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 $386,523 to $537,264. This includes $85,786 to $112,095 that must be paid to the franchisor or an affiliate. We may also offer you the right to develop 2 or more Bar Method Studios. You would then sign an Area Development Agreement and pay a 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.

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: April 18, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Bar Method® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Bar Method® franchisee?	Item 20 or Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special 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 (52) 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 48933
(517) 373-7117

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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 logo'd balls, stretching straps, balls, 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 more advanced classes that may focus on a faster, more aerobic exercise program or more restorative exercises. 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

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 Anytime Fitness, LLC who is acting as our manager as discussed below. The parent company of Anytime Fitness, LLC is Self Esteem Brands, LLC ("SEB"). SEB is owned by Anytime Worldwide, LLC. The majority of Anytime Worldwide, LLC is owned by Anytime Holdings, Inc. We do not have any other parent companies. All of the entities disclosed in this paragraph have the same principal business address as we do.

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 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 began operating a Bar Method studio in 2021. 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 3 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. 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 and Anytime Fitness express brands. Anytime Fitness offers franchises for the operation of fitness centers designed to operate with minimal overhead and labor costs under the trademark, "Anytime Fitness®" and "Anytime Fitness Express®". It and its predecessor Anytime Fitness, LLC ("AFLLC"), have been offering Anytime Fitness franchises since October 2002 and Anytime Fitness Express franchises since October 2006. 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, 2022, Anytime Fitness had 2,318 franchised centers in operation in the United States and AFLLC had 12 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 9, 2012. As of December 31, 2022, it had 34 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, 2022, Basecamp had 9 franchised studios operating in the United States and BFLLC had 5 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, 2022, Waxing Worldwide had 133 franchised studios operating in the United States and WCWLLC had 6 company-owned studios. WCWLLC intends to sell these company-owned studios.

We have two affiliates that may sell or offer goods or services to franchisees. PV Distribution LLC ("ProVision") offers 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 franchisees. It also hosts websites for our franchisees. SEB Distribution SPV LLC will sell The Bar Method branded and other products for use and retail sale in your Studio. The principal business address of these affiliates is the same as our address. Neither affiliate has offered franchises in any line of business nor have they operated the type of business that a Bar Method Studio will operate.

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 and Regulations

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.

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. 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.

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.

Item 2

BUSINESS EXPERIENCE

Chief Executive Officer – Charles Runyon

Mr. Runyon has served as the Chief Executive Officer for us, Anytime Fitness, Basecamp and Waxing Worldwide since October 2021. He has also served as the President of TBMLLC since September 2019. 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, President and Chief Manager in December 2009. In January 2013, he transitioned from the role of President to Chief Executive Officer of AFLLC. He has also served as Chief Executive Officer and Governor of WCWLLC since September 2012 and the President and a Governor of BFLLC since August 2018.

President – Dave Mortensen

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

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.

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.

Brand President – Stephanie Schon

Ms. Schon has served as the Bar Method Brand President for our manager AFLLC 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 across the United States. From April 2016 until July 2018, she was the Director of EPMO and Strategy Execution at Buffalo Wild Wings in Minneapolis, MN.

Vice President of Operations – Frannie Wong

Ms. Wong has Served as a Vice President of Operations (Bar Method) for our manager AFLLC since November 2021. She has also served as the Vice President of operations for TBMLLC since September 2019. She was TBMLLC's Chief Operating Officer from September 2017 to September 2019 and the Chief Financial Officer from May 2017 to September 2019.

Chief Technology Officer – Ryan Masanz

Mr. Masanz has served as the Chief Technology Officer for TMBLLC since September 2019, AFLLC since October 2012, WCWLLC since October 2012, and BFLLC since August 2018.

Chief Information Officer – Chris Sullivan

Mr. Sullivan has served as the Chief Information Officer for AFLLC, WCWLLC, BFLLC and TBMLLC since January 2023. Mr. Sullivan joined SEB in November 2018 as the Senior Manager of International Platforms. In March of 2020, he was promoted to Senior Director of International Technology and Payments. In September of 2020, he was promoted to Vice President of Information Technology. From February 2018 to November 2018, he was a senior consultant at Project Consulting Group located in Minneapolis, MN. From September 1997 until January 2018, he held various roles of increasing responsibility at Target Corporation

culminating as Senior Director of Finance Business Systems and Services, located in Minneapolis, MN

Chief Marketing Officer – April Anslinger

Ms. Anslinger has served as the Chief Marketing Officer for AFLLC, WCWLLC, BFLLC and TBMLLC since March 2021. From February 2018 to January 2021 she served as the Senior Vice President, General Manager of North America Aveda for the Estee Lauder Companies.

Chief Development Officer – Matt Stanton

Mr. Stanton has served as the Chief Development Officer for AFLLC, WCWLLC, BFLLC and TBMLLC since January 2023. 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.

Vice President of Sales – Tony Nicholson

Mr. Nicholson has served as the Vice President of Sales for TBMLLC, WCWLLC, AFLLC and BFLLC since January 2021. Mr. Nicholson joined SEB in February 2012 and has held various roles in the organization; initially as Director of Services and Personal Training for AFLLC from February 2012 to August 2014. From August 2014 to May 2016, Mr. Nicholson served as Director of Anytime Health, LLC Anytime Fitness' former health and wellness platform. From May 2016 to January 2021, Mr. Nicholson served as Director of Sales of AFLLC.

Director of Financing – Timothy Smith

Mr. Smith has served as the Director of Financing for TBMLLC since September 2019, AFLLC since December 2009, BFLLC since August 2018, and WCWLLC since October 2012. From February 2013 to present Mr. Smith has been President of Franchise Financial, LLC.

Vice President of Real Estate – Mark Norman

Mr. Norman has served as the Vice President of Real Estate for AFLLC, BFLLC, WCWLLC and TBMLLC since September 2019. From April 2017 to September 2019, Mr. Norman served as Vice President of Real Estate for Regis Corporation in Minneapolis, Minnesota.

Senior Vice President of Franchise Administration – Jennifer Yiangou

Ms. Yiangou has served as the Senior Vice President of Franchise Administration with WCWLLC, AFLLC, BFLLC and TBMLLC since September 2020. 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.

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. The deadline for filing claims passed on June 9, 2015. 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:

Franchise Agreement Pricing	New Franchisee	New Franchisee Who Meets Veteran Requirements (Note 1)	Existing Franchisee (Note 2)	Existing Franchisee Who Meets Veteran Requirements
Bar Method Studio Franchise	$42,500	$39,000	$39,000	$37,500

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

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

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:

Initial Franchise Fee Pricing under Area Development Agreements (Standard Bar Method Franchise)	**New Franchisee**	**Existing Franchisee**
2 locations	$82,500	$65,000
3 locations	$122,500	$97,500
4 locations	$162,500	$130,000
Additional locations	$35,000	$32,500

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 DMA in which you choose to develop. For example, we will not sell a 10 location ADA in a DMA that has a holding capacity of 5 Bar Method studios at the time you purchase. We may not allow a single franchisee to purchase more than 70% of the potential or existing locations within any given DMA.

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. There is no charge for this training unless you have more than 3 teachers attend. In that case, the fee is $750 per additional teacher. This training will require independent self-study, virtual content, post-training review and completion of practice hours of instruction. 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. 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, logo'd balls, stretching straps, balls, risers and other initial equipment. We expect your payments to us for this initial equipment to be approximately $7,400 to $8,900 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, towels, 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 $2,310 to $3,570 but may vary depending on the types and amounts of inventory you decide to buy. These payments are not refundable.

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. ProVision offers technology packages, which range in cost between $11,778 and $22,028. 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 or taxes which we estimate will cost 50% of the package cost (which are payable to vendors or government agencies). This cost may be financed through a third party. These payments are not refundable. You will also pay ProVision a monthly Technology fee for these technology solutions on the first business day of each month after billing begins (typically beginning when your Studio starts pre-sale 60 to 90 days before opening). The current Technology Fee to be paid before your

Studio opens is $598 to $897 ($299 per month for 2-3 months). See Item 6 for information on the monthly Technology fee.

You will have 12 months from the date you sign the Franchise Agreement to open and begin operating your Bar Method Studio. If you want to extend that time for an additional 3 months, and we agree to allow you to do so, you must pay a $500 extension fee to us as a condition to our granting the extension. (However, we will waive this extension fee if you are actively working with our real estate team in locating a site.) The extension fee also applies if we agree to allow you to extend the date for opening of any Bar Method Studio that you agree to open under your Area Development Agreement. We are not, however, obligated to grant these extensions, and we have the right to condition our consent on other requirements. Extension fees are not refundable and are not credited against any other obligation you may have to us.

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. If you do not use our designated architectural vendor to create the Construction Documents, we will charge you a $2,700 fee to review the Construction Documents created by another vendor. This fee is not refundable and is due upon receipt of an invoice.

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, into the Marketing Fund. We may require you to pay to us the required amount for the Grand Opening Program and we will execute the Grand Opening Program on your behalf. This amount would not be refundable.

Range of Initial Fees

Franchisees signing franchise agreements during 2022 paid us initial fees (as described in this Item 5) ranging from $37,500 to $42,500.

Item 6

OTHER FEES

Type of Fee[(1)]	Amount	Due Date	Remarks
Royalty	6% of Studio's Gross Revenue[(2)]	On the day of each month we periodically specify (**"Payment Day"**), currently the 10th	
Marketing Fund contribution	Amount we periodically specify, subject to the Marketing Spending Requirement[(3)], currently 2% of Studio's Gross Revenue[(2)]	On the day of each month that we periodically specify, currently the 20th	
Marketing Spending Requirement	5% of Studio's quarterly Gross Revenue[(3)] Currently, $350 one-time setup fee if we conduct the local marketing on your behalf	As incurred	If you fail to meet the Marketing Spending Requirement, you must pay us the difference and we can either spend it in your market on your behalf or place the money in the Marketing Fund. We can require that this amount be paid to us to spend in your market area, plus our current one-time setup fee.
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 and we can either spend it in your market on your behalf or place the money in the Marketing Fund. We can require that this amount be paid to us to spend in your market area.
Marketing Materials	Varies, but currently $250 to $500 per year	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.

Type of Fee[1]	Amount	Due Date	Remarks
Mandatory Seminars, Conferences or Programs	Currently, $439 for early registration, increasing to $659 at the Conference	When you register for the Conference	If we hold a Conference you must pay this fee for one Bar Method Studio, regardless of how many studios you open, 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.
Technology Fee	Currently, $299 per month.	On the day of each month that we periodically specify, currently the 15th	You must pay this fee monthly to our affiliate, ProVision in support of system technology initiatives. We may increase this fee upon written notice to you.[4]
Teacher Manager Support Program Fee	Currently $5,000 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 $750 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.	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.	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.

Type of Fee[1]	Amount	Due Date	Remarks
Other training fees	Currently $250 per hour plus the costs of travel and expenses for our trainer, but could increase.	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	Currently $25 per person, per workshop, but could increase.	As incurred	This fee is payable for all persons attending workshops produced by us.
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. We recommend they charge from $45 to $250 per hour depending on the training provided, or $100 per certification, plus travel and accommodation costs.	As incurred	
Transfer Fee	$7,500 or $15,000[5]	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	$1,100. This fee may increase upon notice to you.	Annually upon demand	You will pay us this fee annually for licensing of music to be played for live classes.
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. It is currently our policy to waive the fees if you work with our real estate team to obtain a new site.
Management Fee	3% of Gross Revenue[2] 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.

Type of Fee[(1)]	Amount	Due Date	Remarks
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	When invoiced	Payable only if we re-inspect the Studio to determine whether you have corrected deficiencies.
Insurance/Bond Handling Fees	Currently, $100 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	If ADA is terminated, $10,000 multiplied by number of undeveloped Bar Method studios	Immediately after notice from us	Payable if your ADA is terminated.
Compliance Fee	$100 per month per Studio per violation	Monthly	Payable only if you fail to comply with our revenue reporting policies, fail to submit any financial statements we require in the form or within the time we require, or fail to comply with other policies set forth in the Operations Manual. Paid monthly until the violation is remedied. This provision does not limit other remedies available to us.
Bar Livestream Local Fee	Currently, $50 per month per Studio (subject to increase upon notice to you).	Monthly	Only payable if you choose to participate in the Bar Livestream Local portion of the Bar Livestream Program.[6]
Bar Livestream Digital Music License Fee	Currently, $420 per year, per Studio, plus applicable taxes (subject to increase upon notice to you).	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.[6] This fee would be payable in addition to the Music Licensing Fee above.

Type of Fee[(1)]	Amount	Due Date	Remarks
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.
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 club's request. We reserve the right to change these fees upon written notice to you.	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 $0.15 or $0.25 per active member for each applicable deposit, a $0.15 per member, per month maintenance fee for data storage and security, and a $0.50 total transaction fee per month. This will change to a flat fee percentage billing at: Pay Per Visit: Flat 3.5% of received payment Reimbursement: 3.5% of membership dues Group Membership Program: 3.5% of received payment We reserve the right to change these fees upon notice to you.	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.
DMA violation	$1,000-$10,000 based on the frequency of the violation and severity of the conduct	If you secure real estate and do not comply with the requirements for securing real estate within a DMA.	Only payable if you fail to comply with our requirements for securing a site within the DMA.

Explanatory Notes

(1) All fees are imposed and collected by and payable to us or our affiliates and are non-refundable. 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. 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. 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 or for us to spend on Local Marketing for the Studio, in our discretion. 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. We may also require you to pay the amount making up the Marketing Spend Requirement to us and we will spend it in on local marketing in your market area. If we implement this requirement you must also pay us a one-time set-up fee of $350.

(4) 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 can change the amount of this fee as we see fit. 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.

(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

Type of expenditure (1)	**Low amount**	**High amount**	**Method of payment**	**When due**	**To whom payment is to be made**
Initial franchise fee **(2)**	$42,500	$42,500	Lump sum	Upon signing Franchise Agreement	Us
Franchisee Training, Travel & Living Expenses **(3)**	$2,025	$18,400	As incurred	As incurred during training	Airlines, hotels, restaurants
Leasehold Improvements **(4)**	$206,953	$249,660	Varied times	Before Opening	Landlord and building contractor
3 Months' Rent + security deposit **(4)**	$16,320	$27,200	As incurred	Monthly	Landlord
Construction Management Fees & Site Survey **(4)**	0	$15,300	As incurred	Before opening	Third parties
Office Supplies	$3,500	$4,000	As agreed	Varied times	Us, Affiliates and Vendors
Grand Opening Program **(5)**	$16,200	$25,000	As agreed	Before opening	Us and Vendors
Architect/Design Fees **(6)**	$9,410	$16,600	As specified in contract	At time of design	Architect
Fitness Equipment **(7)**	$7,400	$8,900	Lump sum	Before opening	Us
Furniture, Fixtures & Millwork **(7)**	$21,699	$35,700	As agreed	Varied times	Us, Affiliates and Vendors
Technology Package and Licenses **(8)**	$11,778	$22,028	As agreed	Varied times	Us, Affiliates and Vendors
Interior and Exterior Signage	$13,857	$21,793	As agreed	Varied times	Us and Vendors

Type of expenditure (1)	Low amount	High amount	Method of payment	When due	To whom payment is to be made
Initial Retail Inventory (Retail Package) **(9)**	$2,310	$3,570	As agreed	At delivery	Us and Vendors
Insurance & Bonds **(10)**	$3,250	$3,500	As incurred	Varied times	Us and Vendors
Miscellaneous Expenses **(11)**	$7,524	$13,094	As agreed	Varied times	Us, Affiliates and Vendors
Additional funds – 3 months **(12)**	$21,797	$30,019	As incurred	As incurred	Us and third parties
Total estimated initial investment (13)	**$386,523**	**$537,264**			

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 2,500 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. The costs for rent, equipment and leasehold improvements will vary and may be significantly higher than projected in this table, based on the square footage, condition of the property, location, market conditions, financing costs, and other physical characteristics of your franchised location.

(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 2 or more Bar Method Studios, and you will pay the Development Fee at the time you sign the Area Development Agreement. The Development Fee replaces the initial franchise fee you would have paid for those Studios. 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 Owner Training Program". This program may be virtual or in-person at a location we designate, or a combination of both. 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 4 individuals to attend in-person Teacher Training, and travel and living expenses for 2 people to attend New Owner 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. 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. You will need to alter the interior space to meet our then-current specifications, before you open your Studio. Some of our franchisees receive some tenant improvement allowance from their landlord (the average amount received by franchisees in our system from 2020 through 2022 was $19 per square foot). Our estimate assumes you must only pay 1 month's rent as a security deposit.

As described in Item 8, we offer an optional Site Survey and 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.

We have included 3 months' rent and an additional one months' rent as a security deposit, at a base rate of $25 per square foot for a 1,500 square foot studio (low) and 2,500 square foot studio (high).

(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 receipts 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 $9,410 to $16,600 and these fees are paid to the vendor directly. If you use a vendor other than our designated architectural vendor for the creation of your Construction Documents, you must pay us a $2,700 fee to review your Construction Documents. 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 and you use our designated architectural vendor. 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 logo'd balls, stretching straps, balls, 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 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. You must purchase a telephone system, copy/print/scan machine, headsets, amplifier, mixer, speakers and wireless microphone system as specified in our confidential manual. This figure also may include any one or more of the software platforms, applications, 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. 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. ProVision offers technology packages, which range in cost between $11,778 to $22,028 (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 additional 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 (which are payable to vendors or government agencies).

(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, towels, water bottles, logoed 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, uniforms, legal and accounting fees, and music licensing and software fees before opening.

(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 since 2001 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. It is possible to significantly exceed costs in any of the areas above. You should review these figures carefully with a business and a legal advisor before making any decision to purchase a franchise. 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.

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.p 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, bars 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, logo'd balls, stretching straps, balls, risers and other initial equipment. You must purchase the Retail Package from us, which includes opening retail inventory such as socks, shirts, towels, water bottles, logoed 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, other branded products and/or exercise videos 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 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. Except as disclosed in this Item 8, as of the

issuance date of this Disclosure Document, neither we nor any of our affiliates currently are approved suppliers or the only approved suppliers for any products or services that Bar Method Studio franchisees use or sell. In the future, we may designate us and/or our affiliates as approved suppliers or the only approved supplier for certain products and services. 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 that suppliers and/or distributors that we designate or approve for some or all of our franchisees make to us. 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.

Healthy Contributions is an affiliate of ours that may provide optional services to you. 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. Although currently optional, we may make participation with all or some of Healthy Contributions incentive programs mandatory in the future.

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 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.

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. 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.

In the fiscal year ended December 31, 2022 we received $70,239 in revenue from the purchase, lease or sale of required goods or services to our franchisees which was approximately .02% of our total revenues of $3,613,445. In the fiscal year ended December 31, 2022 our affiliate PV Distribution received $306,556 in revenue from the purchase, lease or sale of required goods or services to our franchisees and our affiliate SEB Distribution received $410,632 in revenue from the purchase, lease or sale of required goods or services to our franchisees. All of this information was taken from our and our affiliates' internal financial records.

We currently have a designated architectural vendor who provides the Construction Documents. The cost for these Construction Documents ranges from $9,410 to $16,600 and these fees are paid to the vendor directly. If you use a vendor other than our designated architectural vendor for the creation of your Construction Documents, you must pay us a $2,700 fee to review your Construction Documents. See Item 5. The Construction Documents supplied by the alternate service provider must meet our specifications.

We currently offer Site Survey and 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. 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. We may also require you to pay the amount making up the Marketing Spend Requirement to us and we will spend it in on local marketing in your market area.

We may require you to work with our designated vendors that provide local marketing services, which may include us or our affiliates, such as placing and managing digital and/or traditional paid media tactics. We may also require you to work with our designated vendor if you wish to conduct mass marketing to members or prospective members via email or text messages.

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 receipts 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.

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. We may designate a software platform that you must use to conduct mass marketing to members or prospective members via email or text messages.

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 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.

Obligations	Section in Franchise Agreement	Section in ADA	Disclosure Document item
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

Obligations	Section in Franchise Agreement	Section in ADA	Disclosure Document item
h. Trademarks and proprietary information	Sections 10 and 11	Not Applicable	13 and 14
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

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 1 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) Designate a market area (a "Designated Market Area" or "DMA") in which you may look for a site location for your Bar Method Studio. (Franchise Agreement – Section 2.A)

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

(3) 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)

(4) 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.

(5) 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, logo'd balls, stretching straps, balls, risers and other initial equipment. We will also sell to you your initial Retail Package, which will include socks, shirts, towels, water bottles, logoed apparel 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)

(6) 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.

(7) 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 143 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)

(8) 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)

(9) 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 and Bar Livestream National 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. We may require you to submit receipts 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 and we can either spend it in your market on your behalf or place the money in the Marketing Fund. 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, 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. We may place advertising in any media, including 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 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 here.

We prepare an annual, unaudited statement of Marketing Fund collections and expenses and we will give you the statement upon written request. During 2022, we spent the Marketing Fund contributions for the following purposes: 15% on production, 58% on media placement, 7% on administrative expenses, 15% on marketing technology platforms and 5% on System Website maintenance. 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. We may also in the future, require you to use our designated software platform if you wish to conduct mass marketing to members or prospective members via email or text messages. (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 and we can either spend it in your market on your behalf or place the money in the Marketing Fund. We reserve the right to audit your records upon request to determine compliance with this requirement. We may also require you to pay the amount making up the Marketing Spend Requirement to us and we will spend it in on local marketing in your market area. If we implement this requirement you must also pay us a one-time set-up fee of $350.

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 be 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 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. 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, Twitter, 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 $11,778 for the basic (required) package to $22,028 for the largest (optional) package. These package prices do not include taxes, shipping and installation, which we estimate will cost an additional approximately 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, $299 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 in a DMA that we agree on at the time you sign your Franchise Agreement. You will have 12 months from the date you sign the Franchise Agreement to secure a location we approve in the DMA and open and begin operating your Bar Method Studio. Your failure to open and begin operating your Bar Method Studio at a location we approve in your DMA 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. However, if you want to extend that time for an additional 3 months, and we agree to allow you to do so, you must pay a $500 extension fee to us as a condition to our granting the extension. We are not, however, obligated to grant an extension and we have the right to condition our consent on other requirements. We will provide you with consulting services to assist you in evaluating and selecting a site for your Bar Method Studio in this DMA and may provide you recommendations on sites in this DMA. 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 generally tell you within approximately 10 days whether or not we approve your proposed site. 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 DMA; 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. If you do not we can terminate your Franchise Agreement and retain all amounts you have paid to us. 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.G)

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 Owner Training

Before the opening of your Studio we provide an initial training program we refer to as our "New Owner Training" to the person you designate as the "Principal Operator" of your Studio. (Franchise Agreement Section 4.A). You may also send one additional person to the same or separately scheduled New Owner Training program, space permitting, at no additional charge. The New Owner Training program currently includes self-paced pre-work in a virtual format, classroom training and/or remote training which may be provided in-person or in a virtual format at our discretion, in-person studio training, and post-training consultations. The Operations Manual and the Teacher Training Manual serve as our instructional materials. New Owner Training is conducted on an as-needed basis in a virtual format, at our corporate headquarters in Woodbury, Minnesota, our corporate studio in Edina, 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. 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 Owner 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 Owner Training program as of the date of this disclosure document:

INITIAL TRAINING PROGRAM
(New Owner Training)

Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location**
Marketing	20	8	Woodbury, Minnesota and online
Sales	6	4	Woodbury, Minnesota and online
Operations	6	4	Woodbury, Minnesota and online
TOTAL HOURS	32	16	

The New Owner Training will be provided by multiple facilitators, including Frannie Wong, our Vice President of Operations. Ms. Wong will also oversee this training. She has worked in the fitness industry since 2002. She has worked with us and our predecessor since May 2017. 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.

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 $750 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. 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. 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 $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 mut pay us an additional $250, 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.

If you need additional coaching or evaluation services you may hire us to provide that service. We will charge you the rate of $250, plus the cost of travel and lodging for our representative who conduct these services. 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 published rate for additional coaching or evaluation is $250 per hour plus the cost of travel and living expenses, but we can adjust that rate periodically in our Operations Manual.

Additional Training

If you require additional operations training beyond what is provided by us, you can request that we send a representative to provide further assistance to you. If we provide additional assistance at your request, we must agree in advance to the charges you will pay and the length of the visit. The cost of additional assistance will depend on your needs and the amount of assistance you desire. We may also require you to receive additional assistance 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. 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 currently $25 per person per workshop, but we may adjust it periodically. Our current published rate for additional assistance is $250 per hour plus the cost of travel and living expenses, but we can adjust that rate periodically in our Operations Manual. We may provide all or part of this training online, by phone, on-site or by webinar.

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. The conference fee is currently $439 per person for early registration or $659 per person at the conference. We can increase this fee upon notice to you. 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

DMA

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 within the Designated Market Area we agree on at that time. DMAs represent market areas, that vary in size and we use the market areas that are established by The Nielsen Company, LLC, which is an independent, unaffiliated, third party to define our DMAs. The boundaries of a DMA will change if The Nielsen Company, LLC or its successor changes the applicable defined market area. In determining how many Bar Method Studios to place in a particular DMA, we consider various factors including, population density and growth trends, apparent degree of affluence of population, the density of residential and business entities, traffic generators, competition, availability of suitable real estate, other commercial considerations, and other criteria. The capacity of a DMA (the number of Bar Method Studios a particular DMA may hold) may change during the term of your Franchise Agreement with us.

You may locate your Bar Method Studio at any site we approve within that DMA, so long as the site you select is not also within a protected territory of another Bar Method Studio. 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 site, and to obtain our approval of that site before you acquire the site, and before you obtain any rights in the site. Once the site for your Bar Method Studio has been approved, we will grant you a protected territory.

If you identify a potential site in the DMA for your Bar Method Studio you must send us a complete site report containing demographic, commercial and other information and photographs that we may reasonably require. In approving or disapproving a proposed site we consider various factors including, density of population, growth trends of population, apparent degree of affluence of population, the density of residential and business entities, traffic generators, competition, proximity to other Bar Method Studios, size and other commercial considerations, appearance and other criteria. We do not have to accept a proposed site that does not meet our criteria. We or an affiliate can acquire the site or we can give other Bar Method franchisees searching for sites in the DMA the right to acquire the site if we approve it.

Your rights in the DMA are not exclusive and we, other franchisees and/or Area Developers may also be looking for sites in the same DMA at the same time. There may be other franchisees and/or Area Developers who have Bar Method studios or protected territories within the DMA, which will restrict the location of your Bar Method Studio. 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. Proposed sites within the DMA will be emailed to all franchisees and/or Area Developers who have rights in the DMA at the time we approve the site. In deciding whether and to whom to award a proposed site we consider various factors including, how long a franchisee has been looking for a proposed site

within the DMA (generally awarded to those who have been looking longest), length of time to the required opening date (generally awarded to those with closest required opening date), proximity to a franchisee's existing studio if applicable, and a franchisee's financial ability to support the Bar Method Studio. Given these factors, you may not be awarded a particular proposed site, even if you submitted it to us for approval. If we provide you a proposed site and you do not accept it within the time we specify or another franchisee accepts it before you do then you will not have any rights to the site. If you do not acquire a site that we have approved within the timeframe we have given you we or an affiliate can acquire the site or give another franchisee the right to acquire the site.

We currently intend to offer you the assistance of our real estate team to assist you in finding a proposed site for your Bar Method Studio within your designated DMA and to provide you with demographic and other information to which it has access regarding proposed locations within your designated DMA. However, we may be looking for our own sites or sites for other franchisees, we are not obligated to provide you such assistance and you are solely responsible for locating and securing an acceptable, proposed location that is approved by us in order to fulfill the development obligations in your Franchise Agreement(s). 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

When you have found a location in the DMA that is approved by us, we will amend your Franchise Agreement to identify your location and the "protected territory" around your location. 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 place or license to anyone else the right to place a Bar Method Studio that is physically located in your protected territory. However, we and our affiliates can place Bar Method Studios, or grant others the right to do so, outside your protected territory, including studios operated under the Bar Method name, even if they compete for customers 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 business and any other business from locations within this territory under trademarks other than "The Bar Method", without compensation to you.

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. 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.

Area Development Agreement

Upon signing the ADA you will acquire the non-exclusive right to develop the specified number of Bar Method Studios within the identified DMA and 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. We do not permit an ADA that would permit the development of Bar Method Studios in multiple DMAs. 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.

Similar Affiliated Brands

As described in Item 1, we have 2 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 any Anytime Fitness Expresses). Anytime Fitness has the same principal business address as we do and would 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 would not maintain physically separate offices or training facilities.

There may be now, or in the future, Anytime Fitness and/or Basecamp Fitness locations in the same market as current or future Bar Method franchisee territory(ies). If there is a conflict between us and an Anytime Fitness franchisee 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, our management team 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, and are not responsible for resolving conflicts between or among Anytime Fitness franchisees or Basecamp Fitness franchisees, but may develop a policy concerning this issue in the future.

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"):

Mark	Registration Number	Date Registered
THE BAR METHOD	3,361,568	January 1, 2008
THE BAR METHOD 	4,281,521	January 29, 2013
Bar Design	4,431,143	November 12, 2013
	4,431,143	November 12, 2013
BAR MOVE	4,575,2932	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, 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.

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 Owner 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.

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	1.B of Franchise Agreement Section 3.A and 4 and Rider of ADA	The initial term is 6 years. 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 ADA – Not Applicable	If you are in good standing and you meet our conditions, you can renew your franchise for an additional 5 year period. You cannot renew the ADA.
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).

Provision	Section in franchise or other agreement	Summary
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.
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 are 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 and bankruptcy-related events. Similar reasons as for Franchise Agreement, you

Provision	Section in franchise or other agreement	Summary
		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.
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), you pay $7,500 transfer fee if the Studio is open or $15,000 transfer fee if the Studio is not open, 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

Provision	Section in franchise or other agreement	Summary
	Section 7.B of ADA	(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), you pay transfer fee described in Item 6, price and payment terms do not adversely affect operation, transferee subordinates obligations, and transferee agrees not to use Marks or compete. 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.
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	Must transfer to an approved transferee within 6 months. Your heirs can assume your rights, but if they do, they must meet the transfer requirements.
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.

Provision	Section in franchise or other agreement	Summary
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.
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.

As of March 1, 2023, we had 70 franchised Bar Method Studios that were open and operating on or before January 1, 2021 and operated for the 12-month period ended February 28, 2023. Below we have provided Gross Revenue and membership contribution information for these Studios for the 12 month period ended February 28, 2023. We excluded 6 Bar Method Studios that permanently closed during the 12-month period ended February 28, 2023. None of these Studios closed before operating for at least 12 months.

	Average of All (70 Studios)	Median of All (70 Studios)	Top 1/3 Average (23 Studios)	Top 1/3 Median (23 Studios)	Middle 1/3 Average (24 Studios)	Middle 1/3 Median (24 Studios)	Bottom 1/3 Average (23 Studios)	Bottom 1/3 Median (23 Studios)
Gross Revenue	$354,859	$322,838	$555,038	$510,240	$316,810	$322,838	$194,382	$194,819
Number/Percentage At or Above Average Gross Revenue	28/40%	N/A	9/39%	N/A	13/54%	N/A	12/52%	N/A
Highest Gross Revenue	$886,960	N/A	$886,960	N/A	$415,925	N/A	$244,245	N/A
Lowest Gross Revenue	$111,505	N/A	$417,666	N/A	$245,561	N/A	$111,505	N/A

Membership Contribution Percentage

72% of the total Gross Revenues of the Bar Method Studios in the data set were from payments by Studio members for their Bar Method monthly memberships. This percentage was determined by dividing the total Gross Revenues of the Studios from these monthly membership payments by the total Gross Revenues of the Studios in the data set.

Notes to Item 19 Information

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

Percentages were rounded to the nearest whole percent and dollars 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 Revenue 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.

The Gross Revenue information disclosed above would constitute Gross Revenue under the Franchise Agreement and would exclude 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 any bona fide refunds and credits actually provided to customers. We have included revenue generated from the Bar Livestream in the Gross Revenue although a franchisee is not currently required to offer that program.

All of the Bar Method Studios used in compiling the numbers in this Item 19 offer 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 the franchisor's 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

The company-owned studio opened in 2021 is operated by our predecessor. The Bar Method Studios listed as "franchised" include those studios operating under license agreements that TBM assigned to our predecessor in January 2008 who then assigned them to us in connection with Securitization Transaction. All of the franchised outlets disclosed in the tables below were operated under Franchise Agreements with our predecessor prior to the Securitization Transaction.

Table No. 1

Systemwide Outlet Summary
For years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	118	91	-27
	2021	91	78	-13
	2022	78	75	-3
Company-Owned	2020	1	0	-1
	2021	0	1	+1
	2022	1	1	0
Total Outlets	**2020**	**119**	**91**	**-28**
	2021	**91**	**79**	**-12**
	2022	**79**	**76**	**-3**

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years 2020 to 2022

States	Year	Number of Transfers
California	2020	0
	2021	1
	2022	1
Massachusetts	2020	1
	2021	0
	2022	0
New Jersey	2020	0
	2021	2
	2022	0
New York	2020	0
	2021	1
	2022	0
Texas	2020	2
	2021	1
	2022	0
Total	**2020**	**3**
	2021	**5**
	2022	**1**

Table No. 3

Status of Franchised and Licensed Outlets For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reason	Outlets at End of Year
Arizona	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reason	Outlets at End of Year
California	2020	31	1	3	1	0	0	28
	2021	28	1	2	1	0	0	26
	2022	26	1	2	0	0	0	25
Colorado	2020	3	0	1	0	0	0	2
	2021	2	0	0	1	0	0	1
	2022	1	0	0	0	0	0	1
Connecticut	2020	3	0	1	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
District of Columbia	2020	1	0	0	0	0	0	1
	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
Florida	2020	4	0	1	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Georgia	2020	2	0	1	0	0	0	1
	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
Hawaii	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	2020	6	0	0	0	0	0	6
	2021	6	0	1	1	0	0	4
	2022	4	1	1	0	0	0	4
Indiana	2020	2	0	1	0	0	0	1
	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
Kansas	2020	3	0	0	0	0	0	3
	2021	3	0	1	0	0	0	2
	2022	2	0	0	0	0	0	2
Maine	2020	1	0	1	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reason	Outlets at End of Year
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Maryland	2020	3	0	0	0	0	0	3
	2021	3	0	1	0	0	0	2
	2022	2	0	0	0	0	0	2
Massachusetts	2020	5	0	2	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	2	0	0	0	2
Michigan	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Minnesota	2020	2	0	2	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Missouri	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New Jersey	2020	15	0	3	1	0	0	11
	2021	11	0	1	0	0	0	10
	2022	10	0	0	0	0	0	10
New York	2020	7	0	0	0	0	0	7
	2021	7	0	2	0	0	0	5
	2022	5	0	0	0	0	0	5
North Carolina	2020	2	0	2	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Oregon	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Pennsylvania	2020	3	0	1	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
South	2020	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
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Texas	2020	9	1	3	0	0	0	7
	2021	7	1	1	0	0	0	7
	2022	7	0	0	0	0	0	7
Utah	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Washington	2020	3	1	2	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
TOTALS	**2020**	**118**	**3**	**28**	**2**	**0**	**0**	**91**
	2021	**91**	**4**	**13**	**4**	**0**	**0**	**78**
	2022	**78**	**2**	**5**	**0**	**0**	**0**	**75**

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

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
California	2020	1	0	0	1	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Minnesota	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1

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
Total	**2020**	**1**	**0**	**0**	**1**	**0**	**0**
	2021	**0**	**1**	**0**	**0**	**0**	**1**
	2022	**1**	**0**	**0**	**0**	**0**	**1**

Table No. 5

Projected Openings as of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened as of December 31, 2022	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Alabama	1	1-2	0-2
California	2	2-4	0-2
Illinois	0	0-2	0-2
Massachusetts	1	1-2	0-2
Minnesota	0	0-2	0-2
Missouri	0	0-2	0-2
New Jersey	0	0-2	0-2
New York	2	2-4	0-2
North Carolina	0	0-2	0-2
Texas	0	0-2	0-2
TOTALS	**6**	**6-24**	**0-20**

Exhibit D is a list of the names of all of our franchisees as of December 31, 2022 and the addresses and telephone numbers of their Bar Method Studios. Exhibit E is a list of the name, city and state, and last known home or business telephone number of the 7 franchisees who had an outlet terminated, transferred, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a franchise agreement with us, during the 12 month period ended December 31, 2022, or who have not communicated with us within 10 weeks of this disclosure document's issuance date. (Some of the franchisees listed on Exhibit E may remain in the system if they own other outlets). 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 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**"), as of December 31, 2022 and 2021. 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, 2020, December 31, 2021 and December 31, 2022. 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.

Also attached at Exhibit F are the unaudited Balance Sheets and Income Statements of SFG and Anytime Fitness, LLC as of, and for the period ended, February 28, 2023.

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 48909
(517) 373-7117

Minnesota
Minnesota Department of Commerce
Registration and Licensing
Division
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
(651) 296-6328

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

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capital - 14th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

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
Securities Administrator
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(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. 203
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 Department of Commerce,
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
(517) 334-6212

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 – 14th Floor, Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

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
Securities Administrator
Washington State Department of 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

_____

Franchisee Name

_____

_____

_____

Address of Studio

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EXHIBITS

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 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**").

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. DMA Search Area. You have the right to operate the Studio at one (1) location only. We must approve this location. The location we approve will be denoted on Exhibit A to this Agreement (the "**Franchised Location**"). The Studio must be located in the non-exclusive area described in the Rider to this Agreement (the "**DMA**"), but outside of any protected territory we have granted to another Bar Method Studio. You acknowledge that we may seek and acquire sites in the DMA for company or affiliate-owned locations, grant others the right to seek or acquire sites within the DMA, and that we may actually provide others with sites in the DMA, and that you acquire no exclusive or priority rights in such area. We may modify the boundaries of your DMA if The Nielsen Company, LLC or its successor changes the applicable defined market area of your DMA. If we do so, we will provide you with notice of the change along with the updated Exhibit A to this Agreement which you consent to us amending, without your signature, to change the DMA.

2.B. Site Assistance/Location. You acknowledge that we may locate, or provide assistance to you and other Bar Method Studio franchisees in the location of, potential sites in the DMA for Bar Method Studios. To the extent we locate sites or provide such assistance to you we have no obligation to provide you with any site we may identify but any site you identify must be provided to us. We can then acquire the site ourselves, or give other franchisees the right to acquire that site and you acknowledge and agree that by providing us with a potential site you obtain no priority with respect to that site. If you provide us a potential site we will inform you within approximately ten (10) days after receipt of the information and materials we request regarding the site whether we will acquire the site, or otherwise approve the site, and if so, whether we will allow you to attempt to acquire the site or if we are going to provide the site to other franchisees who may be looking for sites in the DMA. You may not enter into a lease or sublease for this site, or otherwise acquire this site, unless and until we have given you that permission in writing to do so.

If we provide you a potential site, you will have the right to accept it or reject it within the time period which we set. However, we may have also provided this same site to one or more other franchisees and in the event multiple franchisees accept a site, we will select, in our sole discretion, the franchisee to whom we award the site. Notwithstanding the foregoing, it shall be your responsibility to identify and ultimately acquire an appropriate site, acceptable to

us, for the operation of the Studio. In consideration for any assistance we provide with respect to the identification or approval of potential sites, you acknowledge and agree that we shall not be responsible for your results in operating at any particular site that may have been recommended, reviewed, or approved by us and that our approval does not constitute a representation, guaranty or warranty, express or implied, of the successful operation or profitability of the Studio at that location.

2.C. Site Acquisition. After we have informed you that you may acquire a site for your Studio, you will have thirty (30) days after our notice to acquire the site by lease, sublease or purchase. Within such time period, you must furnish us with evidence reasonably acceptable to us of your acquisition of the site. If you fail to acquire the site within such time period or furnish us with the evidence of acquisition we request, the site will go back into the pool of potential available sites in the DMA and we can acquire the site ourselves or provide the site to another franchisee. If you secure real estate for your Studio in the DMA but fail to comply with our requirements for securing the real estate, including those set forth in this Section 2, we may charge you a fee of up to Ten Thousand Dollars ($10,000). This fee shall be due and payable to us upon demand and shall be in addition to any other rights or remedies we may have under this Agreement or otherwise.

2.D. Exhibit A Updates. 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.E. 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.F. 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 a licensed and qualified architect and/or design professional(s) 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. If you do not use our designated architectural vendor to create your Construction Documents, you must pay our then-current fee to review and approve your Construction Documents.

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, unless we extend the required opening date.

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.G. 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; provided, however, we will give you a one-time opportunity to extend this date by three (3) months subject to you paying us an extension fee of Five Hundred Dollars ($500), and signing an extension agreement in the form we provide. If you have engaged one of our affiliates to provide you with site selection services and you are actively working with such affiliate to obtain a site, we will waive the extension fee. 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.H. 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.I. 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, in Section 2.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 from any location 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 Bar Method Studios at locations outside the Protected Territory even if they compete with your Studio for customers who may live and/or work in or near the Protected Territory; and (ii) we and our affiliates have the right to operate, and to grant franchises or licenses to others to operate, any other business from locations within 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.

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 Owner Training" to our satisfaction ("**Initial Training Program**"). 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. 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. 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 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 "Technology Fee" in the amount determined by us from time to time, which amount may be changed upon notice to you from us. 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 One Thousand One Hundred Dollars ($1,100), but we may increase it upon notice to you. It is due annually upon demand.

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). 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. 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; and (b) require you to transfer members from your Studio to another Bar Method Studio based on the current policy;

(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 Twitter, virtual worlds, file, audio and video sharing sites like Pinterest and Instagram, and other similar social networking 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 and we can either spend it in your market on your behalf or place the money in the Marketing Fund. 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. 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.

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. 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. We may designate a software platform that you must use to conduct mass marketing to members or prospective members via email or text messages. 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 or to pay us the shortfall for us to spend on Local Marketing for the Studio. 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 receipts to verify you have met the Marketing Spending Requirement, and show proof of performance of your advertising activity. We may also require you to pay the amount making up the Marketing Spending Requirement to us and we will spend it in on local marketing in your market area. If we implement this requirement you must also pay us on demand our then-current one-time set-up fee.

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 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. 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, Twitter, 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. 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.

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. If you fail to provide us with your profit and loss statement for your Studio by the time set forth above you must pay us a compliance fee of $100 per month until you provide us with a profit and loss statement meeting our requirements.

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 Compliance Fee of One Hundred Dollars ($100) 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. 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.

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, metatag or otherwise in connection with any website or other electronic medium without our consent, or (5) in any other manner we have not expressly authorized in writing. 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.

"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, concepts, techniques or materials relating to a Bar Method Studio (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 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 polices 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 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

(6) 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 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);

(7) 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

(8) 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 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

(19) 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

1. The DMA is _____.

2. The Site is _____.

You understand that we may, and we may sell franchises, and grant territories to others who will, operate Bar Method Studios in the above identified DMA. You will have to obtain our review and approval for a Site. 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 in the DMA, and to obtain our approval of that location before you acquire the site, or obtain any rights in the location.

3. The Protected Territory is

_____.

4. 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

4875-3127-3799, v. 2

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**"). As previously communicated, although The Bar Method expressly retains exclusive rights to provide Bar Method content to consumers in any digital or online format, during the COVID-19 pandemic we agreed to temporarily allow Bar Method studios to provide Bar Method classes in a virtual, online or livestream format. Such permission has been withdrawn and Bar Method studios are required, no later than September 1, 2022 to: remove all existing online, virtual or digital libraries that include Bar Method content; discontinue offering Bar Method classes in any virtual, online or livestream format; and discontinue selling stand-alone virtual memberships.

Conditioned on your compliance with the requirements stated above, 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 & Bar Online. 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 and Bar Livestream National 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 and Bar Livestream National Access. Your participation in this program will allow you to offer Bar On Demand and Bar Livestream National access as an "add-on" product to new and existing members with a "Club Bar Unlimited" membership. You may not offer your members, or any consumers, Bar Livestream National access as a stand-alone product or service. You may not charge your

members or any consumers a separate fee for Bar Livestream National access, but you may increase the monthly cost of your 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 music license for virtual streaming from us at the then current annual cost, currently, four hundred and twenty dollars and 00/100 ($420), 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 monthly Bar Livestream Local fee, currently fifty dollars and 00/100 ($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” in an amount not to exceed Fifty dollars and 00/100 ($50), and, if applicable, the annual “Digital Music License Fee” in the amount of Four Hundred and Twenty dollars and 00/100 ($420), plus applicable taxes, if any. We may increase the Bar Livestream Local and Digital Music License Fees upon written notice to you but will not change it more than once each calendar year. 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 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.

THE BAR METHOD FRANCHISOR LLC

By:_____

Name:_____

Title:_____

_____
[Name of Studio]

_____
[Name of Legal Entity]

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

EXHIBIT C

OPERATIONS MANUAL TABLE OF CONTENTS

Table of Contents

EXHIBIT D

LIST OF FRANCHISEES

Name	Telephone Number	Address	City	State	Zip	Signed Agreement but Not Yet Open as of December 31, 2022
Alabama						
Barre on the Plains, LLC	(334) 703-1498	1920 Sequoia Dr	Auburn	AL	36879	*
California						
HH Bar, LLC	(510) 705-1534	2095 Rose Street, Ste 102	Berkeley	CA	94709	
LGC Barre LLC	(408) 680-0145	2020 South Bascom Ave, Unit G	Campbell	CA	95008	
Barre & Beyond LLC	(818) 281-2823	2560 Craig Court	Castro Valley	CA	94546	*
Princess Assassin LLC	(925) 338-1366	5416 Ygnacio Valley Rd, Ste 30	Concord	CA	94521	
True Barre Concepts, Inc.	(510) 200-6007	2698 Mowry Ave	Fremont	CA	94538	
Fresno Blessed Barre	(559) 573-3333	6751 N Palm Ave	Fresno	CA	93704	
West and Marina LLC	(310) 376-3444	1221 Hermosa Ave, Ste 200	Hermosa Beach	CA	90254	
Feel Free and Fresh, LLC	(925) 344-3434	2482 Nissen Drive	Livermore	CA	94551	
Graceful Synergy LLC	(562) 596-0203	6695 E Pacific Coast Hwy, Ste 125	Long Beach	CA	90803	
AK Arabesque LLC	(310) 899-1109	13050 San Vicente Blvd	Los Angeles	CA	90049	
Shep MDR, LLC	(310) 301-6500	13400 W Washington Blvd, Ste 201	Marina Del Ray	CA	90292	
Prima Barre, LLC	(949) 540-9307	177 Riverside Ave	Newport Beach	CA	92663	
Barre Belles Oakland, LLC	(510) 444-2276	3298 Lakeshore Ave	Oakland	CA	94610	
High Seat, LLC	(650) 329-8875	855 El Camino Real, Ste 151	Palo Alto	CA	94301	
Bar Method Palos Verdes Peninsula,	(310) 265-0550	429 Silver Spur, Ste 2E	Palos Verdes Estates	CA	90274	

Name	Telephone Number	Address	City	State	Zip	Signed Agreement but Not Yet Open as of December 31, 2022
LLC						
SE Barre LLC	(626) 844-7888	32 Mills Place	Pasadena	CA	91105	
Bodies 360, LLC	(858) 382-4292	17053 Capilla Ct	San Diego	CA	92127	*
CODA Bar Inc.	(858) 487-4227	12156 Carmel Mountain Rd, Ste 308	San Diego	CA	92128	
West and Liberty, LLC	(619) 226-2301	2751 Roosevelt Rd, Ste 200	San Diego	CA	92106	
Elevated Assets, LLC	(415) 956-0446	Three Embarcadero Center, Lobby Level	San Francisco	CA	94111	
Mirielle Roukoz	(310) 376-3444	4464 Broad Street	San Luis Obispo	CA	93401	
High Seat, LLC	(650) 573-3330	128 De Anza Blvd	San Mateo	CA	94402	
A Method To My Fitness, LLC	(661) 476-9137	19375 Plum Canyon Rd	Santa Clarita	CA	91350	
AK Arabesque, LLC	(818) 985-5438	11239 Ventura Boulevard	Studio City	CA	91604	
TBM Tracy, LLC	(925) 344-3434	1900 W Grant Line Rd	Tracy	CA	95376	
Barre Belles, LLC	(925) 933-1946	1946A Mount Diablo Blvd	Walnut Creek	CA	94596	
Bar Method of L.A., LLC	(323) 651-2226	8416 W Third Street	West Hollywood	CA	90048	
Colorado						
Sarah Stabio	(781) 772-2110	8370 Northfield Blvd, Ste 1760	Denver	CO	80238	
Connecticut						
Bar NALA LLC	(203) 202-7975	800 Post Road	Darien	CT	06820	
Bar Fairfield, LLC	(203) 259-8825	85 Mill Plain Road, Ste V	Fairfield	CT	06824	

Name	Telephone Number	Address	City	State	Zip	Signed Agreement but Not Yet Open as of December 31, 2022
Florida						
SMD Ventures, LLC	(305) 668-7738	5966 S Dixie Hwy , Unit 108	South Miami	FL	33143	
Bar Fitness Tampa, LLC	(813) 304-2644	4102 W Boy Scout Blvd, Ste 1	Tampa	FL	33607	
Bar Method Central Florida, LLC	(407) 539-0099	480 North Orlando Ave, Ste 132	Winter Park	FL	32789	
Hawaii						
Olson Ventures, LLC	(808) 798-8449	2758 King Street, Ste 2016	Honolulu	HI	96826	
Illinois						
G Barre 18 LLC	(312) 877-5192	2112 S Michigan Ave	Chicago	IL	60616	
MLaine Bar Fitness LLC	(312) 573-9150	1 East Delaware Place, Ste 208	Chicago	IL	60611	
STKO, LLC	(847) 432-9150	600 Central Avenue, Suite 127	Chicago	IL	60035	
GLENVIEW415, LLC	(415) 377-8804	201 N Happ Rd	Northfield	IL	60093	
Kansas						
Tall Bar, LLC	(913) 339-9348	5215 W 116th Place	Leawood	KS	66211	
Taller Bar, LLC	(913) 499-1468	4722 Rainbow Blvd	Westwood	KS	66205	
Maryland						
Baltimore Fitness Concepts, LLC	(410) 929-4465	900 East Fort Avenue, Ste 107	Baltimore	MD	21230	
District Barre, Inc.	(301) 926-6900	189 Kentlands Blvd, Ste 210	Gaitherburg	MD	20878	
Massachusetts						
Barre Above, LLC	(781) 374-7174	99 South St, 2nd Floor	Hingham	MA	02043	

Name	Telephone Number	Address	City	State	Zip	Signed Agreement but Not Yet Open as of December 31, 2022
Studio Be - Wellesley, LLC	(781) 772-2110	66 Central Street, Suite 16	Wellesley	MA	02482	
Nancy Chang	(617) 281-2725	48 Kent St, Unit 6	Brookline	MA	02445	*
Missouri						
Body By Bar, LLC	(636) 778-1819	27 The Boulevard	Richmond Heights	MO	63117	
Body By Bar, LLC	(636) 778-1819	1048 Town and Country Crossing Dr	Town and Country	MO	63017	
New Jersey						
Liremacc Partners, LLC	(908) 766-4433	80 Morristown Rd	Bernardsville	NJ	07924	
Bar Squared LLC	(305) 668-7738	91 Vervalen Street	Closter	NJ	07624	
Barre Bell Works, LLC	(732) 444-1832	101 Crawfords Corner Rd	Holmdel	NJ	07733	
This is Magic, LLC	(973) 410-0550	122 Main St, 2nd Floor	Madison	NJ	07940	
The New Method Montclair, Inc.	(973) 783-1227	493 Bloomfield Ave, 2nd Floor	Montclair	NJ	07042	
NSN GROUP LLC	(732) 972-1537	712 Ginesi Drive	Morganville	NJ	07751	
The Ridgewood Bar Method, LLC	(201) 444-0300	580 North Maple Ave	Ridgewood	NJ	07450	
The Bar Method Shrewsbury, LLC	(732) 747-3600	170 Patterson Avenue	Shrewsbury	NJ	07702	
Summit Barre, LLC	(908) 522-1550	7 Bank Street	Summit	NJ	07901	
Bar 908 Partners LLC	(908) 232-0746	105 Elm Street	Westfield	NJ	07090	
New York						
718 Bar, LLC	(718) 522-3350	267 Pacific Street	Brooklyn	NY	11201	
Will Bar, LLC	(202) 347-7999	97 North 10th Street, Ste 2B	Brooklyn	NY	11249	

Name	Telephone Number	Address	City	State	Zip	Signed Agreement but Not Yet Open as of December 31, 2022
Theresa Livingston Budd	(631) 576-6258	9 Folsom Lane	Coram	NY	11727	*
Chelsea Endeavors, Inc.	(929) 428-1076	74 Dartmouth St	Garden City	NY	11530	*
BARRE HARBOR LLC	(631) 923-1172	50 Stewart Ave	Huntington	NY	11743	
Bar NALA NYC, LLC	(646) 435-7938	678 Broadway	New York	NY	10012	
Foxes in Socks, LLC	(516) 484-0200	250 S Service Rd	Roslyn Heights	NY	11576	
North Carolina						
Melani Insko and Erik Insko	(704) 900-5026	4810 Ashley Park Ln	Charlotte	NC	28210	
Oregon						
NW Barre LLC	(503) 305-5942	15780 Boones Ferry Road	Lake Oswego	OR	97034	
DBMovement, LLC	(503) 954-3811	904 NW Hoyt Street	Portland	OR	97209	
Pennsylvania						
Smooth As Cylc, LLC	(878) 332-8952	10339 Perry Hwy	Wexford	PA	15090	
South Carolina						
Dunn Barre, LLC	(843) 936-6141	211 River Landing Dr, Suite D	Daniel Island	SC	29492	
Texas						
Park Cities Barre LLC	(214) 357-4444	5560 W Lovers Lane , Suite 243	Dallas	TX	75209	
The Firm Practice LLC	(214) 792-9111	11661 Preston Rd., Ste 14	Dallas	TX	75230	
White Rock Lake Barre, LLC	(214) 321-3988	718 N Buckner Blvd, #1606	Dallas	TX	75218	
FYP Productions, LLC	(281) 888-6266	12850 Memorial Dr., Ste. 1135	Houston	TX	77024	

Name	Telephone Number	Address	City	State	Zip	Signed Agreement but Not Yet Open as of December 31, 2022
Goodyra Productions, LLC	(281) 974-4065	503 Westheimer Rd	Houston	TX	77006	
DOBarre, LLC	(972) 403-0503	4017 Preston Road, Ste 521	Plano	TX	75093	
The Little Holley Method LLC	(817) 329-0050	2211 East Southlake Blvd, Ste 550	Southlake	TX	76092	
Utah						
Carrie A Goodwin & Six Goodies, LLC	(801) 485-4227	1057 E 2100 S	Salt Lake City	UT	84106	
Virginia						
Barbaes, LLC	(804) 477-6090	7007 1/2 Three Chopt Road	Richmond	VA	23226	
Washington						
Barre Northwest, LLC	(206) 784-5100	6726 Greenwood Ave N	Seattle	WA	98103	
Three Barre Belles, LLC	(509) 534-3000	2023 E 29th St	Spokane	WA	99203	

As of the issuance date of this Disclosure Document, there are no area development agreements in place.

EXHIBIT E

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
1/1/2022 – 12/31/2022

Name	City	State	Telephone Number
AK Arabesque LLC	Studio City	CA	(310) 899-1109
VLL Belle VIE, LLC	Yorba Linda	CA	(714) 730-2207
Barre Belles Oakland, LLC[1]	Walnut Creek	CA	(925) 933-1946
Bryant Street, LLC	Chicago	IL	(773) 935-2150
Raising the Barre Company, LLC	Hanover	MA	(617) 236-4455
Raising the Bar LLC	Hanover	MA	(617) 236-4455
Malissa Trachsler[2]	Greensboro	NC	(904) 434-5136

[1] This franchisee transferred their outlet.
[2] This franchisee closed before opening their outlet.

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

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 2023 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 17th day of April, 2023.

GUARANTOR:

SEB FRANCHISING GUARANTOR LLC

By: _____
James Goniea
Its: Secretary

4855-7430-3047, v. 1

SEB FRANCHISING GUARANTOR LLC

FINANCIAL STATEMENTS

December 31, 2022 and 2021

SEB FRANCHISING GUARANTOR LLC
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INDEPENDENT AUDITOR'S REPORT

To the Member
SEB Franchising Guarantor LLC
Woodbury, Minnesota

Opinion

We have audited the accompanying financial statements of SEB Franchising Guarantor LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income (loss), member's equity, and cash flows for the year ended December 31, 2022 and the period from inception (October 29, 2021) to December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SEB Franchising Guarantor LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audits of Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SEB Franchising Guarantor LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SEB Franchising Guarantor LLC 's ability to continue as a going concern for a reasonable period of time.

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

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

March 31, 2023

FINANCIAL STATEMENTS

SEB FRANCHISING GUARANTOR LLC
BALANCE SHEETS
December 31, 2022 and 2021

Statement 1

	2022	2021
Assets		
Current assets:		
Cash	$5,000,021	$5,000,021
Total assets	$5,000,021	$5,000,021
Liabilities and Member's Equity		
Member's equity	$5,000,021	$5,000,021
Total liabilities and member's equity	$5,000,021	$5,000,021

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

SEB FRANCHISING GUARANTOR LLC
STATEMENTS OF INCOME (LOSS) **Statement 2**
For The Year Ended December 31, 2022 and the Period from Inception (October 29, 2021) to December 31, 2021

	2022	2021
General and administrative expenses	$1,035	$ -
Other income:		
Interest income	249	36
Net (loss) income	($786)	$36

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

SEB FRANCHISING GUARANTOR LLC
STATEMENTS OF MEMBER'S EQUITY **Statement 3**
For The Year Ended December 31, 2022 and the Period from Inception (October 29, 2021) to December 31, 2021

	Member's Equity
Balance at October 29, 2021	$ -
Contribution	5,000,000
Distributions	(15)
Net income	36
Balance at December 31, 2021	$5,000,021
Contributions	786
Net loss	(786)
Balance at December 31, 2022	$5,000,021

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

SEB FRANCHISING GUARANTOR LLC
STATEMENTS OF CASH FLOWS **Statement 4**
For The Year Ended December 31, 2022 and the Period from Inception (October 29, 2021) to December 31, 2021

	2022	2021
Cash flows (used in) provided by operating activities:		
Net (loss) income	($786)	$36
Cash flows from financing activities:		
Contributions	786	5,000,000
Distributions paid	-	(15)
Net cash flows provided by financing activities	786	4,999,985
Increase in cash	-	5,000,021
Cash - beginning of year	5,000,021	-
Cash - end of year	$5,000,021	$5,000,021

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

Note 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 Anytime Worldwide, LLC.

The Company guarantees the obligations of the franchising subsidiaries. The franchising subsidiaries include Anytime Fitness 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.

The Company was formed in connection with the Self Esteem Brands, LLC's securitization transaction completed on November 24, 2021.

CASH

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 Anytime Worldwide, 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. Because the Company is an LLC, liabilities to the member is limited.

The Company is not currently under examination by any taxing jurisdiction. 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).

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 non-recurring basis for the years ended December 31, 2022 and 2021.

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 31, 2023, which is the date the financial statements were available to be issued.

Note 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.

Note 3 CONTINGENCIES

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.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.

SEB FRANCHISING GUARANTOR LLC
CONSOLIDATED BALANCE SHEET
February 28, 2023

	2023
Assets	
Current assets:	
Cash	$ 5,000,019
Total current assets	5,000,019
Total assets	$ 5,000,019
Liabilities and member's equity	
Current liabilities:	
Accounts Payable	$ -
Total current liabilities	-
Member's equity:	
Member's equity	5,000,019
Total member's equity	5,000,019
Total liabilities and member's equity	$ 5,000,019

SEB FRANCHISING GUARANTOR LLC
STATEMENT OF INCOME (LOSS)
Year to Date as of February 28, 2023

	YTD 2023
Revenues	$ -
Total revenues	-
Cost of goods sold	-
Gross profit	-
General and administrative expenses	172
Total general and administrative expenses	172
Income from operations	(172)
Other income (expense):	
Interest income	40
Total other income (expense)	40
Net income (loss)	$ (132)

ANYTIME FITNESS, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022, 2021, and 2020

ANYTIME FITNESS, LLC AND SUBSIDIARIES
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INDEPENDENT AUDITOR'S REPORT

To the Member
Anytime Fitness, LLC and Subsidiaries
Woodbury, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of Anytime Fitness, LLC and Subsidiaries which comprise the consolidated balance sheets as of December 31, 2022, 2021, and 2020, and the related consolidated statements of comprehensive income, member's equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Anytime Fitness, LLC and Subsidiaries as of December 31, 2022, 2021, and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the 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 Anytime Fitness, LLC and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Anytime Fitness, LLC and Subsidiaries' 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 of Anytime Fitness, LLC and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

March 31, 2023

CONSOLIDATED FINANCIAL STATEMENTS

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022, 2021, and 2020

Statement 1

Assets	2022	2021	2020
Current assets:			
Cash	$10,183,683	$10,464,059	$20,127,173
Restricted cash	6,450,267	5,934,932	4,956,689
Accounts receivable, net of allowance for doubtful accounts	8,119,589	9,119,178	3,312,923
Vendor rebates receivable	4,478,839	3,752,517	3,345,016
Due from related parties	496,285	435,288	6,775,015
Inventory	4,130,738	3,454,951	-
Prepaid expenses	7,431,394	5,001,563	1,737,414
Other current assets	218,030	285,978	50,683
Deferred compensation, current portion	418,796	462,841	564,460
Total current assets	41,927,621	38,911,307	40,869,373
Property and equipment, net	3,004,748	2,025,457	1,675,809
Other assets:			
Operating lease right-of-use assets	3,016,596	-	-
Note receivable - related party	-	-	6,000,000
Intangible assets, net of accumulated amortization	2,612,858	3,134,169	330,010
Software development and license costs, net of accumulated amortization	13,610,238	7,394,733	5,051,529
Goodwill	141,521	141,521	141,521
Other assets	271,255	436,814	228,650
Deferred compensation, net of current portion	1,386,564	1,418,778	1,439,440
Total other assets	21,039,032	12,526,015	13,191,150
Total assets	$65,971,401	$53,462,779	$55,736,332

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

Liabilities and Member's Equity (Deficit)	2022	2021	2020
Current liabilities:			
Current maturities of long-term debt	$3,637,500	$3,637,500	$ -
Current maturities of operating lease liabilities	689,695	-	-
Accounts payable	2,491,919	1,937,942	549,025
Accrued expenses and other current liabilities	1,913,794	3,543,273	1,515,470
Due to related parties	391,263	248,797	360,306
Deferred revenue, current portion	10,148,482	9,375,055	8,308,481
Deferred rent	-	358,426	606,475
Total current liabilities	19,272,653	19,100,993	11,339,757
Long-term liabilities:			
Long-term debt, net of current maturities and financing costs	473,370,876	472,843,306	-
Operating lease liabilities, net of current maturities	2,815,588	-	-
Deferred revenue, net of current portion	33,185,942	31,414,642	26,786,554
Total long-term liabilities	509,372,406	504,257,948	26,786,554
Total liabilities	528,645,059	523,358,941	38,126,311
Member's Equity (Deficit):			
Member's equity (deficit)	(462,713,004)	(469,949,633)	17,562,188
Accumulated other comprehensive income	39,346	53,471	47,833
Total member's equity (deficit)	(462,673,658)	(469,896,162)	17,610,021
Total liabilities and member's equity (deficit)	$65,971,401	$53,462,779	$55,736,332

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

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME **Statement 2**
For The Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Revenues:			
Franchise royalties	$58,105,429	$34,514,266	$24,108,180
Franchise fees	11,096,453	10,058,339	9,066,649
Sales	42,586,018	8,742,983	5,474,933
Advertising fund revenue	17,530,699	16,925,734	13,632,537
Vendor rebates	42,114,964	49,652,846	43,331,557
Other revenues	699,248	727,618	1,118,392
Total revenues	172,132,811	120,621,786	96,732,248
Cost of goods sold	18,553,576	3,165,526	1,108,963
Gross profit	153,579,235	117,456,260	95,623,285
General and administrative expenses	48,492,302	39,944,483	37,476,386
Advertising fund expense	16,681,618	16,788,246	11,820,739
Total general, administrative, and advertising fund expense	65,173,920	56,732,729	49,297,125
Income from operations	88,405,315	60,723,531	46,326,160
Other income (expense):			
Interest expense	(26,207,361)	(2,690,840)	(61)
Other income	10,505	2,369	199,670
Other expense	(1,497,087)	(1,048,560)	(917,243)
Gain (loss) on sale of fitness center operations	(6,440)	3,329	(21,903)
Total other income (expense), net	(27,700,383)	(3,733,702)	(739,537)
Net income	60,704,932	56,989,829	45,586,623
Other comprehensive income:			
Foreign currency translation adjustments	(14,125)	5,638	48,384
Comprehensive income	$60,690,807	$56,995,467	$45,635,007

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

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY (DEFICIT) **Statement 3**
For The Years Ended December 31, 2022, 2021, and 2020

	Member's Equity (Deficit)	Accumulated Other Comprehensive Income (Expense)	Total Member's Equity (Deficit)
Balance at December 31, 2019	$16,482,159	($551)	$16,481,608
Distributions	(44,506,594)	-	(44,506,594)
Net income	45,586,623	-	45,586,623
Foreign currency translation adjustments	-	48,384	48,384
Balance at December 31, 2020	17,562,188	47,833	17,610,021
Non-cash contribution from member	4,339,960	-	4,339,960
Distributions	(548,841,610)	-	(548,841,610)
Net income	56,989,829	-	56,989,829
Foreign currency translation adjustments	-	5,638	5,638
Balance at December 31, 2021	(469,949,633)	53,471	(469,896,162)
Contributions	786	-	786
Distributions	(53,469,089)	-	(53,469,089)
Net income	60,704,932	-	60,704,932
Foreign currency translation adjustments	-	(14,125)	(14,125)
Balance at December 31, 2022	($462,713,004)	$39,346	($462,673,658)

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

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2022, 2021, and 2020

Statement 4

	2022	2021	2020
Cash flows from operating activities:			
Net income	$60,704,932	$56,989,829	$45,586,623
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	2,704,778	2,118,846	1,726,331
Amortization of debt issuance costs	1,740,070	181,158	-
Loss on sale of property and equipment	2,202	-	21,903
Loss (gain) on sale or closure of fitness center	4,238	(3,329)	-
Deferred rent	-	(162,193)	(9,421)
Operating lease expense	130,261	-	-
Changes in assets and liabilities:			
Restricted cash	(515,335)	(978,243)	485,358
Accounts receivable and vendor rebates receivable	273,267	(2,092,823)	(594,343)
Due from related parties	(60,997)	(8,596,399)	(7,532,473)
Deferred compensation	76,259	122,281	137,460
Inventory	(675,787)	(10,137)	-
Prepaid expenses and other assets	(2,196,324)	(2,723,857)	(394,596)
Deferred revenue	2,544,727	(855,917)	(1,646,005)
Accounts payable and other accrued expenses	(1,075,502)	2,716,858	(2,033,139)
Due to related parties	142,466	(111,509)	(41,015)
Net cash flows provided by operating activities	63,799,255	46,594,565	35,706,683
Cash flows from investing activities:			
Purchases of property and equipment	(1,897,622)	(1,183,087)	(385,910)
Proceeds from sale of fitness centers, property and equipment	12,500	-	51,606
Software licenses and internally developed software expenditures	(7,471,749)	(3,467,122)	(2,618,342)
Purchase of trademarks	(27,832)	(7,272)	(9,086)
Net cash flows used in investing activities	(9,384,703)	(4,657,481)	(2,961,732)
Cash flows from financing activities:			
Principal payments on long-term debt	(1,212,500)	-	-
Cash contributions	786	-	-
Distributions paid to member	(53,469,089)	(51,605,836)	(13,110,734)
Net cash flows used in financing activities	(54,680,803)	(51,605,836)	(13,110,734)
Effect of exchange rate on cash flows, net	(14,125)	5,638	48,384
Net (decrease) increase in cash	(280,376)	(9,663,114)	19,682,601
Cash - beginning of year	10,464,059	20,127,173	444,572
Cash - end of year	$10,183,683	$10,464,059	$20,127,173
Supplemental disclosures of cash flow information:			
Cash paid for interest	$24,487,987	$4,469,636	$61
Supplemental schedule of noncash investing and financing activities:			
Right of use assets acquired under operating leases	$974,860	$ -	$ -
Distributions applied to notes receivable - related party	$ -	$6,000,000	$15,000,000
Distributions applied to due from related parties	$ -	$14,936,126	$16,395,860
Contribution of net assets from member	$ -	$4,339,960	$ -
Long-term debt proceeds distributed to member	$ -	$476,299,648	$ -

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

Note 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 Anytime Worldwide, LLC.

On November 24, 2021 SEB completed a securitization transaction (See Note 8). As a result of this transaction, Anytime Fitness contributed certain assets and liabilities to newly created wholly-owned subsidiaries.

Prior to November 24, 2021, Anytime Fitness franchised the right to open, operate, and manage fitness centers. Anytime Fitness also had master franchise agreements with entities that allowed the master franchisees to operate as an Anytime Fitness. In connection with the securitization transaction, these business operations were transferred to Anytime Fitness Franchisor LLC.

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 and Andorra. Anytime Fitness collects various recurring and nonrecurring fees from this master franchisee, which were not transferred to Anytime Fitness Franchisor.

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 Notes (see Note 8).

SEB Systems LLC (SEB Systems) comprises the operations of its direct, wholly-owned subsidiaries (collectively, the "franchising entities"): Anytime Fitness 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 foreign countries.

Anytime Fitness Franchisor LLC (Anytime Fitness Franchisor) franchises the right to open, operate, and manage fitness centers in the United States, certain Canadian Provinces, Bahrain, Qatar, Columbia and Cayman Islands. 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 Australia, New Zealand, Mexico, Belgium, The Netherlands, Luxembourg, Japan, United Kingdom (including the Island of Guernsey and the Isle of Man), Ireland, Italy, India, Hong Kong, Singapore, Malaysia, the Philippines, Taiwan, Thailand, Indonesia, Macau, Morocco, South Korea, South Africa, Vietnam, Germany, and certain Canadian Provinces. Anytime Fitness

Franchisor collects an initial master franchise fee and various recurring and nonrecurring fees from the master franchisee.

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. 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.

The Bar Method Franchisor LLC (Bar Method Franchisor) franchises the right to open, operate, and manage fitness studios in the United States and Canada. 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.

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.

PV Distribution LLC (PV Distribution) provides managed technology services, including surveillance and security system setup and access control systems for Self Esteem Brands franchise businesses and commercial customers.

SEB Distribution SPV LLC (SEB Distribution) procures, holds, and distributes inventory and supplies to Self Esteem Brands franchise businesses.

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.

Anytime Fitness (Shanghai) Co., Ltd., a subsidiary of Anytime Fitness China Holding (Hong Kong), Ltd., is set up to develop Anytime Fitness centers 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.

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

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.

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.

ACCOUNTS RECEIVABLE

Accounts receivable develop in the normal course of business. It is the policy of management to review the outstanding accounts receivable at year end, as well as bad debt expenses in the past, and establish an allowance for doubtful accounts for uncollectible amounts, if necessary. Bad debts are charged to expense when deemed uncollectible. The allowance for doubtful accounts was $260,000, $320,000, and $238,086 for the years ended December 31, 2022, 2021, and 2020, respectively. Accounts receivable are considered past due if any portion of the receivable balance is outstanding past the due date established by the Company.

INVENTORY VALUATION

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first out method.

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 fitness equipment and furniture 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.

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. The Company does not amortize goodwill but tests it for impairment annually.

The Company paid and capitalized fees for the development of international trademarks. These trademarks are amortized on the straight-line method over fifteen years. Tradenames 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 5 years. Non-compete agreements are amortized on a straight-line method over 3 years.

The Company incurs costs related to internally developing 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, 2022, 2021, and 2020.

DEFERRED RENT

Prior to January 1, 2022, the Company recognized rent expense on a straight-line basis. There were often differences between the amounts paid to the landlord of the operating lease and straight-line rent expense, creating deferred rent. Periodic rent increases, a period of reduced or free rent, or an upfront allowance from the lessor for tenant improvements were common situations that create deferred rent. The total minimum payments under an operating lease were calculated and then divided equally over the life of the lease to determine a straight-line rent expense. The Company recognized free rent lease incentives and tenant improvement credits straight-line over the life of the lease.

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 Anytime Worldwide, 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. Because the Company is an LLC, liabilities to the member is limited.

The Company is not currently under examination by any taxing jurisdiction. 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 comprehensive income.

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, and advertising fund contributions. Franchise fees consist of initial franchise fees, area development agreement ("ADA") fees, master franchise fees, and transfer and renewal fees. Beginning in 2020, franchise revenues also include fees from franchisees for consumer fitness, health, and wellness applications.

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.

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. During the COVID-19 pandemic, the Company offered franchise fee relief in the form of discounts of $228,151, $1,864,497, and $6,996,239 for the years ended December 31, 2022, 2021, and 2020, respectively.

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 revenue is recognized at the time the service is performed. Revenue from prepayments of personal training sessions is deferred until the sessions are used or expire.

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.

Product and Equipment Sales
Revenue from product and equipment sales are generally recognized when products are shipped.

Managed Technology Services
Managed technology services include the installation and sale of security equipment. Revenue from installation sales and the associated equipment is recognized when services are rendered. Managed technology services also include technology fees that are recognized monthly when services are rendered.

Other Revenues
Other revenue consists of 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.

Sales tax
All revenue amounts are recorded net of applicable sales tax.

Deferred revenue
Deferred revenue from initial franchise fees, ADA 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 balance sheets.

Deferred compensation
Deferred compensation consists of commission expense resulting from the sales of initial franchises, ADA, and master franchises and is generally recognized on a straight-line basis over the term of the underlying franchise agreement. The Company classifies these contract assets as deferred compensation in the balance sheets.

Advertising Fund
The Company has an advertising fund for the creation and development of marketing, advertising, and related programs and materials for all fitness centers located in the United States and Canada. 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.

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.

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.

ADVERTISING COSTS

Advertising costs associated with solicitation of new franchisees are expensed as incurred. Advertising costs totaled $1,239,947, $1,400,220, and $1,114,643 for the years ended December 31, 2022, 2021, and 2020, 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.

The Company does not have any significant fair value measurements on a recurring or non-recurring basis for the years ended December 31, 2022, 2021, and 2020.

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 8 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 non-lease components. The Company has elected to not combine lease and non-lease 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. In the event the incremental borrowing rate is not readily determinable, the Company has elected to use the risk-free rate as the discount factor.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

The Company adopted the provisions of ASC 842, *Leases*, using the modified retrospective approach with January 1, 2022, as the date of initial adoption. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification. In addition, the Company elected the practical expedient to use hindsight in determining the lease term for existing leases, which resulted in using the remaining lease terms for certain existing leases. Upon implementation, operating lease ROU assets increased by $2,925,892, operating lease liabilities increased by $3,284,318, and deferred rent decreased by $358,426, which resulted in a cumulative effect adjustment to member's equity (deficit) of $0 as of January 1, 2022. Adoption of the new standard did not materially impact the Company's consolidated comprehensive income and had no impact on cash flows.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management for recognition or disclosure through March 31, 2023, which is the date the consolidated financial statements were available to be issued.

RECLASSIFICATIONS

Certain amounts in the December 31, 2021 and 2020, consolidated financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported consolidated net income or member's equity (deficit).

Note 2 FRANCHISE INFORMATION

Territories sold and open consisted of the following as of and for the year ended December 31, 2022:

	Sold in Year	Total Sold	Opened in Year	Total Open
Anytime Fitness	385	7,061	255	5,143
Waxing the City	28	278	15	139
The Bar Method	2	137	2	78
Basecamp Fitness	44	51	4	14

Territories sold and open consisted of the following as of and for the year ended December 31, 2021:

	Sold in Year	Total Sold	Opened in Year	Total Open
Anytime Fitness	389	6,700	288	4,990
Waxing the City*	6	264	7	125
The Bar Method*	-	136	-	81
Basecamp Fitness*	-	33	1	12

*Sold and opened in 2021 represents the period from the securitization date of November 24, 2021 to December 31, 2021.

Territories sold and open consisted of the following as of and for the year ended December 31, 2020:

	Sold in Year	Total Sold	Opened in Year	Total Open
Anytime Fitness	374	6,390	364	4,837

Note 3 CORPORATE-OWNED FITNESS CENTERS

As of December 31, 2022, the Company was the owner/operator of 12 fitness centers. Revenue and expenses for the corporate-owned fitness centers for the year ended December 31, 2022 were $5,651,512 and $6,190,193, respectively. The Company closed one fitness center in 2022.

As of December 31, 2021, the Company was the owner/operator of 13 fitness centers. Revenue and expenses for the corporate-owned fitness centers for the year ended December 31, 2021 were $5,404,563 and $5,866,269, respectively. The Company purchased one fitness center and closed one fitness center in 2021.

As of December 31, 2020, the Company was the owner/operator of 13 fitness centers. Revenue and expenses for the corporate-owned fitness centers for the year ended December 31, 2020 were $3,926,013 and $4,889,231, respectively. The Company closed one fitness center in 2020.

Note 4 RELATED PARTY TRANSACTIONS

DUE FROM RELATED PARTIES

At December 31, 2022, 2021, and 2020, the Company had receivables from entities related by common ownership in the amount of $496,285, $435,288, and $6,775,015, respectively. The receivables are due on demand.

DUE TO RELATED PARTIES

At December 31, 2022, 2021, and 2020, the Company had payables to entities related by common ownership in the amount of $391,263, $248,797, and $360,306, respectively. The payables are due on demand.

NOTE RECEIVABLE RELATED PARTY

During 2019, the Company entered into a lending agreement with a related party, in which the Company advanced $21,000,000 to Self Esteem Brands, LLC. The note required interest at 2.00% and was unsecured. The note was extinguished as of December 31, 2021. At December 31, 2022, 2021, and 2020, the balance on the note was $0, $0, and $6,000,000, respectively.

Note 5 ACCOUNTS RECEIVABLE

Accounts receivable is composed of the following at December 31:

	2022	2021	2020
Trade receivables	$2,947,095	$3,353,507	$101,161
Franchise fees	160,142	376,254	51,842
Franchise royalties	284,917	308,366	208,246
International franchise and royalty fees	4,795,935	3,609,142	2,491,187
Non-trade receivables	191,500	1,791,909	698,573
Allowance for doubtful accounts	(260,000)	(320,000)	(238,086)
Total accounts receivable, net of allowance for doubtful accounts	$8,119,589	$9,119,178	$3,312,923

Note 6 PROPERTY AND EQUIPMENT

Property and equipment is composed of the following at December 31:

	2022	2021	2020
Property and equipment:			
Leasehold improvements	$5,004,504	$3,709,614	$3,459,590
Equipment	3,172,940	2,978,259	2,844,157
Fitness equipment	2,599,480	2,439,312	2,280,256
Autos and trucks	308,643	308,643	308,643
Furniture and equipment	371,096	357,867	320,493
Total property and equipment	11,456,663	9,793,695	9,213,139
Less: Accumulated depreciation	(8,451,915)	(7,768,238)	(7,537,330)
Property and equipment, net	$3,004,748	$2,025,457	$1,675,809

Depreciation expense for the years ended December 31, 2022, 2021, and 2020 amounted to $899,391, $762,677, and $812,851, respectively.

Note 7 TRADEMARKS, SOFTWARE DEVELOPMENT AND LICENSE COSTS

Trademarks, software development and license costs consist of the following at December 31:

	2022	2021	2020
Amortizable trademarks	$365,892	$363,257	$465,949
Franchise rights	1,655,300	1,655,300	-
Non-compete agreements	66,099	66,099	-
Less: Accumulated amortization	(606,415)	(57,272)	(146,536)
Amortizable intangible assets, net	1,480,876	2,027,384	319,413
Non-amortizable tradename and trademarks in progress	1,131,982	1,106,785	10,597
Intangible assets, net	$2,612,858	$3,134,169	$330,010
Amortizable software development and licenses	$13,218,051	$1,962,574	$8,866,476
Less: Accumulated amortization	(1,862,097)	(605,853)	(6,385,837)
Amortizable software development and licenses, net	11,355,954	1,356,721	2,480,639
Software development in progress	2,254,284	6,038,012	2,570,890
Software development and license costs, net	$13,610,238	$7,394,733	$5,051,529

Amortization expense for the years ended December 31, 2022, 2021, and 2020 amounted to $1,805,387, $1,356,169, and $913,480, respectively.

Future amortization of in-service trademarks, software development and license costs is as follows:

Year Ending December 31,	Amount
2022	$4,847,301
2023	4,286,209
2024	3,489,029
2025	36,992
2026	36,992
Thereafter	140,307
Total	$12,836,830

Note 8 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. The net book value of the assets and liabilities contributed (net of Anytime Fitness contributions eliminated) are summarized below as of November 24, 2021:

Accounts receivable	$4,120,933
Inventory	3,444,814
Prepaid expenses and other assets	995,516
Intangible assets and software development costs	3,029,138
Accounts payable and accrued expenses	(699,862)
Deferred revenue	(6,550,579)
Net assets contributed	$4,339,960

The Issuer, its direct parent, as well as the Issuer's direct and indirect subsidiaries, except SEB Franchising Guarantor LLC, (collectively, the Self Esteem 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 Self Esteem 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 Self Esteem 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 $485,000,000 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 $20,000,000 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 $6,100,000 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 Notes are secured by substantially all assets of and guaranteed by the Self Esteem 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 Variable Funding Notes bear interest at a variable rate equal to LIBOR plus 3.56%. The Variable Funding Notes may also be used to issue letters of credit. The Variable Funding 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 Variable Funding Notes, including $6,100,000 of an interest reserve letter of credit issued in connection with the Series 2021-1 Notes, were $7,363,425 and $6,151,977 as of December 31, 2022 and 2021, respectively. 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 Variable Funding Notes as of December 31, 2022 and 2021.

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, 2022 and 2021.

Debt issuance costs of $8,700,352 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.

The net proceeds from the issuance of the Series 2021-1 Notes, after transaction expenses, were distributed to SEB.

The 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 2021-1 Notes, and (iii) provisions relating to optional and mandatory prepayments. The Series 2021-1 Notes are also subject to customary rapid amortization events provided for in the Indenture.

Long-term debt consists of the following at December 31:

	2022	2021
Series 2021-1 Class A-2 Senior Secured Notes	$483,787,500	$485,000,000
Less: Unamortized financing costs	(6,779,124)	(8,519,194)
Long-term debt, net of financing costs	477,008,376	476,480,806
Less: Current maturities	(3,637,500)	(3,637,500)
Long-term debt, net of current maturities and financing costs	$473,370,876	$472,843,306

The annual principal payment requirements for long-term debt, subject to certain financial conditions set forth in the Indenture, are as follows:

Year Ending December 31,	Amount
2023	$3,637,500
2024	4,850,000
2025	4,850,000
2026	4,850,000
2027	465,600,000
Total principal payments	$483,787,500

Note 9 DEFERRED REVENUE

The following table reflects the change in deferred revenue for the years ended December 31:

	2022	2021	2020
Beginning balance	$40,789,697	$35,095,035	$36,743,164
Contributed from member	-	6,550,579	-
Revenue recognized	(11,410,120)	(10,174,082)	(9,075,924)
Deferred revenue estimated for the period	13,954,847	9,318,165	7,427,795
Ending balance	$43,334,424	$40,789,697	$35,095,035

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2022. The Company has elected to exclude short-term contracts, franchise fee royalties and any other variable consideration recognized on an "as invoiced" basis.

Deferred revenue to be recognized in the year ending December 31:	Amount
2023	$10,148,482
2024	7,757,487
2025	6,308,243
2026	4,897,097
2027	3,458,270
Thereafter	10,764,845
Total	$43,334,424

The summary set forth below represents the balances in deferred revenue as of December 31:

	2022	2021	2020
Franchise fees	$42,197,499	$39,712,538	$34,583,059
Prepaid personal training	533,208	524,734	470,721
Prepaid membership fees	105,754	92,715	41,255
Equipment and installation fees	273,648	269,710	-
Other	224,315	190,000	-
Total deferred revenue	43,334,424	40,789,697	35,095,035
Less: Long-term portion of deferred revenue	(33,185,942)	(31,414,642)	(26,786,554)
Current portion of deferred revenue	$10,148,482	$9,375,055	$8,308,481

Note 10 LEASING ACTIVITIES

The Company leases various facilities under operating leases with terms that expire at various dates through April 2029. Under certain facility leases, the Company is obligated to pay all repair and maintenance costs.

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	2022
Weighted Average Remaining Lease Term	5.04 years
Weighted Average Discount Rate	5.00%

The maturities of lease liabilities are as follows:

Year Ending December 31:	Amount
2023	$847,555
2024	811,291
2025	802,406
2026	690,723
2027	595,630
Thereafter	214,951
Total lease payments	3,962,556
Less: Present value discount	(457,273)
Present value of lease liabilities	3,505,283
Less: Current maturities	(689,695)
Lease liabilities, net of current portion	$2,815,588

The following summarizes the line items in the consolidated statements of comprehensive income which includes the components of lease expense for the years ended December 31:

	2022	2021	2020
Lease expense:			
Operating lease expense	$854,756	$2,079,707	$2,000,659
Short-term lease expense	186,311	-	-
Non-lease component expense	388,673	-	-
Total lease expense	$1,429,740	$2,079,707	$2,000,659

Note 11 CONTINGENCIES

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.

The Company accrued a contingent liability of $44,932, $270,275, and $330,000 related to lease agreements for former corporate-owned fitness centers for the years ended December 31, 2022, 2021, and 2020, respectively. This amount is included in accrued expenses and other current liabilities on the consolidated balance sheets.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
February 28, 2023

	2023
Assets	
Current assets:	
Cash	$ 15,720,411
Restricted cash	3,822,545
Receivables, net of allowance for doubtful accounts	9,494,428
Vendor rebates receivable	3,709,563
Inventory	4,972,901
Prepaid expenses	9,346,301
Other current assets	218,677
Related party receivable	6,684,846
Deferred compensation, current portion	418,796
Total current assets	54,388,468
Property and equipment, net of accumulated depreciation	3,061,534
Other assets:	
Intangible assets, net of accumulated amortization	2,546,926
Software development costs, net of accumulated amortizatio	13,894,914
Goodwill	141,521
Other assets	252,903
Operating lease right-of-use asset, net	3,328,444
Deferred compensation, net of current portion	1,386,564
Total other assets	21,551,272
Total assets	$ 79,001,274
Liabilities and member's deficit	
Current liabilities:	
Line of credit	$ -
Current maturities of long-term debt	4,850,000
Current maturities of operating lease liabilities	716,643
Accounts payable	4,302,599
Accrued expenses and other current liabilities	4,944,841
Related party payable	223,035
Deferred revenue, current portion	10,097,971
Total current liabilities	25,135,089
Long-term liabilities:	
Debt, net of current maturities and financing costs	472,448,388
Operating lease liabilities, net of current maturities	3,086,136
Deferred revenue, net of current portion	33,185,942
Total long-term liabilities	508,720,466
Total liabilities	533,855,555
Member's deficit:	
Member's deficit	(454,897,734)
Accumulated other comprehensive income	43,453
Total member's deficit	(454,854,281)
Total liabilities and member's deficit	$ 79,001,274

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year to Date as of February 28, 2023

	YTD 2023
Revenues	$ 27,458,643
Advertising fund revenue	2,973,862
Total revenues	30,432,505
Cost of goods sold	4,260,556
Gross profit	26,171,949
General and administrative expenses	8,870,777
Advertising fund expense	6,116,129
Total general, administrative, and advertising fund expenses	14,986,906
Income from operations	11,185,043
Other income (expense):	
Other income	1,259
Other expense	(235,491)
Interest expense	(4,221,517)
Total other income (expense)	(4,455,749)
Net income	$ 6,729,294

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 whichhe, 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 releaseall 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

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.

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 franchisor has or will comply with all of the requirements under California Corporations Code, Section 31109.1, with respect to negotiated sales.

8. 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.

9. California [Civil Code Section 1671] has statutes which restrict or prohibit the imposition of liquidated damage provisions.

10. The maximum interest rate to be charged in California is 10%.

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.

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 THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, 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.

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 language is added to the page titled **"Special Risk(s) to Consider About *This* Franchise"**:

Special Risk(s) to Consider About *This* Franchise

Spousal Liability. Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if 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.

2. 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.

3. 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.

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.

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

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 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. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

3. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

4. 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. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

8. 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.

9. 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.

10. The following language is added to the page titled **"Special Risk(s) to Consider About *This* Franchise"**:

Special Risk(s) to Consider About *This* Franchise

Use of Franchise Brokers. The franchisor may use the services of one or more franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the

franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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.

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.

[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 RIDER TO THE BAR METHOD FRANCHISOR LLC FRANCHISE AGREEMENT, QUESTIONNAIRE, AND RELATED AGREEMENTS

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 Washington Rider is only applicable if you are a resident of Washington or if your business will be located in Washington.

2. 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 offing circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

3. The words "or relied upon" are hereby deleted from Section 20.E of the Agreement.

4. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

5. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

6. 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.

7. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and

where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

9. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

10. 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.

11. 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."

12. Sections 20 (b) through (g) and Section 20 (j) of the Agreement are deleted in their entirety and replaced with the following:

"[Intentionally Deleted]"

13. 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
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:_____	By:_____
Its:_____	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:_____	By:_____
Its:_____	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. 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.

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:_____	By:_____
Its:_____	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.

[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:_____	By:_____
Its:_____	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:_____	By:_____
Its:_____	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:_____	By:_____
Its:_____	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:_____	By:_____
Its:_____	Its:_____

WASHINGTON RIDER TO THE BAR METHOD FRANCHISOR LLC AREA DEVELOPMENT AGREEMENT, FRANCHISEE QUESTIONNAIRE, AND RELATED AGREEMENTS

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 Washington:

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 Washington Rider is only applicable if you are a resident of Washington or if your business will be located in Washington.

2. 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 offing circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

3. In the event of a conflict of laws, to the extent required by the Act, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

4. RCW 19.100.180 may supersede the Area Development Agreement and your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Area Development Agreement and your relationship with us, including the areas of termination and renewal of your franchise.

5. 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 Area Development 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.

6. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

8. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

9. 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 Area Development Agreement or elsewhere are void and unenforceable in Washington.

10. Section 8 of the Area Development Agreement is deleted in its entirety and replaced with the following:

"[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.

[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:_____	By:_____
Its:_____	Its:_____

4893-9177-5303, v. 2

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

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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 DMA"). You acknowledge that we may seek and acquire sites in the Development DMA for company or affiliate owned locations, grant others the right to seek or acquire sites within the Development DMA, and that we may actually provide others with sites in the Development DMA, and that you acquire no exclusive or priority rights in such area. We may modify the boundaries of the Development DMA if The Nielsen Company, LLC or its successor changes the applicable defined market area of your Development DMA. If we do so, we will provide you with notice of the change along with the updated Rider to this Agreement which you consent to us amending to change the Development DMA.

B. You acknowledge that we may locate, or provide assistance to you and other Bar Method franchisees in the location of, potential sites in the Development DMA for Bar Method studios. To the extent we locate sites or provide such assistance to you we have no obligation to provide you with any site we may identify but any site you identify must be provided to us. We can then acquire the site ourselves, or give other franchisees the right to acquire that site and you acknowledge and agree that by providing us with a potential site you obtain no priority with respect to that site. If you provide us a potential site we will inform you within thirty (30) days after receipt of the information and materials we request regarding the site whether we will acquire the site, or otherwise approve the site, and if so, whether we will allow you to attempt to acquire the site or if we are going to provide the site to other franchisees who may be looking for sites in the DMA. You may not enter into a lease or sublease for a site, or otherwise acquire a site, unless and until we have given you that permission in writing to do so.

C. If we provide you a potential site, you will have the right to accept it or reject it within the time period which we set. However, we may have also provided this same site to one or more other franchisees. In the event multiple franchisees accept a site, we select the franchisee to whom we award the site. Notwithstanding the foregoing, it shall be your responsibility to identify and ultimately acquire appropriate sites, acceptable to us, for the operation of Bar Method studios. In consideration for any assistance we provide with respect to the identification or approval of potential sites, you acknowledge and agree that we shall not be responsible for your results in operating at any particular site that may have been recommended, reviewed, or approved by us and that our approval does not constitute a representation, guaranty or warranty, express or implied, of the successful operation or profitability of any Bar Method studio at that location. After we have informed you that you may acquire a site for your Bar Method Studio, you will have thirty (30) days after our notice to acquire the site by lease, sublease or purchase. Within such time period, you must furnish us with evidence reasonably acceptable to us of your acquisition of the site. If you fail to acquire the site within such time period or furnish us with the evidence of acquisition we request, the site will go back into the pool of potential available sites in the Development DMA and we can acquire the site ourselves or provide the site to another franchisee.

D. If you secure real estate for a Bar Method Studio in the DMA but fail to comply with our requirements for securing the real estate, including those set forth in this Section 1, we may charge you a fee of up to Ten Thousand Dollars ($10,000). This fee shall be due and payable to us upon our demand and shall be in addition to any other rights or remedies we may have under this Agreement or otherwise.

E. 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.

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 DMA. 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 DMA, 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, give 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 unless you meet each of the following conditions (these conditions apply to each Bar Method Studio to be developed in the Development DMA):

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 DMA, 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 DMA:

4. Total Number of new Bar Method Studios to be opened and operated in the Development DMA:

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 DMA in accordance with the following Development Schedule:

Bar Method Studio Number	**Date by Which Franchise Agreement Must Be Signed and Site Approval Request Must be Submitted to us**	**Date by Which the Bar Method Studio Must Be Opened and Operated by You in the Territory**	**Cumulative Number of Bar Method Studios to be Opened and Operated by You in the Development DMA as of the Date in Preceding Column**
	Date of this Agreement		

You acknowledge and agree that in no event will any new Bar Method studio developed outside of the Development DMA 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

By:_____
Its:_____

DEVELOPER:
[INSERT LEGAL NAME OF DEVELOPER]

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): _____

Ownership *(Each owner must sign a Guaranty)*		
NAME OF OWNER	**NO. OF SHARES/UNITS OWNED**	**OWNERSHIP PERCENTAGE**
		%
		%
		%
		%

Management *(List each individual holding a position as board-member or officer)*	
NAME OF INDIVIDUAL	**ROLE/TITLE**

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: _____

4869-5429-4599, v. 2

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 Two Hundred Ninety-nine Dollars ($299) per month as of the Effective Date.

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 **Equipment Cost $_____**

QUANTITY	**ITEM DESCRIPTION**	**SERIAL #**

RENTAL TERMS	**RENTAL PAYMENT AMOUNT**	**SECURITY DEPOSIT**
Term in months ____	___ **Payments of $_____** **(w/o tax) plus applicable taxes**	**$_____**
Rent Commencement Date:		
	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 ($1/30^{th}$) 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 DISCLAIM 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 HEREINAND 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*

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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 .[1] 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

[1] http://www.guidantfinancial.com/Libraries/documents/Guidant_401k_Online_Terms_and_Conditions_2010_09_21.sflb.ashx

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CLIENT INFORMATION

Client Legal Name:
Client Date of Birth:

Spouse's Name (if applicable):
Spouse's Date of Birth:

Client Address:

County:

City:

State:

Zip:

What state do you want the Corporation filed in?[2]:

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?

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?

[2] In the event you submit your contract and later change the state of investment, additional requirements and fees will apply. Contact Guidant immediately.

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OUTSIDE COUNSEL

Consultations with outside counsel are conducted by telephone. Please indicate who you prefer to have represented by outside counsel[3]:

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:
  2. Who are you purchasing the existing business from:
     - ❖ If **other**, please specify:
  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 <u>any</u> 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:

_____

[3] 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.

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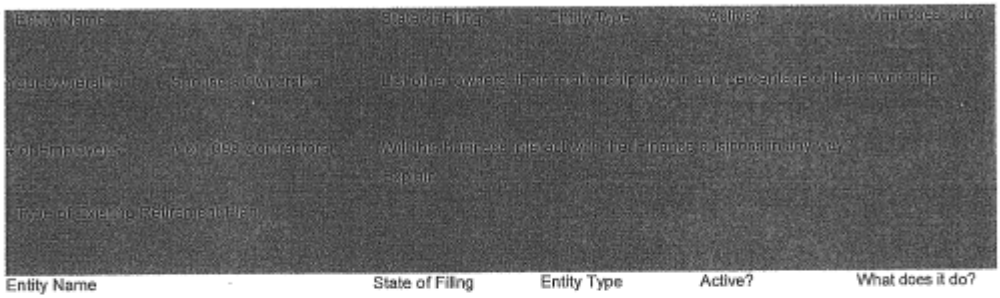
Do you, your spouse, your children, or other investor(s) currently have ownership interest in any other business entities? (These include sole proprietorships, inactive and shell entities.)



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:				

I understand that ANY interaction or co-commerce 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.*

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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:

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.[7]

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 " "[8]

Client Signature Date Printed Name

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[4] 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.

[5] 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.

[6] As detailed in Paragraph 10 of the "Terms of Agreement."

[7] EXPEDITE filings in California will incur an additional charge of $200 for each entity. This charge will be added to the Agreed Fee.

[8] Each individual contributing retirement funds to the iFinance is required to sign the agreement.

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EXHIBIT L

HEALTHY CONTRIBUTIONS AGREEMENT

healthy CONTRIBUTIONS

WELLNESS. REWARDED.

Healthy Contributions Program Agreement

Primary Business Name (DBA): _____

Primary Contact Number: _____

Primary Business Name (Legal): _____

Primary Address: _____

Address #2: _____

City: _____ State: _____ Zip: _____

This Agreement is made on _____, 20___, by and between Healthy Contributions, SPV LLC ("HC") and _____ ("Client") will confirm the arrangement under which HC is providing payment-processing services for Client and data transfer and disbursement services for the programs chosen by Client, all as set out below.

1. **Appointment:** Client hereby appoints HC to act as its reimbursement processor for the fitness incentive programs managed by HC and selected by the Client (the "Programs"). The duties of HC are as follows: (A) provide a platform for the entry of data; (B) collect and provide specific Program usage data to the Program Provider; (C) return status of this data to Client via web reporting; and (D) if applicable, disburse any monies to the Client based upon instructions from the Program Provider.
2. **Service:** HC agrees to facilitate the collection and transfer of data and funds for Client as this information is provided to HC. To that end, by the 5th calendar day of each month for the prior month, Client shall provide HC with the member usage information as requested, and in the format required, by HC. Disbursement of funds hereunder by HC to Client shall occur at the times agreed to by HC and the Program Provider but is contingent upon data and funds received from the associated Program Provider, and upon Client's provision of member usage information in the formats required by HC.
3. **Management:** HC has agreed to manage certain fitness incentive programs including the Programs. Management and maintenance of participants, such as

Client, shall include random audits and investigation of any improper or suspicious acts or behavior. Client's facility's staff is subject to record and data review by HC at any time. If improprieties are found or suspected, a review of participation will be initiated with Program providers in question and may result in a warning, probation, suspension or Client's permanent removal from the programs.

4. **Fees:** Client agrees to pay HC for its services provided herein pursuant to the attached Healthy Contribution Club Fee Structure Schedule (the "Fee Structure Schedule") based on the billing option at the end of this Agreement checked by Client. All Programs will be set at the billing option checked by Client except where a different method is mandated by a Program's provider. In that case, fees are then determined by the nature of the disbursement chosen for that provider's Program. HC reserves the right to change the fees and charges provided for herein without prior notice. If Client wishes to object to such change, it may deliver written notice thereof to HC within sixty (60) days of Client's receipt of the first monthly report reflecting such change. If Client objects to such change, the parties may negotiate a mutual agreement regarding fees or a party may terminate this Agreement pursuant to Section 6, but Client must pay the new fee imposed by HC for services performed before the date of termination.

5. **Payment of Fees**: 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 $25.00 may be imposed if payment is not made within 10 days of notification. HC will not be liable to Client or be in breach of this Agreement due to the failure of Client to comply with its reporting obligations to HC or due to the failure of a Program provider to provide HC with the appropriate information or funds so that HC can perform its obligations hereunder. 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.

6. **Termination & Closing club(s):** Unless otherwise terminated pursuant to Section 4, either party may terminate this Agreement by giving the other party (30) days written notice. If Client is discontinuing its involvement in a Program, it will immediately notify all participating members of the Program that benefits will cease. It must also immediately notify HC to close out accounts and provide HC with current member status. HC will notify the Program Provider, if necessary.

7. **Sale:** If Client sells its business, client must agree to provide to Healthy Contributions the identity and contact information of new ownership. This agreement will immediately terminate without further obligation from HC or Client. Fees that are owed for the final processing period will be the responsibility of

Program Provider. Any processing that is submitted past the date of sale is still calculated by usage month and Program Provider is responsible for paying these fees to HC.

8. **Confidentiality:** During the term of this Agreement and at any time after, Client will keep confidential and not disclose any Confidential Information (as defined below) nor will Client use the Confidential Information for a purpose detrimental to HC. Client will hold the Confidential Information in strict confidence and will protect it with the same diligence that it protects its own confidential information. Confidential Information shall include, but not be limited to, the terms of this Agreement, including any financial terms, trade secrets, the identity of any Program providers, unique identifiers, Personal Information (as defined below), and reimbursement amounts.

9. **Privacy:** During the term of this Agreement and at any time after, if Client obtains or has access to "Personal Information", Client agrees to comply with all applicable privacy laws and to hold and protect all "Personal Information" in strict confidence and maintain the confidentiality of this information except as required by law or a court order.

    a. "Personal Information" means any information about or concerning an individual including, but not limited to:

        i. An individual's first name or first initial and his or her last name, or any information concerning a natural person which, because of 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) checking account number, savings account number or other account number alone if no other information is required to access such account or otherwise commit identity theft or misuse such information; (D) credit or debit card number; (E) account passwords or personal identification numbers, 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; (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;

10. **Forms; Programs:** HC shall advise Client that they have the option to either 1.) Maintain original documents related to the participating member's Program Providers enrollment forms in a secure location consistent with existing record retention policies, 2.) Return documents and forms back to the member after inserting this information into the enrollment website, or 3.) Destroy forms in a secure manner. All options stand unless state law record retention requirements

state otherwise. Client is solely responsible for the membership agreement that Client uses. HC will provide Client with a copy of the participating Program Provider's enrollment forms and Client shall make copies for enrollment. Client will not be allowed to make changes to the enrollment forms.

11. **Information**: Pursuant to Section 2, Client must enter all member usage data by the 5th of the month for the prior month, unless Client uses a system where member usage is collected by HC for the facility. Client represents, warrants and covenants that all data is accurate, and Client will provide HC all documentation requested by HC, or participating Program Providers. It is Client's responsibility to update member information and review the monthly return reports as they are made available. HC will not be liable for incorrect reimbursements due to Client-entered data errors. Client also grants HC authority to provide the usage information to the Programs. There will be a separate monthly charge for each individual club of Client that uses the website; i.e. if Client owns multiple facilities it will have to pay for each facility as its own separate entity. Client acknowledges the importance of meeting the timelines and processes for the delivery of information set forth herein.

12. **Workouts:** All workouts for these Programs by Client's members must be performed inside the walls of Client's facility.

13. **Trademark Usage:** All advertisements or other marketing materials referencing a Program Provider's name, trademark, service mark, logo or other commercial symbol must be approved by that Program Provider's legal department prior to publication by Client. Requests can be facilitated through HC.

14. **Indemnification**: Indemnification: Liability: Client agrees to defend, indemnify and hold harmless HC, its owners and affiliates, and each of them, and their respective officers, directors, employees, shareholders, agents, insurers, and representatives from and against any and all demands, losses, actions, damages, claims, costs, expenses and liability (including attorneys' fees) ("Damages") whether or not involving any third party claim, that results from or arises out of directly or indirectly: (a) any act or omission of Client, or breach of this Agreement by Client; (b) any injury or Damage to a member or other individual at a facility of Client or any other Damages incurred by HC in connection with it services hereunder; or (c) any Damages incurred by HC as a result of a suspension of services hereunder in the event that Client does not make timely payment as provided in Section 5 hereof. HC may defend at Client's expense any claim against it. HC is not liable for the acts or omissions of a Program provider, whether related to this Agreement or otherwise.

15. **Litigation:** This Agreement, and the respective rights of the parties under this Agreement shall be governed by and construed under the laws of the state of Minnesota, without application of any choice of law principal. Any claim, cause of action, suit or demand arising out of or related to this Agreement, or the relationship of the parties, shall be brought exclusively in the state or federal courts

located in Hennepin County, Minneapolis, Minnesota, and the parties irrevocably consent to the jurisdiction and venue of such courts. Client hereto agrees that valid service of process may be affected on it outside of Minnesota by certified mail at the address of its last known principal office or by any other means authorized under Minnesota law.

16. **Entire Agreement:** This Agreement, including the documents referenced herein, is the only agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, whether written or oral, 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 all parties (in the case of amendments or modifications) or by the party to be charged thereby (in the case of waivers). Copies of this Agreement with signatures transmitted by facsimile shall be deemed to be original signed versions of this Agreement.

17. **Additional Documents:** Client acknowledges that it has read and understands this Agreement and the HC Documents. In the event of a conflict between the terms of this Agreement and any of the foregoing documents, the terms of this Agreement shall control.

18. **Liability Insurance:** Client will at its own cost and expense, maintain (and cause its subcontractors working on the facility, if any to maintain) the following insurance coverage in full force: Workers' Compensation Insurance and Commercial Liability Insurance, with limits of not less than $1,000,000. The insured must give Healthy Contributions thirty (30) days' written notice before the insurance is cancelled or altered in a way that no longer satisfies the requirements Client will need to provide a copy of the current certificate of liability insurance.

19. **Benefits; Assignment; Third Party Beneficiary Rights:** This Agreement shall inure to the benefit of and shall bind the successors and permitted times assigns of both parties to this Agreement. Client may not assign or transfer its interest in this Agreement without the prior written consent of HC. Client agrees and acknowledges that each Program Provider for each Program that Client opts to participate in pursuant to this Program Agreement is an express third-party beneficiary under this Program Agreement with rights of enforcement including, without limitation, audit rights as provided for in Section 3, indemnification rights as provided for in Section 14 and the right to claim contract damages or damages for breach of warranty in the event that the data provided by Client is inaccurate or fraudulent.

20. **Acknowledgments:** Client acknowledges: (A) that HC is not a payer of services, nor an insurer with respect to any services provided by Client and its only obligation with respect to funds received from the Program Provider is to disburse the funds in accordance with the instructions of the Program Provider; (B) that HC shall have no obligation to disburse funds hereunder if a Program Provider fails to provide the funds for reimbursement to HC; and (C) that HC has not made any representation, warranty or guarantee as to any revenue that it may derive from any program.

21. **Non-exclusivity:** Each party understands and acknowledges that the relationship created hereby is of a non-exclusive nature, meaning that either party may do business with any other party that provides the same or similar services.

22. **Email:** Healthy Contributions may from time to time send emails to the addresses referenced in the Smart login forms to update of program changes, enhancements and other pertinent information. These may include communications from health plans or promotional advertisings in connection with our standard services. Notwithstanding, any formal notifications regarding this Agreement shall be sent to the other party via certified mail for approval and verification that such mailings do not violate privacy laws or opt out notifications by the intended recipient.

Healthy Contributions, SPV LLC

By: _____

Title: _____

Signature: _____

Date: _____

Client: _____

Signee Name: _____

Title: _____

Signee Email: _____

Signature: _____

Date: _____

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 Maryland or if the franchise is to be operated in Maryland.

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 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.

This Questionnaire does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

_____	_____
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 Maryland or if the franchise is to be operated in Maryland.

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: _____ _____ _____		

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.

This Questionnaire does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

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:

State	**Effective Date**
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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: April 18, 2023.

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 April 18, 2023 that included the following Exhibits:

A List of State Agencies/Agents for Service of Process
B Franchise Agreement
C Operations Manual Table of Contents
D List of Franchisees
E List of Franchisees Who Have Left the System
F Financial Statements and Affiliate Guaranty
G Release on Renewal/Transfer
H State Specific Addenda
I Area Development Agreement
J ProVision Services Agreement
K Equipment Loan Documents
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.

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: April 18, 2023.

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.

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Date Disclosure Document Received:

_____

_____
Prospective Franchisee's Signature

Date Receipt Signed:

_____
Print Name

_____

Address:_____

_____