

FRANCHISE DISCLOSURE DOCUMENT



OHM Fitness Franchise, LLC
a Wyoming limited liability company
15011 N. 75th Street, Suite #2
Scottsdale, Arizona 85260
Phone: (480) 797-2854
E-Mail: Support@OHMFitness.com
Website: www.OHMFITNESS.com

The franchise is for an exercise and fitness studio (the “OHM Fitness® Studio” or “Studio”) which provide semi-private and group fitness classes utilizing electro muscle stimulation (“EMS”) that stimulates muscle growth through a light-weight body suit, resulting in a quicker and more effective alternative to the traditional gym workout.

The total investment necessary to begin operation of an OHM Fitness® Studio ranges from \$373,500 to \$885,000 for each franchise. This includes \$174,000 to \$199,000 for each Studio that must be paid to us and our affiliates. If you buy 3 franchises the investment will range from \$1,112,500 to \$2,647,000, which includes \$514,000 to \$589,000 that must be paid to us or our affiliates.

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Steven Belknap at 15011 N. 75th Street, Suite #2, Scottsdale, Arizona 85260 or by phone at (480) 797-2854.

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

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

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

Issuance Date: May 1, 2024

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 “E-1” and “E-2.” |
| 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 “B” 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 OHM Fitness® Studio 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 is it like to be an OHM Fitness® Studio franchisee? | Item 20 or Exhibits “E-1” and “E-2” lists 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 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 State Specific Addenda.

Special Risks to Consider About *This Franchise*

1. **Out-of-State Dispute Resolution:** The franchise agreement requires you to resolve disputes with the Franchisor by mediation, arbitration and/or litigation only in Arizona. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the Franchisor in Arizona than in your own state.
2. **Spousal Liability:** Your spouse will be liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History:** The franchisor is in the early stages of development and has limited operating experience. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Condition.** The Franchisor's financial condition, as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.
5. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
6. **Supplier control.** You must purchase all or nearly all of your inventory or supplies that are necessary to operate your business from the franchisor, its affiliates or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar good. This may reduce the anticipated profit of your franchise business.
7. **Additional Certification Required.** Completion of the initial training program provided by the franchisor (see Item 11) is not designed to provide an area representative or franchisees with the ACT and NASM certifications required to operate the franchise business. Franchisees will either need to possess or acquire the certifications or hire employees that possess the certifications to provide the franchise's required products and services.
8. **Use of Franchise Brokers.** The franchisor uses the services of 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.

Certain states may require other risks to be highlighted. If so, check the “State Specific Addenda” pages for your state.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition 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 \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 6th Floor
525 West Ottawa
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

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| Exhibit “A” | State Agencies And Administrators And Agent For Service Of Process | Exhibit “F” | Information On Our Area Representatives |
| Exhibit “B” | Financial Statements | Exhibit “G” | Franchisee Disclosure Questionnaire |
| Exhibit “C” | Franchise Agreement | Exhibit “H” | General Release |
| Exhibit “D” | Table Of Contents Of Brand Standards Manual | Exhibit “I” | State Addenda And Riders |
| Exhibit “E-1” | List Of Franchisees | Exhibit “J” | Software Use And License Agreement |
| Exhibit “E-2” | List Of Franchisees Who Have Left The System | Exhibit “J-2” | Magneto+ Services Agreement |
| | | Exhibit “K” | State Effective Dates |
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Applicable state law may require additional disclosures related to the information contained in this disclosure document. These additional disclosures, if any, appear as an addendum or rider in Exhibit “I.”

OHM FITNESS® STUDIO FRANCHISE DISCLOSURE DOCUMENT

ITEM 1. FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATE

To simplify the language in this disclosure document, “we,” “us,” “our” or the “Company” mean OHM Fitness Franchise, LLC - the franchisor. “You” means the person who buys an OHM Fitness® Studio franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Corporate Information

OHM Fitness Franchise, LLC is a Wyoming limited liability company that was organized on June 3, 2021. Our principal business address is located at 15011 N. 75th Street, Suite #2, Scottsdale, Arizona 85260 and our telephone number is (480) 797-2854. Our agent for service of process is disclosed in Exhibit “A” to this disclosure document. We do not do business under any names other than “OHM Fitness Franchise, LLC” and “OHM Fitness®.”

Business History

We began offering OHM® franchises and area representative franchises in March 2022. We are not engaged in any business other than the offering of OHM Fitness® franchises and area representative franchises. Area representatives are authorized to open and own or sell to qualified and approved third parties a specified number of franchises located in a defined geographic area according to a development schedule. The area representative franchise is described and sold under a separate franchise disclosure document. We have never offered franchises in any other line of business.

We have not operated a business similar to the OHM Fitness® Studio business being offered under this disclosure document. However, our affiliate, OHM 001, LLC (“001”) currently operates 1 OHM Fitness® Studio in Scottsdale, Arizona which opened in August 2022. Our principals have previously owned and operated other fitness franchises and area representative territories.

Parents, Affiliates and Predecessors

We do not have any predecessors or a parent company.

We have 4 affiliates. Our affiliate OHM Distribution, LLC (“Distribution”) sells inventory items for resale to our franchisees such as the OHM® EMS body suit, accessories, merchandise and other retail items. You must purchase the OHM® body suit from Distribution. Our affiliate OHM 001, LLC owns and operates a Studio located in Scottsdale, Arizona. Our affiliate OHM At Home, LLC (“Home”), will offer at-home training products and services. Our affiliate OHM Virtual, LLC (“Virtual”) will offer gaming through use of headsets. Our affiliates will share our principal business address. Our affiliates have never offered franchises in this or any other line of business and none, except 001 operates an OHM Fitness® Studio.

Except as disclosed above, we do not have any affiliates that offer franchises or provide any goods or services to our franchisees.

Description of Franchised Business

Under your OHM Fitness® Studio (referred to in this disclosure document as your “Business” or your “Studio”), you will establish and operate an exercise studio offering fitness training and class sessions utilizing an OHM® EMS body suit which is worn during the training session that provides an improved alternative to traditional fitness training. All OHM Fitness® Studios are also equipped with red light therapy recovery rooms. The OHM® EMS body suit, which we have the exclusive right to distribute in North America under a license agreement with the manufacturer. We will grant you a license to use certain logos, service marks and trademarks, including the service mark “OHM®” and “OHM Fitness®” (collectively, the “Marks”) in the operation of your Business. The “Marks” also include our distinctive trade dress used to identify an OHM Fitness® Studio, whether now in existence or created in the future. You must sign a franchise agreement (the “Franchise Agreement”) and operate your Business in accordance with the terms of the Franchise Agreement. The form of Franchise Agreement is attached to this disclosure document as Exhibit “C.”

We have developed a distinct system (the “System”) for the operation of an OHM Fitness® Studio. Distinctive characteristics of the System include an exercise curriculum, logo, proprietary techniques and products, the unique OHM® EMS body suit, confidential brand standards manual and operating system. The operational aspects of an OHM Fitness® Studio franchise are contained within our confidential Brand Standards Manual (the “Manual”). You will operate your OHM Fitness® Studio as an independent business using the Marks, the System, the OHM Fitness® name, as well as the support, guidance and other methods and materials provided or developed by us.

Market and Competition

The target market for OHM® Studio customers (“Clients”) includes women and men interested in fitness and exercise programs that are shorter and more efficient than traditional exercise class workouts. Clients include men and women between the ages of 19 and 90, although the majority of Clients are men and women between the ages of 23 and 57.

We believe that the market for the services offered at an OHM Fitness® Studio is competitive and rapidly developing. OHM Fitness® Studios compete primarily with other gyms, health clubs, exercise fitness centers, training classes, personal instructors and in-home fitness concepts. Some of these businesses operate through franchise systems. They may be independently owned and operated or may consist of regional or national chains.

Laws and Regulations

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Business. You should inquire about such laws. Some states have laws and regulations that specifically apply to gyms and health clubs which may impose restrictions or requirements relating to the sale of memberships valid for a specified period of time, the training of and on-site access to certain first aid devices such as automated external defibrillators and procedures such as CPR, the holding of membership fees in an escrow account before a Studio is open, as well as other restrictions on what health clubs offer for sale. You should obtain advice and guidance on these possible restrictions before opening your Studio.

You must also comply with all local, state and federal laws that apply to businesses generally.

We require all OHM Fitness® Studio instructors to obtain and retain certification by the American Council on Exercise (“ACE”) and the National Academy of Sports Medicine (“NASM”), or equivalent.

**ITEM 2.
BUSINESS EXPERIENCE**

Douglas Payne – Chief Executive Officer & Co-Founder

Mr. Payne has been our and our affiliates' Chief Executive Officer since our inception on June 3, 2021. From January 1, 2009 to May 1, 2022, he owned a European Wax Center in Scottsdale, Arizona.

Eric Hamann – Vice President – Finance & Co-Founder

Mr. Hamann has been our and our affiliates' Vice President-Product Development since our inception on June 3, 2021. He served as President of Southwest Dealer Services, Inc. located in Irvine, California from 1990 to 2019. After his nearly 30-year tenure with Southwest Dealer Services, Inc., Mr. Hamann took time off from traditional employment from 2019 to 2021 to consider new business and investment opportunities.

Steven Belknap – Vice President – Regional Sales and Co-Founder

Mr. Belknap has been our and our affiliates' Vice President – Regional Sales since our inception on June 3, 2021. He has been the Divisional Vice President of Southwest Dealer Services, Inc., Irvine, California since 1993. He was also a European Wax Center franchisee in Scottsdale, Arizona from August 2007 to April 2022.

Joshua Coba - Vice President – Operations

Mr. Coba has been our and our affiliates' Vice President - Operations since October 30, 2022. From 2004 to 2017, Mr. Coba was the co-founded and Vice President – Operations of European Wax Center (NYSE: EWCZ) located in Fort Lauderdale, Florida.

**ITEM 3.
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4.
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5.
INITIAL FEES**

Initial Franchise Fee

You will pay a \$49,000 franchise fee for your first franchise and a \$45,000 franchise fee for each additional franchise purchased at the same time and for the same area or region. If you purchase one franchise, then subsequently purchase an additional franchise, you will not receive a reduced initial franchise fee.

The entire initial franchise fee is payable in full at the time you sign the Franchise Agreement. The initial franchise fee is not refundable under any circumstances. In the previous fiscal year, we waived initial

franchise fees for certain multi-unit franchisees. Other than that, the initial franchise fee is uniformly imposed and fully earned and non-refundable when paid.

Startup Package

Before you open, you must purchase an initial startup package consisting of the following items: (1) your initial supply of inventory items (purchased from Distribution or us – approximately \$25,000); (2) your initial supply of operating supplies (purchased from Distribution and others – approximately \$40,000); (3) your initial supply of OHM® EMS branded body suits (purchased from us or our affiliate – approximately \$60,000 to \$85,000). The total cost of your startup package varies depending on your needs but is estimated to range from \$125,000 to \$150,000. You will pay us the full amount and we may pay our various affiliates, from this amount. The purchase price is uniformly imposed and non-refundable.

Multi-Unit Franchises

Currently, we require franchisees to commit to develop at least 3 franchised OHM® Fitness Studios by signing franchise agreements and paying the initial franchise fee at the time of signing the first franchise agreement. For example, if you purchase 3 total franchises at the same time, you will pay an initial franchise fee of \$49,000 for the first franchise and \$45,000 for each of the additional 2 franchises, for a total initial franchise fee of \$139,000. The start-up package for 3 franchises will range from \$375,000 to \$450,000.

ITEM 6. OTHER FEES

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| Royalty Fee ¹ | 6% of monthly Gross Revenues ² | Each week on Monday for the Previous Week’s business. | You must provide us with monthly reports of your Gross Revenues. |
| Marketing Fund Fee ¹ | Greater of (i) 1% of Gross Revenues ² or (ii) \$300 | 10th day of month for prior month’s operations | We may increase the Fund contribution up to a maximum amount of the greater of 2% of Gross Revenues or \$300 upon 60 days prior notice ³ . |
| Local Advertising | Greater of 4% of Gross Revenues ² or \$1,750 per month | As incurred | We must approve all advertising. You must participate at your own expense in all advertising, promotional and marketing programs that we require. |
| Training Fee ¹ (for ongoing training) ⁴ | Up to \$1,000 per person per day | 10 days after invoice | Payable only for: (i) each person that attends our initial training program after you open your Business; (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; and (iv) each person to whom we provide additional training that you request |

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|--|--|-----------------------|--|
| Technology Fee ^{1,5} | Varies (\$450 to \$999 per month) per Studio | 10 days after invoice | We collect a monthly fee of \$450 - \$999 for these items and remit that sum to the master licensor. The amount of this fee depends on the amount charged us by the master licensor. |
| Magneto CRM Software ¹ | Currently, \$250 per month | 10 days after invoice | You are required to license the Magneto CRM Software from us and pay our then-current fee. |
| Marketing Materials and Inventory ¹ | Varies depending on item purchased, currently between \$1,500 and \$2,500 | At time order placed | We need not be a supplier of these items. The difference between the low end and the high end is based upon your volume of purchases of the following goods and services: promotional offer marketing, winding clings, place holder cards, external national marketing and media. |
| Magneto+ Services | \$450 per month for optional ad placement services, plus \$165 per hour for optional graphic design services | 10 days after invoice | If you opt to have us provide advertising, marketing and graphic design services to you, you must execute the services agreement in the form attached hereto as Exhibit J-2 and pay the applicable fee. |
| Audit Fee ¹ | Actual cost of audit (including travel and lodging expenses for audit team) | 10 days after invoice | Payable only if the audit (i) reveals that you have understated any amount that you owe us by at least 3% or (ii) is necessary because you fail to furnish required information or reports to us in a timely manner. |
| Fines ¹ | Up to \$1000 per incident | Upon demand | Payable if you fail to comply with a mandatory standard or operating procedure and you do not cure the non-compliance within the time period we require. We will deposit all fines into the Marketing Fund. |
| Transfer Fee ¹ | \$10,000 | Before transfer | Payable when you transfer or sell your franchise. No charge if franchise transferred to an entity that you control or for certain transfers of ownership interests between existing owners (unless the transfer between owners' results in a change of control). Subject to State Law. |

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|--|--|-----------------------|---|
| Late Fee ¹ | Lesser of 18% of amount past due or highest rate allowed by applicable law | 10 days after invoice | Not applicable |
| Management Fee ¹ | Currently \$1,500 per month plus our actual costs incurred in operating your Studio. | 10 days after invoice | If you default under the Franchise Agreement or the Managing Owner dies, we can designate a temporary manager to manage your Business until you cure the default or find a replacement Managing Owner, as applicable. |
| Indemnification ¹ | Will vary with circumstances | 10 days after invoice | You must indemnify and reimburse us for any damages, losses or expenses we incur as a result of the operation of your Business or your breach of the Franchise Agreement. |
| New Product or Supplier Testing ¹ | Cost of testing | 10 days after invoice | This covers the costs of testing new products or inspecting new suppliers you propose. |
| Insurance ¹ | Actual cost of premiums, plus our costs and expenses | 10 days after invoice | If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us. |
| Remodeling and Maintenance | \$50,000 to \$250,000 | As incurred | We may require you to upgrade or remodel your facility, but not more than once every 5 years. However, we may require you to remodel or upgrade upon transfer or renewal of the franchise. |

NOTES:

(1) All fees are imposed by and are payable to us, except we may require that you pay an affiliate of ours for the purchase of inventory, marketing materials or other goods or services. All fees are non-refundable and uniformly imposed on franchisees. You will be required to sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT “E”), permitting us to electronically debit your designated bank account for payment of all fees payable to us (other than the initial franchise fee) as well as any amounts that you owe to us or our affiliates for the purchase of goods or services. You must deposit all Gross Revenues into the bank account and ensure that there are sufficient funds available for withdrawal before each due date. You must pay us all taxes that are imposed upon us or that we are required to collect and pay by reason of the furnishing of products, intangible property (including trademarks) or services to you.

(2) “Gross Revenues” means all gross sums that you collect from all goods and services that you sell, plus all other sums that you collect from the operation of your Business, including the proceeds of any

business interruption insurance. “Gross Revenues” does not include sales or use taxes or amounts refunded to customers.

(3) We will establish and maintain a marketing fund when we sell our first franchise in order to promote public awareness of our brand and improve our System. You will have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution. In addition to your contributions to the marketing fund, you must spend the greater of 4% of your monthly Gross Revenues or \$1,750 per month on local advertising (your “Local Marketing Commitment”).

(4) Before you open, we will provide our initial training program at no additional charge for your Managing Owner, managers (if any) and all persons who will provide training at your Studio. We also do not charge a training fee for any system-wide refresher or additional training that we conduct at our headquarters or at an affiliate-owned OHM® Studio. You must pay us a training fee of up to \$1,000 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners, managers or persons providing training services); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; and (iv) each person to whom we provide additional training that you request. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee the training fee for each of the transferee’s owners and employees that attends our initial training program.

(5) Currently, we license your POS software and related booking software from one or more third party suppliers and then sublicense these items to you. We collect a monthly fee of \$450 - \$999 for these items and remit that sum to the master licensor. In addition, we license our proprietary Magneto CRM software to you, and we collect a license fee of \$250 per month for this software currently. You must sign the Software Use and License Agreement (the “Software Agreement”) attached to this disclosure document as Exhibit “J” which requires payment of the monthly software maintenance/service fees. In the future, we reserve the right to enter into other master license agreements with software or technology suppliers and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We also reserve the right to create proprietary software that must be used by OHM® franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. Any technology fee that we impose will be commercially reasonable when compared to comparable software or technology in the marketplace. We can change the software and technology that must be used by our franchisees at any time.

**ITEM 7.
ESTIMATED INITIAL INVESTMENT**

| YOUR ESTIMATED INITIAL INVESTMENT – SINGLE UNIT | | | | | |
|--|--------------------------------|---------------------------------|--------------------------|--------------------------------------|--------------------------------------|
| TYPE OF EXPENDITURE | LOW AMOUNT ¹ | HIGH AMOUNT ¹ | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
| Initial Franchise Fee ² | \$49,000 | \$49,000 | Bank Wire/ACH | At time you sign Franchise Agreement | us |

| YOUR ESTIMATED INITIAL INVESTMENT – SINGLE UNIT | | | | | |
|--|-------------------------|--------------------------|-------------------|---|---|
| TYPE OF EXPENDITURE | LOW AMOUNT ¹ | HIGH AMOUNT ¹ | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
| Startup Package ³ | \$125,000 | \$150,000 | Bank Wire/ACH | Before opening | us |
| Food, Lodging & Travel (4 to 6 people while training) ⁴ | \$5,000 | \$12,000 | As incurred | During training | Hotels, restaurants and airlines |
| Lease Deposit & 3 Months' Rent ⁵ | \$20,000 | \$40,000 | Lump sum | Monthly (with security deposit paid before opening) | Landlord |
| Build Out & Improvements ⁶ | \$75,000 | \$400,000 | As incurred | Before opening | Architects, contractors, suppliers |
| Signage ⁷ | \$5,000 | \$15,000 | Lump sum | Before opening | Suppliers |
| Decorating, Furniture & Furnishings ⁸ | \$35,000 | \$65,000 | As incurred | Before opening | Suppliers |
| Computer / POS System ⁹ | \$7,500 | \$10,000 | Lump sum | Before opening | Suppliers/us |
| Other Equipment ¹⁰ | \$5,000 | \$20,000 | Lump sum | Before opening | Suppliers |
| Utility Deposits, Business Licenses & Other Prepaid Expenses | \$500 | \$5,000 | As incurred | Before opening | Utility companies and government agencies |
| Professional Fees | \$1,000 | \$4,000 | Lump sum | Before opening | Lawyers, architects & accountants |
| Insurance (3 months' premium) ¹¹ | \$500 | \$5,000 | Lump sum | Before opening | Insurance companies |
| Grand Opening Marketing ¹² | \$20,000 | \$40,000 | As incurred | Before opening | Suppliers |
| Additional Funds (3-month period after opening) ¹³ | \$25,000 | \$70,000 | As incurred | As incurred | Suppliers and employees |
| Total Estimated Initial Investment ¹³ | \$373,500 | \$885,000 | | | |
| Total Estimated Initial Investment for 3 Franchises ¹³ | \$1,112,500 | \$2,647,000 | | | |

NOTES:

(1) We do not offer direct or indirect financing for any of these items. None of the fees payable to us are refundable. We are unaware of any fees payable to third party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default.

(2) You will pay a \$49,000 franchise fee for your first franchise and a \$45,000 franchise fee for each additional franchise purchased at the same time and for the same area or region..

(3) The initial startup package consisting of the following items: (1) your initial supply of inventory items (purchased from Distribution and others – approximately \$25,000); (2) your initial supply of operating supplies (purchased from Distribution and others – approximately \$40,000); (3) your initial

supply of OHM® EMS body suits (purchased from Distribution – approximately \$60,000 to \$85,000). The total cost of your startup package varies depending on your needs but is estimated to range from \$125,000 to \$150,000. You will pay us the full amount and we may pay our various affiliates, from this amount.

(4) This estimates the cost for your owners, initial managers (if any) and instructors to attend initial training in Scottsdale, Arizona.

(5) These figures presume that you will be leasing your premises. The expense of leasing will vary depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. We anticipate that most OHM® Studios will range in size from 1,650 to 2,200 square feet. We estimate the rent per square foot will range from \$3.03 to \$4.55 per square foot. This estimate includes three months rental of \$5,000 to \$10,000 per month that you may be required to pay prior to opening for business. Your actual rent may vary above or below this range depending on your area and the local market conditions. Landlords typically require security deposits equal to 1 or 2 months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The total estimated initial investment shown in the chart above includes 1 months' security plus 3 months' rent. Some franchisees may prefer to own their premises. The cost of purchasing real estate varies so widely that we cannot reasonably estimate the cost. We anticipate most OHM Fitness studios to be located in either a retail strip center or standalone building in a highly-trafficked commercial area with ample access to transportation and parking.

(6) The cost of leasehold improvements and build-out vary based upon a number of factors, including the size and condition of the premises, whether or not there are any existing leasehold improvements, contractor and sub-contractor selection and whether the landlord will contribute to the cost of the improvements. The difference between the low end and high end is based on the varied cost of goods and the contractor chosen by you and approved by us.

(7) The type and size of the signage you actually install will be based upon the zoning, property use requirements, City, County or Municipality restrictions and any landlord-imposed restrictions. There could be an occasion where signage is not permitted because of zoning or use restrictions.

(8) The difference between the low end and the high end is based upon the size of your location and need for more or less furniture, fixtures and equipment.

(9) You must purchase or lease the computer and point-of-sale hardware and software that we require.

(10) This estimates your costs to purchase operating equipment such as exercise benches, weights, movable partitions and other Covid-related protective devices and other class and training equipment. The difference between the low end and the high end is based upon the size of your location and need for more or less furniture, fixtures and equipment, or based on state regulation.

(11) You are required to carry the insurance that we specify for your Business. We will provide you with the name of our recommended insurance company that is familiar with the fitness industry. You are not required to use our recommended insurance company.

(12) You must spend at least \$20,000 - \$40,000 on approved grand opening marketing activities.

(13) This estimates your expenses during the first 3 months of operation, including rent, payroll costs (excluding any wage or salary paid to you) and other miscellaneous expenses and required working capital. These figures are estimates based on the past experience of our principals in developing and operating the OHM Fitness® Studio as well as similar franchise locations in the Arizona market.

(13) This estimate includes the initial franchise fee for the first Studio of \$49,000 and the reduced initial franchise fee for Studios 2 and 3 of \$45,000 each.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain “source restricted” goods and services for the development and ongoing operation of your Business. By “source restricted,” we mean that the goods or services must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). Our specifications and list of approved and designated suppliers are contained in the Manual. We will notify you within 30 days of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you want to purchase or lease a source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information that we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier’s facilities. We will notify you of our approval or disapproval within 30 days after we receive your request for approval plus all additional information and samples that we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. You must reimburse us for all costs that we incur in reviewing a proposed supplier and testing the products.

Current Source Restricted Items

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: real estate services (lease negotiation, architectural and construction); the lease for your facility; fixtures, furnishings and décor; signage; computer equipment and POS system; Magneto CRM system; operating equipment; uniforms and operating supplies; OHM® EMS body suits, control panel and power packs; inventory; marketing materials and marketing services; and insurance policies. We estimate that nearly 100% of the total purchases and leases that will be required to establish and operate your Business will consist of source restricted goods or services.

Real Estate Services

We must approve the professionals that you engage to provide site selection services, lease negotiation, architectural and construction services for your Studio. We may require you to use our designated supplier for site selection services in the future, but we do not currently do so. The site for your Studio must meet our standards and specifications and must be approved by us. The plans for the development of your facility must meet all of our standards and specifications and must be approved by us.

Your approved contractor must develop and construct your Studio in accordance with the approved plans as well as the standards and specifications in the Manual.

Lease

We do not review the terms of your lease, however, if you lease the premises for your Studio, your landlord must sign the Lease Addendum that is attached to the Franchise Agreement as Attachment C. If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your Studio. The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease.

Fixtures, Furnishings and Décor

All of your fixtures, furnishings and décor must meet our standards and specifications. We do not restrict the suppliers from whom you may purchase these items.

Signage

All of your exterior signage must meet our standards and specifications. We will provide you with the name of our recommended Sign Manufacturer that is familiar with the criteria and branding of OHM® Fitness. You are not required to use our recommended Sign Manufacturer.

Computer Equipment and POS System

Your computer system and POS must meet our standards and specifications. You must utilize the POS system and software that we specify. You may purchase certain computer components from any supplier of your choosing. However, you must purchase the following items from supplier that we designate: POS System and software, Accounting Software, Video Content Streaming Service, Music Service and 3D Body Imaging and Measuring System. We, or our affiliates, are the only supplier of the required Magneto CRM software.

OHM® EMS Body Suits, Control Panel and Power Packs

We, or our affiliates, are the only supplier of the branded OHM® EMS body suits, control panel and power packs.

Operating Equipment

You must purchase certain operating equipment that meets our standards and specifications. Some of this equipment may be purchased from any supplier approved by us.

Operating Supplies

You must purchase certain operating supplies that meet our standards and specifications. Currently, we, or our affiliates, are the only supplier of most of operating supplies, including towels, hand dumbbells, mats, synch belts, and certain retail items.

Inventory

All of your inventory must meet our standards and specifications. Currently, we, or our affiliates, are the only supplier of these items. You may not utilize any inventory items that we have not approved.

Marketing Materials and Services

All of your marketing materials must comply with our standards and requirements. We must approve all of your marketing materials before you use them. You must purchase all branded marketing materials only from us, our affiliates or other suppliers that we designate or approve. We may also require that you utilize our designated marketing company to implement your grand opening marketing campaign. We may also require that you use a social media marketing company that we designate. Currently, we, or our affiliates, are the only supplier of our branded items.

We are an approved supplier of certain advertising and marketing services. If you opt to use our services, you must execute Magneto+ Services Agreement attached as Exhibit J-2.

Insurance Policies

You must obtain the insurance coverage that we require from time to time (whether in the Franchise Agreement or in the Manual). You must purchase these policies from a carrier with an A.M. Best's rating of A or better. The required coverage currently includes: "all risk" property insurance; comprehensive general liability insurance in the minimum amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; automobile liability insurance in the minimum amount of \$1,000,000 per occurrence; worker's compensation insurance; and any other limits and coverage that we periodically require. The required coverage and policies are subject to change. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, affiliates and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

We may try to negotiate relationships with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices. If we succeed, you will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us). Alternatively, we reserve the right to purchase the items in bulk and resell them to you at our cost plus a reasonable markup (your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power).

Currently, we have negotiated proprietary pricing with a software provider. If you do not use our recommended provider, you must hire another provider of your choosing to provide these services who meets our approval.

There are no purchasing cooperatives, although we reserve the right to establish one or more purchasing cooperatives in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate.

Franchisor Revenues from Source Restricted Purchases

We and our affiliates are currently the suppliers for all of the items included in the startup package. We generate revenues and have a right to earn a profit from these purchases. We also collect the monthly

licensing fee for your point-of-sale system and share these funds with the licensor. We may designate ourselves or an affiliate as an approved or designated supplier for other items in the future. No persons affiliated with us are currently an approved (or the only approved) supplier except for OHM Distribution LLC (our officers each own an interest in this affiliated supplier). There are no approved or designated suppliers in which any of our officers owns an interest other than us and our affiliates.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. Our area representatives do not receive any rebates, payments or other material benefits from suppliers based on franchisee purchases.

We do not provide material benefits to our franchisees based on the franchisee's purchase of any particular products or services or use of designated or approved suppliers.

We have not received any revenues from franchisee purchases from us during fiscal year ending December 31, 2023. Our affiliate, OHM Distribution, LLC, received approximately \$448,000 from franchisee purchases of our Startup Package, which includes our OHM® EMS branded body suits.

We may receive rebates from all designated and required suppliers, ranging from 5% to 33% of the wholesale price paid by franchisees, based on future volume discounts agreed upon with the supplier.

Membership and Gift Card Purchases

We currently have implemented a customer membership model. Therefore, a customer who purchases a membership from your Studio may redeem services (or obtain discounted products or services) at another OHM® Studio. Similarly, a customer who purchases a membership from another OHM Fitness® Studio may redeem services (or obtain discounted products or services) at your Studio. You agree to comply with all policies and procedures that we specify from time to time relating to customers who obtain services from multiple OHM® Studios as part of a membership purchase. In the future, we may (but need not) implement new software to monitor sales and allocate payments to the Studio where services are provided (either in full or on a percentage basis), in which case we may require that the customer pay us for the membership (and we will then allocate the payments between the OHM® Studios). We may also adopt policies regarding cooperation between franchisees relating to customers who redeem services from multiple OHM® Studios. You agree to comply with all policies and procedures that we specify from time to time.

We may offer gift cards for products and services that may be redeemed at any OHM® Studio. We may sell these gift cards on our website. You may offer gift cards at your Studio. You must honor all gift cards, even if the customer purchased the gift card from our website or from another OHM® Studio. We have the right to determine how the amount of the gift cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You agree to comply with all policies and procedures that we specify from time to time with respect to our gift card program.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

| OBLIGATIONS | SECTIONS IN AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---------------------------------|
| a. Site selection and acquisition/lease | FA: Sections 7.1 & 7.2 | Items 7 & 11 |
| b. Pre-opening purchases/leases | FA: Sections 7.3, 12.4 & 16.1 | Items 5, 7, 8 & 11 |
| c. Site development and other pre-opening requirements | FA: Sections 7.3 & 7.5 | Items 6, 7 & 11 |
| d. Initial and ongoing training | FA: Section 5 | Items 6 & 11 |
| e. Opening | FA: Section 7.5 | Item 11 |
| f. Fees | FA: Sections 5, 8.4, 11.1, 12.4, 12.6, 12.13, 14, 16.1, 17.2 & 20.2 | Items 5 & 6 |
| g. Compliance with standards and policies/Operating Manuals | FA: Sections 6.1, 7.1, 7.3, 11.3, 12 & 18.1 | Item 11 |
| h. Trademarks and proprietary information | FA: Section 18 | Items 13 & 14 |
| i. Restrictions on products/services offered | FA: Section 12.3 | Item 16 |
| j. Warranty and client service requirements | FA: Section 12.11 | Not Applicable |
| k. Territorial development and sales quotas | FA: Not Applicable | Item 12 |
| l. Ongoing product/service purchases | FA: Section 12.4 | Item 8 |
| m. Maintenance, appearance and remodeling requirements | FA: Sections 12.5 & 12.7 | Item 11 |
| n. Insurance | FA: Section 16.1 | Items 6 & 7 & 8 |
| o. Advertising | FA: Section 11 | Items 6, 7 & 11 |
| p. Indemnification | FA: Section 19 | Item 6 |
| q. Owner's participation/management/staffing | FA: Section 8 | Items 11 & 15 |
| r. Records and reports | FA: Sections 16.2 & 16.3 | Item 6 |
| s. Inspections and audits | FA: Section 17 | Items 6 & 11 |
| t. Transfer | FA: Section 20 | Item 17 |
| u. Renewal | FA: Section 4 | Item 17 |
| v. Post termination obligations | FA: Section 22 | Item 17 |
| w. Non-competition covenants | FA: Section 15 | Item 17 |
| x. Dispute resolution | FA: Section 23 | Item 17 |
| y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses) | FA: Attachment "D" | Item 15 |

**ITEM 10.
FINANCING**

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

Except as listed below, the Franchisor is not required to provide you with any assistance.

Franchise Agreement: Before you open your Business, we will:

1. License you the Marks necessary to begin operating your Business. (Section 2)
2. Provide you with the name of our designated supplier for site selection services. (Section 7.1)
3. Approve the location, build-out and design of your facility. (Sections 7.1, 7.3 & 7.5)
4. Loan you 1 copy of the Manual, which will help you establish and operate your Business. (Section 6.1)
5. Provide you with written specifications for the goods and services you must purchase to establish your Business, as well as a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. We will deliver the startup package to you (described in Item 5). We do not deliver any other items and we do not install any of the items that you are required to purchase. (Section 12.2)
6. Provide you with our required marketing plan for your Business. (Section 11.2)
7. Provide an initial training program. (Section 5)
8. Send one or more of our representatives to your Studio to provide up to 5 days of on-site assistance relating to the opening of your Business at no additional charge (Section 6.2)
9. Provide you with your own local webpage to promote your Business. (Section 6.5)
10. Provide you with any membership programs that we have implemented. A membership program may include minimum membership fees. (Section 12.8)

During the operation of your Business, we will:

1. Give your ongoing guidance and recommendations on ways to improve the marketing and operation of your Business. (Section 6.3)
2. Provide periodic training programs. (Section 5)
3. Maintain the OHM® corporate website that will include a list of all of the OHM® franchisees that are in good standing with us. We may modify the content of and/or discontinue this website at any time in our sole discretion. (Section 6.5 & 11.3(e))

4. Establish and implement the Marketing Fund. (Section 11.1)

During the operation of your Business, we may, but need not:

1. Develop new retail items for sale at OHM Fitness® Studios. (Section 6.7)
2. Provide you with suggested pricing for the goods and services you will sell. You must obtain our approval of all material deviations from our suggested pricing. (Section 12.3)
3. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost-plus shipping and a reasonable markup. (Section 6.6)
4. Hold periodic national or regional conferences to discuss business and operational issues affecting OHM® franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. (Section 5)
5. Create a franchise advisory council. (Section 13)
6. Upon your request, provide additional training or assistance (either at our headquarters or at your Studio). (Section 5)

Training Program (FA Sections 5 & 21.2(i))

Overview

We will provide an initial training program for the Managing Owner (defined in Item 15) and your initial managers (if any) and Instructors. These individuals must successfully complete the initial training program to our satisfaction at least 30 days before you open your Business. You may send other owners and employees to initial training, but it is not required. The initial training program includes two phases – franchise management training and fitness class training – and includes 3 days of training at our affiliate-owned OHM® Fitness Studio in Scottsdale, Arizona and 5 days of on-site training at your Studio.

Franchise management training must be successfully completed by the Managing Owner and any manager(s). This training covers a variety of topics involved with the development and operation of an OHM® Studio. Franchise management training typically lasts 3 days. A portion of this training includes “shadowing” our Studio manager at the affiliate-owned location.

Class training, which teaches the proper technique for leading a group of clients through beginner, intermediate and advanced fitness classes, must be successfully completed by the Managing Owner and all individuals who will provide fitness instruction at your Studio (referred to as your “fitness specialists”). Fitness training lasts approximately 5 days. All fitness specialists must complete our class training to our satisfaction prior to teaching any class at your Studio.

Currently, we intend to offer the initial training program at least monthly assuming sufficient demand. The duration of training may vary depending on the prior experience of the trainees and the rate at which they absorb the information.

Training Topics

The initial training program consists of the following:

TRAINING PROGRAM

| SUBJECT | HOURS OF CLASSROOM TRAINING | HOURS OF ON-THE-JOB TRAINING | LOCATION |
|---|-----------------------------|------------------------------|--|
| Welcome to OHM® Fitness | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| What is OHM® Fitness and EMS? | 2.25 | 0 | At our headquarters in Scottsdale, Arizona |
| What to expect on your OHM® Fitness Journey | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| Studio Owner Roles and Responsibilities | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| Recruiting, Hiring, Training and Retention | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| New Studio Development Cycle | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| Real Estate Selection, Negotiation, LOI and Lease | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| Buildout Process | 1.5 | 0 | At our headquarters in Scottsdale, Arizona |
| OHM® EMS Wearable Technologies | .5 | 0 | At our headquarters in Scottsdale, Arizona |
| Marketing | 1.5 | 0 | At our headquarters in Scottsdale, Arizona |
| OHM Fitness® Sales Methodology & Systems | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| Phase 1 - Presales | 3 | 0 | At our headquarters in Scottsdale, Arizona |
| Phase 2 – Grand Opening Month | 1.5 | 0 | At our headquarters in Scottsdale, Arizona |
| Phase 3 – Ongoing Sales | 2 | 0 | At our headquarters in Scottsdale, Arizona |
| Objection Handling – Selling With Heart | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| Understanding The Workout – OHM Fitness® Mountain | 3 | 1 | At our headquarters in Scottsdale, Arizona |
| MBO Training | 1 | 1 | At our headquarters in Scottsdale, Arizona |
| OHM Fitness® Controller | .5 | .5 | At our headquarters in Scottsdale, Arizona |
| Hiring For Guest Experience | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| Accounting System | 2 | 0 | At our headquarters in Scottsdale, Arizona |
| Royalties | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| Reporting | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| Supply Chain | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| Q&A | 1 | 0 | At our headquarters in Scottsdale, Arizona |
| Total | 31.75 | 2.5 | |

Training Materials

The training materials will consist of the Manual as well as the various fitness demonstrations for the hands-on training. You will not be charged an additional fee for any of the training materials.

Instructors

Our instructors include Douglas Payne, Steven Belknap, Allie Heartworm, Rachal Davis, Andrea Colabufo, Lynnette Mendoza, and others at their direction. Douglas is one of our founders. He has been with OHM® since June, 2021 and has a total of 18 years of experience in the subject matter being taught. Steve is also one of our founders. He has been with OHM® since June, 2021 and has a total of 13 years of experience in the subject matter being taught. Allie is our Director of Quality and has deep experience in multi-unit franchise development and operations. She has been with OHM® since June, 2021 and has 10 years' experience in the subject matter being taught. Andrea has a total of 15 years of experience in the subject matter being taught and has been with OHM® since January, 2022. Lynnette Mendoza is our Director of Pre-Sales and has been with OHM® since August of 2022. She has over a decade of experience in the subject matter being taught and is well-versed in multi-unit franchise development and operations. All of the training staff will have at least 5 years' experience with us and at least 3 years' experience in the field being taught.

Ongoing Training

From time to time, we may require that your Managing Owner, managers and instructors attend system-wide refresher or additional training courses. If you appoint a new Managing Owner or manager, that person must attend and successfully complete our initial training program (including franchise management training and fitness class training) before assuming responsibility for the management of your Studio. If you hire a new instructor that person must attend and successfully complete fitness training prior to providing class training at your Studio.

If we conduct an inspection of your facility and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that the Managing Owner, manager and/or instructors attend remedial training that addresses your operational deficiencies.

You may also request that we provide additional training (either at corporate headquarters or at your Studio). We are not required to provide this additional training.

Training Fees and Costs

We do not charge a training fee for the pre-opening initial training program or any system-wide refresher or additional training that we conduct at our headquarters or at an affiliate-owned OHM Fitness® Studio. You must pay us a training fee of up to \$1,000 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners, managers or instructors); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; and (iv) each person to whom we provide additional training that you request. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this obligation does not apply to on-site training we provide as part of the pre-opening initial training program). You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses. If you transfer your franchise, we may charge the new

franchisee the \$300 per person per day training fee for each of the transferee's owners and employees that attend our initial training program.

Manual (FA Sections 6.1, 12.2 & 25.8)

We will lend you our Manual in text or electronic form for the term of your Franchise Agreement. The Manual contains a total of 98 pages. A copy of the Table of Contents to the Manual is attached to this disclosure document as Exhibit "D."

Site Development (FA Sections 7.1, 7.2, 7.3, 7.6 & 12.7)

An OHM Fitness® Studio facility typically ranges in size from 1,650 to 2,200 square feet. We do not typically own the premises and then lease it to the franchisee. You must locate and obtain our approval of the premises from which you will operate your Studio within 90 days after you sign the Franchise Agreement. The premises must be located within the Site Selection Area identified in Attachment B to the Franchise Agreement and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We will try to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. In reviewing a proposed site, we will consider factors such as parking, size, traffic counts, general location, existence and location of competitive businesses, proximity to certain big box stores which are attractions, demographics and psychographics, general character of the neighborhood and various economic indicators. If you fail to obtain our approval of your site in the required period of time, we may terminate your Franchise Agreement.

We do not review the terms of your lease. However, if you will lease the premises for your Studio, your landlord must sign the Lease Addendum that is attached to the Franchise Agreement as Attachment C. If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your Studio.

After you purchase or lease your approved site, you must construct and equip the premises to the specifications contained in the Manual. You must also install the equipment, fixtures, signs and other items that we require, and you are responsible for complying with local ordinances and building codes, and obtaining required permits. Before you open, we must approve the build-out and layout of your Studio facility. You must remodel and make all improvements and alterations to your facility that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. There are no limitations on the cost of these remodeling obligations. However, we will not require that you significantly remodel your facility more than once during any 5-year period (except as a condition to transfer or renewal). You may not remodel or significantly alter your premises without our prior approval.

Opening Requirements (FA Section 7.5)

You may not open your Studio before: (i) successful completion of the initial training program; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; and (iv) we provide our written approval of the construction, build-out and layout of your Studio facility.

We anticipate that a typical OHM® franchisee will open his or her OHM Fitness® Studio within 210 days after signing the Franchise Agreement. Some of the factors that may affect this time are identification of a suitable location, financing, the extent to which an existing location must be upgraded or remodeled, delayed installation of equipment and fixtures, completion of training, obtaining insurance, and

complying with local laws and regulations. Unless we agree to the contrary, your Studio must be opened no later than 270 days after you sign the Franchise Agreement. Your failure to open within the 270-day period constitutes an event of default under your Franchise Agreement.

Computer System (FA Sections 12.4, 12.5, 12.6, 16.3 & 17.1)

You are required to purchase a computer system that consists of the following items: 2 iMac computers keyboards and mice, 1 receipt printer, 1 iPad for check-in, 1 iMac for the office and 3 iPads for the workout space and OHM® Control Systems (“OCS”) and our designated supplier of a point-of-sale system with associated booking and CRM software. We currently required you to purchase the Hapana POS System and software, the Magneto CRM software, the Ceterus accounting software, the Wexer video content streaming service, the fit radio music service and the styku 3D body imaging and measuring system. The computer system will generally be used to track clients, track inventory, process and track sales, schedule classes, prepare financial and operational reports, implement customer relations campaigns, and communicate with us and your clients electronically. Your computer system will collect various data about your customers, including name, appointment history, payment history, credit card information, HIPAA information, allergies information, client preferences and phone number/email addresses. We will have independent unlimited access to the data collected on your computer system. We may also inspect your computer system and access the data as part of an inspection. There are no contractual limits imposed on our access to your computer information.

We estimate the cost of your computer system will range from \$7,500 to \$10,000. You will pay a monthly technology fee of \$450 to \$999 per month (averaging \$9,000 per year). The licensor will be required to provide ongoing maintenance, repairs, upgrades and updates in exchange for this fee. In addition to the technology fee payable to us, we currently require you to purchase, license or lease the following software systems: Hapana POS System (\$400 per month) and Magneto CRM software (\$250 per month), the Ceterus accounting software (\$499.99 per month), the Wexer video content streaming service (\$159.99 per month), the fit radio music service (\$49.99 per month) and the styku 3D body imaging and measuring system (\$49.99 per month). We may change these software requirements from time to time.

Except as disclosed above: (i) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (ii) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

You must maintain the computer system in good working order at your cost. During the term of your franchise, you may be required to upgrade or update your computer hardware and/or software to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades. We reserve the right to change the software or technology that you must use or add new software or technology at any time. We may charge you for any software or technology that we license or sublicense to you. If we sublicense the software from a third party, we will collect from you all amounts that we must pay the licensor based upon your use (such as the fee we disclose above for the point-of-sale system). If we license your software that we develop or own, we may charge commercially reasonable initial and ongoing licensing and support fees.

Marketing Fund (FA Section 11.1)

We will establish and maintain a marketing fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations

and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. The fund will not be used for paying for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity.

You must contribute to the fund the amount we specify from time to time (currently 1% but not to exceed the greater of 2% of monthly Gross Revenues or \$300 per month). We will deposit into the fund all: (i) fund contributions paid by you and other franchisees; (ii) fines paid by you and other franchisees. Any company-owned OHM Fitness® Studio will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the fund, any company-owned OHM Fitness® Studio that is established or acquired after the modification may contribute to the fund utilizing the modified amount or timing. Media coverage may be local, regional or national in scope, and we have no obligation to expend our own funds or resources for any marketing activities in your area.

All monies deposited into the fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. We have not yet collected or spend any monies for or from the fund.

We will direct and have complete control and discretion over all advertising programs paid for by the fund, including the creative concepts, materials, endorsements and media used for the programs, and the placement and allocation of the programs. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund will not be a trust and we will have no fiduciary obligations with respect to our administration of the fund. An unaudited financial accounting of the operations of the fund will be prepared annually and made available to you upon request.

Local Advertising (FA Sections 11.2 & 11.3)

You are required to spend a minimum of \$20,000 on grand opening marketing activities to promote the opening of your Studio. In addition to your grand opening marketing obligations, you must spend a minimum monthly amount equal to your Local Marketing Commitment (which is the greater of 4% of your monthly Gross Revenues or \$1,750 per month) on your local advertising. You must participate at your own expense in all advertising, promotional and marketing programs that we require.

We will provide you with an initial required marketing plan for your Business. The marketing plan may be included in the Manual. We may, but need not, develop a customized marketing plan for your Studio.

We may create and make available to you advertising and marketing materials for your purchase. We may use the marketing fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your

purchase. We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis.

You will also have an opportunity to create advertising for your own use, provided we approve it in advance. You may not use any advertising materials that have not been approved by us. You must submit to us any advertising materials that you prepare or modify, we will have 14 days to review and either approve or reject the materials. Our failure to approve any advertising materials within the 14 day period will constitute our approval of the materials.

We will provide you with a webpage that will be linked to our website. Your webpage will list certain information about your Studio (such as contact information and hours of operation). At this time, we do not allow our franchisees to maintain their own websites or market their businesses on the Internet (except through the webpage we provide and through approved social media channels). Therefore, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to the Franchise Agreement that will govern your ability to maintain a separate website and/or market on the Internet.

You are currently not required to participate in an local or regional advertising cooperative.

Advisory Council (FA Section 13)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions from the advisory council in good faith, but we would not be bound by any such suggestions. The advisory council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council to communicate with us on matters raised by the advisory council. You would have the right to be a member of the advisory council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any OHM Fitness® Studio operated by us, or our affiliates would also be a member of the Advisory Council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

ITEM 12. TERRITORY

Location of Your Business

Each Franchise Agreement grants you the right to operate a single OHM Fitness® Studio at a specific location that must be approved by us in advance. You will be required to identify a location for your Studio within the Site Selection Area described in Attachment “B” to your Franchise Agreement. You may relocate your Studio with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new facility within the Site Selection Area described in Attachment B to your Franchise Agreement; (ii) comply with all of our then-current site selection and development requirements; and (iii) open your new Studio facility and resume operations within 30 days after closing your prior facility.

Your Territory

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control.

Once you have identified a site that we have approved, you will receive a territory that consists of approximately 10,000 households with annual household income of at least \$75,000 (your “Territory”). As such, your Territory may not be in the shape of a circle as determined in our sole discretion. The boundaries of the Territory will be identified by street map names and landmarks, natural and man-made objects, contiguous zip codes, map and compass directions or similar descriptions and may be depicted on a map that is attached to the franchise agreement. Your Territory will be subject to the limitations described below with respect to Alternative Channels of Distribution (defined below). We will not operate or authorize a third party to operate an OHM Fitness® Studio using our Marks that is physically located within your Territory during the term of your Franchise Agreement. Other OHM® franchisees may advertise within your Territory, although their advertising must be primarily directed towards customers within their exclusive territory. Likewise, you may advertise within the exclusive territories of other OHM® franchisees, although your advertising must be primarily directed towards customers within your Territory.

Alternative Channels of Distribution

We reserve the right to sell or license others to sell competitive or identical goods or services (whether under the Marks or under different trademarks or service marks) through Alternative Channels of Distribution. An “Alternative Channel of Distribution” means any channel of distribution other than retail sales made to customers from an OHM® Studio. Examples of Alternative Channels of Distribution include: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales in retail sites that do not operate under the Marks, such as resorts, hotels, college campuses or other non-traditional or captive venues; (iii) sales made at wholesale; and (iv) sales of at-home classes or services. We may sell or license a third party to sell competitive or identical goods or services through Alternative Channels of Distribution (whether under the Marks or different trademarks or service marks) anywhere within your Territory. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You are not permitted to market or sell through Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your Territory. All of your marketing activities must be primarily directed towards customers within your Territory. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled “Local Advertising.” There are no other restrictions on your right to solicit customers, whether from inside or outside of your Territory.

Minimum Performance Requirements

Your territorial exclusivity does not depend on achieving a certain sales volume, market penetration, or other contingency.

Additional Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises.


Competitive Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered at an OHM® Studio. However, we reserve the right to do so in the future.

Whether you purchase one franchise or multiple franchises, you will not enter into a multi-unit development agreement with us, and you will not receive a protected development area. Instead, any territorial protection you receive will be set forth in the applicable unit Franchise Agreement, and will be as describe in this Item 12, above.

ITEM 13. TRADEMARKS

We have registered the following mark with the United States Patent and Trademark Office principal register:

| MARK | Registration Number | Registration Date |
|---|----------------------------|--------------------------|
|  The logo for OHM FITNESS. It features a stylized arch made of colorful triangles (red, purple, blue, green, yellow) on the left, and the text "OHM FITNESS" in a bold, black, sans-serif font on the right. | 7021870 (Principal) | April 11, 2023 |

All required affidavits for the registered trademark (“Mark”) have been filed. All registrations have been renewed if required.

We grant you the right to operate a franchise under the name “OHM Fitness®” and logo shown on the cover page of this disclosure document. By Mark, we mean trade names, trademarks, service marks, and logotypes used to identify your OHM Fitness® Studio, or the products or services sold at your Business. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, you must change to the new trademark at your expense.

You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the OHM Fitness® name relating to the sale of any product or service that is not previously authorized by us in writing.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our right to the Marks.

We are not required under the Franchise Agreement to: (i) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (ii) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the principal trademarks in any states. There are currently no effective agreements that significantly limit your rights to use or license the trademarks. There are no currently effective material determinations

of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks.

ITEM 14.
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise. Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items. During the term of your AR Agreement, we will allow you to use our proprietary information relating to the development, marketing and operation of an area representative business, including, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the AR Manual. If we require you to modify or discontinue use of the subject matter covered by any materials in which we claim a copyright, we are not required to compensate you in any manner. You will own your customer data during the term of the franchise but we may use that data for any purpose. Upon the termination or expiration of the AR Agreement you must assign ownership of all customer data to us. All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Business will be owned by us.

Our manuals, communications, guidelines and other materials contain our confidential and proprietary information and trade secrets (collectively the “Confidential Information”) that we will continue to further develop. This includes site selection criteria, methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating OHM® Studios; market research and advertising, marketing and promotional programs, customer communication and retention programs, and any other information or data that we designate as confidential or proprietary.

You are required to maintain the confidentiality of all of our proprietary information and use it only in strict accordance with the terms of the AR Agreement and the AR Manual. You may not use any Confidential Information in any other business or capacity. You must promptly tell us when you learn about unauthorized use of our proprietary information. We are not obligated to act, but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements that are known by us at this time.

There are no current material determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding any patents or copyrights.

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

The Franchise Agreement requires that you designate an owner who will be primarily responsible for the daily on-premises management and supervision of your Studio (the “Managing Owner”). We must approve the owner that you appoint to serve as the Managing Owner. The Managing Owner must at all times own a controlling interest in the franchisee entity. The Managing Owner must dedicate his or her full-time efforts to your Business unless you hire a manager to assist you with your management responsibilities. Any new Managing Owner must successfully complete the initial training program before becoming

involved with the supervision, management or operation of the Studio. The Managing Owner must also complete any mandatory refresher or advanced training courses that we require.

You may hire a manager to assist the Managing Owner with the daily on-site management and supervision of your Studio, but only if: (i) the manager successfully completes the initial training program; (ii) the manager signs a Brand Protection Agreement, the form of which is attached to the Franchise Agreement as Attachment F (a “Brand Protection Agreement”); and (iii) the Managing Owner agrees to assume responsibility for the supervision and operation of your Studio if the manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager. At all times the Managing Owner must supervise the manager to ensure the Studio is being operated in accordance with the Franchise Agreement and the Manual. We do not require that the manager own any equity interest in the franchise.

All of your employees and other agents or representatives who have attended our training program must sign a Brand Protection Agreement. . If you are an entity, each owner (i.e., each person holding an ownership interest in you) and the spouse of each owner must sign a Franchise Owner Agreement, the current form of which is attached to the Franchise Agreement as Attachment “D.” The Brand Protection Agreement and the Franchise Owner Agreement impose confidentiality and non-competition obligations on your employees, other agents or representatives, and owners.

**ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

We must approve all goods and services that you sell as part of your Business. You must offer all goods and services that we require. You may not sell any goods or services that we have disapproved. We have the unrestricted right to change the goods and/or services that you are required to sell as part of your Business at any time in our sole discretion, and you must comply with any such change.

We will provide you with our suggested pricing for the goods and services you sell. If we specify minimum days and hours of operation, they will be communicated to you in our Manual. You must provide sufficient staffing of your Business to provide all of the required services as specified in our Manual. We must approve any material deviations from our suggested pricing. We may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment and pay any fees relating to the use of that equipment. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

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

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

| THE FRANCHISE RELATIONSHIP | | |
|-----------------------------------|------------------------------|----------------|
| PROVISION | SECTIONS IN AGREEMENT | SUMMARY |
| a. Length of the franchise term | FA: Section 4.1 | 10 years |

| THE FRANCHISE RELATIONSHIP | | |
|---|------------------------------|--|
| PROVISION | SECTIONS IN AGREEMENT | SUMMARY |
| b. Renewal or extension of the term | FA: Sections 4.1 & 4.2 | If you meet our conditions for renewal, you can enter into 1 consecutive successor franchise agreement. The renewal term will be 10 years, for a total maximum term of 20 years. |
| c. Requirements for franchisee to renew or extend | FA: Sections 4.1 & 4.2 | You must: not be in default; give us timely notice; sign our then-current form of franchise agreement and related documents (e.g., Franchise Owner Agreement, Brand Protection Agreement, etc.); sign a general release; remodel or upgrade your Studio to comply with our then-current standards and specifications; and maintain possession of your Studio facility under your lease. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract. Subject to State law. |
| d. Termination by franchisee | FA: Section 21.1 | You can terminate only if we fail to cure a material default, or under any grounds permitted by law. |
| e. Termination by franchisor without cause | FA: Section 21.4 | We can terminate without cause if you and we mutually agree to terminate. |
| f. Termination by franchisor with cause | FA: Sections 21.2 & 21.3 | We can terminate if you default. Subject to State law. |
| g. "Cause" defined - curable defaults | FA: Sections 21.2 & 21.3 | You have 10 days to cure any monetary default. You have 30 days to cure any other default (other than defaults described below under "non-curable defaults"). Subject to State law. |
| h. "Cause" defined - non-curable defaults | FA: Section 21.2 | The following defaults cannot be cured: failure to successfully complete training; failure to find approved site or open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment of franchise; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2 nd underreporting of any amount due by at least 3%; unauthorized transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement by owner or spouse; termination of your lease due to your default; or termination of any other agreement, including a franchise agreement with us for another outlet, between you and us or an affiliate due to your default. Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.) Subject to State law. |

| THE FRANCHISE RELATIONSHIP | | |
|---|---|---|
| PROVISION | SECTIONS IN AGREEMENT | SUMMARY |
| i. Franchisee’s obligations on termination/non-renewal | FA: Section 22.1 | Obligations include: complete deidentification; cease use of intellectual property; return of Manuals and all branded materials; assignment of telephone numbers, listings and domain names; assignment of customer information and accounts; cancellation of fictitious names; and payment of amounts due (also see “r”, below). |
| j. Assignment of contract by franchisor | FA: Section 20.1 | No restriction on our right to assign. |
| k. “Transfer” by franchisee – definition | FA: Section 20.2 & Attachment A | Includes transfer of contract or assets, or ownership change. |
| l. Franchisor approval of transfer by franchisee | FA: Sections 20.2, 20.3 & Attachment A | If certain conditions are met, you may transfer to a newly formed entity owned by you, or in certain instances, to an existing owner, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval. |
| m. Conditions for franchisor approval of transfer | FA: Section 20.2 | Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; and sign a new franchise agreement for the remainder of the term (or at our option, take assignment of existing franchise agreement). You must: be in compliance with Franchise Agreement; assign your lease, if applicable; remodel the Studio facility to current standards (or get a commitment from transferee to do so); pay us the transfer fee; and sign a general release (subject to state law) and subordination agreement. We must notify you that we do not intend to exercise our right of first refusal. Subject to State law. |
| n. Franchisor’s right of first refusal to acquire franchisee’s business | FA: Section 20.5 | We have the right to match any bona fide, arms-length offer for your business. Subject to State law. |
| o. Franchisor’s option to purchase franchisee’s business | FA: Section 22.2 | We have the option to purchase your Business at the expiration or termination of the Franchise Agreement. Subject to State law. |
| p. Death or disability of franchisee | FA: Sections 8.4 20.4 | Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate manager to operate the Business prior to transfer. |
| q. Non-competition covenants during the term of the franchise | FA: Sections 15.2 & 15.3, Attachments D and F | No involvement in competing business; comply with non-solicitation and non-disclosure covenants. Subject to State law. |

| THE FRANCHISE RELATIONSHIP | | |
|---|---|--|
| PROVISION | SECTIONS IN AGREEMENT | SUMMARY |
| r. Non-competition covenants after the franchise is terminated or expires | FA: Sections 15.2, 5.4 & 22, Attachments D and F1 | No involvement for 2 years in competing business within 20 miles of your Studio or any other OHM Fitness® Studio comply with non-solicitation and non-disclosure covenants; cease use of intellectual property. Subject to State law. |
| s. Modification of the agreement | FA: Sections 25.3 & 25.8 | Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications to comply with various states laws. |
| t. Integration/merger clause | FA: Section 25.8 | <p>Only the terms of the Franchise Agreement and attachments to Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this disclosure document.</p> <p>No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.</p> |
| u. Dispute resolution by arbitration or mediation | FA: Section 23 | Subject to state law, all disputes must be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants. |
| v. Choice of forum | FA: Section 23 | Subject to state law, all mediation and litigation must take place in county where we maintain our principal place of business (currently, Maricopa County, Arizona) at time dispute arises. |
| w. Choice of law | FA: Section 25.1 | Subject to state law, Arizona law governs. |

**ITEM 18.
PUBLIC FIGURES**

We do not use any public figures to promote our franchise.

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information and the information is included in the disclosure document. Financial performance information that differs from that included in this 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 performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or 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 Steve Belknap, 15011 N. 75th Street, Suite #2, Scottsdale, Arizona 85260 and telephone number (480) 797-2854, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION**

| TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023 | | | | |
|--|-------------|---|---------------------------------------|-------------------|
| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
| Franchised | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | +1 |
| | 2023 | 1 | 4 | +3 |
| Company-Owned | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | +1 |
| | 2023 | 1 | 2 | +1 |
| Total Outlets | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 2 | +2 |
| | 2023 | 2 | 6 | +4 |

| TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023 | | |
|---|-------------|----------------------------|
| State | Year | Number of Transfers |
| All States | 2021 | 0 |
| | 2022 | 0 |
| | 2023 | 0 |
| Total | 2021 | 0 |
| | 2022 | 0 |
| | 2023 | 0 |

| TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023 | | | | | | | | |
|--|-------------|---------------------------------|-----------------------|---------------------|---------------------|---------------------------------|--|-------------------------------|
| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Outlets at End of Year |
| Arizona | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Florida | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| New Jersey | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 3 | 0 | 0 | 0 | 0 | 4 |

| TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023 | | | | | | | |
|--|-------------|--------------------------|----------------|------------------------------------|----------------|----------------------------|------------------------|
| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of Year |
| Arizona | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 1 | 0 | 0 | 0 | 2 |
| Total | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 1 | 0 | 0 | 0 | 2 |

| TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023 | | | |
|--|---|---|--|
| State | Franchise Agreements Signed but Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year (2024) | Projected New Company-Owned Outlets in the Next Fiscal Year (2024) |
| Arizona | 11 | 5 | 0 |
| California | 1 | 1 | 0 |
| Colorado | 3 | 2 | 0 |
| District of Columbia | 1 | 1 | 0 |
| Florida | 8 | 3 | 0 |
| Kansas | 3 | 3 | 0 |
| Missouri | 3 | 2 | 0 |
| New Jersey | 6 | 4 | 0 |
| North Carolina | 3 | 2 | 0 |
| Texas | 3 | 2 | 0 |
| Total | 42 | 25 | 0 |

The name, address and telephone number of each current franchisee as of the date of this disclosure document are listed in Exhibit “E-1.”

The name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of any franchisee who, in our most recent full fiscal year: (a) had an outlet terminated, cancelled, or not renewed; (b) otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement, as applicable; or (c) who has not communicated with us within 10 weeks of the issuance date of this disclosure document, is listed in Exhibit “E-2.”

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

We are not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this disclosure document.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are no (i) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (ii) independent franchisee organizations that have asked to be included in this disclosure document.

**ITEM 21.
FINANCIAL STATEMENTS**

Exhibit “B” contains our audited financial statements as of, and for the periods ended, December 31, 2023 and December 31, 2022, and our audited balance sheet as of December 31, 2021. We have not been in business for three years or more, and therefore cannot include all financial statements required by the Federal Rule of the Federal Trade Commission. Our unaudited Balance Sheet and Profit and Loss Statement as of April 30, 2024, are also attached as Exhibit “B.” Our fiscal year end is December 31.

**ITEM 22.
CONTRACTS**

Attached to this disclosure document (or the Franchise Agreement attached to this disclosure document) are copies of the following franchise and other contracts or agreements proposed for use or in use:

| | |
|---------------|---|
| Exhibit “C” | Franchise Agreement |
| | Attachment C Lease Addendum |
| | Attachment D Franchise Owner Agreement |
| | Attachment F Brand Protection Agreement |
| Exhibit “D” | Manual Table of Contents |
| Exhibit “G” | Franchise Disclosure Questionnaire |
| Exhibit “I” | State Addenda and Riders |
| Exhibit “J” | Software Use And License Agreement |
| Exhibit “J-2” | Magneto+ Services Agreement |

**ITEM 23.
RECEIPT**

Exhibit “L” to this disclosure document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"
TO DISCLOSURE DOCUMENT
LIST OF STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

| REGISTERED AGENT | |
|--|---|
| WYOMING | ARIZONA |
| Cloud Peak Law, LLC 1095 Sugar View Drive Suite 500 Sheridan, Wyoming 82801 | Steve Belknap 6107 E. Paradise Drive Scottsdale, AZ 85254 |

If a state is not listed below, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

| STATE | STATE REGULATORY AGENCY | AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY |
|------------|--|--|
| California | Department of Financial Protection and Innovation <i>Los Angeles</i> 320 West 4 th Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 <i>Sacramento</i> 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 <i>San Diego</i> 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 <i>San Francisco</i> One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565 Toll-Free (866)-275-26577 Website: www.dipi.ca.gov Email: Ask.DFPI@dipi.ca.gov | |
| Hawaii | Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744 | Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 |
| Illinois | Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465 | |
| Indiana | Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681 | |

| STATE | STATE REGULATORY AGENCY | AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY |
|--------------|--|---|
| Maryland | Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042 | Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 |
| Michigan | Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117 | |
| Minnesota | Minnesota Department of Commerce Securities Unit 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600 | Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600 |
| New York | NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st FL New York, NY 10005 (212) 416-8222 | Attention: Uniform Commercial Code New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492 |
| North Dakota | North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712 | Securities Commissioner North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712 |
| Oregon | Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140 | |
| Rhode Island | Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527 | |

| STATE | STATE REGULATORY AGENCY | AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY |
|--------------|---|---|
| South Dakota | Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563 | |
| Virginia | State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051 | Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 |
| Washington | Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760 | Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 |
| Wisconsin | Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801 | |

EXHIBIT “B”
TO DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS



A S S U R A N C E D I M E N S I O N S

Financial Statements and Independent
Accountant's Audit Report

OHM Fitness Franchise, LLC

December 31, 2023 and 2022

OHM Fitness Franchise, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Members of **OHM Fitness Franchise, LLC**

Opinion

We have audited the accompanying financial statements of **OHM Fitness Franchise, LLC** (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, 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 the Company as of December 31, 2023 and 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

ASSURANCE DIMENSIONS **CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES**
also d/b/a **McNAMARA and ASSOCIATES, PLLC**

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4720 Salisbury Road, Suite 223 | Jacksonville, FL 32256 | Office: 888.410.2323 | Fax: 813.443.5053
ORLANDO: 1800 Pembroke Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 2000 Banks Road, Suite 218 | Margate, FL 33063 | Office: 754.800.3400 | Fax: 813.443.5053

www.assurancedimensions.com



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Assurance Dimensions

Jacksonville, Florida
March 7, 2024

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES
also d/b/a McNAMARA and ASSOCIATES, PLLC

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
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www.assurancedimensions.com

OHM Fitness Franchise, LLC

Balance Sheets

As of December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 300,878 | \$ 1,736,159 |
| Contract asset, current portion | 76,657 | 5,650 |
| Prepaid expenses and other current assets | 20,177 | 48,715 |
| Total current assets | <u>397,712</u> | <u>1,790,524</u> |
| Long-term assets: | | |
| Property and equipment, net | 725,717 | 416,338 |
| Notes receivable - related parties | 1,233,271 | 290,045 |
| Contract asset, net of current portion | 429,510 | 50,850 |
| Right of use asset, net | 269,205 | 409,660 |
| Total assets | <u>\$ 3,055,415</u> | <u>\$ 2,957,417</u> |
| Liabilities and Members' Deficit | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 317,552 | \$ 208,829 |
| Due to related parties | 1,504,999 | 74,999 |
| Current portion of lease liability | 141,695 | 124,184 |
| Total current liabilities | <u>1,964,246</u> | <u>408,012</u> |
| Long-term liabilities: | | |
| Contract liability | 3,821,834 | 1,373,250 |
| Lease liability, net of current portion | 145,450 | 287,145 |
| Total liabilities | <u>5,931,530</u> | <u>2,068,407</u> |
| Members' deficit | <u>(2,876,115)</u> | <u>889,010</u> |
| Total liabilities and members' deficit | <u>\$ 3,055,415</u> | <u>\$ 2,957,417</u> |

OHM Fitness Franchise, LLC
Statements of Operations
For the Years Ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|----------------------------|-----------------------|-----------------------|
| Revenue: | | |
| Area development fees | \$ 17,750 | \$ 20,750 |
| Franchise fees | 24,667 | - |
| Total revenue | <u>42,417</u> | <u>20,750</u> |
| Franchise support services | 3,792,555 | 1,109,929 |
| Loss from operations | <u>(3,750,138)</u> | <u>(1,089,179)</u> |
| Interest expense | (12,567) | (1,464) |
| Net loss | <u>\$ (3,762,705)</u> | <u>\$ (1,090,643)</u> |

OHM Fitness Franchise, LLC
Statements of Changes in Members' Deficit
For the Years Ended December 31, 2023 and 2022

| | | |
|------------------------------------|----|---------------------------|
| Balance - December 31, 2021 | \$ | (71,647) |
| Member contributions | | 2,051,300 |
| Net loss | | <u>(1,090,643)</u> |
| Balance - December 31, 2022 | | 889,010 |
| Member distributions | | (2,420) |
| Net loss | | <u>(3,762,705)</u> |
| Balance - December 31, 2023 | \$ | <u><u>(2,876,115)</u></u> |

OHM Fitness Franchise, LLC
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|--------------------|---------------------|
| Cash flows from operating activities: | | |
| Net loss | \$ (3,762,705) | \$ (1,090,643) |
| Adjustments to reconcile net (loss) to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 83,585 | 463 |
| Changes in cash due to changes in: | | |
| Contract asset | (449,667) | (56,500) |
| Prepaid expenses and other assets | 28,538 | (48,715) |
| Accounts payable and accrued expenses | 108,723 | 208,829 |
| Contract liability | 2,448,584 | 1,373,250 |
| Right of use assets and liabilities | 16,271 | 1,669 |
| Net cash provided (used) by operating activities | <u>(1,526,671)</u> | <u>388,353</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (392,964) | (398,124) |
| Net cash used by investing activities | <u>(392,964)</u> | <u>(398,124)</u> |
| Cash flows from financing activities | | |
| Member distributions | (2,420) | - |
| Member contributions | - | 2,051,300 |
| Borrowings (repayments) from related parties | 486,774 | (330,045) |
| Net cash provided by financing activities | <u>484,354</u> | <u>1,721,255</u> |
| Net change in cash | (1,435,281) | 1,711,484 |
| Cash at beginning of year | 1,736,159 | 24,675 |
| Cash at end of year | <u>\$ 300,878</u> | <u>\$ 1,736,159</u> |
| Supplemental Disclosures of Cash Flow Information: | | |
| Cash paid for interest | \$ 12,567 | \$ 1,464 |
| Non-Cash Flow Disclosures Information: | | |
| Implementation of ASC 842 | <u>\$ -</u> | <u>\$ 421,365</u> |

OHM Fitness Franchise, LLC

Notes to the Financial Statement

December 31, 2023 and 2022

Note A – Organization and Description of Business

Nature of Business

OHM Fitness Franchise, LLC (the “Company”) was incorporated as a Wyoming limited liability company on June 3, 2021. The Company sells franchises to enable franchisees to utilize the Company’s fitness concept, which uses the power of electro muscle stimulation in form of a full body workout suit called the EMPower Suit. Each franchise company delivers small group workouts using this wearable technology.

Note B – Significant Accounting Policies

Basis of Accounting

The Company prepares its financial statements using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Standards

Accounting standards promulgated by the Financial Accounting Standards Board (“FASB”) are subject to change. Changes in such standards may have an impact on the Company’s future financial statements. The Company periodically reviews new accounting standards that are issued. Although some of these accounting standards may be applicable to the Company, the Company has not identified any new standards, other than the ones described below, that it believes merit further discussion as the Company expects that none would have a significant impact on its financial statements.

Effective January 1, 2023, the Company adopted the new accounting guidance in ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326)*. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts, and generally applies to financial assets measured at amortized cost. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Company adopted the standard using the modified retroactive approach, which did not affect retained earnings.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of less than three months to be cash equivalents.

Notes Receivable

Notes receivable are carried at net realizable value. This value includes an appropriate allowance for estimated credit losses to reflect any loss anticipated on the notes receivable balances based on the probability of default, and charged to the allowance for credit losses. This reserve is calculated based on the history of write-offs, future economic conditions, level of past due accounts, and relationships with and economic status of the borrowers. At December 31, 2023 and 2022, management determined that no allowance for credit losses was needed.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Major additions and improvements which extend the life of the assets are capitalized whereas maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. When property or equipment is sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

OHM Fitness Franchise, LLC

Notes to the Financial Statement

December 31, 2023 and 2022

Note B – Significant Accounting Policies (continued)

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their estimated useful lives or the terms of the leases, while all other assets are depreciated over estimated useful lives.

Capitalized Software Development Costs

The Company follows the provisions of Accounting Standards Codification (“ASC”) 350-40, *Internal Use Software*. ASC 350-40 provides guidance for determining whether computer software is internal-use software, and on accounting for the proceeds of computer software originally developed or obtained for internal use and then subsequently sold to the public. It also provides guidance on capitalization of the costs incurred for computer software developed or obtained for internal use. The Company expenses all costs incurred during the preliminary project stage of its development, and capitalizes the costs incurred during the application development stage. Costs incurred relating to upgrades and enhancements to the software are capitalized if it is determined that these upgrades or enhancements add additional functionality to the software. Costs incurred to improve and support products after they become available are charged to expense as incurred.

Capitalized software development costs are amortized on a straight-line basis over the estimated useful lives, currently three years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. As of December 31, 2023 and 2022, the capitalized book value of developed technology for upgrades placed into service was approximately \$400,000 and \$290,000, respectively, and is included in property and equipment on the accompanying balance sheets.

Impairment of Long-Lived Assets

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. The Company did not recognize any impairment loss in 2023 and 2022.

Leases

For any new or modified lease, the Company at the inception of the contract, determines whether a contract is or contains a lease. The Company records right of use (“ROU”) assets and lease obligations for its operating leases, which are initially recognized based on the discounted future lease payments over the term of the lease. The Company calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term. Lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option. All lease and non-lease components are combined for all leases. The non-lease components are variable payments, which are primarily composed of common area maintenance and real estate taxes that are passed on from the lessor in proportion to the space leased. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Advertising Costs

The Company expenses advertising and promotional costs as they are incurred. Advertising costs charged to franchisee support services were \$275,000 and \$365,000, for the years ended December 31, 2023 and 2022, respectively.

Revenue Recognition

All revenues from exchange transactions are recorded in accordance with *ASC 606 - Revenue from Contracts with Customers*. The Company recognizes revenue when the following criteria are met: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined,

OHM Fitness Franchise, LLC

Notes to the Financial Statement

December 31, 2023 and 2022

Note B – Significant Accounting Policies (continued)

(iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Company has satisfied the applicable performance obligation at a point in time or over time.

The Company's revenues consist mainly of revenues from the sale of area development agreements to area representatives that give exclusive rights for geographical regions and initial franchise fees. Area development agreement fees are recognized on a pro-rata basis as franchise locations are opened based on the development schedule specified in the contract. Any unrecognized amount at the end of the 10-year contract period will be recognized as revenue.

The Company also collects an initial franchise fee that ranges between \$35,000 - \$50,000. The initial franchise fees are allocated to the performance obligations completed during the initial and follow up training. Allocation of the initial franchise fees are based on an estimated stand-alone price based on a costs-plus margin approach. Any remaining fees are allocated to the performance obligations performed over time during the franchise term, which is either 10 or 15 years. Initial franchise fees are recognized as revenue when all material preliminary services and conditions related to the franchise sale have been substantially performed by the Company. Typically this occurs at the point in time at which the franchise stores open and become operational. Unearned area development agreement fees and initial franchise fees are reported as contract liabilities on the balance sheets. As of December 31, 2023 and 2022, contract liabilities totaled approximately \$3,822,000 and \$1,373,000, respectively.

When a franchise or area representative agreement is sold, the Company agrees to provide multiple performance promises in each contract, primarily the delivery of its initial custom training program and the rights to use the associated business processes, systems, access to preferred vendors additional training, access to proprietary software systems and advertising. Franchisees are also required to contribute to national advertising campaigns sponsored by the Company. Revenue from contributions to national advertising campaigns is recognized when funds are expended.

The Company will also recognize franchise royalty fees beginning in 2024, which are 6% of gross sales for each franchise and payable weekly.

The Company's revenues are concentrated in the United States of America and in the fitness industry.

Contract Assets

The Company recognized an asset for the incremental costs of obtaining the contract arising from the sales commissions to employees and external parties because the Company expects to recover those costs. The Company amortizes these contract assets ratably over the franchise license term over 10 years. The Company has included contract assets as of December 31, 2023 and 2022, of approximately \$506,000 and \$56,000, respectively, which will be amortized ratably over the franchise license term.

Income Taxes

The Company has made an election to be treated as a limited liability company under Subchapter K of the Internal Revenue Code. Accordingly, the income and losses of the Company are taxed directly to its members. Therefore, no provision for income taxes has been made in the financial statements.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and loans receivable. The Company maintains its cash in financial institutions where accounts are secured by the Federal Deposit Insurance Corporation up to \$250,000. The Company has not experienced any losses in such accounts and the cash balances exceeded these limit by approximately \$51,000 and \$1,490,000 as of December 31, 2023 and 2022, respectively.

Fair Value

The carrying amounts reported in the balance sheet for cash, contract assets, prepaid expenses and other assets, accounts payable, accrued expenses, and notes payable approximate their estimated fair market value based on the short-term maturity of this instrument. The carrying value of the Company's loans receivable approximate fair value because their terms approximate market rates.

OHM Fitness Franchise, LLC

Notes to the Financial Statement

December 31, 2023 and 2022

maturity of this instrument. The carrying value of the Company's loans receivable approximate fair value because their terms approximate market rates.

Note B – Significant Accounting Policies (continued)

Reclassifications

Certain 2022 financial statement amounts have been reclassified for consistent presentation.

Note C – Liquidity

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. For the year ended December 31, 2023, the Company incurred a net loss of approximately \$3,763,000, and had negative cash flows from operations of approximately \$1,527,000. As of December 31, 2023, the Company had an accumulated deficit of approximately \$2,876,000.

The financial position of the Company as of December 31, 2023 was significantly impacted by the black-out period during which it was unable to sell Area Development or franchise agreements. The ability of the Company to continue as a going concern is dependent upon continued sales of Area Development Agreements and franchises and opening franchises. The Company currently has several Area Development Agreements and franchise agreements in contract negotiation, and several more in preliminary discussions. Management expects to generate sufficient cash flows to cover its costs and have positive cash flows from operations in 2024.

Note D – Property and Equipment

Property and equipment consists of the following as of December 31:

| | 2023 | 2022 | Useful Life (Years) |
|--------------------------------|-------------------|-------------------|------------------------|
| Equipment | \$ 42,511 | \$ 18,677 | 5 |
| Capitalized software | 403,712 | 288,674 | 3 |
| Video for production | 107,202 | 104,000 | 3 |
| Leasehold equipment | 199,720 | 5,450 | Life of lease |
| Furniture and fixture | 56,620 | - | 7 |
| | <u>809,765</u> | <u>416,801</u> | |
| Less: accumulated depreciation | <u>(84,048)</u> | <u>(463)</u> | |
| Property and equipment, net | <u>\$ 725,717</u> | <u>\$ 416,338</u> | |

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 was approximately \$84,000 and \$500, respectively.

Note E – Related Party Transactions

The Company has two affiliated entities that were formed in 2023 that relate to the operations of the Company: OHM Distribution LLC ("OHM Distribution") and OHM at Home LLC ("OHM Home"). During 2023, the Company made advances to OHM Distribution to support their operations, and borrowed money from OHM Home.

OHM Distribution

The Company requires franchisees to order products and services through a single-approved supplier, OHM Distribution. The franchisees purchase proprietary items such as fitness suits, Bluetooth power modules, apparel, marketing items, studio fixtures, red light panels, etc.

The Company advanced money to OHM Distribution during 2023. The advance does not accrue interest or have a maturity date and is not secured. As of December 31, 2023, OHM Distribution owes the Company \$596,070.

OHM Fitness Franchise, LLC

Notes to the Financial Statement

December 31, 2023 and 2022

Note E – Related Party Transactions (continued)

OHM Home

OHM Home’s concept is to provide the Company’s studio model outside of the studio in a remote and online platform, allowing members to purchase and utilize suits and power modules with a paid subscription to online classes and content for a monthly fee. This affiliate to the Company is in early development, and currently running test deployments of their products and services sold through franchise studios as resellers of OHM Home products and services. A full rollout of the products and services of OHM Home is planned to launch as early as the second quarter of 2024.

The Company borrowed funds from OHM Home during 2023. The advance does not accrue interest or have a maturity date and is not secured. As of December 31, 2023, the Company owed OHM Home \$330,000.

Other Related Party Transactions

The Company has advanced money to two franchises that have common ownership. The advances do not accrue interest or have a maturity date and are not secured. As of December 31, 2023 and 2022, these related franchises owe the Company \$637,201 and \$290,045, respectively.

The Company has borrowed funds from one of its owners during 2023. The loans accrue interest at 5% and mature between August 2028 and October 2028. As of December 31, 2023, the Company owes \$1,100,000.

The Company has a loan from an officer with no stated interest rate or maturity date. As of December 31, 2023 and 2022 the outstanding balance was \$75,000.

Note F – Summary of Franchise Businesses

The following is a summary of changes in the number of Area Development Agreements and franchise businesses sold during the years ended December 31:

| <u>Area Development Agreements</u> | <u>2023</u> | <u>2022</u> |
|------------------------------------|-------------|-------------|
| Beginning of Year | 5 | - |
| New Area Agreements | 7 | 5 |
| Ceased Operations | - | - |
| End of Year | <u>12</u> | <u>5</u> |
| | | |
| <u>Franchised Businesses</u> | <u>2023</u> | <u>2022</u> |
| Beginning of Year | 12 | - |
| New Franchises Sold | 29 | 12 |
| Ceased Operations | - | - |
| End of Year | <u>41</u> | <u>12</u> |

As of December 31, 2023 and 2022, there were 2 and 0 franchise locations open and in operation, respectively.

Note G – Leases

The Company leases an office facility under a non-cancelable lease expiring on November 14, 2025. The combined monthly base payments are \$11,500, with a \$1,000 annual increase, plus variable lease costs including applicable taxes and common area maintenance costs.

OHM Fitness Franchise, LLC

Notes to the Financial Statement

December 31, 2023 and 2022

Note G – Leases (continued)

The ROU asset is summarized below as of December 31:

| | <u>2023</u> | <u>2022</u> |
|----------------------------|-------------------|-------------------|
| Operating lease ROU asset | \$ 409,660 | \$ 421,365 |
| Less accumulated reduction | (140,455) | (11,705) |
| Balance of ROU asset | <u>\$ 269,205</u> | <u>\$ 409,660</u> |

Operating lease liability is summarized below as of December 31:

| | <u>2023</u> | <u>2022</u> |
|------------------------------|-------------------|-------------------|
| Operating lease liability | \$ 411,329 | \$ 421,365 |
| Reduction of lease liability | (124,184) | (10,036) |
| Total | <u>\$ 287,145</u> | <u>\$ 411,329</u> |

As of December 31, 2023, the minimum lease payments under this lease are as follows:

| | | |
|--|----|----------------|
| 2024 | \$ | 151,000 |
| 2025 | | 148,500 |
| Total lease payments | | <u>299,500</u> |
| Less: interest | | (12,355) |
| Present value of lease payments | | 287,145 |
| Less: current portion | | (141,695) |
| Lease payments, net of current portion | \$ | <u>145,450</u> |

Total lease and rent expense for the year ended December 31, 2023 and 2022, was approximately \$139,000 and \$12,000, respectively. The weighted average remaining lease term was 1.92 years as of December 31, 2023. The weighted average discount rate was 4.17% as of December 31, 2023

Note H – Commitments and Contingencies

From time to time, the Company may be involved in various litigation proceedings incidental to the ordinary course of business. In the opinion of management, the ultimate liability, if any, resulting from such litigation would not be material in relation to the Company's financial position or results of operations.

Note I – Subsequent Events

Subsequent events have been evaluated through March 7, 2024, which is the date the financial statements were available to be issued.



ASSURANCEDIMENSIONS

Financial Statements and Independent
Accountant's Audit Report

Ohm Fitness Franchise, LLC

December 31, 2021

Ohm Fitness Franchise, LLC

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A S S U R A N C E D I M E N S I O N S

Independent Auditor's Report

To the Members of **Ohm Fitness Franchise, LLC**

Opinion

We have audited the accompanying balance sheet of **Ohm Fitness Franchise, LLC** (the Company) as of December 31, 2021 and the related notes to the financial statements.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 the Company's internal control. Accordingly, no such opinion is expressed.

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES
also d/b/a McNAMARA and ASSOCIATES, PLLC

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4720 Salisbury Road, Suite 223 | Jacksonville, FL 32256 | Office: 888.410.2323 | Fax: 813.443.5053
ORLANDO: 1800 Pembroke Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 2000 Banks Road, Suite 218 | Margate, FL 33063 | Office: 754.800.3400 | Fax: 813.443.5053
www.assurancedimensions.com



ASSURANCE DIMENSIONS

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Assurance Dimensions

Margate, Florida
March 31, 2022

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES
also d/b/a McNAMARA and ASSOCIATES, PLLC

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4720 Salisbury Road, Suite 223 | Jacksonville, FL 32256 | Office: 888.410.2323 | Fax: 813.443.5053
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www.assurancedimensions.com

Ohm Fitness Franchise, LLC
Balance Sheet
As of December 31, 2021

| | <u>Assets</u> | <u>2021</u> |
|---------------------------------------|--|------------------|
| Current assets: | | |
| Cash | | \$ 24,675 |
| Total current assets | | <u>24,675</u> |
| Property and equipment, net | | <u>18,677</u> |
| Total assets | | <u>\$ 43,352</u> |
| | <u>Liabilities and Members' Equity</u> | |
| Current liabilities: | | |
| Due from affiliate | | \$ 30,000 |
| Due from member | | <u>84,999</u> |
| Total current liabilities | | 114,999 |
| Members' deficit | | <u>(71,647)</u> |
| Total liabilities and members' equity | | <u>\$ 43,352</u> |

See accompanying notes and independent accountant's review report.

Ohm Fitness Franchise, LLC

Notes to the Financial Statement December 31, 2021

Note A – Organization and Description of Business

Nature of Business

Ohm Fitness Franchise, LLC (“The Company”) was organized as a “Limited Liability Company” on June 3, 2021. The Company’s fitness concept, utilizes the power of EMS (Electro Muscle Stimulation) in form of Full Body workout Suit.

Note B – Significant Accounting Policies

Basis of Accounting

The Company prepares its financial statements using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of less than three months to be cash equivalents.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Major additions and improvements which extend the life of the assets are capitalized whereas maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. When property or equipment is sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their estimated useful lives or the terms of the leases, while all other assets are depreciated over estimated useful lives.

Income Taxes

The Company has made an election to be treated as a limited liability company under Subchapter K of the Internal Revenue Code. Accordingly, the income and losses of the Company are taxed directly to its members. Therefore, no provision for income taxes has been made in the financial statements.

Note C – Property and Equipment

Property and equipment consisted of the following as of December 31, 2021:

| | | <u>Useful Life (years)</u> |
|--------------------------------|------------------|--------------------------------|
| Equipment | \$ 18,677 | 5 |
| | 18,677 | |
| Less: accumulated depreciation | (-) | |
| Property and equipment, net | <u>\$ 18,677</u> | |

The equipment has not been placed into service yet and therefore no depreciation has been taken.

Ohm Fitness Franchise, LLC

Notes to the Financial Statement December 31, 2021

Note D - Related Party Payables

The Company as of December 31, 2021 owed \$30,000 to an affiliated entity. The Company as of December 31, 2021 owed \$84,999 to an officer of the Company.

Note E – Commitments and Contingencies

COVID-19

In December 2019, there was an outbreak of a novel strain of coronavirus (“COVID-19”). In March 2020, the World Health Organization made the assessment that the outbreak of COVID-19 can be characterized as a pandemic. As a result, state and local governments across the United States declared a public health emergency and imposed “shelter-in-place” orders, quarantines, executive orders and similar government orders and restrictions for businesses and residents to control the spread of the virus. These orders resulted in business closures, work stoppages, slowdowns and delays, work-from-home policies, travel restrictions and cancellation of events, among other effects, thereby negatively impacting the economy.

Due to the level of risk this virus may have on the global economy, it is at least reasonably possible that it could have an impact on the operations of the Company in the near term that could affect the Company’s financials, however management does not believe there will be any future impact. In addition, vaccines and therapeutics coming to market will also help to mitigate any potential future losses.

Note F – Subsequent Events

Subsequent events have been evaluated through March 31, 2022, which is the date the financial statements were available to be issued.

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

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Location: NM - Ohm Fitness Franchisor
(Closed through 04-30-2024)

Balance Sheet

Reporting Date: Apr 2024

Assets

| | |
|--|-------------------|
| Chase Bank*6387 | 121,777.30 |
| Total Cash and Cash Equivalents | 121,777.30 |

| | |
|--|---------------------|
| Bill.com Clearing | - |
| Transfer Clearing | - |
| Prepaid Expenses - Other Receivables | 3,592.67 |
| Due To/From - NM - 001 OHM Fitness-McDowell | 601,980.75 |
| Due to/From - NM - 0002 Ohm Fitness Desert Ridge | 228,006.77 |
| Contract Assets | 448,967.00 |
| AP/AR Affiliate - NM - Ohm Fitness Home | (330,000.00) |
| AP/AR Affiliate - NM - Ohm Fitness Distribution | 611,712.83 |
| Unmapped Asset Accounts | 782.20 |
| Total Other Current Assets | 1,565,042.22 |

| | |
|-----------------------------|---------------------|
| Total Current Assets | 1,686,819.52 |
|-----------------------------|---------------------|

| | |
|---------------------------------------|-------------------|
| Leasehold Improvements | 199,719.50 |
| Computer & Software Development | 403,711.82 |
| Machinery & Equipment | 127,283.70 |
| Furniture & Fixture | 60,911.98 |
| Signage | - |
| Video Equipment | 107,201.67 |
| Accumulated Depreciation | (160,569.10) |
| Total Property & Equipment | 738,259.57 |

| | |
|-------------------------------------|-------------------|
| Security Deposit | 11,500.00 |
| Franchise License | - |
| Operating Lease ROU Asset | 245,796.08 |
| Accumulated Amortization | - |
| Total Other Long-Term Assets | 257,296.08 |

| | |
|---------------------|---------------------|
| TOTAL ASSETS | 2,682,375.17 |
|---------------------|---------------------|

Liabilities

| | |
|-------------------------------|-------------------|
| Accounts Payable | 198,224.91 |
| Total Accounts Payable | 198,224.91 |

| | |
|---------------------------|------------------|
| Amex CC*74008 | 23,388.31 |
| Total Credit Cards | 23,388.31 |

| | |
|--|---------------------|
| Other Current Liabilities | - |
| Payroll Clearing | - |
| Accrued Payroll | - |
| Payroll Tax Payable | - |
| Deferred Revenue - Area Representative | 2,698,584.33 |
| Deferred Revenue - Franchise Licenses | 1,517,789.93 |
| Operating Lease Liability | 264,100.41 |
| Total Other Current Liabilities | 4,480,474.67 |

| | |
|----------------------------------|---------------------|
| Total Current Liabilities | 4,702,087.89 |
|----------------------------------|---------------------|

| | |
|------------------------------------|---------------------|
| Loan from Franchisor | - |
| Line of Credit loan Balance | 74,999.00 |
| Owner Loan 2 | 600,000.00 |
| Owner Loan 3 | 500,000.00 |
| Owner Loan 4 | 200,000.00 |
| Total Long Term Liabilities | 1,374,999.00 |

| | |
|--------------------------|---------------------|
| TOTAL LIABILITIES | 6,077,086.89 |
|--------------------------|---------------------|

Equity

| | |
|---|-----------------------|
| Beginning Owner Equity - 31.5% Steve Belknap | 303,563.96 |
| Owner Contributions - 31.5% Steve Belknap | - |
| Owner Withdrawals - 31.5% Steve Belknap | - |
| Beginning Owner Equity - 31.5% Eric Hammann | 255,000.00 |
| Owner Contributions - 31.5% Eric Hammann | - |
| Beginning Owner Equity - 27% Douglas Payne | 140,317.35 |
| Owner Contributions - 27% Doug Payne | - |
| Owner Withdrawals - 27% Douglas Payne | (87.55) |
| Beginning Owner Equity - 10% Coba OHM Franchisor, LLC | 1,400,000.00 |
| Owner Contributions - 10%Coba OHM Franchisor, LLC | - |
| Retained Earnings | (4,969,911.96) |
| Net Income | (523,593.52) |
| Total Equity | (3,394,711.72) |

| | |
|---------------------|-----------------------|
| TOTAL EQUITY | (3,394,711.72) |
|---------------------|-----------------------|

| | |
|-------------------------------------|---------------------|
| TOTAL LIABILITIES AND EQUITY | 2,682,375.17 |
|-------------------------------------|---------------------|

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| | |
|---------------|--|
| Store Number: | 0061K00000kuhkn |
| Location: | NM - Ohm Fitness Franchisor (Closed through 04-30-2024) |
| Start Date: | 1/1/2024 |
| End Date: | 4/30/2024 |

PROFIT AND LOSS

Jan 2024 - Apr 2024

| | |
|----------------------|---------------------|
| AR Licenses | 37,916.67 |
| Franchisee Licenses | 1,042,000.00 |
| Total Revenue | 1,079,916.67 |

| | |
|-------------------------------------|------------------|
| Direct Labor - Trainer Wages | 22,403.55 |
| Direct Labor - Trainer Commissions | 1,250.00 |
| Total Cost of Goods/Services | 23,653.55 |

Gross Profit 1,056,263.12

| | |
|--------------------------------------|-------------------|
| Sales/Reception Salaries | 284,559.10 |
| Sales/Reception Bonus | 19,150.00 |
| Manager Salaries | 107,311.63 |
| Manager Bonus | 2,250.00 |
| AR License Commission | 132,200.00 |
| Administrative Franchise Fees | 51,500.00 |
| Total Personnel (Fixed Costs) | 596,970.73 |

| | |
|--------------------------------------|-------------------|
| Payroll Charges | 1,883.91 |
| Payroll Taxes | 39,087.62 |
| Other payroll expenses | 3,105.65 |
| 401(k) Expense | 13,663.35 |
| Contract Labor | 133,360.00 |
| Recruiting Expense | 879.44 |
| Total Personnel (Other Costs) | 191,979.97 |

| | |
|--------------------------------|-----------|
| Rent | 51,000.00 |
| Building Repairs & Maintenance | 299.95 |
| Janitorial | 3,536.53 |
| Utilities | 1,295.10 |
| Telephone/Internet | 3,354.41 |

| | |
|---|---------------------|
| Total Facility | 59,485.99 |
| Insurance Expense | 5,375.00 |
| General Liability Insurance | 12,911.19 |
| Total Insurance | 18,286.19 |
| Marketing | 32,055.68 |
| Advertising | 31,677.56 |
| Total Marketing | 63,733.24 |
| Bank Service Charges | 25.00 |
| Software | 37,128.98 |
| Equipment Lease | 324.16 |
| Equipment Repairs & Maintenance | 7,296.61 |
| Licenses & Permits | 13,867.08 |
| Office Expenses | 24,383.81 |
| Postage & Delivery | 2,243.99 |
| Printing | 314.10 |
| Professional Fees - Accounting | 112,432.12 |
| Professional Fees - Legal | 191,462.46 |
| Professional Fees - FDA | 37,747.00 |
| Professional Fees - Consulting | 95,215.10 |
| Uniforms | 3,339.45 |
| Dues and Subscriptions | 18,264.02 |
| Total General and Administrative | 544,043.88 |
| Total Expenses | 1,474,500.00 |
| Net Operating Income | (418,236.88) |
| Other Miscellaneous Income | 3,095.50 |
| Total Other Income | 3,095.50 |
| Automobile Expense | 3,345.61 |
| Charitable Contributions | 750.00 |
| Meals | 5,693.47 |
| Travel | 17,727.23 |
| Miscellaneous Non-Operating Expense | 4,049.54 |
| Depreciation Expense | 76,521.44 |
| Interest & Credit Expense | 364.85 |
| Total Other Expenses | 108,452.14 |
| Net Income | (523,593.52) |
| EBITDA | (446,707.23) |

EXHIBIT "C"
TO DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____
FRANCHISE NO.: _____

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OHM® FRANCHISE AGREEMENT

This OHM® Franchise Agreement (this “Agreement”) is entered into as of _____, 2023 (the “Effective Date”) between OHM Fitness Franchise, LLC, a Wyoming limited liability company (“we” or “us”) and _____ (“you”).

1. **DEFINITIONS.** Capitalized terms used in this Agreement are defined either in the body of this Agreement or in ATTACHMENT "A". For capitalized terms that are defined in the body of this Agreement, ATTACHMENT "A" lists the Sections of this Agreement in which such terms are defined.

2. **GRANT OF FRANCHISE .** We hereby grant you a license to own and operate an OHM® Fitness studio (your “Business” or your “Studio”) using our Intellectual Property for a single location that we approve, and to operate that Studio according to and in compliance with our System standards (the “Standards.”). As an OHM® franchisee, you will own and operate a fitness Studio specializing in enhanced body exercise delivered through an electro muscle stimulation (“EMS”) body suit (the “OHM® EMS Body Suit”) that is worn during our proprietary exercise classes, and which also features a red light therapy recovery room. We reserve all rights not expressly granted to you.

3. **TERRITORIAL RIGHTS.** We will grant you an exclusive territory that consists of approximately 10,000 households with annual household income of at least \$75,000 (your “Territory”). As such, your Territory may not be in the shape of a circle as determined in our sole discretion. By exclusive, we mean that we will not operate, or grant a franchise or license to a third party to operate, an OHM® Studio that is physically located within your Territory during the Term. We reserve the right to sell or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Territory.

4. **TERM AND RENEWAL.**

4.1 **Term.** The term of this Agreement will begin on the Effective Date and expire 10 years thereafter (the “Term”). If this Agreement is the initial franchise agreement for your Business, you may enter into a maximum of one (1) successor franchise agreement (the “Successor Agreement”) as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the then-current form of franchise agreement that we use in granting OHM® franchises as of the expiration of the Term. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement. The renewal term will be 10 years, for a maximum total term of 20 years. You will have no further right to operate your Business following the expiration of the final renewal term unless we grant you another franchise in our sole discretion. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

4.2 **Renewal Requirements.** In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 270 days before the expiration of the Term or renewal term, as applicable; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) remodel your Studio facility to comply with our then-current standards and specifications; (vi) have the right under your lease to maintain possession of your premises for the duration of the renewal term; and (vii) take any additional action that we reasonably require.

4.3 **Interim Term.** If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so

and in violation of our rights; or (ii) continued on a month-to-month basis (the “Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

Except as otherwise permitted by this Section 4, you have no right to continue to operate your Business following the expiration of the Term.

5. TRAINING AND CONFERENCES.

5.1 **Initial Training Program.** The Managing Owner and all of your initial managers and persons providing class instruction (your “Instructors”) must attend and successfully complete our initial training program before you open your studio. The Managing Owner and your managers must successfully complete both franchise management training and class training. Your instructors are only required to successfully complete class training.

5.2 **Initial Training for New Owners/Managers/Instructors.** Specialists If you hire a new manager or Instructors or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new manager, Instructor or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program. You may never allow any person to teach a class who has not successfully completed class training program or who does not hold any required license.

5.3 **Periodic Training.** We may offer periodic refresher or additional training courses for your Owners and employees. Attendance at these training programs is mandatory. Ongoing training may be conducted in person or remotely, at our option.

5.4 **Additional Training Upon Request.** Upon your written request, we may provide additional assistance or training to you at a mutually convenient time.

5.5 **Remedial Training.** If we conduct an inspection of your studio and determine that you are not operating your Studio in compliance with this Agreement and/or the Manual, we may, at our option, require that your Managing Owner, managers and/or Instructors attend remedial training that is relevant to your operational deficiencies.

5.6 **Conferences.** We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting OHM® franchisees. Attendance at these conferences is mandatory.

5.7 **Training Fees and Expenses.** We will provide our pre-opening initial training program for your Managing Owner and initial managers (if any) and Instructor at no cost. We do not charge a training fee for any system-wide refresher or additional training that we conduct at our headquarters or at an affiliate-owned OHM® Studio. You must pay us a training fee of up to \$1,000 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners, managers or Instructors; (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; and (iv) each person to whom we provide additional training that you request. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs that your trainees incur for training or attending conferences, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee the then-current training fee for each of the transferee’s owners and employees that attends our initial training program. All training fees and expense reimbursements are due 10 days after invoicing.

6. OTHER FRANCHISOR ASSISTANCE.

6.1 **Manual.** During the Term, we will provide you with access to our confidential Brand Standards Manual (the "Manual") in text or electronic form. The Manual will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2 **Opening Assistance.** At no additional charge, we will send a representative to your studio for a minimum of five (5) days to assist you with the opening of your Business. We will not charge a fee for this assistance.

6.3 **General Guidance.** Based upon our periodic inspections of your Studio or reports that you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Business.

6.4 **Marketing Assistance.** As further described in Section 11.1 and Section 11.2, we may, but need not, administer the marketing fund and provide you with other marketing assistance during the Term.

6.5 **Website.** We will maintain a website for OHM® franchisees that will include the information about your studio that we deem appropriate. We may modify the content of and/or discontinue the Website at any time in our sole discretion. We will also provide you with your own local webpage that will be linked to our main website. Your webpage will include localized information about your studio, such as contact information and hours of operation. We must approve all content on your webpage, but we will consider all information that you suggest in good faith. We will own the website (including your webpage) and domain name at all times.

6.6 **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, we will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost-plus shipping fees and a reasonable markup.

6.7 **Private Label Goods.** We may, but need not, create new private label products for sale at your studio. If we develop any of these products, you agree to maintain a reasonable inventory of these items at your studio at all times.

7. ESTABLISHING YOUR STUDIO.

7.1 **Site Selection.** You agree to locate and obtain our approval of the premises from which you will operate your Business within 90 days after the Effective Date. The premises must be located within the Site Selection Area identified in ATTACHMENT "B" (the "Site Selection Area") and must conform to our minimum site selection criteria. You must use the supplier that we designate for site selection services. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. Our approval shall be evidenced by the execution of Section B of ATTACHMENT "B" by you and us. You understand that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for an OHM® Studio. Our approval of the site indicates only that we believe the site meets our minimum criteria.

7.2 **Lease.** If you will lease the premises for your Studio, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to this Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement,

we have the right to disapprove your lease in our commercially reasonable judgment, in which case you must find a new site for your studio. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records. You must hire a real estate attorney to review and negotiate the terms of your lease.

7.3 **Construction.** We will provide you with generic prototype plans for an OHM® Studio. You must hire an architect in order to modify these plans to comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval. Once approved, you must, at your sole expense, construct and equip the premises to the specifications contained in the Manual and approved plans and purchase (or lease) and install the equipment, fixtures, signs and other items that we require. We must approve the architects, contractors and other suppliers you use to construct your studio. You acknowledge these requirements are necessary and reasonable to preserve the identity, image, reputation and goodwill we developed and the value of the franchise. Before you open, we must approve the layout of your studio facility.

7.4 **Startup Package.** At least 45 days prior to opening, you must order your initial supply of inventory items, operating supplies, OHM® EMS Body Suits and uniforms from us. Your cost to purchase the startup package will vary depending on your specific needs. We will deliver your inventory items, operating supplies, OHM® EMS Body Suits and uniforms before you open. The purchase price is nonrefundable.

7.5 **Opening.** You must open your Business to the public within 270 days after the Effective Date. You may not open your Business before: (i) successful completion of the initial training program by your Managing Owner and initial managers (if any) and Instructors; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; and (iv) we provide our written approval of the construction, build-out and layout of your Studio facility. You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a pre-opening inspection of your studio and you agree to make any changes we require before opening. BY VIRTUE OF OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

7.6 **Relocation.** You may relocate your studio with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new facility within the Site Selection Area; (ii) comply with Sections 7.1 through Section 7.5 of this Agreement with respect to your new Studio facility (excluding the 270-day opening period); and (iii) open your new Studio facility and resume operations within 30 days after closing your prior facility.

8. MANAGEMENT AND STAFFING.

8.1 **Owner Participation.** You acknowledge that a major requirement for the success of your Business is the active, continuing, and substantial personal involvement and hands-on supervision by your Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Business on a full-time basis and provide on-site management and supervision unless you hire a manager to assist you with your management responsibilities. The Managing Owner must at all times own a controlling interest in the franchisee Entity. Any new Managing Owner that we approve must successfully complete the initial training program.

8.2 **Managers.** You may hire a manager to assist the Managing Owner with the daily on-site management and supervision of your Studio, but only if: (i) the manager successfully completes the initial training program; (ii) the manager signs a Brand Protection Agreement; and (iii) the Managing Owner agrees to assume full-time responsibility for the on-site management and supervision of your Studio if the manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager. At all times the Managing Owner must supervise the manager to ensure the Studio is being operated in accordance with this Agreement and the Manual.

8.3 **Employees.** You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Business. You must ensure that only successfully trained Instructors provide exercise training services at your studio. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, timecards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide you any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

8.4 **Interim Manager.** We have the right, but not the obligation, to designate an individual of our choosing (an "Interim Manager") to manage your Business if either: (i) your Managing Owner ceases to perform the responsibilities of a Managing Owner (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Managing Owner within 30 days; or (ii) you are in material breach. The Interim Manager will cease to manage your Business at such time that you hire an adequate replacement Managing Owner who has completed training, or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to compensate the Interim Manager at a rate that we establish in our commercially reasonable discretion. The Interim Manager will have no liability to you except for gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

9. **FRANCHISEE AS ENTITY.** If you are an Entity, you agree to provide us with a list of all of your Owners. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

10. **FRANCHISE OWNER AGREEMENT.** If you are an Entity, all Owners (whether direct or indirect) and their spouses must sign a Franchise Owner Agreement, the current form of which is attached as ATTACHMENT "D".

11. **ADVERTISING & MARKETING.**

11.1 **Marketing Fund.**

(a) **Administration.** Recognizing the value of advertising and marketing to the goodwill and public image of OHM® Studios, we will establish and maintain a marketing fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our sole discretion: (i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and accounting for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; any other

programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust, and we have no fiduciary obligations to you with respect to our administration of the fund. A financial accounting of the operations of the fund, including deposits into and disbursements from the marketing fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or equivalent to the fund contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their fund contributions.

We will account for the marketing fund separately from our other funds and not use the marketing fund for any of our general operating expenses, except to compensate the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the marketing funds and its programs, including without limitation, conducting market research, preparing, advertising, promotion and marketing materials, and collecting and accounting for Marketing fund contributions.

(b) **Contributions.** On the 10th day of each month, you must pay us a marketing fund fee equal to the greater of up to 2% of your Gross Revenues (currently 1% of Gross Revenues) for the prior month's operations or \$300 per month. We will deposit into the fund all: (i) fund contributions paid by you and other franchisees; and (ii) fines paid by you and other franchisees.

11.2 **Marketing Assistance from Us.** We will provide you with an initial required marketing plan for your Business. The marketing plan may be included in the Manual. We may, but need not, customize this plan for your Business. We may create and make available to you advertising and other marketing materials for your purchase. We may use the marketing fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

11.3 **Your Marketing Activities.**

(a) **Generally.** In addition to your required contribution to the marketing fund, you must spend on a monthly basis, the greater of 4% of your Gross Revenues or \$1,750 per month on local advertising to promote your studio. We must approve all such advertising in accordance with Section 11.3(d). You agree to participate at your own expense in all advertising, promotional and marketing programs that we require.

(b) **Grand Opening.** You must spend a minimum of \$20,000 on your grand opening marketing campaign. All such grand opening marketing activities are subject to our approval.

(c) **Standards for Advertising.** All advertisements and promotions that you create, or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others.

(d) **Approval of Advertising.** Before you use them, we must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved, and you modify). We will be deemed to have approved the materials if we fail to issue our disapproval within 14 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove).

(e) **Internet and Websites.** You may market your Business through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services, or we may require that we post all of your social media marketing materials. At this time, we do not allow our franchisees to maintain their own websites (other than the localized webpage that we provide) or market their OHM® Studios on the Internet (other than through approved social media outlets). Accordingly, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your Business. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to this Agreement that will govern your ability to maintain a website and/or market on the Internet.

12. OPERATING STANDARDS.

12.1 **Generally.** You agree to operate your Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Agreement and the Manual.

12.2 **Brand Standards Manual.** We will loan to you for your use in operating the Studio on copy of the Brand Standards Manual (the “Manual”) and you agree to establish and operate your Business in accordance with the Manual. The Manual may contain, among other things: (i) a description of the authorized goods and services that you may offer at your Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for OHM® franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your Studio; (v) policies and procedures pertaining to any gift card program or membership program that we establish; and (vi) a written list of goods and services (or specifications for goods and services) you must purchase for the development and operation of your Studio and a list of any designated or approved suppliers for these goods or services. The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time to reflect changes in System standards. The modifications will become binding 30 days after we send you notice of the modification. All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you and are incorporated by reference into this Agreement. You agree that the contents of the Manual are confidential.

12.3 **Authorized Goods and Services.** You agree to offer all goods and services that we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services at your studio without our prior written permission. You may not use your studio or permit your Studio to be used for any purpose other than offering the goods and services that we authorize. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of the franchise or this Agreement. We will provide you with suggested pricing for the goods and services you will sell. You must obtain our approval of all material deviations from our suggested pricing.

12.4 **Suppliers and Purchasing.** You agree to purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you agree to purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate). You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of OHM® Studios, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based upon franchisee purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If you want us to approve a supplier that you propose, you must send us a written notice specifying the supplier’s

name and qualifications and provide any additional information that we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 30-day period. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier within 10 days after invoicing.

12.5 **Equipment Maintenance and Changes.** You agree to maintain all of your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System and you agree to comply with any such required change within the time period that we reasonably prescribe.

12.6 **Software and Technology.** You agree to use the computer technology and software that we specify from time to time for use in the operation of your OHM® Studio. We may change the software or technology that you must use at any time. We may also develop proprietary software or technology that must be used by OHM® franchisees. If this occurs, you agree to enter into a license agreement with us (or an affiliate of ours) and pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. The terms of the license agreement will govern the terms pursuant to which you may utilize this software or technology. We also reserve the right to enter into a master software license agreement with a third-party licensor and then sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We currently have entered into such a master license agreement with Mindbody, Inc. for your POS system and you agree to pay us a license fee ranging from \$450 to \$999 per month. All fees referenced in this Section are due on the 10th day of each month for the prior month's operations.

12.7 **Remodeling and Maintenance.** You agree to remodel and make all improvements and alterations to your studio facility that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. We will not require that you engage in any significant remodeling project more than once during any five (5) year period. However, there is no limitation on the frequency of any remodeling that we may require as a condition to you renewing or transferring your franchise. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However, we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current specifications, standards or image requirements. You agree to maintain your studio facility in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting, redecorating of the interior and exterior of the facility at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the facility as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time.

12.8 **Memberships.** We reserve the right to implement a membership program, in which case you must follow all policies and procedures that we specify. We may adopt policies regarding cooperation between franchisees relating to customers who purchase membership or package services from multiple locations. You agree to comply with all policies and procedures that we specify, and we may modify these policies and procedures at any time.

12.9 **Gift Cards.** We offer gift cards for products and services that may be redeemed at any OHM® Studio. We may sell these gift cards on our website. You may offer gift cards at your studio. You must honor all gift cards, even if the customer purchased the gift card from our website or from another OHM® Studio. We have the right to determine how the amount of the gift cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You agree to comply with all policies and procedures that we specify from time to time with respect to our gift card program.

12.10 **Hours of Operation.** We may specify minimum days and hours of operation. You must establish specific days and hours of operation and submit those hours to us for approval.

12.11 **Customer Complaints.** If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.

12.12 **Quality Assurance Programs.** At any time, we reserve the right to engage the services of one or more “mystery shoppers” or quality assurance inspection firms who will inspect OHM® Studios for quality control purposes. These inspections may address a variety of issues, including customer service, safety, sanitation, inventory rotation, etc. You agree to fully cooperate with any such inspection. If we implement such a program, we will do so at our expense.

12.13 **Failure to Comply with System Standards.** You acknowledge the importance of every one of our Standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our Standards or operating procedures and you fail to correct the non-compliance within the period of time that we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to \$100 per occurrence.

13. **FRANCHISE ADVISORY COUNCIL.** We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We will consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council will be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council who will communicate with us on matters raised by the advisory council. You will have the right to be a member of the advisory council as long as you are not in default under this Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you will be entitled to all voting rights and privileges granted to other members of the council. Each member will be granted one vote on all matters on which members are authorized to vote.

14. **FEES.**

14.1 **Initial Franchise Fee.** You agree to pay us a \$49,000 initial franchise fee in one lump sum at the time you sign this Agreement (or, if applicable, the discounted initial franchise fee of \$45,000 if this is your second or subsequent franchise purchased at the same time and for the same area or region as your first franchise). The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed.

14.2 **Royalty Fee.** On the 10th day of each month (or on the day of each week that we specify), you agree to pay us a royalty fee equal to 6% of your Gross Revenues.

14.3 **Other Fees and Payments.** You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section 14. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon goods or services that you sell or based upon goods or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

14.4 **Late Fee.** If any sums due under this Agreement have not been received by us when due (or there are insufficient funds in your Account to cover any sums owed to us when due) then, in addition to those sums, you must pay us interest on the amounts past due at the rate equal to the lesser of 18% per annum (pro-rated on a daily basis), or the highest rate permitted by your State’s law. If no due date has been specified by us, then interest begins to run 10 days after we bill you. We will not impose a late fee for any amounts paid pursuant to Section 14.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payments at the time the payments became due and payable. However, we may impose a late fee for any amounts that we are unable to reasonably determine due to your failure to

furnish us with a report required by Section 16.3 within the required period of time or record sales in a timely manner, in which case we may assess a late fee on the entire amount that was due and payable. You acknowledge that this Section 14.4 shall not constitute our agreement to accept the late payments after same are due, or a commitment by us to extend credit to or otherwise finance the operation of your Business.

14.5 **Method of Payment.** You must complete and send us an ACH Authorization Form allowing us to electronically debit a banking account that you designate (your "Account") for: (i) all fees payable to us pursuant to this Agreement (other than the initial franchise fee); and (ii) any amounts that you owe to us or any of our affiliates for the purchase of goods or services. We will debit your Account for these payments on or after the due date. Our current form of ACH Authorization Form is attached to this Agreement as ATTACHMENT "E". You must sign and deliver to us any other documents that we or your bank may require to authorize us to debit your Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Business. You must make sufficient funds available for withdrawal by electronic transfer before each due date. If there are insufficient funds in your Account to cover all amounts that you owe, any excess amounts that you owe will be payable upon demand, together with any late charge imposed pursuant to Section 14.4.

14.6 **Application of Payments.** We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.

15. **BRAND PROTECTION COVENANTS.**

15.1 **Reason for Covenants.** You acknowledge that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, the Owners or persons associated with you, or the Owners (including family members) could seriously jeopardize the entire franchise system because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our franchise system.

15.2 **Our Know-how.** You and the Owners agree: (i) neither you nor any Owner will use the Know-how in any business or capacity other than the operation of your Business pursuant to this Agreement; (ii) you and the Owners will maintain the confidentiality of the Know-how at all times; (iii) neither you nor any Owner will make unauthorized copies of documents containing any Know-how; (iv) you and the Owners will take all reasonable steps that we require from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you and the Owners will stop using the Know-how immediately upon the expiration, termination or Transfer of this Agreement, and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement will stop using the Know-how immediately at the time he or she ceases to be an Owner.

15.3 **Unfair Competition During Term.** You and your Owners agree not to unfairly compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

15.4 **Unfair Competition After Term.** During the Post-Term Restricted Period, you and your Owners agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, you and your Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within and does not provide competitive goods or services to customers who are located within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business

that is permitted under this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

15.5 **Immediate Family Members.** The Owners acknowledge that they could circumvent the purpose of Section 15 by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). The Owners also acknowledge that it would be difficult for us to prove whether the Owners disclosed the Know-how to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 15 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses the Know-how. However, the Owner may rebut this presumption by furnishing evidence conclusively showing that the Owner did not disclose the Know-how to the family member.

15.6 **Employees and Others Associated with You.** You must ensure that all of your employees, officers, directors, partners, members, independent contractors and other persons associated with you or your Business who may have access to our Know-how, and who are not required to sign a Brand Protection Agreement, sign and send us a Confidentiality Agreement before having access to our Know-how. You must use your best efforts to ensure that these individuals comply with the terms of the Brand Protection Agreements and Confidentiality Agreements, as applicable, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Brand Protection Agreement or Confidentiality Agreement, as applicable, including reasonable attorneys' fees and court costs.

15.7 **Covenants Reasonable.** You and the Owners acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other OHM® franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 15 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

15.8 **Breach of Covenants.** You and the Owners agree that failure to comply with the terms of this Section 15 will cause substantial and irreparable damage to us and/or other OHM® franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 15 will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 15.

16. **YOUR OTHER RESPONSIBILITIES.**

16.1 **Insurance.** For your protection and ours, you agree to maintain the following insurance policies: (a) "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Business, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost; (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business, containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$2,000,000 in the aggregate;

(iii) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased, or used by you, or your officers, directors, employees, partners or agents, in the operation of your Business, containing minimum liability protection of \$1,000,000 combined single limit per occurrence; (iv) worker's compensation insurance and employer's liability insurance as required by law; and (v) any other insurance that we specify in the Manual from time to time. You agree to provide us with proof of coverage prior to opening, within 10 days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Business. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet this criterion, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon 10 days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within 10 days after invoicing, all costs and premiums that we incur.

16.2 **Books and Records.** You agree to prepare and maintain at your studio for at least five (5) years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Business. You must maintain, and upon our request furnish to us by e-mail, mail or facsimile, a written list of all of your customers. You must send us copies of your books and records within seven (7) days of our request.

16.3 **Reports.** No later than the 10th day of each month, you must prepare and provide to us monthly statements of: (i) your Gross Revenues and expenses for the prior month's operations; and (ii) your expenditures on local advertising required by [Section 11.3](#) that were incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports that we require in the form and manner that we require. You agree to send us a copy of any report required by this Section upon request. If we require that you purchase a computer and/or automated cash management system that allows us to electronically retrieve information concerning your sales transactions, you agree that we will have the right to electronically poll your computer and/or automated cash management system to retrieve and compile information regarding the operation of your Business.

16.4 **Financial Statements.** Within 90 days after the end of each calendar year, you must prepare a balance sheet for your Business (as of the end of the calendar year) and an annual statement of profit and loss and source and application of funds. All financial statements must be: (i) verified and signed by you certifying to us that the information is true, complete, and accurate; (ii) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (iii) submitted in any format that we reasonably require. We have the right to require that your financial statements be audited by a certified public accountant. You agree to send us a copy of any financial statement required by this Section upon request. You authorize us to disclose the financial statements, reports, and operating data to prospective franchisees, regulatory agencies and others at our discretion, provided the disclosure is not prohibited by applicable law.

16.5 **Legal Compliance.** You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Business and operate and manage your Business in full compliance with all applicable laws, ordinances, rules and regulations. You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Business or your financial condition. You

must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

17. INSPECTION AND AUDIT.

17.1 **Inspections.** To ensure compliance with this Agreement, we or our representatives will have the right to enter your studio, evaluate your operations and inspect or examine your books, records, accounts and tax returns. Our evaluation may include contacting your landlord, customers and/or employees. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection.

17.2 **Audit.** We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. If an audit reveals an understatement of your Gross Revenues or any amount that you owe us, you agree to immediately pay to us any additional fees that you owe us together with any late fee payable pursuant to Section 14.4. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Agreement; or (ii) reveals an understatement of any amount due to us by at least three percent (3%), in which case you agree to reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due 10 days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

18. INTELLECTUAL PROPERTY.

18.1 **Ownership and Use of Intellectual Property.** You acknowledge that: (i) we are the sole and exclusive owner of the Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Business during the Term pursuant to, and only in compliance with, this Agreement, the Manual, and all applicable standards, specifications and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property.

18.2 **Changes to Intellectual Property.** We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days at your expense. We will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property. Use of Marks. You agree to use the Marks as the sole identification of your Business; provided, however that you must identify yourself as the independent owner of your Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any

contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

18.3 **Use of Know-how.** We will disclose the Know-how to you in the initial training program, the Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Know-how other than the right to utilize it in strict accordance with the terms of this Agreement in the development and operation of your Business. You acknowledge that the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Business during the Term.

18.4 **Improvements.** If you conceive of or develop any improvements or additions to the marketing, method of operation or the services or products offered by an OHM® business (collectively, “**Improvements**”), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate an OHM® franchise, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of an OHM® business.

18.5 **Notification of Infringements and Claims.** You must immediately notify us of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

19. **INDEMNITY.** You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following: (i) the marketing, use or operation of your Business or your performance and/or breach of any of your obligations under this Agreement; (ii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement; (iii) any labor, employment or similar type of Claim pertaining to your employees, including claims alleging that we are a joint employer of your employees; and (iv) any actions, investigations, rulings or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission and the National Labor Relations Board. You and your Owners agree to give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys’ fees, within 10 days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys’ fees.

20. TRANSFERS

20.1 **By Us.** This Agreement and the franchise are fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this

Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

20.2 **By You.** You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Therefore, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to own and operate an OHM® business and otherwise meets all of our then applicable standards for franchisees.

(ii) you and your Owners are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate.

(iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us the Training Fee for each new person who must attend training).

(iv) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area.

(v) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Business;

(vi) the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;

(vii) you remodel your studio facility to comply with our then-current standards and specifications or you obtain a commitment from the transferee to do so;

(viii) you or the transferee pay us a \$10,000 transfer fee to defray expenses that we incur in connection with the Transfer;

(ix) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(x) you enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement;

(xi) we do not elect to exercise our right of first refusal described in Section 20.5; and

(xii) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

20.3 **Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must give us at least 10 days prior written notice. You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer.

20.4 **Death or Disability of an Owner.** Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 20.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

20.5 **Our Right of First Refusal.** If you or an Owner desire to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 20.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

21. TERMINATION.

21.1 **By You.** You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 90 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 22 and all other obligations that survive the expiration or termination of this Agreement.

21.2 **Termination By Us Without Cure Period.** We may, in our sole discretion, terminate this Agreement upon five (5) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

(i) if the Managing Owner fails to satisfactorily complete the initial training program in the manner required by Section 5.1;

(ii) if you fail to obtain our approval of your site within the time period required by Sections 7.1;

(iii) if you fail to open your Business within the time period required by Section 7.5;

(iv) if you become insolvent by reason of your inability to pay your debts as they become due, or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978).

(v) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you remains

unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within five (5) days of the levy;

(vi) if you abandon or fail to operate your Business for three (3) consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve.

(vii) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Business, even if you or the Owner still maintain appeal rights;

(viii) if you, an Owner, or anyone with a direct or indirect interest in the Business (a) is indicted for, convicted of, or pleads no contest to, a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or

(ix) if you, an Owner, or anyone with a direct or indirect interest in the Business, fails to comply with any material federal, state or local law or regulation applicable to your Business;

(x) if you, an Owner, or anyone with a direct or indirect interest in the Business, commits an act or omission that can reasonably be expected to adversely affect the reputation of the System, or the goodwill associated with the Marks;

(xi) if you manage or operate your Business in a manner that presents a health or safety hazard to your customers, employees or the public;

(xii) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;

(xiii) if you fail to pay any amount owed to us or an affiliate of ours within ten (10) days after receipt of a demand for payment;

(xiv) if you underreport any amount owed to us by at least three percent (3%), after having already committed a similar breach that had been cured in accordance with Section 21.3;

(xv) if you make an unauthorized Transfer;

(xvi) if you make an unauthorized use of the Intellectual Property;

(1) if you breach any of the brand protection covenants described in Section 15;

(xvii) if any Owner, or the spouse of any Owner, breaches a Franchise Owner Agreement;

(xviii) if the lease for your premises is terminated due to your default; or

(xix) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your default.

21.3 Additional Conditions of Termination. In addition to our termination rights in Section 21.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30- day notice period. If we deliver a notice of default to you pursuant to this Section 21.3, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

21.4 **Mutual Agreement to Terminate.** If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

22. **POST-TERM OBLIGATIONS.**

22.1 **Obligations of You and the Owners.** After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease to use the Intellectual Property;
- (ii) pay us all amounts that you owe us;
- (iii) comply with all covenants described in Section 15 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner.
- (iv) return all copies of the Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights or other identification relating to an OHM® business, unless we allow you to transfer such items to an approved transferee;
- (v) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;
- (vi) provide us with a list of all of your current, former and prospective customers;
- (vii) assign ownership of all customer contracts, accounts, and data to us (unless we allow you to transfer those contracts to an approved transferee);
- (viii) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us, or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Business;
- (ix) notify all telephone companies, listing agencies and domain name registration companies (collectively, the “Agencies”) of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and
- (x) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

22.2 **Right to Purchase Facility and Assets.**

(a) **Generally.** Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your Studio and/or its assets at fair market value as ascertained by an independent business appraiser. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the “Appraisal Date”). We will notify you of the specific items that we wish to purchase (the “Acquired Assets”). We may also require that you assign your lease to us at no additional charge.

(b) **Selecting Qualified Appraisers.** You and we each shall appoint an appraiser with experience appraising businesses comparable to your Business in the United States (a “Qualified

Appraiser”). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either of us fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each of us shall have appointed a Qualified Appraiser within the 30-day period, then within 30 days after that the two (2) Qualified Appraisers shall appoint a third (3rd) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the appointment of a third (3rd) Qualified Appraiser within the 30-day period, then a third (3rd) Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.

(c) Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three (3) years (or the period of time that you have operated your Business, if less than three (3) years), together with the work papers and other financial information or other documents or information that the Qualified Appraisers may request. The Qualified Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

(d) Appraisal Process. Within 60 days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the “Appraised Value”). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a single value, these two (2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because you or we failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser.

(e) Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

(f) Closing. Once the Appraised Value has been determined, we will have at least 60 days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts owed to us and our affiliates under this Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates.

23. **DISPUTE RESOLUTION**. The parties agree to submit any claim, dispute or disagreement, including any matter pertaining to the validity, enforcement or interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a “Dispute”) to mediation before a mutually- agreeable mediator prior to litigation, unless the Dispute involves an alleged breach of Section 15 or Section 18. Any mediation shall take place in the county in which we maintain our principal place of business at the time the mediation begins (currently, Maricopa County, Arizona). If the Dispute is not successfully resolved by mediation within 90 days after either party makes a demand for mediation or the Dispute involves an alleged breach of Section 15 or Section 18, either party may file a lawsuit in any state or federal court of general jurisdiction in the county in which we maintain our principal place of business at the time the lawsuit is filed (currently, Maricopa County, Arizona) and we and you

irrevocably submit to the jurisdiction of such courts and waive any objection either of us may have to either the jurisdiction or venue of such courts. If we or you must enforce this Agreement in a judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you breach any term of this Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF SECTION 15 OR SECTION 18) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

24. **YOUR REPRESENTATIONS.** YOU HEREBY REPRESENT THAT: (i) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR REPRESENTATIVES ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED (1) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS AT LEAST FIVE (5) BUSINESS DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT IS EXECUTED; AND (2) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (A) TEN (10) BUSINESS DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; (v) YOU ARE AWARE OF THE FACT THAT WE MAY HAVE NEGOTIATED TERMS OR OFFERED CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS AND THAT WE AGREE TO COMPLY WITH ANY NEGOTIATED TERMS AGREED TO BY THE PARTIES AND CONTAINED IN YOUR AGREEMENT UNDER CALIFORNIA LAW; AND (vi) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

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

25. GENERAL PROVISIONS.

25.1 **Governing Law.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the State of Arizona (without reference to its principles of conflicts of law), but any law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the

relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

25.2 **Relationship of the Parties.** You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

25.3 **Severability and Substitution.** Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

25.4 **Waivers.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other OHM® franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

25.5 **Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

25.6 **Force Majeure.** Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances.

25.7 **Binding Effect.** This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the additional insureds listed in [Section 16.1](#) and the Indemnified Parties are intended third party beneficiaries under this Agreement with respect to [Section 16.1](#) and [Section 19](#), respectively.

25.8 **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 25.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

25.9 **Covenant of Good Faith.** If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

25.10 **Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

25.11 **Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, Section 14, Section 15, Section 17, Section 19, Section 22, Section 23 and Section 25.

25.12 **Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural, and the masculine and neuter usages include the other and the feminine and the possessive.

25.13 **Time of Essence.** Time is of the essence in this Agreement and every term thereof.

25.14 **Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

25.15 **Notice.** All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first-class mail, to the following addresses (which may be changed upon 10 business days prior written notice):

YOU: As set forth below your signature on this Agreement

US: OHM Fitness Franchise, LLC
15011 N. 75th Street, Suite #2, Scottsdale, Arizona 85260

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by fax, email or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

OHM Fitness Franchise, LLC, a Wyoming limited liability company

By: _____
Name: _____
Title: _____

YOU (If you are an entity):

a(n) _____

By: _____
Name: _____
Title: _____

Franchisee's Principal Business Address:

YOU (If you are not an entity):

Name: _____

Name: _____

Name: _____

Name: _____

ATTACHMENT "A"
TO FRANCHISE AGREEMENT

Definitions

“*Account*” is defined in Section 14.5.

“*Acquired Assets*” is defined in Section 22.2.

“*Agencies*” is defined in Section 22.1(ix).

“*Agreement*” is defined in the Introductory Paragraph.

“*Alternative Channels of Distribution*” means all channels of distribution other than retail sales made to customers from an OHM® Studio, including, but not limited to: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as grocery stores, convenience stores or department stores; and (iii) sales made at wholesale.

“*Appraisal Date*” is defined in Section 22.2.

“*Appraised Value*” is defined in Section 22.2.

“*Brand Protection Agreement*” means our form of Brand Protection Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "F".

“*Business*” is defined in Section 2.

“*Claim*” or “*Claims*” means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

“*Competitive Business*” means any business competitive with us (or competitive with any of our affiliates or our franchisees) that offers fitness or exercise services.

“*Copyrights*” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow OHM® franchisees to use, sell or display in connection with the marketing and/or operation of an OHM® Studio, whether now in existence or created in the future.

“*Dispute*” is defined in Section 23.

“*Effective Date*” is defined in the Introductory Paragraph.

“*Entity*” means a corporation, partnership, limited liability company or other form of association.

“*General Release*” means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities.

“*Gross Revenues*” means all gross sums collected by you from all goods and services sold in connection with your Business, together with any other revenue or monies derived in connection with your Business, including the proceeds of any business interruption insurance. “Gross Revenues” does not include: (i) revenues that you collect from a customer and later refund to that customer; or (ii) any sales or use taxes that you pay to a government agency.

“*Improvements*” is defined in Section 18.4.

“*Indemnified Party*” or “*Indemnified Parties*” means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

“*Interim Manager*” is defined in [Section 8.4](#).

“*Interim Term*” is defined in [Section 4.3](#).

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of an OHM®, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Losses and Expenses*” means all compensatory, exemplary, and punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

“*Managing Owner*” means the Owner that you designate, and we approve who is primarily responsible for the daily on-premises management and supervision of the Business.

“*Manual*” is defined in [Section 6.1](#).

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an OHM® Studio, including “OHM®,” and any other trademarks, service marks or trade names that we designate for use in an OHM® Studio. The term “*Marks*” also includes any distinctive trade dress used to identify an OHM® Studio, whether now in existence or hereafter created.

“*Marketing Campaign*” is defined in [Section 11.1\(a\)](#).

“*Owner*” or “*Owners*” means any individual who owns a direct or indirect ownership interest in the franchise or the Entity that is the franchisee under this Agreement. “*Owner*” includes both passive and active owners.

“*Permitted Transfer*” means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than results in a change of control; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

“*Post-Term Restricted Period*” means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the “*Post-Term Restricted Period*” means, with respect to you, a period of one (1) year after the termination, expiration or Transfer of this Agreement. “*Post-Term Restricted Period*” means, with respect to an Owner, a period of two (2) years after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner’s Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the “*Post-Term Restricted Period*” means, with respect to an Owner, a period of one (1) year after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner’s Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable.

“*Prohibited Activities*” is defined in [Section 15.3](#).

“*Qualified Appraiser*” is defined in [Section 22.2](#).

“*Restricted Territory*” means the geographic area within: (i) a 20 mile radius from your Studio (and including your Studio itself); and (ii) a 20 radius from all other OHM® Studios that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “*Restricted Territory*” means the geographic area within: (i) a 10 mile radius from your Studio (and including your Studio itself); and (ii) a 10 radius from all other OHM® Studios that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted

Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 10 mile radius from your Studio (and including your Studio itself).

“*Site Selection Area*” is defined in Sections 7.1.

“*Successor Agreement*” is defined in Section 4.1.

“*System*” means our distinct system for the operation of an OHM® Studio, the distinctive characteristics of which include logo, proprietary techniques and products, confidential brand standards manual and operating system.

“*Term*” is defined in Section 4.1.

“*Territory*” is defined in Section 3.

“*Transfer*” means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the franchise (or any interest therein), the Business (or any portion thereof) or an ownership interest in an Entity that is the franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

“*We*” or “*us*” is defined in the Introductory Paragraph.

“*You*” is defined in the Introductory Paragraph.

ATTACHMENT "B"
TO FRANCHISE AGREEMENT

Site Selection

A. Site Selection Area.

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area:

* The Site Selection Area is not your territory and there are no protections associated with this area.

B. Approved Site.

Pursuant to Section 7.1 of the Franchise Agreement, we hereby approve the site listed below for the operation of your Studio.

Approved address:

C. Protected Territory:

The Territory referenced in the Franchise Agreement is defined as follows and may further be depicted on a map attached to this Exhibit "B" and incorporated herein by reference:

[_____]

By signing below, you and we agree that the address identified in Part B. above shall be deemed your approved site for your Studio established and operated pursuant to the Franchise Agreement.

Franchisor:

OHM Fitness Franchise, LLC

Franchisee:

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

ATTACHMENT "C"
TO FRANCHISE AGREEMENT
LEASE ADDENDUM

[See Attached]

Lease Addendum

THIS AGREEMENT dated this _____ day of _____, 2023 among OHM Fitness Franchise, LLC, a Wyoming limited liability company, with principal offices at 15011 N. 75th Street, Suite #2, Scottsdale, Arizona 85260 (the “Franchisor”), _____, a(n) _____, with its principal offices located at _____ (the “Landlord”), and _____, a(n) *** _____ (the “Tenant/Franchisee”).

Introduction

- A. On _____, the Tenant/Franchisee and the Franchisor entered into an OHM® Franchise Agreement (the “Franchise Agreement”). Under the Franchise Agreement, the Franchisor granted the Tenant/Franchisee the right, and the Tenant/Franchisee undertook the duty, to operate an OHM® franchised business (the “Franchised Business”) at the Premises (defined below).
- B. Simultaneously with entering this Agreement, the Landlord and the Tenant/Franchisee are entering a lease agreement (the “Lease”). Under the Lease, the Tenant/Franchisee leases the premises described in Exhibit “A” (the “Premises”).
- C. To protect the Franchisor’s rights and interests under the Franchise Agreement, the Landlord grants certain rights to the Franchisor under the Lease as set forth below.

Agreement

The parties, therefore, agree as follows:

1. **Permitted Use.** Notwithstanding anything in the Lease to the contrary, the permitted use of the Premises as set forth in the Lease is deemed to include the right to operate an OHM Fitness® Studio, which offers fitness training and class sessions utilizing an OHM® EMS body suit which is worn during the training session that provides an improved alternative to traditional fitness training, and which is equipped with red light therapy recovery rooms.
2. **Notices.** At the same time such notices are sent to the Tenant/Franchisee, the Landlord must provide the Franchisor with copies of all written notices of default that it sends to the Tenant/Franchisee. The Landlord agrees to send such copies by first-class mail, postage prepaid, to the Franchisor at its address set forth above or such other address as the Franchisor may notify the Landlord in writing.
3. **Right to Cure.** If the Tenant/Franchisee defaults under the Lease, the Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. Furthermore, in such event, the Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining the Landlord’s or Franchisee’s consent. The Franchisor may thereafter assign the Lease to another OHM® franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord’s written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.
4. **Right to Assign.** At any time (including, without limitation, upon the expiration or sooner termination of the Franchise Agreement) without the Landlord’s prior consent, the Tenant/Franchisee may assign the Lease to the Franchisor. In such event, the Franchisor may thereafter assign the Lease to another OHM® franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord’s written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

5. Right of First Refusal. The Landlord agrees that upon the expiration or termination of the Lease, the Franchisor shall have the first right of refusal to lease the Premises as the new tenant.

6. Expiration or Termination of Franchise Agreement. The Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving the Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant/Franchisee's interests under the Lease in accordance with Section 2 above.

7. Acknowledgement of Rights. The Landlord acknowledges the Franchisor's rights under the Franchise Agreement to enter the Premises to: (i) make any modifications or alterations necessary in the Franchisor's sole discretion to protect its franchise system and its trademarks without being guilty of trespass or any other tort or crime; and (ii) remove any trade fixtures, interior or exterior signs and other items bearing the Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.

8. Modification of Lease. Without the Franchisor's prior written consent, the Landlord and the Tenant/Franchisee may not amend, modify, supplement, terminate, renew or extend the Lease.

9. Miscellaneous.

a. In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

b. All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

c. The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

d. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument. Confirmation of execution by telex or by telecopy facsimile signature page is binding upon any party so confirming or telecopying.

IN WITNESS WHEREOF, this Agreement has been executed the date and year first above written.

FRANCHISOR:

Ohm Fitness Franchise, LLC, a Wyoming limited liability company

By: _____
Name: _____
Its: _____

LANDLORD:

_____, a(n) _____

By: _____
Name: _____
Its: _____

FRANCHISEE:

_____ a(n) _____

By: _____

Name: _____

Its: _____

EXHIBIT "A" TO LEASE ADDENDUM
DESCRIPTION OF PREMISES

ATTACHMENT "D"
TO FRANCHISE AGREEMENT
Franchise Owner Agreement

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (i) each of the undersigned owners of Franchisee (defined below); and (ii) the spouse of each such owner, in favor of OHM Fitness Franchise, LLC, a Wyoming limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you”.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business competitive with us (or competitive with any of our affiliates or our franchisees) that offers fitness or exercise services.

“*Copyrights*” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow OHM® franchisees to use, sell or display in connection with the marketing and/or operation of an OHM® Studio, whether now in existence or created in the future.

“*Franchise Agreement*” means the OHM® Franchise Agreement executed by Franchisee with an effective date of .

“*Franchised Business*” means the OHM® Studio operated by Franchisee pursuant to the Franchise Agreement.

“*Franchisee*” means .

“*Improvements*” means any additions, modifications or improvements to (i) the goods or services offered at an OHM® Studio, (ii) the method of operation of an OHM® Studio or (iii) any marketing or promotional ideas relating to an OHM® Studio, whether developed by you, Franchisee or any other person.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of an OHM® Studio, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual

“*Manual*” means our confidential brand standards manual for the operation of an OHM® Studio.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an OHM® Studio, including “OHM®,” and any other trademarks, service marks or trade names that we designate for use in an OHM® Studio. The term “Marks” also includes any distinctive trade dress used to identify an OHM® Studio, whether now in existence or hereafter created. from us (or one of our affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers

“*Prohibited Activities*” means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to Owner or to any other person that is not then a franchisee of ours.

“*Restricted Period*” means the two (2) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the

Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable; provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the one (1) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

“*Restricted Territory*” means the geographic area within: (i) a 20 mile radius from the Franchised Business (and including the Franchised Businesses’ facility itself); and (ii) a 20 radius from all other OHM® Studios that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within: (i) a 10 mile radius from the Franchised Business (and including the Franchised Business’s facility itself); and (ii) a 10 radius from all other OHM® Studios that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 10 mile radius from the Franchised Business (and including the Franchised Businesses’ facility itself).

“*System*” means our distinct system for the operation of an OHM® Studio, the distinctive characteristics of which include logo, proprietary techniques and products, confidential brand standards manual and operating system.

2. Background. In your capacity as an owner of Franchisee, or the spouse of an owner of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to “owners” and not just Franchisee. You agree to comply with the terms of this Agreement In order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

(a) **Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the Franchised Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an owner of Franchisee or your spouse is an owner of Franchisee, as applicable. You further agree that you will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) **Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are an owner of Franchisee or while your spouse is an owner of Franchisee, as applicable, by engaging in any Prohibited Activities.

(c) Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

(d) Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

(e) Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE. Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area, we may at any time unilaterally modify the terms of the system protection covenants in Section 3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 3 of this Agreement to ensure that the terms and covenants are enforceable under applicable law

(f) Breach. You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other OHM® franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. Transfer Restrictions. If you are an owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in Franchisee except in accordance with the terms and conditions set forth in Section 20.2 of the Franchise Agreement.

5. Financial Security. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreement; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (1) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. Dispute Resolution. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with the terms thereof.

7. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party relating to or alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "E"
TO FRANCHISE AGREEMENT
ACH Authorization Form

[See Attached]

**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION
FORM**

Franchisee Information:

Franchisee Name

Business No.

Franchisee Mailing Address (street)

Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone number (if different from above)

Franchisee Fax No.
Address

Franchisee E-mail

Bank Account Information:

Bank Name

Bank Mailing Address (street, city, state, zip)

Checking Savings

Bank Account No.

(check one)

Bank Routing No.
(9 digits)

Bank Mailing Address (city, state, zip)

Bank Phone No.

Authorization:

Franchisee hereby authorizes OHM Fitness Franchise, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____

Date: _____

Name: _____

Its: _____

Federal Tax ID Number: _____

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING
TO THE BANK ACCOUNT.**

ATTACHMENT "F"
TO FRANCHISE AGREEMENT
Brand Protection Agreement

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of OHM Fitness Franchise, LLC, a Wyoming limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business competitive with us (or competitive with any of our affiliates or our franchisees) that offers exercise and fitness instruction services.

“*Copyrights*” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow OHM® franchisees to use, sell or display in connection with the marketing and/or operation of an OHM® Studio, whether now in existence or created in the future.

“*Franchised Business*” means each OHM® Studio operated by Franchisee.

“*Franchisee*” means the OHM® franchisee for whom you are an officer, director, employee or independent contractor.

“*Improvements*” means any additions, modifications or improvements to (i) the goods or services offered at an OHM® Studio, (ii) the method of operation of an OHM® Studio or (iii) any marketing or promotional ideals relating to an OHM® Studio, whether developed by you, Franchisee or any other person.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of an OHM® Studio, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Manual*” means our confidential brand standards manual for the operation of an OHM® Studio.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an OHM® Studio, including “OHM®,” and any other trademarks, service marks or trade names that we designate for use in an OHM® Studio. The term “Marks” also includes any distinctive trade dress used to identify an OHM® Studio, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

“*Restricted Period*” means the two (2) year period after you cease to be an officer, director, employee or independent contractor of Franchisee; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee.

“*Restricted Territory*” means the geographic area within: (i) a 20 mile radius from the Franchised Business (and including the Franchised Businesses’ facility itself); and (ii) a 20 radius from all other OHM® Studios that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within: (i) a 10 mile radius from the Franchised Business (and including the Franchised Business’s facility itself); and (ii) a 10 radius from all other OHM® Studios that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 10 mile radius from the Franchised Business (and including the Franchised Businesses’ facility itself).

“*System*” means our distinct system for the operation of an OHM® Studio, the distinctive characteristics of which include logo, proprietary techniques and products, confidential brand standards manual and operating system.

2. Background. You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the OHM® Studio operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an officer, director, employee or independent contractor of Franchisee by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other OHM® franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(d) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

This Brand Protection Agreement is executed as of the date or dates set forth below.

[Signature Page Follows]

RESTRICTED PARTY

By: _____

Name: _____

Date: _____

RESTRICTED PARTY

By: _____

Name: _____

Date: _____

“EXHIBIT D”
TO DISCLOSURE DOCUMENT
TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

BRAND STANDARDS MANUAL

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EXHIBIT E-1

LIST OF FRANCHISEES

AS OF DECEMBER 31, 2023

LIST OF FRANCHISEES AS OF DECEMBER 31, 2023

| State / Province | Franchisee | Location Address or Principal Business Address | Franchisee Telephone |
|-------------------------|--|---|-----------------------------|
| Arizona | Cara Hotchkiss, Chris Hotchkiss | 8018 E. Kael St., Mesa, AZ 85207 | 626-840-2799 |
| Arizona | Cara Hotchkiss, Chris Hotchkiss | 8018 E. Kael St., Mesa, AZ 85207 | 626-840-2799 |
| Arizona | Cara Hotchkiss, Chris Hotchkiss | 8018 E. Kael St., Mesa, AZ 85207 | 805-823-5547 |
| Arizona | April Meyeres, Candice Johnson, Casey Meyeres, Chris Johnson | 25738 North Lake Pleasant Parkway Suite F107 Peoria, AZ 85383 | 623-203-5798 |
| Arizona | April Meyeres, Candice Johnson, Casey Meyeres, Chris Johnson | 25738 North Lake Pleasant Parkway Suite F107 Peoria, AZ 85383 | 623-203-5798 |
| Arizona | April Meyeres, Candice Johnson, Casey Meyeres, Chris Johnson | 25738 North Lake Pleasant Parkway Suite F107 Peoria, AZ 85383 | 623-203-5798 |
| Arizona | Bill Sezate, Cara Hotchkiss, Chris Hotchkiss, Lori Sezate | 8018 E. Kael St., Mesa, AZ 85207 | 805-823-5547 |
| Arizona | Cara Hotchkiss, Chris Hotchkiss | 8018 E. Kael St., Mesa, AZ 85207 | 805-823-5547 |
| Arizona | Cara Hotchkiss, Chris Hotchkiss | 1909 N. Power Road Suite 105 Mesa, AZ 85205 | 805-823-5547 |
| Arizona | Brandon Goates, Kaesy Crittenden, Tresure Goates, Tuckett Crittenden | 20258 E. Calle De Flores Queen Creek, AZ 85142 | 480-747-2986 |
| Arizona | Brandon Goates, Kaesy Crittenden, Tresure Goates, Tuckett Crittenden | 20258 E. Calle De Flores Queen Creek, AZ 85142 | 480-747-2986 |
| Arizona | Brandon Goates, Kaesy Crittenden, Tresure Goates, Tuckett Crittenden | 20258 E. Calle De Flores Queen Creek, AZ 85142 | 480-747-2986 |
| California | Cole Genovese, Dani Conklin, Lauren Alles | 137 S Las Posas Road, Suite 253, San Marcos, CA 92078 | 206-409-3202 |
| California | Dani Conklin | 137 S Las Posas Road, Suite 253, San Marcos, CA 92078 | 206-409-3202 |
| Colorado | Grant Franklin, Kathy Franklin, Garrett Franklin, Walker Franklin | 4056 9th Ave, Denver, CO 80220 | 925-876-7698 |

| State / Province | Franchisee | Location Address or Principal Business Address | Franchisee Telephone |
|-------------------------|---|--|-----------------------------|
| Colorado | Grant Franklin, Kathy Franklin, Garrett Franklin, Walker Franklin | 10012 Commons Street Suite 108 Lone Tree, CO 80124 | 925-876-7698 |
| Colorado | Grant Franklin, Kathy Franklin, Garrett Franklin, Walker Franklin | 1593 Dry Gulch Rd., Estes Park, CO 80517 | 925-876-7698 |
| District of Columbia | Alyssa Kapneck, Jake Kapneck | 1916 Davis Branch Road Woodstock, MD 21163 | 973-600-4118 |
| Florida | Joshua Coba, Will Babin | Doral Marketplace at the Southwest corner of NW 41st St. and NW 107th Ave. in Doral, FL | 520-631-4470 |
| Florida | Joshua Coba, Will Babin | 11341 South Dixie Highway Unit #200 Miami, Florida 33150 | 520-631-4470 |
| Florida | Dean Kapneck | 7459 NW 76 Way Boca Raton, FL 33496 | 201-481-6198 |
| Florida | Dean Kapneck | 7459 NW 76 Way Boca Raton, FL 33496 | 201-481-6198 |
| Florida | Dean Kapneck | 7459 NW 76 Way Boca Raton, FL 33496 | 201-481-6198 |
| Florida | Joshua Coba, Will Babin | 8198 Glades Road, Boca Raton, FL 33434 | 520-631-4470 |
| Florida | Beau Vallis | 3301 NE 183 rd Street #2808 Aventura, FL 33160 | 201-887-2635 |
| Florida | Emil Ashe, Pavan Narra, Roy Adams | 7907 20th Pl. W, Bradenton FL 34209 | 505-321-7778 |
| Florida | Emil Ashe, Pavan Narra, Roy Adams | 7907 20th Pl. W, Bradenton FL 34209 | 505-321-7778 |
| Florida | Emil Ashe, Pavan Narra, Roy Adams | 7907 20th Pl. W, Bradenton FL 34209 | 505-321-7778 |
| Kansas | Bethanny Brown, Steve Brown | 7951 W. 160th St. Suite 495 Overland Park, KS 66223 | 913-660-3350 |
| Kansas | Bethanny Brown, Steve Brown | 9337 Cedar Reserve Drive Prairie Village, KS 66207 | 913-660-3350 |
| Kansas | Bethanny Brown, Steve Brown | 9337 Cedar Reserve Drive Prairie Village, KS 66207 | 913-660-3350 |
| Missouri | Eric Barnes, Tracy Barnes | 1406 Forum Blvd Suite 101 | 573-424-3183 |

| State / Province | Franchisee | Location Address or Principal Business Address | Franchisee Telephone |
|-------------------------|------------------------------|---|-----------------------------|
| | | Columbia, MO 65203 | |
| Missouri | Eric Barnes, Tracy Barnes | 4016 Glen Eagle Dr., Columbia, MO 65203 | 573-424-3183 |
| Missouri | Eric Barnes, Tracy Barnes | 4016 Glen Eagle Dr., Columbia, MO 65203 | 573-424-3183 |
| New Jersey | Janet Mok, John Mok | 66 Hemlock Terrace, Wayne, NJ 07470 | 908-227-5015 |
| New Jersey | Janet Mok, John Mok | 66 Hemlock Terrace, Wayne, NJ 07470 | 908-227-5015 |
| New Jersey | Janet Mok, John Mok | 66 Hemlock Terrace, Wayne, NJ 07470 | 908-227-5015 |
| New Jersey | Christine Huynh, Peter Huynh | 6466 Middleton Lane New Hope, PA 18938 | 305-926-7861 |
| New Jersey | Christine Huynh, Peter Huynh | 6466 Middleton Lane New Hope, PA 18938 | 305-926-7861 |
| New Jersey | Christine Huynh, Peter Huynh | 6466 Middleton Lane New Hope, PA 18938 | 305-926-7861 |
| North Carolina | Liz Arcos, Luis Arcos | 12214 Bradford Green Square Cary, NC 27513 | 760-579-2260 |
| North Carolina | Liz Arcos, Luis Arcos | 1628 Doubles Ct., Raleigh, NC 27609 | 760-579-2260 |
| North Carolina | Liz Arcos, Luis Arcos | 1628 Doubles Ct., Raleigh, NC 27609 | 760-579-2260 |
| Texas | Shivam Khanna | 3020 Communications Parkway, Ste 100 Plano, TX 75093 | 469-323-9797 |
| Texas | Shivam Khanna | 3020 Communications Parkway, Ste 100 Plano, TX 75093 | 469-323-9797 |
| Texas | Shivam Khanna | 3020 Communications Parkway, Ste 100 Plano, TX 75093 | 469-323-9797 |

EXHIBIT E-2

FRANCHISEES WHO HAVE LEFT THE SYSTEM

THROUGH THE ISSUANCE DATE

The following lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of each franchisee who had a OHM Fitness® Studio terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement and who has left the system during our most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document:

Becky Renner
Phoenix, AZ
Phone No.: 480-650-1601

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

EXHIBIT F

TO DISCLOSURE DOCUMENT

INFORMATION ON OUR AREA REPRESENTATIVES

The following displays information on any Area Representative in your city and state. Area Representatives assist with soliciting, recruiting, training and supporting franchisees; however, they do not have the authority to: (i) sell franchises; (ii) sign Franchise Agreements or other binding agreements with franchisees; or (iii) agree to negotiated modifications to our standard form of franchise agreement. Therefore, unless otherwise disclosed in Item 2, Area Representatives are not our directors, trustees, general partners, or principal officers, nor will they have management responsibility relating to the sale or operation of franchises offered by this document.

| |
|--|
| CALIFORNIA |
| Danielle Conklin, Cole Genovese and Lauren Alles Territory: San Diego 1726 Blue Water Lane San Marcos, CA 92078 Phone No: 206-409-3202 |
| COLORADO |
| FRANKLIN OHM AR, LLC Kathy Franklin and Garrett Franklin Territory: Colorado 1593 Dry Gulch Rd. Estes Park, CO 80517 Phone No: (925) 451-1808 |
| DISTRICT OF COLUMBIA (DC) |
| KAPNECK OHM LLC Jake Kapneck and Alyssa Kapneck Territory: DC 1916 Davis Branch Road Woodstock, MD 21163 Phone No: 973-600-4118 |
| FLORIDA |
| OHM SOUTH FLORIDA LLC Will Babin, Josh Coba, Dan Koonin and Erika Garcia Territory: South Florida 5391 Fisher Island Drive Miami Beach, FL 33109 Phone No: 520-631-4470 |
| FLORIDA |
| NOAA, LLC Emil Ashe, Pavan Narra, Roy Adams, Kelli Adams, Jud Owens Territory: Tampa 7907 20th Pl. W, Bradenton FL 34209 Phone No: 505-321-7778 |

FLORIDA

Don Williams and Rob Beers
Territory: Orlando and Panhandle, FL
1170 Tree Swallow Drive #328
Winter Springs FL 32708
Phone No: 352-978-7820

KANSAS

BALSWB, LLC
Steven Brown, Beth Brown and Jamie Lull
Territory: Kansas and Missouri
9337 Cedar Reserve Drive
Prairie Village, KS 66207
Phone No: (913) 660-3350

MISSOURI

BALSWB, LLC
Steven Brown, Beth Brown and Jamie Lull
Territory: Kansas and Missouri
9337 Cedar Reserve Drive
Prairie Village, KS 66207
Phone No: (913) 660-3350

NEW JERSEY

KAPNECK OHM LLC
Jake Kapneck
Territory: New Jersey
1916 Davis Branch Road
Woodstock, MD 21163
Phone No: 973-600-4118

NORTH CAROLINA

OHM GROUP NC, LLC
Luis Arcos and Liz Arcos
Territory: North Carolina
1628 Doubles Ct.
Raleigh, NC 27609
Phone No: (305) 491-3763

OREGON

Mark Wagner and Ngan Wagner
Territory: Oregon
10151 SW Lancaster Rd.
Portland, OR 97219
Phone No: (503) 449-7592

TEXAS - AUSTIN / SAN ANTONIO

TEXAS OHMIES LLC
Shivam Khanna
Territory: Austin and San Antonio, TX
3020 Communications Parkway
Plano, TX 75093
Phone No: (469) 323-9797

TEXAS - DALLAS

TEXAS OHMIES LLC
Shivam Khanna
Territory: Dallas, TX
3020 Communications Parkway
Plano, TX 75093
Phone No: (469) 323-9797

TEXAS - HOUSTON

TEXAS OHMIES LLC
Shivam Khanna
Territory: Houston, TX
3020 Communications Parkway
Plano, TX 75093
Phone No: (469) 323-9797

UTAH

Brandon Goates, Tresure Goates, Kaesy Crittenden and Tuckett Crittenden
Territory: Utah
20258 E. Calle de Flores
Queen Creek, AZ 85142

EXHIBIT G

TO DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE DOCUMENT QUESTIONNAIRE

This Questionnaire is not applicable in the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

**Do not sign this Disclosure Questionnaire
if you are a resident of Maryland or Washington
or the business is to be operated in Maryland or Washington**

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know OHM Fitness Franchise, LLC (“we” or “us), and you are preparing to enter into a Franchise Agreement for the operation of an OHM® franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise disclosure document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

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

- Yes__ No__ 1. Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
- Yes__ No__ 2. Have you received and personally reviewed the Franchise disclosure document we provided?
- Yes__ No__ 3. Did you sign a receipt for the Franchise disclosure document indicating the date you received it?
- Yes__ No__ 4. Do you understand all the information contained in the Franchise disclosure document and Franchise Agreement?
- Yes__ No__ 5. Did you receive the Franchise disclosure document at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?
- Yes__ No__ 6. Did you receive a complete execution copy of the Franchise Agreement at least seven (7) calendar days before you signed it?
- Yes__ No__ 7. Have you reviewed the Franchise disclosure document and Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes__ No__ 8. Have you discussed the benefits and risks of developing and operating an OHM® franchise with an existing OHM® franchisee?
- Yes__ No__ 9. Do you understand the risks of developing and operating an OHM® franchise?
- Yes__ No__ 10. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
- Yes__ No__ 11. Do you understand that you must satisfactorily complete the initial training course before we will allow your franchised business to open or consent to a transfer?

- Yes__ No__ 12. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an OHM® franchise that is not contained in the Franchise disclosure document or that is contrary to, or different from, the information contained in the Franchise disclosure document?
- Yes__ No__ 13. Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise disclosure document?
- Yes__ No__ 14. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue an OHM® franchise will generate, that is not contained in the Franchise disclosure document or that is contrary to, or different from, the information contained in the Franchise disclosure document?
- Yes__ No__ 15. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the OHM® business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

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 CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

EXHIBIT "H"
TO DISCLOSURE DOCUMENT
GENERAL RELEASE

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "Release") is made as of _____, 20__ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of OHM Fitness Franchise, LLC, a Wyoming limited liability company ("Franchisor," and together with Releasor, the "Parties"). This Release will not apply to claims arising under the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "Agreement") pursuant to which Franchisee was granted the right to own and operate an OHM® Studio;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, [**enter into a successor franchise agreement**] and Franchisor has consented to such transfer [**agreed to enter into a successor franchise agreement**]; and

WHEREAS, as a condition to Franchisor's consent to the transfer [**Franchisee's ability to enter into a successor franchise agreement**], Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer [**Franchisor entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties.** Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. [] represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release.** Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. **Non-Disparagement.** Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business or their reputation.

4. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Arizona.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

[Signature Page Follows]

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

FRANCHISEE

_____, a

By: _____

Name: _____

Its: _____

FRANCHISEE'S OWNERS

Date _____

Signature

Typed or Printed Name

STATE OF _____)

) ss.

County of _____)

The foregoing instrument was acknowledged before me this ____ day of _____, by
_____.

Notary Public

My commission expires:

Date _____

Signature

Typed or Printed Name

STATE OF _____)

) ss.

County of _____)

The foregoing instrument was acknowledged before me this ____ day of _____, by
_____.

Notary Public

My commission expires:

Date _____

Signature

Typed or Printed Name

STATE OF _____)

) ss.

County of _____)

The foregoing instrument was acknowledged before me this ____ day of _____, by
_____.

Notary Public

My commission expires:

EXHIBIT "I"
TO DISCLOSURE DOCUMENT
STATE ADDENDA AND RIDERS

CALIFORNIA ADDENDA & RIDER

**ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
OHM FITNESS FRANCHISE, LLC
STATE OF CALIFORNIA**

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

The following paragraphs are added to the disclosure document:

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

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

The Franchise Compliance Certificate is not applicable in California.

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

Post-Termination Noncompetition and Non-solicitation Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law. The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in Section 22 of the Franchise Agreement that is disclosed in Item 17, rows q and r.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Arizona with certain exceptions. These provisions may not be enforceable under California law.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any

franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The highest interest rate allowed by law in California is 10% annually.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Franchise Disclosure Document.

Neither the franchisor, nor any person or franchise broker listed in Item 2 of the disclosure document 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 these persons from membership in such association or exchange

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

**RIDER TO
OHM FITNESS FRANCHISE, LLC
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA**

This Rider is entered into this _____ (the “Effective Date”), between **OHM FITNESS FRANCHISE, LLC** (“we,” “us” or “our”), and _____ (“you” or “your”), whose address is _____ (collectively, you and we are referred to as the “parties” and individually sometimes referred to as a “party”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

3. **Acknowledgments.** Section 24 is deleted in its entirety.

4. **Non-Solicitation.** The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in the Agreement that is disclosed in Item 17, rows q and r.

4. **Waiver of Punitive Damages and Limitations of Claims.** Section 23 of the Agreement is amended by adding the following:

These provisions may violate California Corporations Code section 31512, since Corporations Code section 31300 provides for damages without limitation, 31303 provides a four-year statute of limitations, 31304 provides a two-year statute of limitations for certain claims under the California Franchise Investment Law.

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

California’s Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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

The highest interest rate allowed by law in California is 10% annually.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Franchise Disclosure Document.

Neither the franchisor, nor any person or franchise broker listed in Item 2 of the disclosure document 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 these persons from membership in such association or exchange

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Effective Date, regardless of the actual date of signature.

“YOU”

“WE”

OHM FITNESS FRANCHISE, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

HAWAII ADDENDA AND RIDER

**ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
OHM FITNESS FRANCHISE, LLC
STATE OF HAWAII**

1. The following paragraphs are added to the disclosure document:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR 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.

2. The following is added to Items 5 and 21 of the disclosure document.

The payment of initial franchise fees and any other payments due us are deferred until the Franchisor has performed all initial obligations owed the Franchisee and the Franchisee has commenced doing business. This financial assurance requirement is imposed by the Hawaii Department of Commerce and Consumer Affairs based on our financial condition.

RIDER
OHM FITNESS FRANCHISE, LLC
AREA REPRESENTATIVE AGREEMENT
FOR USE IN HAWAII

This Rider is entered into this _____, 20__ (the “**Effective Date**”), between **OHM FITNESS FRANCHISE, LLC** (“**we**,” “**us**” or “**our**”), whose principal place of business is located at 1085 SW 15th Avenue, Unit E3, Delray Beach, Florida 33444, and _____ (“**you**” or “**your**”), whose address is _____ (collectively, you and we are referred to as the “**parties**” and individually sometimes referred to as a “**party**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Initial Fees.** The payment of initial franchise fees and any other payments due us are deferred until the Franchisor has performed all initial obligations owed the Franchisee and the Franchisee has commenced doing business. This financial assurance requirement is imposed by the Hawaii Department of Commerce and Consumer Affairs based on our financial condition.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“**YOU**”

“**WE**”

OHM FITNESS FRANCHISE, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

ILLINOIS ADDENDA & RIDER

**ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
OHM FITNESS FRANCHISE, LLC
STATE OF ILLINOIS**

The following is added to the disclosure document:

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

The following is added to Item 17 of the disclosure document:

Illinois law governs the franchise agreement(s).

Section 4 of the Illinois Franchise Disclosure Act states that any provision in a franchise agreement that designates jurisdiction and venue in a forum outside 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 Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

**RIDER TO
OHM FITNESS FRANCHISE, LLC
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider is entered into this _____ (the “**Effective Date**”), between **OHM FITNESS FRANCHISE, LLC** (“**we**,” “**us**” or “**our**”), and _____ (“**you**” or “**your**”), whose address is _____ (collectively, you and we are referred to as the “**parties**” and individually sometimes referred to as a “**party**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Termination.** The following is added to Section 21 of the Agreement:

The conditions under which this franchise can be terminated and a franchisee’s rights upon nonrenewal are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

6. **Questionnaires and Acknowledgements.** No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. **Governing Law and Jurisdiction.** Section 23 of the Agreement is amended by adding the following:

Illinois law governs the franchise agreement(s). Section 4 of the Illinois Franchise Disclosure Act states that any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

8. **Waiver of Jury Trial.** The jury trial waiver in Section 23 of the Agreement is deleted in its entirety.

9. **No Waiver.** Be advised that any condition, stipulation, or provision purporting to bind any person requiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Law or any other law of Illinois is void.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“YOU”

“WE”

OHM FITNESS FRANCHISE, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

MARYLAND ADDENDA & RIDER

**ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
OHM FITNESS FRANCHISE, LLC
STATE OF MARYLAND**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in Maryland. **Do not sign this Franchise Disclosure Questionnaire if you are a resident of Maryland or the business is to be operated in Maryland.**

The following is added to Section 5 of the disclosure document:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we have posted a Surety Bond to satisfy this financial assurance condition. A copy of the Surety Bond is attached as Exhibit "A" to this Addendum..

Item 17 is amended by adding the following language after the table:

Any General Release required as a condition of renewal, sale and/or assignment or transfer does not apply to any liability under the Maryland Registration and Disclosure Law.

You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.)

The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation state that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

EXHIBIT A

TO

ADDENDUM

TO FRANCHISE DISCLOSURE DOCUMENT FOR

OHM FITNESS FRANCHISE, LLC

STATE OF MARYLAND

SURETY BOND

STATE OF MARYLAND
SECURITIES DIVISION
FRANCHISOR SURETY BOND

KNOW ALL MEN BY THESE PRESENTS, THAT

OHM Fitness Franchise LLC dba OHM Fitness

(Name of Franchisor)

a LLC

Wyoming

(Description or form of business organization, including State of Incorporation), with business offices at

15011 North 75th Street, SCOTTSDALE AZ 85260

(Address)

as Principal, and Nationwide Mutual Insurance Company a corporation duly organized

(Name of Surety)

under the laws of the State of Ohio and authorized to do business in the State of Maryland, as Surety, are hereby held and firmly bound to the State of Maryland, in the sum of One Hundred Eighty Nine Thousand Dollars

Thousand Dollars (\$189,000). For the payment of this sum, Principal and Surety bind themselves, their representatives, successors and assigns, jointly and severally by these presents.

WHEREAS, Principal has applied for registration as a franchisor to offer and sell franchises in Maryland, as required under the Maryland Franchise Registration and Disclosure Law, Title 14, Subtitle 2, Business Regulation Article, Annotated Code of Maryland, (2010 Repl. Vol.) (the Maryland Franchise Law); and

WHEREAS, Principal executes this surety bond under §14-217 of the Maryland Franchise Law, as a condition of its registration to offer and sell franchises in Maryland;

NOW, THEREFORE, the Principal agrees as follows:

- 1. Principal shall obey all applicable rules, regulations and statutes of the State of Maryland, now or hereafter existing and all other applicable laws now or hereafter existing, affecting or relating to the offer or sale of franchises and area franchises.
2. Principal shall in all respects be bound to any and all applicable requirements and provisions required to be in this bond by existing and future statutes, rules and regulations of the State of Maryland, and laws, the same as though such requirements and provisions were fully set forth in this bond, and by reference such requirements and provisions are made a part hereof.
3. Principal shall in all respects be bound to perform and fulfill, up to and until the time at which a franchisee's or subfranchisor's business is fully operational, all undertakings, covenants, terms, conditions and agreements of any contract, or of any modification to a contract duly authorized by the parties to the contract, that the Principal makes with these franchisees, or subfranchisors.
4. This bond is for the benefit of the State of Maryland and all persons purchasing franchises and area franchises from Principal.
5. This bond shall become effective at 12:01am on 09/20/2023 (time of day) (date)

It may be cancelled by Surety and Surety relieved of liability with respect to a franchise agreement entered into by Principal after the effective date of cancellation. Cancellation is effective 90 days after the Maryland Securities Commissioner and Principal receive written notice from Surety of cancellation. Notwithstanding any such cancellation, coverage under this bond remains effective with respect to any franchise agreements entered into by Principal prior to the effective date of cancellation.

Nationwide Mutual Insurance Company

(Name of Surety)

OHM Fitness Franchise LLC dba OHM Fitness

(Name of Franchisor)

By: Christopher Kolger (Signature of Attorney in Fact)

By: Steve Belknap (Signature of Officer, Partner, or Sole Proprietor)

Steve Belknap, Vice President-Regional Sales

Approved as to form:

November 16, 2023

Date

Assistant Attorney General



INSTRUCTIONS:

1. This side is to be completed by a notary public for both the Principal and the Surety.
2. Please attach the Power of Attorney and Certified Copy of the Corporate Resolution for the Surety listed herein.

STATE OF Arizona)
) ss.
 COUNTY OF Maricopa)

ACKNOWLEDGMENT OF PRINCIPAL

(INDIVIDUAL PROPRIETORSHIP)

The foregoing instrument was acknowledged before me this _____ day of _____, _____

by _____
(Name of Person Acknowledged)

ZZ

~~(CORPORATION)~~ **LIMITED LIABILITY COMPANY**

The foregoing instrument was acknowledged before me this 10 day of Nov., 2023

by Steve Belknap Vice President-Regional Sales ~~xxx President of~~
(Name of Corporation President)

OHM Fitness Franchise, LLC a Wyoming limited liability company
(Name of ~~XXXXXX~~ limited liability company (State of ~~XXXXXX~~ formation
~~XXXXXX~~, on behalf of the ~~XXXXXX~~ limited liability company

(PARTNERSHIP)

The foregoing instrument was acknowledged before me this _____ day of _____, _____

by _____, a partner on behalf of
(Name of Acknowledging Partner)

_____, a partnership.

(Name of Partnership) **ALEXANDRIA HARTSWORM**
 Notary Public, State of Arizona
 Maricopa County
 Commission # 579200
 My Commission Expires
 January 31, 2024



A. Hartsworm
Notary Public

NOTARY SEAL City: Scottsdale Comm. Exp: 1/31/2024

STATE OF Colorado)
) ss.
 COUNTY OF Denver)

ACKNOWLEDGMENT OF SURETY

The foregoing instrument was acknowledged before me this 26th day of September, 2023

by Christopher Kolger Attorney-in-Fact
(Name and Title of Officer or Agent)

of Nationwide Mutual Insurance Company
(Name of Corporation Acknowledging)

a Ohio corporation, on behalf of the corporation.
(State of Incorporation)

Sush
Notary Public

Sarah Elizabeth Van Horn
 State of Colorado
 Notary Public
 Commission No. 25234025821
 My Commission Expires 07/07/2027

City: Indianapolis Comm. Exp: 02/29/2024

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS THAT:

Nationwide Mutual Insurance Company, an Ohio corporation

hereinafter referred to severally as the Company and collectively as the Companies does hereby make, constitute and appoint
CHRISTOPHER KOLGER, JOSEPH J PERSCHY, AARON STEFFEY;

each in their individual capacity, its true and lawful attorney-in-fact, with full power and authority to sign, seal, and execute on its behalf any and all bonds and undertakings, and other obligatory instruments of similar nature, in penalties not exceeding the sum of

FIVE MILLION AND NO/100 DOLLARS (\$5,000,000.00)

and to bind the Company thereby, as fully and to the same extent as if such instruments were signed by the duly authorized officers of the Company, and all acts of said Attorney pursuant to the authority given are hereby ratified and confirmed.

This power of attorney is made and executed pursuant to and by authority of the following resolution duly adopted by the board of directors of the Company:

RESOLVED, that the president, or any vice president be, and each hereby is, authorized and empowered to appoint attorneys-in-fact of the Company, and to authorize them to execute and deliver on behalf of the Company any and all bonds, forms, applications, memorandums, undertakings, recognizances, transfers, contracts of indemnity, policies, contracts guaranteeing the fidelity of persons holding positions of public or private trust, and other writings obligatory in nature that the business of the Company may require, and to modify or revoke, with or without cause, any such appointment or authority, provided, however, that the authority granted hereby shall in no way limit the authority of other duly authorized agents to sign and countersign any of said documents on behalf of the Company.

RESOLVED FURTHER, that such attorneys-in-fact shall have full power and authority to execute and deliver any and all such documents and to bind the Company subject to the terms and limitations of the power of attorney issued to them, and to affix the seal of the Company thereto, provided, however, that said seal shall not be necessary for the validity of any such documents.

This power of attorney is signed and sealed under and by the following bylaws duly adopted by the board of directors of the Company:

Execution of Instruments. Any vice president, any assistant secretary or any assistant treasurer shall have the power and authority to sign or attest all approved documents, instruments, contracts, or other papers in connection with the operation of the business of the company in addition to the chairman of the board, the chief executive officer, president, treasurer or secretary, provided, however, the signature of any of them may be printed, engraved, or stamped on any approved document, contract, instrument, or other papers of the Company.

IN WITNESS WHEREOF, the Company has caused this instrument to be sealed and duly attested by the signature of its officer the 20th day of August, 2021.



Antonio C. Albanese, Vice President of Nationwide Mutual Insurance Company



ACKNOWLEDGMENT

STATE OF NEW YORK COUNTY OF NEW YORK, ss

On this 20th day of August, 2021, before me came the above-named officer for the Company aforesaid, to me personally known to be the officer described in and who executed the preceding instrument, and he acknowledged the execution of the same, and being by me duly sworn, deposes and says, that he is the officer of the Company aforesaid, that the seal affixed hereto is the corporate seal of said Company, and the said corporate seal and his signature were duly affixed and subscribed to said instrument by the authority and direction of said Company.

Stephanie Rubino McArthur
Notary Public, State of New York
No. 02MCE270117
Qualified in New York County
Commission Expires October 19, 2024

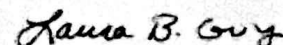


Notary Public
My Commission Expires
October 19, 2024

CERTIFICATE

I, Laura B. Guy, Assistant Secretary of the Company, do hereby certify that the foregoing is a full, true and correct copy of the original power of attorney issued by the Company, that the resolution included therein is a true and correct transcript from the minutes of the meetings of the boards of directors and the same has not been revoked or amended in any manner; that said Antonio C. Albanese was on the date of the execution of the foregoing power of attorney the duly elected officer of the Company, and the corporate seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority of said board of directors, and the foregoing power of attorney is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto subscribed my name as Assistant Secretary, and affixed the corporate seal of said Company this 26th day of September, 2023



Assistant Secretary



NationwideTM
is on your side

SURETY BOND SEAL ADDENDUM

Nationwide Mutual Insurance Company

Due to logistical issues associated with the use of traditional seals during the COVID-19 pandemic, Nationwide Mutual Insurance Company has authorized its Attorneys-in-Fact to affix Nationwide Mutual Insurance Company's corporate seal to any bond executed on behalf of Nationwide Mutual Insurance Company by any such Attorney-in-Fact by attaching this Addendum to said bond.

To the extent this Addendum is attached to a bond that is executed on behalf of Nationwide Mutual Dated this Insurance Company by its Attorney-in-Fact, Nationwide Mutual Insurance Company hereby agrees that the seal below shall be deemed affixed to said bond to the same extent as if its raised corporate seal was physically affixed to the face of the bond.

Dated this 2nd day of April, 2020.

Nationwide Mutual Insurance Company



By

Antonio C. Albanese

Antonio C. Albanese, Vice President - Surety
Nationwide Mutual Insurance Company

**RIDER TO
OHM FITNESS FRANCHISE, LLC
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

This Rider is entered into this _____ (the “Effective Date”), between **OHM FITNESS FRANCHISE, LLC** (“we,” “us” or “our”), and _____ (“you” or “your”), whose address is _____ (collectively, you and we are referred to as the “parties” and individually sometimes referred to as a “party”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Fees.** Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we have posted a Surety Bond to satisfy this financial assurance condition.

3. **No Release, Estoppel or Waiver of State Law.** 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.

4. **Jurisdiction.** Any litigation arising on claims under Maryland Law may be brought by the Franchisee in Maryland.

5. **Limitation on Claims.** Nothing in this Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under Maryland Law. All claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.

6. **General Release.** Any General Release required as a condition of renewal, sale and/or assignment or transfer does not apply to any liability under the Maryland Registration and Disclosure Law.

7. **Your Representations.** This section 24 of the Agreement is deleted in its entirety. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“YOU”

“WE”

OHM FITNESS FRANCHISE, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

MINNESOTA ADDENDA & RIDER

**ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
OHM FITNESS FRANCHISE, LLC
STATE OF MINNESOTA**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in Minnesota.

The following is added to Section 5 of the disclosure document:

Based upon the franchisor's financial condition, the Minnesota Securities Commissioner has required a financial assurance. Therefore, we have posted a Surety Bond to satisfy this financial assurance condition. A copy of the Surety Bond is attached as Exhibit "A" to this Addendum.

Item 17, summary column for (f) is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

Item 17, summary column for (m) is amended to add the following:

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act. Minnesota Rules 2860.4400(D) [revisor.leg.state.mn.us] prohibits a franchisor from requiring a franchisee to assent to a general release.

Item 17, summary columns for (v) and (w) are amended to add the following:

Minnesota Statute 80C.21 [revisor.leg.state.mn.us] and Minnesota Rule 2860.4400(J) [revisor.leg.state.mn.us] prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C [revisor.leg.state.mn.us] or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. e. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G) [revisor.mn.gov]. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5. [revisor.leg.state.mn.us].

NSF checks are governed by Minnesota Statute 60-5.113, which puts a cap of \$30 on service charges.

Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

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

EXHIBIT A
TO
ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
OHM FITNESS FRANCHISE, LLC
STATE OF MINNESOTA

BOND NO. 7901160218

STATE OF MINNESOTA
FRANCHISOR SURETY BOND

KNOW ALL MEN BY THESE PRESENTS, THAT OHM Fitness Franchise LLC
(Name of Franchisor)

a WY
(Description or form of business organization, including State of Incorporation, if applicable)

with business office at 15011 N 75th St #2, Scottsdale, AZ 85260
(Address)

as Principal and Nationwide Mutual Insurance Company, a corporation duly
(Name of Surety)
organized under the laws of the State of Ohio, and authorized to do business in the
State of Minnesota, as Surety, are hereby held and firmly bound to the State of Minnesota, in the sum of

Thirty Nine Thousand and no/100 Dollars (\$39,000.00).

For the payment of this sum, Principal and Surety bind themselves, their representatives, successors and assigns, jointly and severally by these presents.

The parties further agree that:

1. The purpose of this obligation is to secure the compliance by Principal with its franchise contract (Registration Number _____) in accordance with Minnesota Statutes, Section 80C.05 and Minnesota Rules, Part 2860.1900.

2. This bond is for the benefit of the State of Minnesota and all persons purchasing franchises from principal.

3. If Principal shall violate the franchise contract by failing to provide real estate, improvements, equipment, inventory, training or any other items included in the offering, prior to the time of the opening of the franchise business, the Commissioner of Commerce of the State of Minnesota, as well as any franchisee damaged as a result of such violation, shall have, in addition to all other legal remedies, a right of action on this Bond in the name of the injured party for loss sustained by the injured party.

4. This bond shall become effective at 12:00:00AM on October 12, 2023
(time of day) (date)

It may be cancelled by Surety and Surety relieved of liability with respect to franchise agreements entered into by Principal after the effective date of cancellation. Cancellation is effective 30 days after the Commissioner of Commerce and Principal receive written notice from Surety of cancellation. Notwithstanding any such cancellation, coverage under this bond remains effective with respect to any franchise agreements entered into by Principal prior to the effective date of cancellation.

Nationwide Mutual Insurance Company
(Name of Surety)
By: Valerie Ann Aber
(Signature of Attorney in Fact)
VALERIE ANN ABER

OHM Fitness Franchise LLC
(Name of Franchisor)
By: [Signature]
(Signature of Officer, Partner, or Sole Proprietor)
Steve Belknap Vice President-Regional Sales



FOR OFFICE USE ONLY

Approved as to form and execution.

Special Assistant Attorney General

November 16, 2023
Date

Instructions:

- 1. This side is to be completed by a notary public for both the Principal and the Surety.
- 2. Please attach the **Power of Attorney and Certified Copy of the Corporate Resolution** for the Surety listed herein.

STATE OF Arizona)

) ss.

ACKNOWLEDGEMENT OF PRINCIPAL

COUNTY OF Maricopa)

(INDIVIDUAL PROPRIETORSHIP)

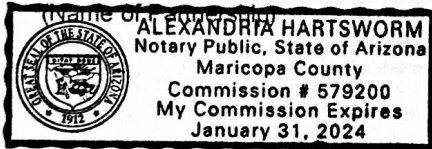
The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by _____
 (Name of Person Acknowledged)

~~CORPORATION~~ **LIMITED LIABILITY COMPANY**

The foregoing instrument was acknowledged before me this 16 day of November, 2023, by Steve Belknap Vice President-Regional Sales ~~President~~ of OHM Fitness Franchise, LLC (Name of Corporation Acknowledging) a Wyoming limited liability company (State of Incorporation) on behalf of the ~~corporation~~ ~~corporation~~ limited liability company.

(PARTNERSHIP)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by _____, a partner on behalf of _____, a partnership.



A. Hartsworm
 Notary Public

NOTARY SEAL

Cty: Scottsdale Comm. Exp: 1/31/2024

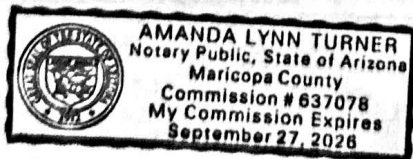
STATE OF Arizona)

) ss.

ACKNOWLEDGEMENT OF SURETY

COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 12th day of October, 2023, by VALERIE ANN ABER Attorney in Fact of Nationwide Mutual Insurance Company (Name and Title of Officer or Agent) a OH (State of Incorporation) corporation, on behalf of the corporation.



[Signature]
 Notary Public

NOTARY SEAL

Cty: Litchfield Park Comm. Exp: 09/27/2026

KNOW ALL MEN BY THESE PRESENTS THAT:

Nationwide Mutual Insurance Company, an Ohio corporation

hereinafter referred to severally as the "Company" and collectively as "the Companies" does hereby make, constitute and appoint:

VALERIE ANN ABER

each in their individual capacity, its true and lawful attorney-in-fact, with full power and authority to sign, seal, and execute on its behalf any and all bonds and undertakings, and other obligatory instruments of similar nature, in penalties not exceeding the sum of

Thirty Nine Thousand and no/100 dollars (\$39,000.00)

and to bind the Company thereby, as fully and to the same extent as if such instruments were signed by the duly authorized officers of the Company; and all acts of said Attorney pursuant to the authority given are hereby ratified and confirmed.

This power of attorney is made and executed pursuant to and by authority of the following resolution duly adopted by the board of directors of the Company:

"RESOLVED, that the president, or any vice president be, and each hereby is, authorized and empowered to appoint attorneys-in-fact of the Company, and to authorize them to execute and deliver on behalf of the Company any and all bonds, forms, applications, memorandums, undertakings, recognizances, transfers, contracts of indemnity, policies, contracts guaranteeing the fidelity of persons holding positions of public or private trust, and other writings obligatory in nature that the business of the Company may require; and to modify or revoke, with or without cause, any such appointment or authority; provided, however, that the authority granted hereby shall in no way limit the authority of other duly authorized agents to sign and countersign any of said documents on behalf of the Company."

"RESOLVED FURTHER, that such attorneys-in-fact shall have full power and authority to execute and deliver any and all such documents and to bind the Company subject to the terms and limitations of the power of attorney issued to them, and to affix the seal of the Company thereto; provided, however, that said seal shall not be necessary for the validity of any such documents."

This power of attorney is signed and sealed under and by the following bylaws duly adopted by the board of directors of the Company.

Execution of Instruments. Any vice president, any assistant secretary or any assistant treasurer shall have the power and authority to sign or attest all approved documents, instruments, contracts, or other papers in connection with the operation of the business of the company in addition to the chairman of the board, the chief executive officer, president, treasurer or secretary; provided, however, the signature of any of them may be printed, engraved, or stamped on any approved document, contract, instrument, or other papers of the Company.

IN WITNESS WHEREOF, the Company has caused this instrument to be sealed and duly attested by the signature of its officer the 20th day of August, 2021.

[Handwritten Signature]

Antonio C. Albanese, Vice President of Nationwide Mutual Insurance Company

ACKNOWLEDGMENT

STATE OF NEW YORK COUNTY OF NEW YORK: ss

On this 20th day of August, 2021, before me came the above-named officer for the Company aforesaid, to me personally known to be the officer described in and who executed the preceding instrument, and he acknowledged the execution of the same, and being by me duly sworn, deposes and says, that he is the officer of the Company aforesaid, that the seal affixed hereto is the corporate seal of said Company, and the said corporate seal and his signature were duly affixed and subscribed to said instrument by the authority and direction of said Company.



Stephanie Rubino McArthur
Notary Public, State of New York
No. 02MC6270117
Qualified in New York County
Commission Expires October 19, 2024

[Handwritten Signature]

Notary Public
My Commission Expires
October 19, 2024

CERTIFICATE

I, Laura B. Guy, Assistant Secretary of the Company, do hereby certify that the foregoing is a full, true and correct copy of the original power of attorney issued by the Company; that the resolution included therein is a true and correct transcript from the minutes of the meetings of the boards of directors and the same has not been revoked or amended in any manner; that said Antonio C. Albanese was on the date of the execution of the foregoing power of attorney the duly elected officer of the Company, and the corporate seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority of said board of directors; and the foregoing power of attorney is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto subscribed my name as Assistant Secretary, and affixed the corporate seal of said Company this 12th day of October 2023



[Handwritten Signature]

Assistant Secretary

**RIDER TO
OHM FITNESS FRANCHISE, LLC
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

This Rider is entered into this _____ (the “Effective Date”), between **OHM FITNESS FRANCHISE, LLC** (“we,” “us” or “our”), and _____ (“you” or “your”), whose address is _____ (collectively, you and we are referred to as the “parties” and individually sometimes referred to as a “party”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Initial Franchise Fee.** Based upon the franchisor’s financial condition, the Minnesota Securities Commissioner has required a financial assurance. Therefore, we have posted a Surety Bond to satisfy this financial assurance condition,

3. **Insufficient Funds.** Insufficient Funds checks are governed by Minnesota Statute 60-5.113, which puts a cap of \$30 on service charges

4. **Transfer.** Section 20 of the Agreement is amended to add the following:

Our consent to the transfer of the franchise will not be unreasonably withheld. Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act. Minnesota Rules 2860.4400(D) [revisor.leg.state.mn.us] prohibits a franchisor from requiring a franchisee to assent to a general release.

5. **Expiration of this Agreement.** Section 4 of the Agreement is amended to add the following:

With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, subs. 3, 4, and 5, which require, except in certain specified cases, that you be given 180 days’ notice of non-renewal of the Franchise Agreement.

6. **Termination.** Section 21 of the Agreement is amended to add the following:

With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, subs. 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). Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act. Minnesota Rules 2860.4400(D) [revisor.leg.state.mn.us] prohibits a franchisor from requiring a franchisee to assent to a general release.

7. **Jurisdiction.** The following is added to Section 23:

Minn. Stat. Sec. 80C.21 and Minn. Rules 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or franchise 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.

8. **Waiver of Jury Trial.** The jury trial waiver in Section 23 of the Agreement is deleted in its entirety.

9. **Limitation of Claims.** Section 23 is amended to add the following:

No action may be commenced for claims coming under Minnesota Law more than 3 years after the cause of action accrues.

10. **Injunctive Relief.** The Franchisee does not consent to the Franchisor obtaining injunctive relief for any matters coming under Minnesota Law; but the Franchisor may seek such injunctive relief.

11. **General Release.** Pursuant to Minn. Rule 2860.4400D the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Minnesota Franchise Act.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“YOU”

“WE”

OHM FITNESS FRANCHISE, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEW YORK ADDENDA

**ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
OHM FITNESS FRANCHISE, LLC
STATE OF NEW YORK**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in New York.

The following information is added to the cover page of the disclosure document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. 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.

The following is added at the end of Item 3 of the disclosure document:

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.

The following is added to the end of Item 4 of the disclosure document:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

The following is added to the end of Item 5 of the disclosure document:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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.

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.

The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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 ADDENDA & RIDER

**ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
OHM FITNESS FRANCHISE, LLC
STATE OF NORTH DAKOTA**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in North Dakota.

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

The following is added to Section 5 of the disclosure document:

Based upon the franchisor's financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, we have posted a Surety Bond to satisfy this financial assurance condition. A copy of the Surety Bond is attached as Exhibit "A" to this Addendum.

The Summary column of Item 17 paragraph (c) of the disclosure document is modified to read as follows:

Give us at least 90 days' notice of your intention to renew, sign our current form of franchise agreement and ancillary agreements, and sign a release (except for matters coming under the North Dakota Franchise Investment Law (the ND Law)).

The Summary column of Item 17 paragraph (r) of the disclosure document is modified by adding the following at the end of the sentence:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

The Summary column of Item 17 paragraph (u) of the disclosure document is amended by adding the following at the end of the paragraph:

The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee place of business.

The Summary column of Item 17 paragraph (v) of the disclosure document is amended to read as follows:

Except for matters coming under the ND Law, litigation must be in Maricopa County, Arizona.

The Summary column of Item 17 paragraph (w) of the disclosure document is amended to read as follows:

Except for matters coming under the ND Law, the law of Arizona (subject to state law).*

The Franchisee is not required to waive jury trial for any matters coming under ND Law.

EXHIBIT A

TO

ADDENDUM

TO FRANCHISE DISCLOSURE DOCUMENT FOR

OHM FITNESS FRANCHISE, LLC

STATE OF NORTH DAKOTA

SURETY BOND
For Single Unit and Area Representative Franchises

We OHM Fitness Franchise LLC a corporation with principal offices at 15011 N 75th St #2, SCOTTSDALE, AZ 85260, as principal, and Travelers Casualty and Surety Company of America, a surety company incorporated under the law of the State (Province) of CONNECTICUT, and authorized to conduct business in the State (Province) of NORTH DAKOTA, as Surety, are indebted to administrator, North Dakota Securities Department, Obligee, in the sum of \$59,000.00 to be paid to the Obligee or its legal representatives, successors, or assigns, for which payment we bind ourselves and our legal representatives and successors, jointly and severally.

WHEREAS, the above-named principal has made application to the administrator for registration of the offer of its franchises under the N.D.C.C. 51-19; and

WHEREAS, the Principal proposes to offer in NORTH DAKOTA franchise(s) within one year from the effective date of the proposed registration under N.D.C.C. 51-19 and

WHEREAS, the administrator has authority to require a franchisor to assure its financial capability to furnish goods and/or services to assist its franchisees in establishing and opening their franchise businesses by the escrow of franchise fees and other payments or other means acceptable to the administrator; and

WHEREAS, one of the means by which a franchisor can give such assurance of financial capability is the furnishing of a security bond in form and with surety acceptable to the administrator; and

WHEREAS, the administrator finds this bond and surety acceptable on the conditions herein stated; and

WHEREAS, the Obligee intends to assign this bond to the respective purchaser(s) of the aforementioned franchise(s) upon sale of the aforementioned franchise(s) to said purchaser(s).

THEREFORE, the condition of this bond is that if the Principal, its agent or employees shall:

1. Comply with the N.D.C.C. 51-19 and all rules and orders promulgated thereunder; and
2. Pay all damages suffered by any person by reason of the violation of the said N.D.C.C. 51-19 or any rules, or orders promulgated thereunder of any acts, rules or orders amendatory thereof and/or supplementary thereto, or hereafter enacted, or by reason of any misrepresentation, deceit, fraud or omission to state a material fact necessary in order to make any statement made in light of the circumstances under which such statement was made, not misleading, including, but not limited to, the failure to disclose, as required by N.D.C.C. 51-19 and the rules and regulations promulgated thereunder, the true financial condition of franchisor; and
3. Fully completes its obligations under the franchise agreement and all related agreements to provide real estate, improvements, equipment, inventory, training, and other items included in the franchise offering;

then this obligation shall be void; otherwise this obligation will remain in full force and effect. This bond and obligation hereunder shall be deemed to run continuously and shall remain in full force and effect for three (3) full years after the effective date of Principal's registration of the off of franchises under N.D.C.C. 51-19.

In the event that any action or proceeding is initiated with respect to this bond, the parties agree that the venue thereof shall be the state of province in which the offer or sale of the franchise occurred.

IN WITNESS WHEREOF, Principal and Surety have executed this instrument at
Litchfield Park, AZ, this 30 day of October, 2023

(SEAL)

OHM Fitness Franchise LLC

Principal

By: Steve Belknap-Member

Name and Title

Travelers Casualty and Surety Company of America

(SEAL)

Surety

Attorney-in-Fact VALERIE ABER

13341 W Indian School Rd, Suite 305

Address of Attorney-in-Fact

Litchfield Park, AZ 85340



Travelers Casualty and Surety Company of America
 Travelers Casualty and Surety Company
 St. Paul Fire and Marine Insurance Company
 Farmington Casualty Company

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, St. Paul Fire and Marine Insurance Company, and Farmington Casualty Company are corporations duly organized under the laws of the State of Connecticut (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint VALERIE ABER, of PHOENIX, AZ, their true and lawful Attorney(s)-In-Fact, to sign, execute, seal and acknowledge the following bond:


Surety Bond No.: 107935500

Principal: OHM Fitness Franchise LLC

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 21st day of April, 2021.



State of Connecticut

By: 
 Robert L. Raney, Senior Vice President

City of Hartford ss.

On this the 21st day of April, 2021, before me personally appeared Robert L. Raney, who acknowledged himself to be the Senior Vice President of each of the Companies, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of said Companies by himself as a duly authorized officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission expires the 30th day of June, 2026




 Anna P. Nowik, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of each of the Companies, which resolutions are now in full force and effect, reading as follows:

RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

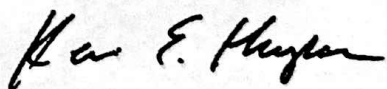
FURTHER RESOLVED, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

FURTHER RESOLVED, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kevin E. Hughes, the undersigned, Assistant Secretary of each of the Companies, do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which remains in full force and effect.

Dated this 30 day of October, 2023.




 Kevin E. Hughes, Assistant Secretary

To verify the authenticity of this Power of Attorney, please call us at 1-800-421-3880.
 Please refer to the above-named Attorney(s)-In-Fact and the details of the bond to which this Power of Attorney is attached.

**RIDER TO
OHM FITNESS FRANCHISE, LLC
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider is entered into this _____ (the “**Effective Date**”), between **OHM FITNESS FRANCHISE, LLC** (“**we**,” “**us**” or “**our**”), and _____ (“**you**” or “**your**”), whose address is _____ (collectively, you and we are referred to as the “**parties**” and individually sometimes referred to as a “**party**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Fees.** Based upon the franchisor’s financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, we have posted a Surety Bond to satisfy this financial assurance condition

3. **Grant of Successor Franchise.** You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the “**ND Law**”).

4. **Post-Term Competitive Restrictions.** Covenants not to compete, such as those mentioned in this section, are generally unenforceable in the State of North Dakota.

5. **Jurisdiction.** All matters coming under the ND Law may be brought in the courts of North Dakota.

6. **Waiver of Jury Trial.** The jury trial waiver in Section 23 of the Agreement is deleted in its entirety.

7. **Limitation of Claims.** The statute of limitations under ND Law applies to all matters coming under ND Law.

8. **Governing Law.** This Agreement will be governed by North Dakota law.

9. **Mediation and/or Arbitration.** The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee place of business.

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

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“YOU”

“WE”

OHM FITNESS FRANCHISE, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

RHODE ISLAND ADDENDA

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
OHM FITNESS FRANCHISE, LLC
STATE OF RHODE ISLAND

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in Rhode Island.

The following sentence is added to Item 17 (v) and (w): A provision in a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDA & RIDER

**ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
OHM FITNESS FRANCHISE, LLC
STATE OF VIRGINIA**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in Virginia.

Item 17(h) of the disclosure document is amended to add the following language:

Under 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.

WASHINGTON ADDENDA & RIDER

**ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
OHM FITNESS FRANCHISE, LLC
STATE OF WASHINGTON**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in Washington.

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

The following is added to Section 5 of the disclosure document:

Based upon the franchisor's financial condition, the Washington State Securities Division has required a financial assurance. Therefore, we have posted a Surety Bond to satisfy this financial assurance condition. A copy of the Surety Bond is attached as Exhibit "A" to this Addendum.

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

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.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Use of Franchise Brokers. The franchisor may use the services of 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.

EXHIBIT A

TO

ADDENDUM

TO FRANCHISE DISCLOSURE DOCUMENT FOR

OHM FITNESS FRANCHISE, LLC

STATE OF WASHINGTON

**RIDER TO
OHM FITNESS FRANCHISE, LLC
FRANCHISE AGREEMENT
FOR USE IN WASHINGTON**

This Rider is entered into this _____ (the “**Effective Date**”), between **OHM FITNESS FRANCHISE, LLC** (“**we**,” “**us**” or “**our**”), and _____ (“**you**” or “**your**”), whose address is _____ (collectively, you and we are referred to as the “**parties**” and individually sometimes referred to as a “**party**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Initial Franchise Fee.** Based upon the franchisor’s financial condition, the Administrator of the Washington State Securities Division has required a financial assurance. Therefore, we have posted a Surety Bond to satisfy this financial assurance condition.

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

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

4. **Use of Franchise Brokers.** The franchisor may use the services of 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.

5. **Opening.** The following will not apply to Washington franchisees: BY VIRTUE OF OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

6. **Immediate Family Members.** Pursuant to RCW 19.100.108(1), RCW 19.100.180(2)(g), and RCW 19.100.220(2) Franchise Agreement Section 15.5, Attached D, Section 3(d), and Attachment F, Section 6 will not apply to Washington franchisees.

7. **Covenant Reasonable.** Pursuant to RCW 19.100.108(1), RCW 19.100.180(2)(g), and RCW 19.100.220(2) Franchise Agreement Section 15.7, Attached D, Section 3(e), and Attachment F, Sections 7 and 9(d) will not apply to Washington franchisees.

8. **Breach of Covenants.** Pursuant to RCW 19.100.108(1), RCW 19.100.180(2)(g), and RCW 19.100.220(2) Franchise Agreement Section 15.8, Attached D, Section 3(f), and Attachment F, Section 8 will not apply to Washington franchisees.

9. **Indemnity.** The franchisee's obligations to indemnify, defend, reimburse, and hold harmless referenced in Section 19 of the Franchise Agreement do not extend to liabilities caused by the Indemnified Parties' negligence, willful misconduct, strict liability, or fraud. The franchisee will not indemnify, defend, reimburse, and hold harmless the Indemnified Parties for claims, causes of action, lawsuits, demands, proceedings, investigations, and/or hearings related to the Indemnified Parties' violation of state or federal franchise laws.

10. **Dispute Resolution.** Pursuant to RCW 19.100.180(2)(g) and RCW 19.100.220(2), the one-year limit for the franchisee and the franchisor to bring claims against the other will not apply to Washington franchisees.

11. **Your Representations.** Section 24 will not apply to Washington franchisees.

12. **Relationship of the Parties.** The following language will not apply to Washington franchisees: In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

13. **Integration.** The following language will not apply to Washington franchisees: The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain,

14. **Coventant of Good Faith.** Pursuant to RCW19.100.180(1), this section will not apply to Washington franchisees.

15. **Definition of General Release.** Pursuant to RCW 19.10.220, a General Release will not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 “RCW, or the rules adopted thereunder.

This Rider applies to all related agreements.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“YOU”

“WE”

OHM FITNESS FRANCHISE, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT “J”
TO DISCLOSURE DOCUMENT
SOFTWARE USE AND LICENSE AGREEMENT

SOFTWARE USE AND LICENSE AGREEMENT

This Software Use and License Agreement (this “Agreement”), dated _____ (the “Effective Date”), is made by and between OHM FITNESS FRANCHISE, LLC, a Wyoming limited liability company (“Licensor”), and _____, a _____ (“Licensee”).

RECITALS

- A. Licensor has spent considerable time, money and effort to develop the OHM® Fitness Studio concept, is the franchisor of the OHM Fitness® Studio franchise system and has negotiated a master license with certain software developers for the use of software in the operation of OHM Fitness® Studio franchises, as well as our own proprietary Magneto CRM Software, and including any updates and revisions (all of the foregoing, the “Software”); and
- B. Licensee has entered into an OHM Fitness® Studio franchise agreement under which Licensee has the right and obligation to operate an OHM Fitness® Studio franchised business (the “Franchise Agreement”) in a designated location; and
- C. The Software is required for the operation of an OHM Fitness® Studio franchise; and
- D. Pursuant to the Franchise Agreement, Licensee is required to execute this Agreement and obtain a license to use the Software; and
- E. Licensor wishes to grant certain rights and licenses to Licensee with respect to the Software, and Licensee wishes to obtain such rights and licenses with respect to the Software, on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Services. Licensor hereby grants to Licensee a non-exclusive, non-transferable, revocable license (with no sublicensing rights) to use the Software exclusively for the internal operations of an OHM Fitness® Studio franchise and for no other purpose unless Licensee has received prior written consent from Licensor for such purpose. Licensor shall provide all documentation for the operation of the Software.
2. Term. Unless sooner terminated, the term of this Agreement and of the license granted herein will begin on the Effective Date set forth above and will continue until the expiration or termination of the Franchise Agreement (“Term”). If Licensee renews its franchise rights upon the expiration of the initial term of the Franchise Agreement (by signing a successor franchise agreement with Licensor), Licensee must execute Licensor’s then-current form of Software Use and License Agreement, pay all fees required under such agreement, and comply with all terms and conditions set forth in Licensor’s then-current form of Software Use and License Agreement. Licensee acknowledges that the terms and conditions of Licensor’s then-current form of Software Use and License Agreement may be substantially different from the terms and conditions of this Agreement, including without limitation, increased Software License Fees.

3. Technical Requirements. Licensee agrees to comply with the applicable hardware, software and other technical and pre-setup requirements for Licensee's use of the Software as Licensor may establish from time to time during the Term.

4. Software Support. The developer(s) shall provide technical support for the Software during normal business hours Monday through Friday according to terms and conditions then in effect and as published by the applicable developer.

5. Payment.

(a) Throughout the term of this Agreement (beginning upon the use by Licensee of the Software and prior to the opening of Licensee's OHM® Studio), Licensee shall pay monthly fees of \$700 per month to Licensor for such use (the "Monthly Maintenance Fees"); provided, however, that the Monthly Maintenance Fees may be increased by Licensor in its sole discretion upon 30 days' prior written notice to Licensee.

(b) All applicable fees under this Agreement are to be paid to Licensor via an ACH bank transfer, due on the 10th day of each month or by the morning of the next business day if the 10th is not a business day. Any fees not received will be assessed a late fee penalty of \$5.00 per day until such fees are paid in full.

(c) Licensee will not, on grounds of the alleged nonperformance by Licensor of any of its obligations or for any other reason, withhold payment of any Software License Fees or payments due to Licensor pursuant to this Agreement or pursuant to any other contract, agreement or obligation. Licensee will not have the right to "offset" any liquidated or unliquidated amounts, damages or other sums allegedly due to the Licensee by Licensor against any payments due to Licensor under this Agreement.

(d) If Licensor authorizes a sale of Licensee's OHM Fitness® Studio franchise to a third party ("Transferee") Licensee must notify the Transferee that it will be obligated to enter into a new Software Use and License with Licensor, and that a software transfer fee of \$150.00 will be required to be paid to Licensor.

(e) For purposes of this Agreement, any applicable software transfer/setup fees and the required Monthly Maintenance Fees will be collectively referred to as "Software License Fees." Licensee acknowledges that it has agreed, pursuant to the Franchise Agreement, to obtain and maintain at all times such computer equipment and software (including without limitation, the most current version of the Software) as may from time to time be required by Licensor for use in the operation of the Licensee's OHM® Studio. Licensee further acknowledge that future changes and upgrades in technology and the opportunity and need to meet and surpass competition may necessitate that Licensor increase the Software License Fees due hereunder to amounts reasonably sufficient to cover the costs such changes or upgrades and a reasonable return to Licensor on its investment in, and administration, of such upgrades or changes. Licensee further acknowledges that any upgrade to the Software may necessitate upgrades in Licensee's computer hardware and third-party software required to operate the Software, which may result in additional costs or fees payable by Licensee.

6. Access to Software and Information. Licensee agrees that Licensor will at all times have the right to access the Software and its data, by modem, print-out of data or any other means selected by Licensor, for purposes of obtaining financial, sales, customer, business and supplier information as well as all other data and information contained in, or otherwise available on, Licensee's computer system, for purposes of verifying Licensee's compliance with the terms of this Agreement, the Franchise Agreement, and for such other purposes as may be determined by Licensor, in its sole judgment.

Licensor will have the right to retain and use any information obtained by accessing the Licensee's Software and computer system for any purposes deemed appropriate by Licensor, in its sole judgment.

7. Licensee Training. Licensor shall conduct training sessions pursuant to the guidelines set forth in the Franchise Agreement, and Licensor may designate one or more training sessions as mandatory. Licensee must attend and successfully complete all mandatory training sessions at times and at such locations as Licensor shall establish.

8. Ownership. Licensee acknowledges that Licensor has the sole right to license and control Licensee's use of the Software. Licensee acknowledges that it has no ownership right in any data or information generated by the Software, including customer data and other sales information. Licensee further acknowledges that it does not acquire any right, title or interest in or to the Software except as expressly set forth herein. Licensor specifically retains all right, title and interest in and to all proprietary and intellectual property rights in and to the Software, including without limitation, trade secrets, data, customer lists, copyrights, trademarks, patents, functionality and business methodology embodied therein, and the like. All rights not expressly granted to Licensee herein are specifically reserved to Licensor. Upon termination of this Agreement, Licensee shall have no right to utilize the Software, or any data generated by the Software.

9. Restrictions on Use.

(a) Licensee is prohibited from, and shall not under any circumstances, decompile, reverse compile, reverse engineer, reverse assemble or otherwise attempt to derive any source code or its equivalent for the Software. In addition, Licensee shall not copy the Software without the Licensor's written consent. Licensee shall not download any portion of the Software except as Licensor may expressly permit or instruct in writing. Licensee shall not permit any third-party access to the Software, and Licensee shall use the Software only on computers for which Licensee controls access to the Software. Licensee shall not assign, transfer, sell, rent, license, sublicense, or grant any rights to or interests in the Software to any corporation, partnership or other business entity or any other person. Licensee shall not, at any time, use or exploit (or authorize or permit any third party to use or exploit) any of the Software's content or data. Licensee will comply with all terms and conditions applicable to or accompanying any third-party software furnished to Licensee under or in connection with this Agreement.

(b) Licensee is prohibited from printing or copying (including, without limitation, for back-up, training, testing or disaster recovery), in whole or in part, the Software except to the extent expressly permitted in advance in writing by Licensor, which permission Licensor may withhold in its sole discretion. Any back-up training, testing or disaster recovery system intended to be or used by Licensee must be approved in advance in writing by Licensor, which approval Licensor may withhold in its sole discretion. Licensee acknowledges and agrees that any and all diskettes, CDs or any other physical embodiments or media, including, but not limited to, authorized and unauthorized copies, of the Software are the sole and exclusive property of Licensor, or the applicable software developer, and not Licensee. Any authorized copies of the Software must contain appropriate proprietary and trade secret, copyright, trademark or other applicable legends as designated by Licensor. Except as otherwise set forth in this Agreement, Licensee shall take reasonable measures to store, secure and prevent access to each physical embodiment of the Software. Licensee shall not use the name of Software or refer to Software directly or indirectly in any papers, articles, advertisements, sales presentations, news releases or releases to any third party without the prior written approval of Licensor for each such use. Licensee may not release the results of any performance or functional evaluation of any portion of the Software to any third party.

10. EXCLUSION OF WARRANTIES. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, LICENSOR DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE SOFTWARE, OR ANY COMPONENT OF THE FOREGOING, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES REGARDING QUALITY, CORRECTNESS, COMPLETENESS, COMPREHENSIVENESS, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE (IRRESPECTIVE OF ANY COURSE OF DEALING, CUSTOM OR USAGE OF TRADE), OR ANY REPRESENTATION THAT THE SOFTWARE WILL MEET LICENSEE'S REQUIREMENTS OR THAT THE LICENSEE'S OR ANY APPROVED LICENSEES' USE THEREOF WILL BE UNINTERRUPTED OR ERROR-FREE, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES.

11. LIMITATION OF LIABILITY. LICENSOR SHALL HAVE NO LIABILITY TO LICENSEE OR TO ANY APPROVED LICENSEE WITH RESPECT TO LICENSOR'S OBLIGATIONS UNDER THIS AGREEMENT OR OTHERWISE FOR CONSEQUENTIAL, EXEMPLARY, SPECIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES, OR ANY LOSS OF PROFIT, REVENUE, DATA OR GOODWILL, WHETHER INCURRED OR SUFFERED AS A RESULT OF ANY ERRORS, DEFECTS OR NON-FUNCTIONING OF THE SOFTWARE OR OTHERWISE, EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL LICENSOR'S AGGREGATE LIABILITY HEREUNDER FOR ANY CAUSE IN ANY CALENDAR YEAR ARISING OUT OF OR RELATED TO THE SOFTWARE, LICENSOR'S PERFORMANCE OR NON-PERFORMANCE UNDER THIS AGREEMENT OR OTHERWISE EXCEED THE AMOUNT OF THE MONTHLY MAINTENANCE FEES PAID HEREUNDER TO LICENSOR IN THE CALENDAR YEAR IN WHICH SUCH DIRECT DAMAGES ARE INCURRED. THIS LIMITATION APPLIES TO ALL CAUSES OF ACTION OR CLAIMS IN THE AGGREGATE, INCLUDING WITHOUT LIMITATION, BREACH OF CONTRACT, BREACH OF LIMITED WARRANTY, NEGLIGENCE, STRICT LIABILITY, MISREPRESENTATION AND OTHER TORTS.

12. Confidentiality; Non-disclosure document. Licensee agrees that the Software contains valuable proprietary information and that, except for those rights expressly conveyed to Licensee in this Agreement, Licensee has no ownership rights or other rights in the Software. During the term of this Agreement, Licensee shall maintain the confidentiality of this information and not disclose the same to any third party or use it except as authorized by this Agreement. Licensee shall have no obligation of confidentiality or non-use with regard to information which (i) is or becomes a part of the public domain through no act or omission of Licensee, (ii) was in the Licensee's lawful possession prior to the disclosure by Licensor and had not been obtained by Licensee either directly or indirectly from Licensor, (iii) is lawfully disclosed to Licensee by a third party without restrictions on disclosure, (iv) is independently developed by Licensee, or (v) is required to be disclosed by law.

13. Termination. This Agreement shall automatically terminate upon the termination or expiration of the Franchise Agreement. In addition, Licensor may terminate this Agreement: (a) without notice to Licensee at any time if Licensee is in default of the Franchise Agreement; (b) if Licensee fails to pay one or more Monthly Maintenance Fees when due and such failure is not cured within five (5) days after written notice from Licensor; and (c) upon ten (10) days written notice of Licensee's failure to comply with any other term of this Agreement if such failure is not cured within ten (10) days following such notice. In the event of termination, and without limiting Licensor's remedies hereunder, Licensee shall be responsible for payment of all past due Monthly Maintenance Fees and charges up to the date of such termination.

14. Third Party Beneficiary. Licensee understands, acknowledges, and agrees with Licensor that Developer and its affiliates, assigns and designees (which may include the creator(s) of the Software) are an intended third-party beneficiary of the terms and conditions of this Agreement.

15. Restriction on Assignment. Licensee may not sell, assign or otherwise transfer any of its rights or delegate any of its duties under this Agreement to any party without the prior written consent of Licensor, which may be withheld in its sole and absolute discretion. Any attempted transfer in violation of this Section 15 will be null and void and of no legal effect. Licensor may assign its rights and obligations under this Agreement to any third party without Licensee's consent.

17. Jurisdiction; Applicable Law. This Agreement shall be construed in accordance with the substantive laws of the State of Arizona (excluding Arizona's conflicts of law rules). Any controversy or claim arising out of, or in connection with, this Agreement will be settled only by a court having proper jurisdiction and located in Maricopa County, Arizona. The parties hereto expressly agree that Maricopa County, Arizona is the proper venue for resolution of all disputes arising out of, or in connection with, this Agreement.

18. Notices. All notices required to be given under this Agreement shall be in writing and shall be transmitted either by personal delivery, reliable overnight courier (such as Federal Express), or through the facilities of the United States Post Office, postage prepaid, certified or registered mail, return receipt requested, or by confirmed facsimile transmission. Any such notice shall be effective upon delivery, if delivered by confirmed facsimile transmission or by personal delivery or overnight courier, and 72 hours after dispatch, if mailed in accordance with the above. Notices to the respective parties shall be sent to the following addresses unless written notice of a change of address has been previously given pursuant hereto:

To Licensor:

OHM Fitness Franchise, LLC
15011 N 75th St #2
Scottsdale AZ 85260

To Licensee:

19. Waiver. No waiver by Licensor of any breach of a provision of this Agreement by Licensee will constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver will be effective unless made in writing and signed by an authorized representative of Licensor.

20. Entire Agreement. This Agreement (including any exhibits or addenda hereto), along with the Franchise Agreement, contain the entire understanding of the parties with respect to the transactions and matters contemplated hereby, and this Agreement supersedes all previous agreements concerning the subject matter hereof. This Agreement cannot be amended except by a writing signed by both parties.

Nothing in this Agreement is intended to disclaim anything contained in the Franchise disclosure document Licensor provided to Licensee.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the date first above written.

LICENSOR:

OHM Fitness Franchise, LLC

By: _____
Title: President

LICENSEE:

By: _____
Title: _____

EXHIBIT “J-2”
TO DISCLOSURE DOCUMENT
MAGNETO+ SERVICES AGREEMENT

EXHIBIT “K”

TO DISCLOSURE DOCUMENT

State Effective Dates

The following states have franchise laws that require 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 | Effective June 20, 2024 |
| Illinois | Pending |
| Indiana | Effective August 12, 2023 |
| Maryland | Pending |
| Michigan | Effective August 11, 2023 |
| Minnesota | Effective December 8, 2023, amended effective July 1, 2024 |
| New York | Pending |
| North Dakota | Effective December 14, 2023, amended effective July 12, 2024 |
| Rhode Island | Effective August 21, 2023, amended as of June 11, 2024 |
| South Dakota | Effective August 12, 2023 |
| Virginia | Effective October 10, 2023, amended effective _____, 2024 |
| Washington | Pending |
| Wisconsin | Effective August 12, 2023, amended May 14, 2024 |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT “L”
TO DISCLOSURE DOCUMENT
RECEIPTS

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 OHM Fitness Franchise, 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 any binding franchise or other agreement, or 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 payment of any consideration, whichever occurs first.

If OHM Fitness Franchise, 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, D.C. 20580 and any applicable state agency (as listed in Exhibit "A" to this disclosure document).

The franchisor is OHM Fitness Franchise, LLC., located at 15011 N. 75th Street, Suite #2, Scottsdale, Arizona 85260. Its telephone number is (480) 797-2854.

We authorize the respective state agencies identified on Exhibit "A" to receive service of process for us if we are registered in the particular state.

Issuance Date: May 1, 2024

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

| Name | Principal Business Address | Telephone Number |
|--|---|------------------|
| <input type="checkbox"/> Steven Belknap <input type="checkbox"/> Douglas Payne <input type="checkbox"/> Eric Hamann <input type="checkbox"/> Joshua Coba <input type="checkbox"/> Jordan Krams | 15011 N. 75th Street, Suite #2 Scottsdale, Arizona 85260 | (480) 797-2854 |
| _____ (Area Representative) | _____ | _____ |

I received a disclosure document dated May 1, 2024 (the state effective dates are listed on the pages preceding the table of contents). The disclosure document included the following Exhibits:

- | | | | |
|---------------|--|---------------|---|
| Exhibit "A" | State Agencies And Administrators And Agent For Service Of Process | Exhibit "F" | Information On Our Area Representatives |
| Exhibit "B" | Financial Statements | Exhibit "G" | Franchisee Disclosure Questionnaire |
| Exhibit "C" | Franchise Agreement | Exhibit "H" | General Release |
| Exhibit "D" | Table Of Contents Of Brand Standards Manual | Exhibit "I" | State Addenda And Riders |
| Exhibit "E-1" | List Of Franchisees | Exhibit "J" | Software Use And License Agreement |
| Exhibit "E-2" | List Of Franchisees Who Have Left The System | Exhibit "J-2" | Magneto+ Services Agreement |
| | | Exhibit "K" | State Effective Dates |
| | | Exhibit "L" | Receipts |

Date _____ Prospective Franchisee _____

(Keep this page for your records)

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| | | Exhibit "K" | State Effective Dates |
| | | Exhibit "L" | Receipts |

Date _____ Prospective Franchisee _____

Sign and return this copy to:
 OHM Fitness Franchise, LLC
 15011 N. 75th Street, Suite #2
 Scottsdale, Arizona 85260