the event of any dispute, claim or controversy of any kind or nature between HC and Client related to this agreement, the parties agree make a good faith effort to meet and resolve the dispute. If the parties are unable to informally resolve their dispute, a party may initiate an arbitration proceeding under the Commercial Arbitration Rules of the American Arbitration Association involving a single arbitrator, engaged in the practice of law, who is knowledgeable in the subject matter relevant to the dispute. Any such arbitration shall be held within ten (10) miles of HC's headquarters in Woodbury, Minnesota. Nothing in this paragraph shall preclude a party from seeking equitable relief in a court of competent jurisdiction.
10. Beneficiaries/Assignment. This agreement will inure to the benefit of and shall bind the successors and permitted assigns of both parties to the agreement. Client may not assign or transfer this agreement without the prior written consent of HC.
11. Entire Agreement. This agreement is the only agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, whether oral or written, relating hereto. No purported amendment, modification or waiver of any provision of this agreement shall be binding unless set forth in a written document signed by both HC and the Client (in the case of amendments or modifications) or by the party to be charged thereby (in the case of waivers). Notwithstanding the above, HC may amend the Fee Structure Schedule and the program details of any Fitness Incentive Program. In addition, Client understands that participation in any Fitness Incentive Program requires that the Client review and agree to the terms and conditions of that particular Fitness Incentive Program, which may vary between Fitness Incentive Program.



# Healthy Contributions Program Fees

	PPV Programs	Reimbursement Programs
<b>Setup Fee</b> One-time setup fee for each new plan added.	\$20.00 one-time fee for each PPV plan added.	\$20.00 one-time fee for each reimbursement plan added.
<b>Plan Fee</b> This is a monthly program participation fee. *Plan must have at least one member enrolled	\$5.00 flat fee per plan, per month.	\$5.00 flat fee per plan, per month.
<b>New Member Fee</b> This is a one-time charge to each new member add into Healthy Contributions	\$1.50 one-time fee per new member.	\$1.50 one-time fee per new member.
<b>Transaction Fee</b> This a per member, per month charge to deposit funds	\$0.35 per active member, per month.	\$0.35 per reimbursed member, per month.
<b>Maintenance Fee</b> This is a per member, per month charge for data storage and HIPAA-compliant security in Healthy Contributions	\$0.40 per active member, per month.	\$0.40 per member, per month.

## A NOTE ABOUT OUR FEES:

These fees are not applicable for UnitedHealthcare programs: Renew Active/One Pass Medicare & Medicaid and One Pass Select (Commercial/Aptiv Access).

All fees are provided for reference and are subject to change at the discretion of Healthy Contributions.

Late payments are assessed and charged an additional \$29.00 per month.

**CONFIDENTIAL- for internal use only**

**EXHIBIT M**

**FRANCHISEE QUESTIONNAIRES**



### **FRANCHISEE QUESTIONNAIRE – EXISTING FRANCHISEES**

If you are a resident of the State of California or your franchise is located in California you are not required to sign this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

Do not sign this Questionnaire if you are a resident of Hawaii, Maryland, or Washington or if the franchise is to be operated in Hawaii, Maryland, or Washington. If signed or otherwise completed, this Questionnaire will not apply to any Hawaii, Maryland, or Washington franchisee.

As you know, The Bar Method Franchisor LLC (the “Franchisor”) and you are preparing to enter into a Franchise Agreement and/or Area Development Agreement for the operation of a franchised Bar Method® business (the “Franchise”). Please review each of the following questions carefully and provide honest responses to each question.

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>
1. Have you received and personally reviewed the Franchise Disclosure Document provided to you?		
2. Did you sign a receipt (Item 23) for the Franchise Disclosure Document indicating the date you received it?		
3. Have you received and personally reviewed the Franchise Agreement and/or Area Development Agreement and each exhibit or schedule attached to it?		
4. Are you legally eligible to work or own a business in the United States and/or Canada, including the state or province in which the Franchise will be located?		
5. Has any employee or other person speaking on behalf of the Franchisor made any statement or representation regarding the actual, average or projected memberships, revenues, or profits that you, Franchisor, or any of our franchisees have achieved in operating the Franchise, other than what is contained in the Franchise Disclosure Document?		
6. Has any employee or other person speaking on behalf of the Franchisor made any promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance or any other material subject relating to the Franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?		
7. Has any employee or other person speaking on behalf of the Franchisor made any other oral, written, visual or other promises, agreements, commitments, understandings, rights-of-first refusal or otherwise to you with respect to any matter, except as expressly set forth in the Franchise Agreement and/or Area Development Agreement or in an attached written Amendment signed by you and us?		
8. Are there any contingencies, prerequisites, or other reservations existing (excluding obtaining financing for equipment or build-out of your Bar Method Center) that will affect your ability to sign or perform your obligations under the Franchise Agreement and/or Area Development Agreement?		

Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: \_\_\_\_\_

Please insert the date on which you received a copy of the Area Development Agreement with all material blanks fully completed: \_\_\_\_\_

You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully, completely and correctly to the above questions. No representations contained herein are intended to or will act as a release, estoppel or waiver of any liability incurred under any applicable franchise law.

FRANCHISE APPLICANT \_\_\_\_\_

FRANCHISE APPLICANT \_\_\_\_\_

FRANCHISE APPLICANT \_\_\_\_\_

FRANCHISE APPLICANT \_\_\_\_\_

DATE: \_\_\_\_\_



## **FRANCHISEE QUESTIONNAIRE – PROSPECTIVE FRANCHISEES**

If you are a resident of the State of California or your franchise is located in California you are not required to sign this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

Do not sign this Questionnaire if you are a resident of Hawaii, Maryland, or Washington or if the franchise is to be operated in Hawaii, Maryland, or Washington. If signed or otherwise completed, this Questionnaire will not apply to any Hawaii, Maryland, or Washington franchisee.

As you know, The Bar Method Franchisor LLC (the “Franchisor”) and you are preparing to enter into a Franchise Agreement and/or Area Development Agreement for the operation of a franchised Bar Method® business (the “Franchise”). Please review each of the following questions carefully and provide honest responses to each question.

QUESTION	YES	NO
1. Have you received and personally reviewed the Franchise Disclosure Document provided to you?		
2. Did you sign a receipt (Item 23) for the Franchise Disclosure Document indicating the date you received it?		
3. Have you received and personally reviewed the Franchise Agreement and/or Area Development Agreement and each exhibit or schedule attached to it?		
4. Are you legally eligible to work or own a business in the United States and/or Canada, including the state or province in which the Franchise will be located?		
5. Has any employee or other person speaking on behalf of the Franchisor made any statement or representation regarding the actual, average or projected memberships, revenues, or profits that you, Franchisor, or any of our franchisees have achieved in operating the Franchise, other than what is contained in the Franchise Disclosure Document?		
6. Has any employee or other person speaking on behalf of the Franchisor made any promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance or any other material subject relating to the Franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?		
7. Has any employee or other person speaking on behalf of the Franchisor made any other oral, written, visual or other promises, agreements, commitments, understandings, rights-of-first refusal or otherwise to you with respect to any matter, except as expressly set forth in the Franchise Agreement and/or Area Development Agreement or in an attached written Amendment signed by you and us?		
8. Are you currently involved in any other businesses/franchises that may interfere with the non-compete obligations outlined in the Bar Method Franchise Agreement, or any other agreements you may have with other businesses/franchises? If yes, please describe the businesses/franchises here:  <hr/> <hr/> <hr/>		



QUESTION	YES	NO
9. Are there any contingencies, prerequisites, or other reservations existing (excluding obtaining financing for equipment or build-out of your Bar Method Center) that will affect your ability to sign or perform your obligations under the Franchise Agreement and/or Area Development Agreement? _____ _____ _____		
10. Have there been any changes in any of the information you have provided to us or our affiliates in connection with any application for the Franchise, or in any application, statement or report you have provided to us? If yes, please describe the changes here: _____ _____ _____		
11. Have you been proven to have engaged in fraudulent conduct, or been convicted of, or plead guilty or no contest to, a felony or misdemeanor involving dishonesty or fraudulent conduct, or do you have any such charges pending? If yes, please describe all relevant facts here: _____ _____ _____		
12. Have you, in the past 10 years, declared bankruptcy, or taken any action, or had any action taken against you, under any insolvency, bankruptcy, or reorganization act? If yes, please describe all relevant facts here: _____ _____ _____		
13. Have you brought, been named in, or been directly involved in any past or pending litigation or formal dispute resolution process? If yes, please describe all relevant facts here: _____ _____ _____		
14. Is there any information that might appear on a credit or criminal history report that you wish to disclose and/or address, knowing that failure to disclose such information may be considered grounds for denial of a franchise? If yes, please describe all relevant facts here: _____ _____ _____		

Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: \_\_\_\_\_

Please insert the date on which you received a copy of the Area Development Agreement with all material blanks fully completed: \_\_\_\_\_

You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully, completely and correctly to the above questions. No representations contained herein are intended to or will act as a release, estoppels or waiver of any liability incurred under any applicable franchise law.

**All prospective franchisees applying please sign here:**

\_\_\_\_\_  
FRANCHISE APPLICANT

\_\_\_\_\_  
FRANCHISE APPLICANT

\_\_\_\_\_  
FRANCHISE APPLICANT

\_\_\_\_\_  
FRANCHISE APPLICANT

DATE: \_\_\_\_\_

### **State Effective Dates**

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

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

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	March 31, 2025
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	March 31, 2025

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 The Bar Method Franchisor LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that 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 requires 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 The Bar Method Franchisor 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 appropriate state agency identified on Exhibit A.

The franchisor is The Bar Method Franchisor LLC, 111 Weir Drive, Woodbury, MN 55125. Its telephone number is 1(800) 704-5004.

The name, principal business address and telephone number of each franchise seller offering the franchise:

Franchise Seller Name	Business Address	Telephone Number
	111 Weir Drive, Woodbury, MN 55125	(651) 438-5000

ISSUANCE DATE: March 31, 2025.

The Bar Method Franchisor LLC authorizes the respective state agents identified in Exhibit A to receive service of process for us in the particular states.

I received a Disclosure Document with an Issuance Date of March 31, 2025, that included the following Exhibits:

- |  |                                   |
|--|-----------------------------------|
| A List of State Agencies/Agents for Service of Process | G Release on Renewal/Transfer     |
| B Franchise Agreement                                  | H State Specific Addenda          |
| C Operations Manual Table of Contents                  | I Area Development Agreement      |
| D List of Franchisees                                  | J ProVision Services Agreement    |
| E List of Franchisees Who Have Left the System         | K Equipment Loan Documents        |
| F Financial Statements and Affiliate Guaranty          | L Healthy Contributions Agreement |
|  | M Franchisee Questionnaires       |

Please indicate the date on which you received this Disclosure Document, and then sign and print your name below, indicate the date you sign this receipt, and promptly return one completed copy of the Receipt to The Bar Method Franchisor LLC, at 111 Weir Drive, Woodbury, Minnesota 55125. The second copy of the Receipt is for your records.

Date Disclosure Document Received:

---

Date Receipt Signed:

---

\_\_\_\_\_  
Prospective Franchisee's Signature

\_\_\_\_\_  
Print Name

Address:\_\_\_\_\_

\_\_\_\_\_

## 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.

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| E List of Franchisees Who Have Left the System         | K Equipment Loan Documents        |
| F Financial Statements and Affiliate Guaranty          | L Healthy Contributions Agreement |
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Date Disclosure Document Received:

\_\_\_\_\_

\_\_\_\_\_  
Prospective Franchisee's Signature

Date Receipt Signed:

\_\_\_\_\_

\_\_\_\_\_  
Print Name

Address: \_\_\_\_\_  
\_\_\_\_\_