

## FRANCHISE DISCLOSURE DOCUMENT



### SNAP FITNESS, INC.

a Minnesota corporation  
2411 Galpin Court, Suite 110  
Chanhassen, MN 55317  
(952) 474-5422  
sales@liftbrands.com  
<https://www.snapfitness.com/us/franchise-opportunities/>

The franchise offered is a SNAP FITNESS® Club (“**Club**”), which offers 24/7 gym access to members, group fitness, and personal training, using advanced fitness technologies and high-quality fitness equipment.

The total investment necessary to begin operation of a single Club ranges from \$430,800 to \$1,118,100. This includes \$51,067 to \$52,500 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact your Franchise Development Director at Snap Fitness, Inc., 2411 Galpin Court, Suite 110, Chanhassen, Minnesota 55317, (952) 474-5422 or at sales@liftbrands.com.

The terms of your contract will govern your franchise relationship. Do not rely upon the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://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 10, 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
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only SNAP FITNESS business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a SNAP FITNESS franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Minnesota. 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 Minnesota than in your own state.

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

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

**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 six 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:

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

- (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.

**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 the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, 525 W. Ottawa Street, G. Mennen Williams Building, 1<sup>st</sup> Floor, Lansing, Michigan 48909, Telephone (517) 335-7567.

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

# TABLE OF CONTENTS

<i>ITEM</i>		<i>PAGE</i>
ITEM 1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	2
ITEM 2	BUSINESS EXPERIENCE.....	5
ITEM 3	LITIGATION.....	6
ITEM 4	BANKRUPTCY.....	9
ITEM 5	INITIAL FEES.....	9
ITEM 6	OTHER FEES.....	11
ITEM 7	ESTIMATED INITIAL INVESTMENT.....	15
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	17
ITEM 9	FRANCHISEE’S OBLIGATIONS.....	20
ITEM 10	FINANCING.....	22
ITEM 11	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	22
ITEM 12	TERRITORY.....	28
ITEM 13	TRADEMARKS.....	30
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	32
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	32
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	33
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	33
ITEM 18	PUBLIC FIGURES.....	37
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS.....	38
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION.....	44
ITEM 21	FINANCIAL STATEMENTS.....	51
ITEM 22	CONTRACTS.....	51
ITEM 23	RECEIPTS.....	52

## *STATE APPENDIX*

### *EXHIBITS*

<i>EXHIBIT A</i>	List of State Administrators and List of Agents for Service of Process
<i>EXHIBIT B</i>	Financial Statements
<i>EXHIBIT C-1</i>	Sample Standard Franchise Agreement and State-Specific Addenda
<i>EXHIBIT C-2</i>	Sample Area Development Agreement and State-Specific Addenda
<i>EXHIBIT D</i>	Franchisee List
<i>EXHIBIT E</i>	Operations Manual Table of Contents
<i>EXHIBIT F</i>	Sample Franchise Agreement Addenda
<i>EXHIBIT G</i>	Transfer Fee Modification Program
<i>EXHIBIT H</i>	State Effective Dates
<i>EXHIBIT I</i>	Receipts

## ITEM 1

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

To simplify the language in this disclosure document, “we” or “us” means Snap Fitness, Inc., the franchisor. “You” means the person or entity that buys the franchise. If the franchisee is a corporation, partnership or other entity, “you” includes the franchisee’s owners unless otherwise stated.

#### The Franchisor, its Parent and Affiliates

We are a Minnesota corporation incorporated on October 9, 2003. We initially were formed under the name AFC24 Hour Fitness, Inc., and changed our name to Snap Fitness, Inc. We currently do business only under our corporate name and under the trade name SNAP FITNESS®. Our principal place of business is 2411 Galpin Court, Suite 110, Chanhassen, MN 55317. Our agents for service of process are disclosed in Exhibit A to this Disclosure Document. We have been offering franchises described in this Disclosure Document since March 2004. We have never offered franchises in any other line of business.

We have no predecessor. We are a wholly owned subsidiary of Lift Brands, Inc. (“**Lift Brands**”), a Delaware corporation, which is our direct parent company. The name and principal business address of each of the companies that directly or indirectly control us and our parent company are as follows:

Name of Company	Principal Business Address	Ownership or Control of Company
TZP Capital Partners II, L.P. and TZP Capital Partners II-A (Blocker), L.P.	888 7th Avenue, 20th Floor New York, NY 10106	Our “Ultimate Parent”
Snap Investments, LLC	888 7th Avenue, 20th Floor New York, NY 10106	Majority owned by TZP Capital Partners II, L.P. and TZP Capital Partners II-A (Blocker), L.P.
Snap Fitness Equity, LLC	888 7th Avenue, 20th Floor New York, NY 10106	Majority-owned by Snap Investments, LLC
Snap Fitness Topco, LLC	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Majority-owned by Snap Fitness Equity, LLC
Snap Fitness Holdings, Inc.	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Wholly owned by Snap Fitness Topco, LLC
Lift Brands, Inc.	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Wholly owned by Snap Fitness Holdings, Inc.

SAP Insurance Inc. (“**SAP Insurance**”), a North Carolina corporation and licensed insurance company facilitates the SAPP insurance program (see Item 8 for additional information about insurance). Our wholly owned subsidiary, Wholesale Fitness Supply, LLC (formerly known as Snap Fitness Wholesale, LLC) (“**Wholesale Fitness Supply**”), a Minnesota limited liability company, may provide services or sell products to franchisees, including fulfillment items (access cards etc.). Our wholly owned subsidiary, Fitness On Demand, LLC, (“**FitnessOnDemand**”) offers FitnessOnDemand services.

SAP Insurance, Wholesale Fitness Supply and FitnessOnDemand each maintain their principal business address at 2411 Galpin Court, Suite 110, Chanhassen, MN 55317. SAP Insurance, Wholesale Fitness Supply and FitnessOnDemand have never: (i) operated a business similar to the one offered under this Disclosure Document; or (ii) offered franchises in any line of business.

We have wholly owned foreign subsidiaries that grant franchises and provide franchise support to SNAP FITNESS franchisees outside the United States. As of the date of this Disclosure Document, these are:

- *Lift Brands of Canada Inc. (formerly known as Snap Fitness of Canada Inc.)* (“**Snap Canada**”), a Canadian corporation. Snap Canada has offered SNAP FITNESS franchises in Canada since April 2008.



Snap Canada's address is Suite 2300, Bentall 5, 550 Burrard Street, Box 30, Vancouver, BC V6C 2B5, Canada.

- *Snap Fitness Mexico S. de R.L. de C.V. (“Snap Mexico”)*, a Mexico limited liability entity. From January 2009 to August 2011, we offered SNAP FITNESS franchises directly in Mexico and from September 2011 to November 2012 Snap Mexico offered SNAP FITNESS franchises in Mexico. In December 2012, we appointed a master franchisee for Mexico. Snap Mexico's address is at Iglesia No 2, Torre E, Despacho 1204, Colonia Tizapan San Angel, Delegacion Alvaro Obregon 01090, Federal District, Mexico City.
- *Lift Brands (Australia) Pty Ltd (formerly known as Snap Fitness (Australia) Pty Ltd) (“Snap Australia”)*, an Australian proprietary limited company. From June 2009 to April 2010, we directly offered SNAP FITNESS franchises in Australia and since April 2010 Snap Australia has offered SNAP FITNESS franchises in Australia. Snap Australia's address is Level 3, 545 Blackburn Road, Mount Waverley VIC 3149, Australia.
- *Lift Brands New Zealand Limited (formerly known as Snap Fitness New Zealand Limited) (“Snap New Zealand”)*, a New Zealand limited company. Snap New Zealand has offered SNAP FITNESS franchises in New Zealand since November 2009. Snap New Zealand's address is Ground Floor, Princes Court, 2 Princes Street, Auckland 1010, New Zealand.
- *Lift Brands UK Limited (formerly known as Snap Fitness UK Limited) (“Snap UK”)*, a UK limited company. Snap UK has offered SNAP FITNESS franchises in the UK since October 2009 and SNAP FITNESS franchises in Ireland since August 2016. Snap UK's address is Unit 2, 118 Putney Bridge Road, London SW15 2NQ, United Kingdom.
- *Lift Brands Development Spain, S.L. (formerly known as HITAM Investments, S.L.) (“Snap Spain”)* a Spanish company. Snap Spain has offered SNAP FITNESS franchises in Spain since November 2018. Snap Spain's address is Calle Nicaragua 27-29, bajos 1a, 08029 Barcelona (Barcelona) Spain.

None of Snap Canada, Snap Mexico, Snap Australia, Snap New Zealand, Snap UK, or Snap Spain has ever operated a business of the type described in this Disclosure Document. While we do not directly operate a business of the type described in this Disclosure Document, we have several subsidiaries that do operate SNAP FITNESS clubs in the United States and internationally (see Item 20 for the U.S. locations).

Our affiliate, Health Fran, LLC (“**Health Fran**”), has the right to franchise 9ROUND® kickboxing gyms in Australia, New Zealand, and Europe. Our foreign subsidiaries noted above may also offer franchises for the 9ROUND brand.

Health Fran shares our principal business address at 2411 Galpin Court, Suite 110, Chanhassen, MN 55317. Health Fran has never offered franchises in any other line of business.

### The Franchise Offered

We have developed a proprietary business format and system (“**System**”), offering 24-hour personal keycard access (except as restricted by law), as well as group fitness and personal training to our members, using advanced fitness technologies and high-quality fitness equipment; automated member billing and collection procedures and services; and use of our proprietary and confidential information. Our System includes a distinct interior layout, design, décor, color scheme, graphics, fixtures, and furnishings, operating and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate (collectively, the “**Standards**”). Clubs operating under the System are identified by the trade name and service mark “SNAP FITNESS” and other trademarks, service marks and trade identifiers that we designate (the “**Marks**”).

We grant qualified candidates the right to operate a SNAP FITNESS Club according to a Franchise Agreement (see Exhibit C) and our Standards which will be communicated to you via our confidential operations manuals and guides (collectively, the “**Manual**”).

#### Area Developer Program

We also offer to qualified candidates the right to develop multiple SNAP FITNESS Clubs in accordance with an agreed upon development schedule (the “**Development Schedule**”) within a protected area (the “**Development Area**”) under the terms of an area development agreement (the “**Area Development Agreement**”) (see Exhibit C-2). If you sign an Area Development Agreement, you will sign a separate Franchise Agreement for each Club developed under your Area Development Agreement.

#### The Market and Competition

The market for fitness and workout clubs is well developed and very competitive. You will compete with other fitness clubs offering similar services, including national franchise systems and other regional or local chains. You also will compete to a certain extent with public recreation centers and not-for-profit community organizations, such as the YMCA. Before selecting a site for your Club, you should survey the area for existing competitors and, in new or undeveloped areas, be aware that a competitor may enter the market at any time.

Typically, services are sold to individuals. You may experience peak months and membership fluctuations. For example, January is typically a busier month for health club membership sales.

#### Industry Specific Laws and Regulations

You must operate your Club in full compliance with all applicable federal, state, and local laws, rules, regulations, orders, and ordinances. In addition to laws and regulations that apply to businesses generally, your Club will be subject to various federal, state, and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act. Further, you are solely responsible for complying with all employment, wage and hour laws, discrimination, sexual harassment, worker’s compensation, and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes.

The physical fitness industry, particularly providing services through for-profit clubs, is subject to extensive regulation at the local, state, and federal levels. Many states have enacted specific laws (1) regulating membership contract length and terms, advertising, and limitations on pre-opening sales, and (2) requiring bonding, buyer’s remorse cancellation rights for limited periods (usually three to ten days after sale), and cancellation and partial refund rights for medical or relocation reasons. At the federal level, health clubs who sell memberships on credit may be subject to the federal Truth-In-Lending Act and Regulation Z and various other credit-related statutes like the Equal Credit Act and Fair Debt Collection Practices Act.

Some states have laws that require and regulate the content of service contracts and/or that require the presence of at least one person trained in administering CPR and/or to use an external defibrillator. Many states also require that certain types of fitness centers be equipped with working defibrillators. Additionally, if you play music in your Club or offer FitnessOnDemand programming inside your Club you may be required to obtain a Public Performance License or other music permits and licenses.

You may also choose to offer tanning and some states and municipalities also have laws or regulations specific to tanning services. The state tanning laws include regulations requiring trained operators present during tanning, specific operating procedures and recordkeeping, registration, and other requirements. In addition, you are required to collect sales tax on tanning services and remit those taxes to the Internal Revenue Service.

**It is solely your responsibility to comply with all applicable laws and regulations and to obtain and keep in force all necessary licenses and permits required by public authorities. Before purchasing the**

**franchise, we strongly urge you to hire an attorney to review local, state, and federal laws that may affect your operations or impact your operating costs.**

***ITEM 2***  
**BUSINESS EXPERIENCE**

**Ty Menzies – Chief Executive Officer and Director**

Ty Menzies joined Lift Brands in June 2020 and serves as our Chief Executive Officer and Director. From April 2018 to May 2020, Mr. Menzies served as the Chief Executive Officer of our subsidiary Lift Brands (Australia) Pty Ltd.

**Paul Early – Chief Administrative Officer**

Paul Early joined Lift Brands in January 2021 as our Chief Financial Officer and currently serves as our Chief Administrative Officer for Lift Brands and its subsidiaries. From October 2019 to January 2021, Mr. Early served as Chief Administration Officer for Gold Gym International, Inc (acquired by RSG Group, Inc. in August 2020) located in Dallas, Texas. From March 2017 to October 2019, Mr. Early served as Chief Financial Officer for Bread Zeppelin Management, LLC a fast-casual restaurant chain located in Dallas, Texas.

**Brian Tietz – President of Franchise Operations**

Brian Tietz joined Lift Brands in April 2019 as our Vice President of Franchise Support and currently serves as our President of Franchise Operations for Lift Brands. From March 1997 to March 2019, Mr. Tietz served in numerous leadership roles with Life Time Fitness, most recently as Regional Manager, located in Chanhassen, Minnesota.

**Rose Minar – Chief Global Marketing & Experience Officer**

Rose Minar joined Lift Brands in December 2020 as our Chief Marketing Officer and currently serves as our Chief Global Marketing & Experience Officer for Lift Brands and its subsidiaries. From September 2019 until November 2020, Ms. Minar served as Chief Strategist with Striped Sheep, LLC, specialized in international marketing and based in Chanhassen, Minnesota. From July 2018 until September 2019 Ms. Minar served as Brand Strategy Consultant for the Radisson Hotel Group, and from January 2016 to June 2018, served as their Vice President, Global Branding & Innovation, based in Minnetonka, Minnesota.

**Andi Ruth-Negrini – Vice President, Franchise Sales & Global Franchise Administration**

Andi Ruth-Negrini, CFE, joined Lift Brands in September 2021 as the Director of North American Franchising and currently serves as Vice President, Franchise Sales & Global Franchise Administration for Lift Brands and its subsidiaries. From January 2017 to September 2021, Ms. Ruth-Negrini was the Director of Franchise Development and Administration for Miracle-Ear, Inc., located in Minneapolis, Minnesota.

**Peter Taunton – Founder**

Peter Taunton founded the SNAP FITNESS concept and served as our President/CEO since our inception in October 2003 through December 2018 and currently serves as non-executive Chairman of the Board for Lift Brands, Inc. Mr. Taunton founded and currently serves as the CEO of Nautical Bowls Franchising, LLC located in Minnetonka, Minnesota since July 2021.

**Daniel H. Galpern – Director**

Daniel Galpern has served as our Director since December 2013. From August 2008 to December 2010, Mr. Galpern was a Senior Principal, and since January 2011 he has been a Partner of TZP Group, LLC, a private equity firm based in New York City, New York. Mr. Galpern also has served as a member of the Board of Directors of Children's Rights, Inc. with headquarters in New York City, New York since 2002,

as a Director of Assos of Switzerland, SA, with headquarters in Stabio, Switzerland, since 2015, as a Director of Hylan Datacom, LLC, with headquarters in Holmdel, New Jersey, since 2016, as Chairman of the Board of Christy Sports, LLC, with headquarters in Denver, Colorado, since November 2019, as a Director of SA Company, LLC, with headquarters in Boca Raton, FL since October 2020, as Chairman of Saxx Holdings, LLC, with headquarters in Vancouver, British Colombia, Canada since August 2021 and as Chairman of the Board of DanceOne, LLC, with headquarters in Los Angeles, California since September 2023.

Samuel L. Katz – Director

Samuel Katz has served as our Director since December 2013. Since March 2007, Mr. Katz has served as Managing Partner of TZP Group, LLC, a private equity firm based in New York City, New York. Mr. Katz also is a Director of PennantPark Investment Corporation and PennantPark Floating Rate Capital, Ltd., as well as Founder and President of YRF Darca and Board and Executive Committee member of YRF Darca and Darca Schools. Mr. Katz also serves as a member of the board of Directors of BQ Resorts, LLC, with headquarters in Las Vegas, Nevada since 2013, BigName Commerce with headquarters in Melville, New York since 2015, HomeRiver Group, with headquarters in New York City, New York since 2016, Pyramid Hotel Group, with headquarters in Boston, Massachusetts since 2016, Triangle Home Fashions Holdings, LLC, with headquarters in New York City, New York since 2018, Whitestone Home Furnishings, LLC (d/b/a The Saatva Company) with headquarters in New York City, New York since 2018, Dwellworks Investors, LLC, with headquarters in Cleveland, Ohio since 2018 and Re-Bath, LLC with headquarters in Phoenix, Arizona since 2021. Mr. Katz also serves as a member of the Board of Advisors of Columbia University Medical Center.

Kenneth S. Esterow – Director

Kenneth Esterow has served as our Director since March 2018. Since February 2018, Mr. Esterow has served as a Partner of TZP Group, LLC, a private equity firm based in New York City, New York. Since March 2018, Mr. Esterow has served as a Director of Pyramid Hotel Group with headquarters in Boston, Massachusetts and as a Director of Triangle Home Fashions with headquarters in East Brunswick, New Jersey.

**ITEM 3  
LITIGATION**

Pending Actions

None.

Concluded Actions

SF Franchisee Association v. Snap Fitness, Inc., Case No.: 27-CV-19-20694, Minnesota State Court, Hennepin County. On December 16, 2019, the SF Franchisee Association (the “Association”), which is a group of SNAP FITNESS franchisees and former franchisees (the “Members”), filed an action against us alleging that we breached our obligations under the franchise agreement by requiring the Members to use club management software that allegedly failed to meet industry standards, was inadequate in fending off ransomware attacks and failed to properly limit damage caused by a ransomware attack. In the complaint, the Association seeks a declaratory judgement that: *(i)* we breached our obligations under the franchise agreement and the implied covenant of good faith and fair dealing by, among other things, requiring franchisees to purchase and use club management software that allegedly failed to include industry standard protections against ransomware attacks and/or failed to include adequate and timely response mechanisms to mitigate the damage caused by such a ransomware attack; *(ii)* these alleged material breaches of the franchise agreements and the implied covenant of good faith and fair dealing are incurable; and *(iii)* as a result of the incurable breaches the Members were entitled to terminate their franchise agreements. On May

20, 2021, the Association and Snap Fitness entered into a formal Settlement Agreement under which Snap Fitness and the Association agreed to the following material terms (subject to program terms and conditions) by which we would offer franchisees: *(i)* participation in \$2,500 per Club marketing match credit program; *(ii)* participation in \$2,000 modernization credit program; *(iii)* participation in transfer fee reduction program; *(iv)* participation in \$900 Global Convention Attendance program; *(v)* a release for any franchisees that have violated the non-compete provisions of their franchise agreement if they pay a percentage of liquidated damages, all outstanding accounts receivable, and a penalty of up to \$25,000 for each competing club, and also provide a release of claims against us; *(vi)* a release for any franchisees with clubs that were sold and are now operating as competing clubs in the same location if they pay a percentage of liquidated damages, all outstanding accounts receivable, and additional amounts for sale prices over a specific threshold, and also provide a release of claims against us and a two-year non-compete; *(vii)* a release for any franchisees with clubs that closed prior to December 31, 2020 if they pay their outstanding accounts receivable and provide a release of claims against us and a two-year non-compete.

Snap Fitness vs. John Mullins, JDM Advisors, Inc., and JDM Fitness, Inc., United States District Court, Case No. 0:20-cv-00522, District of Minnesota. On February 14, 2020, we filed a complaint against former franchisee, John Mullins, JDM Advisors, Inc., and JDM Fitness, Inc. (collectively “Mullins”) seeking declaratory and injunctive relief to restrain Mullins from using Snap Fitness’ valuable trademarks and confidential information, diverting Snap Fitness’ club members to a competing business and engaging in a competing business at the precise locations of their former Snap Fitness clubs. On March 19, 2020, we filed an amended complaint seeking declaratory relief to address Mullins’ efforts to assist a Snap Fitness competitor, in violation of the non-compete, confidentiality and trademark-related obligations that Mullins undertook in franchise agreements with Snap Fitness. On April 2, 2020, Mullins filed an answer to the amended complaint and counterclaims, alleging that we breached our obligations under the franchise agreement by requiring Mullins to use club management software that allegedly failed to meet industry standards, was inadequate in fending off ransomware attacks and failed to properly limit damage caused by a ransomware attack. In the complaint, Mullins seeks a declaratory judgement that: *(i)* we breached our obligations under the franchise agreement and the implied covenant of good faith and fair dealing by, among other things, requiring franchisees to purchase and use club management software that allegedly failed to include industry standard protections against ransomware attacks and/or failed to include adequate and timely response mechanisms to mitigate the damage caused by such a ransomware attack; *(ii)* these alleged material breaches of the franchise agreements and the implied covenant of good faith and fair dealing are incurable; and *(iii)* as a result of the incurable breaches Mullins was entitled to terminate their franchise agreements. Snap Fitness filed a Second Amended Complaint on May 28, 2020 to include Mullins’ violations of the liquidated damages obligations in their franchise agreements with Snap Fitness. On June 23, 2021, Mullins and Snap Fitness entered into a formal Settlement Agreement under which Mullins agreed to pay Snap Fitness \$115,000 and enter into a new two-year non-compete to settle the dispute.

Snap Fitness, Inc. v. Christina Clark; Jason Clark; CY Fitness, Inc.; & JC Fitness, Inc., American Arbitration Association, Case No. 012000152472. On October 13, 2020, we filed a demand for arbitration against former franchisees Christina Clark; Jason Clark; CY Fitness, Inc.; & JC Fitness, Inc. (“Clark”) alleging breach of contract related to transfer provisions, non-compete provisions, confidentiality provisions, and liquidated damages provisions. Snap Fitness seeks *(i)* an award of unspecified damages for breach of transfer provisions of the franchise agreements; *(ii)* an award of unspecified damages for breach of the non-compete provisions of the franchise agreements; *(iii)* an award of unspecified damages for breach of the confidentiality provisions of the franchise agreements; *(iv)* an award of liquidated damages in the amount of \$114,234.34; *(v)* an award of Snap Fitness’s attorneys’ fees and costs; and *(vi)* such other relief as the Court may deem just, equitable, or proper. On November 9, 2020, Clark filed an answer and counterclaim alleging that Snap Fitness breached the implied covenant of good faith and fair dealing, and breach of contract. On June 21, 2021, Clark and Snap Fitness entered into a formal Settlement Agreement

under which Clark agreed to pay Snap Fitness \$57,493.80 and enter into a new two-year non-compete to settle the dispute.

Robert Miller v. Snap Fitness Inc. & Peter Taunton, Case No.: 2019-CV-0584, Ohio State Court, Ashtabula County. On October 25, 2019, Robert Miller (“Miller”), a Snap Fitness franchisee located in Clinton, Ohio, filed an action against us and Mr. Taunton alleging claims of breach contract and unjust enrichment in connection with the opening and operation of several Snap Fitness locations. Miller seeks (i) an award of unspecified monetary damages in excess of \$100,000 for breach of contract and unjust enrichment; (ii) transfer in ownership in any remaining locations which exist; and (iii) any other available relief. On April 17, 2020, we filed an Answer, denying all of Plaintiff’s material allegations and asserting various affirmative defenses. On March 5, 2021 Plaintiff’s Notice of Voluntary Dismissal, Without Prejudice, was filed dismissing the complaint.

Snap Fitness, Inc. v. Wellness Plus, LLC; Eric Robicheaux; Erryca Robicheaux; and Gail Robicheaux American Arbitration Association, Case No. 012000021235. On March 6, 2020 we filed a demand for arbitration against franchisee, Wellness Plus, LLC; Eric Robicheaux; Erryca Robicheaux; and Gail Robicheaux (“Robicheaux”) alleging breach of the franchise agreement as a result of Robicheaux’s abandonment of the franchise. On March 25, 2020 Robicheaux filed an answer and counterclaims alleging that Snap Fitness breached the implied covenant of good faith and fair dealing and various franchise agreement provisions by requiring that Robicheaux use software that was inadequate to protect against the ransomware attack in November 2018. They also allege an unspecified amount of damages. On September 29, 2020, Robicheaux and Snap Fitness entered into a Settlement Agreement, under which Robicheaux agreed to pay \$15,000 to Snap Fitness in settlement of Snap Fitness’s claims for damages in the arbitration. On October 16, 2020, the parties stipulated to the dismissal of all claims and counterclaims in the arbitration with prejudice, with each party to bear its own costs, expenses, and attorneys’ fees.

Thomas Dwyer v. Snap Fitness, Inc., United States District Court, Southern District of Ohio, Case No. 1:17-cv-00455-MRB, originally filed May 25, 2017 in the Court of Common Pleas, Hamilton County, Ohio, Case No. 17-455. On May 25, 2017, Thomas Dwyer (“Dwyer”), a member of a franchisee-owned SNAP FITNESS Club located in Cincinnati, Ohio, filed a class action complaint against us citing four causes of action relating to a Club Enhancement Fee (“CEF”) charged by Dwyer’s franchised SNAP FITNESS Club (the “State Action”). In his complaint, Dwyer alleged breach of contract, unjust enrichment, violation of the Ohio Consumer Sales Practices Act, and violation of the Ohio Prepaid Entertainment Contract Act. Dwyer’s breach of contract and unjust enrichment claims are brought on behalf of a putative nationwide class of members who paid a CEF, and Dwyer’s violation of the Ohio Consumer Sales Practice Act and Ohio Prepaid Entertainment Contract Act claims are brought on behalf of a putative Ohio sub-class relating to any Ohio member who paid a CEF. On February 1, 2019, Dwyer and Snap Fitness entered into a Settlement Agreement, under which Snap Fitness agreed to pay \$2.9 million to a settlement fund for distribution to Dwyer and all Ohio State and nationwide class members. As part of the Settlement Agreement, Snap Fitness will pay up to \$350,000 in attorney’s fees and is responsible for all costs associated with the class administration of the settlement fund. On September 19, 2019, the Court issued a final order confirming the Settlement Agreement.

Snap Fitness, Inc. v. Sharon Lockhart and Fitness Design Enterprises, LLC, Case No. 4:16-CV-00005-CLC-CHS (E.D. Tenn.). On January 18, 2016, we filed a Complaint against Sharon Lockhart and Fitness Design Enterprises, LLC, a former SNAP FITNESS franchisee (collectively, “Lockhart”) alleging trademark infringement, false designation of origin, and breach of contract; seeking injunctive relief and monetary damages (the “Underlying Action”). On February 11, 2016, the court granted the parties’ Stipulated Order for Preliminary Injunction under which Lockhart agreed to comply with the confidentiality, post-term noncompete and de-identification obligations outlined in the franchise agreement pending a final resolution of the dispute. On March 8, 2017, the parties entered into a Full Settlement Agreement pursuant to which Lockhart agreed to: (i) assign the lease for its existing Snap Fitness Club to Snap Fitness; (ii) deliver certain

assets to Snap Fitness; (iii) transfer all member and billing information associated with member contracts to Snap Fitness; and (iv) comply with the post-term non-solicitation and post-term noncompete obligations outlined in the franchise agreement. Under the Full Settlement Agreement Snap Fitness was required to pay Lockhart \$30,000 and assume all obligations under the lease.

On July 13, 2017 Lockhart filed a Demand for Arbitration seeking enforcement of the Full Settlement Agreement. Sharon Lockhart and Fitness Design Enterprises, LLC v. Snap Fitness, Inc., American Arbitration Association, Case No. 01-17-0004-0985. On January 22, 2018, an Award of the Arbitrator was issued (collectively, the “Arbitration Award”). Under the Arbitration Award, we were required to pay Lockhart \$53,414.66, and the Arbitration Award reaffirmed Lockhart’s obligation to comply with the post-term noncompete and non-solicitation obligations.

Snap Fitness, Inc. v. Scott Estes, American Arbitration Association, Case No. 01-18-0001-3017, Minneapolis, MN. On March 21, 2018, we filed a demand for arbitration against a former franchisee, Scott Estes (“Estes”), alleging breach of the franchise agreement due to Estes’ abandonment of the franchise and failure to pay fees owed under the franchise agreement. On June 22, 2018, Estes filed an answer and counterclaim alleging that we violated federal and/or state franchise laws and breached our obligations under the franchise agreement. On October 29, 2018, an arbitrator issued a final award in our favor in the amount of \$99,497.89 and dismissed the counterclaim brought by Estes (the “Award”). On February 22, 2019, an Order confirming the Award was entered in our favor.

#### Litigation Against Franchisees in the Last Fiscal Year

During fiscal year 2023, Snap Fitness did not initiate any lawsuits against franchisees other than as described above.

Other than the eight actions noted above, no litigation is required to be disclosed in this Item.

### **ITEM 4 BANKRUPTCY**

Paul Early, our Chief Administrative Officer, was employed as Chief Administration Officer at Gold’s Gym International, Inc., an affiliate of GGI Holdings, LLC, at the time of May 4, 2020 when GGI Holdings, LLC filed a bankruptcy petition under the liquidation provisions of Chapter 11 (In re: GGI Holdings LLC et al., Case No. 20-31318 in the United States Bankruptcy Court for the Northern District of Texas). The address and principal place of business for the debtor, GGI Holdings, LLC, is 4001 Maple Ave, Suite 200, Dallas, TX 75219. The date of confirmation for the reorganization plan was August 26, 2020.

### **ITEM 5 INITIAL FEES**

#### Initial Franchise Fee

You will pay us an initial franchise fee when you sign a Franchise Agreement. If you are acquiring franchise rights for a single Club, the initial franchise fee is \$39,500.

If you are an existing franchisee acquiring your second or subsequent Club, you are eligible for a reduced initial franchise fee of \$34,500.

The initial franchise fee is payable in full when the Franchise Agreement is signed, and is considered fully earned and non-refundable upon payment. Except for the differences described in this Item, the initial franchise fee is uniform for all new franchisees. Our standard initial franchise fee was different in the past, and some of our existing franchisees have the right to develop additional Clubs under existing agreements and on different terms. In addition, we have discounted the initial franchise fee in the past, and may discount it in the future in situations we deem appropriate.

We currently participate in the IFA's VetFran program and offer a \$5,000 discount off the initial franchise fee for qualified veterans. If you qualify for this program, the initial franchise fee for one Club is \$34,500.

#### Area Development Fee

If you sign an Area Development Agreement, you must develop a minimum of three Clubs within the Development Area. In connection with signing the Area Development Agreement you will pay us an Area Development Fee calculated as follows: \$89,500 for your first three Clubs and \$25,000 for each additional Club you agree to develop under the Area Development Agreement.

The Area Development Fee is payable in full when the Area Development Agreement is signed and is considered fully earned and non-refundable upon payment. That portion of the Area Development Fee paid for each Club to be developed under the Area Development Agreement will be applied to the initial franchise fee for each Club opened under the Area Development Agreement. As such, you will not pay us an initial franchise fee when you sign a Franchise Agreement for a Club developed under the Area Development Agreement. All other fees provided for in the Franchise Agreement will apply.

#### Grand Opening Marketing

We conduct an initial promotional campaign in accordance with our standards and specifications, which includes a required minimum amount of \$10,500 remitted to us 90 days prior to opening for the Grand Opening advertising and marketing of your Club and is non-refundable.

#### Door Access Fee

Prior to opening, you will be required to pay us or our affiliate a one-time fee of \$500 (the "Door Access Fee") for set-up of 24/7 member door access.

In 2023, the amounts paid by franchisees opening new SNAP FITNESS Clubs for the Door Access Fee was \$0. The Door Access Fee is payable in full in advance of opening, and is non-refundable upon payment. The Door Access Fee is uniform for all franchisees.

#### Snap Asset Protection Plan

We have established an insurance plan for the benefit of our franchisees called the Snap Asset Protection Plan (SAPP). You must have insurance from the date you sign your lease that meets our minimum requirements and may obtain insurance coverage through SAPP or from a different source provided your coverage meets our minimum requirements. The insurance premium is collected by us as the billing administrator and forwarded to the insurance providers and is non-refundable. We estimate the amount you pay for this insurance prior to opening will be \$567 to \$1,700. See Item 8 for additional information about insurance.

[Remainder of page intentionally left blank]



**ITEM 6  
OTHER FEES**

<b>Type of Fee (Note 1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	6% of Gross Revenue	Monthly, upon invoice	See Note 2. Gross Revenue means the aggregate of all revenue derived from all goods and services sold by you from or relating to the Club.
National Marketing	Up to 4% of Gross Revenue, currently 2%	Monthly, upon invoice	See Note 2. Gross Revenue means the aggregate of all revenue derived from all goods and services sold by you from or relating to the Club.
Local Marketing Fund or Cooperative Advertising Contribution	\$200 per month (Note 3)	Monthly	See Item 11 for more information about our right to set up and require participation in a Local Marketing Fund or an Advertising Cooperative.
Local Marketing	\$400 per month	As incurred	See Item 11 for more information about participating in local promotional programs.
Snap Ads	Then-current minimum (currently \$325 per month) (Note 10)	Monthly, for a minimum of 3 months following Club Opening, Transfer, or Modernization.	See Note 10 and Item 11 for more information on participating in our digital advertising programs. This includes a management fee paid to Franchisor and counts towards Local Marketing spend.
Technology Fee	\$325 per month	Monthly, upon invoice	See Note 2 and Note 5. Subject to adjustment for CPI.
Door Access Cards	Then-current price (currently \$5.90) (Note 4)	As incurred	You must purchase any additional door access cards from us, our affiliate, or our designated supplier.
Insurance Reimbursement Processing Fee	\$45 per month	Monthly	Note 6
Medical Panic System	\$29.95 per month	Monthly	You pay us and we pay an approved supplier, or you pay a designated supplier directly, the monthly fee for this service.
Summit	Our then-current summit fee (currently,	Annual	Note 7

Type of Fee (Note 1)	Amount	Due Date	Remarks
	\$750 not including accommodations)		
Audits	Cost of audit plus interest	Immediately upon receipt of bill	You pay for cost of audit only if it shows an understatement of Memberships or revenue by 2% or more.
Mystery Shopper Fee	Cost of Mystery Shopper	Immediately upon receipt of bill	We reserve the right to require you to reimburse us for any mystery shopper program we implement.
Transfer Fee	\$5,000 if transferee is an existing SNAP FITNESS franchisee. If the transferee is new to the system, the transfer fee is equal to the then-current Initial Franchise Fee	Upon application for consent to transfer	Payable when you transfer your franchise. See Item 17 for additional information on transfers.  Note 9
Renewal Fee	\$0	Not applicable	See Item 17 for more information.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable only if your non-compliance with the Franchise Agreement causes us to incur legal expenses.
Insurance	\$500 to \$667 per month	As incurred	See Item 8 for more information on the SAPP insurance program.
Interest and late fee	18% per annum in interest, late fee of the greater of 10% of past due or \$150 per month	Upon demand	Payable only if you fail to pay amounts owed to us or our affiliates when due.
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us if we are held liable for claims arising out of your franchise operations.
Supplier Review Fee	Our costs and expenses, which are currently expected to range between \$1,000 and \$3,000, although costs could exceed those amounts depending on the product.	As incurred	See Item 8 for more information on approved suppliers.
Additional Assistance or Training	Currently, \$250 per day plus travel costs	Immediately upon notice from us	Note 8

Type of Fee (Note 1)	Amount	Due Date	Remarks
Securities Offering Costs	Will vary under the circumstances	Upon demand	If you engage in a private offering of securities, we must review the prospectus or other offering documents and you will pay our costs and expenses (including attorney's fees) for that review.

## Notes

(1) All fees are imposed by, payable to, and collected by us unless otherwise noted. All fees are imposed uniformly and are non-refundable upon payment. As noted in this Item 6 table, some fees paid to us are subject to adjustment each year over the ten-year agreement term based on increases in the Consumer Price Index (CPI). Adjustments based on the CPI will be made no more than once per year.

(2) For expiring Franchise Agreements whose annual Gross Revenue for the Club (as reported in the club management system) was more than \$220,000 for the previous 12 months of operation (measured from the actual date a renewal Franchise Agreement is signed) so long as Franchisee is in good standing and has met all the requirements for renewal ("Qualifying Franchisees"), Qualifying Franchisees may instead elect the following fee structure: (i) rather than a monthly Royalty Fee based on % of Gross Revenue, there is a Royalty Fee of \$660 per month, a Member Processing Fee of \$6.60 for each new member agreement, and a continuing Membership Maintenance Fee of \$0.70 per month per membership enrolled at the Club; (ii) the National Marketing Fee is \$485 per month rather than a % of Gross Revenue; and (iii) a \$325 Technology Fee (collectively, the "Legacy Fees"). All Legacy Fees are subject to increase during the term of the Franchise Agreement not to exceed the increase in the CPI. Qualifying Franchisees must meet the renewal conditions set forth in the expiring franchise agreement and will sign the Franchise Agreement Addendum attached as Exhibit F-3 if they elect the Legacy Fee option. The fee option for Qualifying Franchisees also will apply to an existing franchisee who is selling its Club and the Club's annual Gross Revenue (as reported in the club management system) was more than \$220,000 for the previous 12 months of operation (measured from the date we approve the transfer) ("Legacy Fee Threshold"). We make the final determination regarding whether a franchisee is eligible to select the Legacy Fee Addendum. During the term of the renewal Franchise Agreement, if Franchisee is in default, or does not meet the Legacy Fee Threshold for any one-year period of the renewal term, then we may terminate the Legacy Fees option and the standard fees will apply for the remaining term of the renewal franchise agreement, at our option.

(3) Each local advertising cooperative may elect to increase the monthly contribution if approved by a two-thirds majority of the cooperative members and the minimum contribution is subject to adjustment by an amount not to exceed the increase in the CPI. Clubs owned by us and our affiliates are also members of their respective local Cooperative and each company-owned club has the same voting rights as the franchised locations within the Cooperative. If our company-owned clubs comprise the majority of a given Cooperative the maximum and minimum fees for that Cooperative will be consistent with the range stated in this Item 6 (subject to adjustment for increases in the CPI).

(4) All door access/membership cards and/or member ID cards are in a numeral sequence and must be purchased through us.

(5) This includes, but is not limited to the website, door access, member management system, prospect engagement tool, member engagement tool, and other technology fees, some of which are paid to third party suppliers.

(6) We administer certain reimbursements of membership dues for insurance companies, affinity groups and national accounts. The current reimbursement processing fee is payable for any month that the reimbursements of membership dues for a Club from these accounts is \$35 or more.

(7) Payment of Summit fee is mandatory regardless of attendance.

(8) We may require you to receive additional training or assistance if you are not meeting our standards. You are responsible for the cost of that training or assistance at the then-current rate.

(9) Commencing May 10, 2024, and ending for transfers completed on or before April 30, 2025, Snap Fitness is offering a Transfer Fee Modification Program where Transfer Fees for the transfer of a Snap Fitness Club are reduced based on the purchase price as follows:

- For the transfer to a buyer who is an existing Snap Fitness franchisee, the transfer fee will be no more than \$5,000.
- For the transfer to a buyer who is new to the Snap Fitness system, the transfer fee will be \$10,000.
- If multiple clubs are being transferred between the same buyer and seller in a single transaction, one club will be charged the applicable transfer fee listed above, with each additional club charged a transfer fee of \$2,500 per club.

See Exhibit G.

(10) Current monthly amount of \$325 is comprised of a \$75 management fee and minimum \$250 ad spend. These amounts are subject to change at our discretion.

[Remainder of page intentionally left blank]

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount <sup>(1)</sup> 4,000 - 6,000 Sq. Ft.		Amount <sup>(1)</sup> 6,000 - 8,000 Sq. Ft.		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High	Low	High			
Initial Franchise Fee <sup>(2)</sup>	\$39,500	\$39,500	\$39,500	\$39,500	Lump Sum	Upon signing of Franchise Agreement	Us
Build-Out Labor Costs <sup>(3)</sup>	\$120,000	\$180,000	\$180,000	\$240,000	As arranged	As arranged	Approved suppliers and contractors
Leasehold Improvements <sup>(3)</sup>	\$80,000	\$210,000	\$120,000	\$280,000	As arranged	As arranged	Approved suppliers and contractors
Exterior Signage	\$10,000	\$20,000	\$10,000	\$20,000	As arranged	As arranged	Approved suppliers
Furniture and Fixtures	\$25,500	\$30,500	\$45,000	\$56,300	As arranged	As arranged	Approved suppliers
Fitness Equipment <sup>(4)</sup>	\$60,000	\$250,000	\$70,000	\$300,000	As arranged	As arranged	Approved suppliers
Technology	\$15,000	\$25,000	\$15,000	\$25,000	As arranged	As arranged	Approved suppliers
Door Access	\$500	\$500	\$500	\$500	Lump Sum	As arranged	Us
Grand Opening Marketing	\$10,500	\$10,500	\$10,500	\$10,500	As arranged	90 days before opening	Us
Occupancy (3-mo) <sup>(5)</sup>	\$26,500	\$36,500	\$36,500	\$53,100	As arranged	As arranged	Landlord
Lease Deposits <sup>(6)</sup>	\$8,800	\$12,200	\$12,200	\$17,700	As arranged	As arranged	Landlord
Insurance (3-mo) <sup>(7)</sup>	\$1,500	\$1,700	\$1,700	\$2,000	As arranged	As arranged	Us or Insurer
Travel and Training Expenses <sup>(8)</sup>	\$3,000	\$3,500	\$3,000	\$3,500	As arranged	As arranged	Airlines, hotel, restaurants, etc.
Professional Fees <sup>(9)</sup>	\$5,000	\$20,000	\$5,000	\$20,000	As arranged	As arranged	Various third parties
Additional Funds <sup>(10)</sup>	\$25,000	\$50,000	\$25,000	\$50,000	As arranged	As arranged	Various third parties
<b>TOTAL<sup>(11)</sup></b>	<b>\$430,800</b>	<b>\$889,900</b>	<b>\$573,900</b>	<b>\$1,118,100</b>			

The expenses in Item 7 are estimates of your initial investment for one location prior to commencing operations and for the first three months thereafter. The estimates above are based on Clubs with 4,000 to 8,000 square feet. Your estimated initial investment will vary depending on the square footage. We cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on how closely you follow the SNAP FITNESS system standards, your management skill, experience and business acumen, local economic conditions, acceptance by local consumers of our approved services, prevailing wage rates, competition, and other factors.

#### Notes

- (1) All payments are non-refundable unless otherwise permitted by a third-party supplier. The ranges in the Item 7 table for furniture and fixtures, fitness equipment, construction, leasehold improvements, and occupancy assumes you operate a 4,000 to 8,000 square foot Club. If you have a larger Club and/or choose to purchase additional equipment your costs may be higher. See Item 8 for more information about supplier sourcing. See Item 11 for additional information on the door access and technology system. Ranges in this table do not include estimates for shipping and freight fees, unless otherwise specified.
- (2) See Item 5 for a description of the Initial Franchise Fee and available discount according to our Area Development Agreement, the VetFran program and for existing franchisees.
- (3) The costs of construction and leasehold improvements depend upon the size and condition of the Club premises, the nature and extent of leasehold improvements required, the local cost of contract work and the location of your Club. In some cases, your landlord may agree to pay for some or all of the leasehold improvements as part of your lease negotiations. Ranges in this table assume site is delivered in “vanilla box” condition (i.e.: cement floor, ready to paint walls, working electrical outlets, lighting, plumbing, including plumbing rough ins for restroom facilities, finished ceiling, heating, and air conditioning).
- (4) You will need to lease or purchase fitness equipment. Most franchisees who choose to purchase equipment opt to finance the purchase. Our low-end estimate assumes a 20% downpayment on leased or financed equipment. Our high-end estimate assumes purchase of the equipment paid in full prior to commencing operations. Ranges for equipment costs include estimates for freight and installation fees.
- (5) The figures in the Item 7 table represent estimated three months’ occupancy. The occupancy expense may vary widely based on geographic location, size of the Club, local rental rates, and other factors.
- (6) Landlords may require a security deposit, and utility companies may require that you place a deposit prior to installing telephone, gas, and electricity and related utility services. A typical utility security deposit is one month’s expense. A typical lease deposit will be an amount equal to one month’s rent. These deposits may be refundable according to the agreements made with the utility companies and landlord.
- (7) See Item 8 for more information about our insurance requirements and our SAPP insurance program. This estimate includes premium for three months of our SAPP insurance plan. If you need additional insurance for your Club (for example, state required workers’ compensation or a surety bond), you may have additional costs. A surety bond may range from \$100 to \$500, depending on the state. Workers’ compensation coverage may range from \$450 to \$1,000 but may be more depending on the number of employees and your state requirements.
- (8) There is no separate training fee payable to us, as initial training is included in the Initial Franchise Fee. You must make arrangements and pay the expenses for you and your general manager to attend our training program, including transportation, lodging, meals and wages. See Item 11 for more information on training. The amount you spend will depend, in part, on the distance you must travel and the type of accommodations you choose. The estimate provided contemplates initial training of two people for three days, including travel, lodging, food, and miscellaneous expenses associated with two people traveling to our headquarters for training.

(9) We recommend that you hire your own attorney to help you evaluate this franchise offering, to identify the laws and regulations that may apply to your Club, to help you set up a business entity, to review and negotiate your lease(s), to assist you in adapting the Membership Agreement to laws and regulations in your state or locality, and for whatever other purpose you deem appropriate.

(10) The figures in the Item 7 table represent the estimated amount of working capital you will need to cover other initial operating expenses for a period of three months. These figures are estimates, and we cannot guarantee you will not have additional expenses starting the business. Expenses not included are hourly labor costs, permits and licensing and rent (beyond the rent estimate noted above). Some states may have staffing requirements that could increase this number significantly.

(11) To compile these estimates, we relied on our franchisees' and affiliates' experience in operating similar businesses and our experience in franchising the operation of SNAP FITNESS Clubs. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Your costs will depend on factors such as: how closely you follow our recommended System; your management skill, experience, and business acumen; local economic conditions; the time of year; the local market for our services; competition; and the sales level reached during the initial period.

You should also allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs.

ESTIMATED INITIAL INVESTMENT FOR AREA DEVELOPMENT AGREEMENT. If you sign an Area Development Agreement, your initial investment for your first Club will be the same as disclosed in the Item 7 table. You also will pay a one-time Area Development Fee as described in Item 5. This is the only additional initial investment for the Area Development Agreement. You also should be aware that your initial investment for your second and subsequent Clubs likely will be higher than the above estimates for your first Club due to inflation and other economic factors that may vary over time.

## *ITEM 8*

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

To help ensure a uniform image and uniform quality of products and services throughout the SNAP FITNESS System, you must maintain and comply with our required quality standards. Any required standards exist to protect our interest in the System and the Marks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you.

#### Site Selection

You must operate the Club at a location that meets our site selection requirements and that we have approved. If you lease the location, you and the landlord must execute the standard form of lease addendum (attached to the Franchise Agreement as Attachment D).

You must construct and equip your Club according to our approved design, specifications, and standards. In addition to meeting our design specifications and standards, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state, and local laws. You also must use equipment (including hardware and software), signage, fixtures, furnishings, products, supplies, and marketing materials that meet our specifications and standards.

#### Approved and Designated Suppliers

We will provide you with a list of approved manufacturers, suppliers, and distributors (“**Approved Suppliers List**”) and approved equipment, signs, supplies and other items or services necessary to operate the Club (“**Approved Supplies List**”). We, an affiliate, or a third-party vendor or supplier, may be the only approved supplier for certain products. The Approved Supplies List also may include other specific

products without reference to a particular manufacturer, or they may designate the specifications and/or standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List from time to time. We give you the approved lists as we deem advisable.

You may use in the operation of the Club only the proprietary or non-proprietary equipment that we specify and must purchase and lease all equipment that we designate (including the security system and In Club Technology from our approved suppliers). Zappy Limited (trading as Glofox) is currently the supplier for club management software and Stripe is currently the Payment Processor. If you choose to offer FitnessOnDemand programming from your Club, you must obtain the FitnessOnDemand software and equipment from our affiliate, Fitness On Demand, LLC. Except for these items and the SAPP insurance program, described below, neither we nor our affiliates currently are approved suppliers for any products or services. Except for any ownership interest in our affiliates and subsidiaries, none of our officers hold an interest in any of our suppliers.

Except for instances where we designate a single source supplier, if you wish to purchase any products or services for which we have established approved suppliers from an unapproved supplier, you may request our consent in writing. If we request, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality and safety standards. We generally will notify you of supplier approval or disapproval within 30 days of our receipt of all the information and samples we request. You must pay the reasonable cost of the inspection and evaluation and the actual cost of the test. The supplier also may be required to sign a supplier agreement. We may re-inspect the facilities and products of any supplier of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item.

We apply the following general criteria in approving a proposed supplier: *(i)* ability to make product in conformity with our specifications; *(ii)* reputation and integrity of supplier; *(iii)* financial condition and insurance coverage of the supplier; and *(iv)* system uniformity.

### Insurance

You must participate in the SAPP insurance program unless you provide proof of insurance meeting our minimum limits outlined in the Franchise Agreement. The SAPP insurance program includes property, crime, general liability, hired and owned auto, professional liability, employment practices liability, and excess liability written by Mt. Hawley Insurance Company, headquartered in Peoria, Illinois. The cyber liability is written by Lloyds of London headquartered in London, UK. The SAPP insurance provides the following minimum coverages:

Type of Insurance	Minimum Amount
Commercial General Liability including Product Liability and Personal and Advertising Injury	\$1,000,000 per occurrence; \$2,000,000 general aggregate
Damage to Premises Rented to You	\$500,000
Medical Expenses	\$1,000 any one person
Professional liability (for owners and W2 employees)	\$1,000,000 per occurrence
Hired and Non-Owned Auto Liability	\$1,000,000 combined single limit



Type of Insurance	Minimum Amount
Property – Special Form, including mechanical breakdown and plate glass	\$300,000
Improvements and Betterments	Included
Business Income (12 months)	\$500,000
Employee Dishonesty	\$50,000 per occurrence
Cyber Liability (internet security and privacy insurance)	\$100,000 per Club
Employment Practices Liability Insurance (inclusive of first and third party)	\$50,000
Property and Crime Deductible	\$1,000
Defense Costs	In addition to policy limits
Commercial Excess Liability	\$5,000,000 per occurrence and \$5,000,000 general aggregate

In addition to participation in the SAPP insurance program, you must carry workers' compensation and employer's liability coverage as required by the jurisdiction in which you operate the Club.

All required insurance not included in the SAPP insurance program must be obtained from a responsible carrier or carriers acceptable to us (generally an AM Best rating of A- or better). All of the policies must name us and anyone else we designate with an insurable interest as additional insured and must include a waiver of subrogation in favor of each additional insured where applicable.

#### Marketing and Promotional Materials

You may use only marketing and promotional materials that meet our standards (see Item 11 for more information on advertising and marketing).

#### Revenue Derived from Franchisee Purchases and Leases

We and our affiliates derive revenue from franchisee purchases and leases to the extent that you purchase products or services directly from us or our affiliates. We and our affiliates also have arrangements with certain suppliers whereby we or our affiliate receive rebates from franchisee purchases or leases, which may be a fixed amount per transaction or percentage and could range from 2% to 60%.

During our fiscal year ended December 31, 2023, we and our affiliates derived approximately \$6,027,000 in revenue from the sale of goods or services to our franchisees worldwide, which amount represented approximately 11.4% of our total revenues of \$52,800,000 for that period. These figures were taken from our December 31, 2023 audited consolidated financial statements and accounting records.

#### Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your required purchases will represent approximately 95% of your total purchases in connection with establishing the franchised business (excluding the franchise fee and other non-goods expenditures), and over 90% of the ongoing costs that you will need to operate the business (excluding franchise fees and royalties and other non-goods expenditures).

Description of Purchasing Cooperatives; Purchasing Arrangements

We negotiate purchase arrangements for the benefit of the System but not on behalf of individual franchisees. This does not guarantee that the price for these products or services will be lower than other products or services on the market. We are not aware of any purchasing or distribution cooperatives in the System as of the date of this Disclosure Document. We do not provide you any material benefits (such as renewal rights or the right to acquire additional franchises) based on your purchases from approved or designated suppliers.

**ITEM 9**  
**FRANCHISEE’S OBLIGATIONS**

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

Obligation	Section in Franchise Agreement (FA) Section in Area Development Agreement (AD)	Disclosure Document Item
a. Site selection and acquisition/lease	FA: Sections 2.B, 2.C and 5.A AD: Sections 1.4, 1.5 and 1.9	Items 7 and 11
b. Pre-opening purchases/leases	FA: Sections 5.A, 5.B, 5.C, 6.A and 6.D AD: Not Applicable	Items 5, 6, 7 and 8
c. Site development and other pre-opening requirements	FA: Sections 2.B, 2.C, 5.A, 5.B and 5.C AD: Sections 1.4, 1.5 and 1.9	Items 7, 8 and 11
d. Initial and ongoing training	FA: Sections 7.B, 7.C and 11.C.7 AD: Not Applicable	Items 5, 6 and 11
e. Opening	FA: Section 5.D AD: Not Applicable	Items 5 and 11
f. Fees	FA: Sections 6.L, 7.C, 7.E, 8, 9, 11.C.9 and 11.H AD: Sections 1.2 and 4.3	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	FA: Section 6 AD: Not Applicable	Items 6, 7, 8, 11, 14 and 16
h. Trademarks and proprietary information	FA: Sections 3, 6.I, 10.E, 10.F and 14.A AD: Section 1.3	Items 13 and 14
i. Restrictions on products/services offered	FA: Section 6 AD: Not Applicable	Items 6, 7, 8, 11, and 16

Obligation	Section in Franchise Agreement (FA) Section in Area Development Agreement (AD)	Disclosure Document Item
j. Warranty and customer services requirements	None for warranty. Customer services, see FA: Section 6 AD: Not Applicable	Items 6 and 11
k. Territorial development and sales quotas	FA: Sections 2.B and 2.C AD: Sections 1.1, 1.3, 1.4, 1.5 and 1.9	Item 12
l. Ongoing product/service purchases	FA: Section 6 AD: Not Applicable	Items 6, 7 and 8
m. Maintenance, appearance, modernization and remodeling requirements	FA: Section 5 AD: Not Applicable	Items 8 and 11
n. Insurance	FA: Section 10.C AD: Not Applicable	Items 6, 7 and 8
o. Advertising	FA: Section 8 AD: Not Applicable	Items 6, 7 and 11
p. Indemnification	FA: Section 10.B AD: Not Applicable	Not Applicable
q. Owner's participation/management/staffing	FA: Sections 7 and 15.F AD: Not Applicable	Item 15
r. Records/reports	FA: Sections 6.E, 9.G and 9.H AD: Not Applicable	Not Applicable
s. Inspections/audits	FA: Sections 5.C, 6.F and 9.H AD: Not Applicable	Items 6 and 11
t. Transfer	FA: Section 11 AD: Sections 3.1 and 3.2	Items 6 and 17
u. Renewal	FA: Section 4 AD: Not Applicable	Item 17
v. Post-termination obligations	FA: Sections 10.D and 14 AD: Section 2.3	Item 17
w. Non-competition covenants	FA: Section 10.D AD: Not Applicable	Item 17
x. Dispute resolution	FA: Section 12 AD: Sections 4.1, 4.2 and 4.3	Item 17

Obligation	Section in Franchise Agreement (FA) Section in Area Development Agreement (AD)	Disclosure Document Item
y. Other (describe)	FA: Not Applicable AD: Not Applicable	Not Applicable

**ITEM 10  
FINANCING**

As of the date of this Disclosure Document we do not offer direct or indirect financing and we do not guarantee your note, lease, or obligation.

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

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

Pre-Opening Obligations

Before you open your Club, we will:

1. Provide you with site selection criteria and general design requirements for your Club (Franchise Agreement, Sections 5.A and 5.C).
2. Provide you with the Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 6.D).
3. Provide you with access to an electronic version of the Manual that details the specifications and procedures incidental to the operation of the Club (Franchise Agreement, Section 6.H).
4. Provide the training programs described below (Franchise Agreement, Sections 7.B and 7.C).
5. Provide grand opening services and promotional materials (Franchise Agreement, Section 8.B).

Ongoing Obligations

During the operation of your Club, we will:

1. Provide you with membership services, including administering certain aspects of reciprocity and membership billing (Franchise Agreement, Section 6.C and 6.P).
2. Provide updates to the Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 6.D).
3. Provide ongoing support and service as we determine necessary (Franchise Agreement, Section 6.F).
4. Provide refresher training courses as we determine necessary (Franchise Agreement, Section 7.C).

Our Obligations Under the Area Development Agreement

An area developer will sign the initial Franchise Agreement under the Development Schedule at the time the Area Development Agreement is signed. Our obligations under the Franchise Agreement apply to an area developer. Each time an area developer signs another Franchise Agreement, our obligations are activated for the new Club to be established. We do not have separate obligations under the Area Development Agreement.

## Advertising and Marketing

### *Local Marketing*

You must use your best efforts to aggressively promote and advertise the Club in your local area and participate in any local promotional programs that we establish (subject to applicable law). You must spend a minimum of \$4,800 per year (an average of \$400 per month) on local advertising. We strongly recommend that you spend money every month on local advertising, but you may want to spend more on local advertising during peak months and less during non-peak months. If you fail to spend at least \$4,800 each year on local advertising, we reserve the right to collect any deficiency from you and deposit the amount in the National Marketing Fund (defined below). For a minimum of three months following Club opening, transfer of the Club, or modernization of the Club, you must participate in our Snap Ads digital advertising program and meet our then-current minimum spend requirement (currently \$325 per month) each month during this period, which shall count towards your monthly required local advertising spend.

Any marketing material not designed or provided by us must be pre-approved; you must submit your marketing materials to us for approval prior to use (print, electronic or other forms of media) and actively promote your Club and the System through use of approved local marketing and marketing materials. We will not unreasonably withhold approval of your marketing materials if they are factually accurate and current, dignified, up-to-date, and in good condition, adhere to brand standards, and accurately depict the SNAP FITNESS Marks. The marketing materials will be deemed approved if we do not disapprove or comment within 10 business days of receipt.

### *National Marketing Fund*

As of the date of this Disclosure Document, we operate and manage a National Marketing Fund (the “**Marketing Fund**”) to advertise and promote Clubs in the System. You will pay us the monthly National Marketing Fee. We will deposit the National Marketing Fee in the Marketing Fund which is part of our general account. We may use the Marketing Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, including the cost of: *(i)* preparing and conducting print, point-of-sale, radio, television, internet, electronic, out-of-home, and billboard advertising; *(ii)* conducting e-commerce website activities; *(iii)* updating and hosting a website (including the development of locator programs); *(iv)* providing market intelligence through analytics to the System; *(v)* conducting member interviews, focus groups and surveys; *(vi)* providing creative development services including the development and modification of Club design and trade dress, logos, graphics and vehicle wraps; *(vii)* obtaining sponsorships and endorsements; *(viii)* developing and conducting contests, sweepstakes and other prize promotions; *(ix)* developing and administering member loyalty programs, coupons and gift certificates; *(x)* engaging advertising and marketing agencies and public relations firms; and *(xi)* any other expenses for developing and promoting the brand or System.

We also may use the Marketing Fund to develop advertising and promotional materials for regional and local advertising and marketing cooperatives and for use in each franchisee’s local market. In certain markets, we may assist a franchisee with its initial advertising and promotional activities to increase brand awareness. We have an in-house marketing staff that assists in developing and placing national, local and regional advertising and other matters. We also contract with various outside advertising and marketing agencies and third party vendors to produce certain advertising and promotional materials and to create and implement public relations campaigns. We will determine the use of the monies in the Marketing Fund. We are reimbursed for reasonable administrative costs, salaries and overhead incurred in administering or providing services to the Marketing Fund.

We are not required to spend any particular amount of the Marketing Fund on marketing, advertising or production in the area in which your Club is located. National Marketing Fees not spent in any fiscal year will be carried over for future use. We may make loans to the Marketing Fund bearing reasonable interest

to cover any deficit of the Marketing Fund and cause the Marketing Fund to invest in a surplus for future use by the Marketing Fund. National Marketing Fees will not be used for advertising principally directed at the sale of franchises, provided our general marketing materials may reference franchise sales available. At your written request, we will provide you with an annual unaudited statement of the receipts and disbursements of the Marketing Fund.

All Snap Fitness franchisees are required to pay the National Marketing Fee, provided the amount of the National Marketing Fee may vary depending on the National Marketing Fee amount in effect at the time the franchisee signed a franchise agreement. All company or affiliate owned Clubs will contribute to the Marketing Fund on the same basis as similarly situated franchisees.

During our last fiscal year ending December 31, 2023, the Marketing Fund was spent as follows: 15% on administrative expenses, 36% on local marketing support, 23% on media placement, 21% on advertising tools and technology, and 5% on production.

#### *Local Marketing Fund or Cooperative*

We have the right to designate, as we deem appropriate, any geographical area in which at least two SNAP FITNESS franchises are located as a “designated advertising area” for the purposes of establishing a local marketing fund that we control (“**Local Marketing Fund**”) or local or regional advertising cooperative controlled by its members (“**Cooperative**”). If a Local Marketing Fund or Cooperative is established in your market, you will be required to participate and contribute. Any amount contributed to a Local Marketing Fund or Cooperative will be in addition to, and not in lieu of, the National Marketing Fee. We have the right to determine the amount of contribution, in our sole judgment, provided that aggregate monthly contributions will not exceed \$200 per month (subject to adjustment for increases in the Consumer Price Index) unless a 2/3 vote of the members of the Cooperative approves a higher fee. Any contributions you make to a Local Marketing Fund or Cooperative will count toward the minimum local advertising expenditure noted above.

If we establish a Cooperative in your area, you must participate in the Cooperative and its programs, execute any participating documents we require and abide by its bylaws. A Cooperative may vote to increase the required contribution amount referenced above if approved by members representing at least two-thirds of the Clubs in the Cooperative. Each Club in the Cooperative will have one vote. Clubs owned by us and our affiliates will be a member of the Cooperative and will make the same contribution and have the same voting rights as franchised locations. Each Cooperative will be required to adopt governing bylaws that meet our approval and that we may require the Cooperative to amend from time to time. We will provide the Cooperative with a sample form of bylaws that the Cooperative must use, and we must approve, containing certain terms and conditions that we require, although the bylaws will not modify the voting structure described in this paragraph. Each Cooperative must submit to us its meeting minutes on our request. A Cooperative must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. Each Cooperative must use only an approved media buyer and advertising agency approved by us. The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative. If you wish to obtain an accounting of your local Cooperative you may do so by submitting your request in writing to the officers of the Cooperative. We reserve the right to administer the Cooperatives’ funds and will require payment from its members via electronic funds transfer. The governing documents are available for review upon reasonable request. We reserve the right to require advertising and marketing cooperatives to be formed, changed, dissolved, or merged.

#### *Grand Opening Marketing*

We conduct an initial promotional campaign in accordance with our standards and specifications, which includes a required minimum amount of \$10,500 remitted to us 90 days prior to opening for the Grand Opening advertising and marketing of your Club.

### *Franchise Advisory Council*

We have established a Franchise Advisory Council (the “**FAC**”). The FAC currently consists of a minimum of ten franchisees elected by our United States and Canada franchisees, and two appointed members. FAC Members serve a two-year term. The FAC serves in an advisory capacity to provide advice on advertising, marketing and general business initiatives. We have the power to form, change or dissolve the FAC.

### Technology System and Video Surveillance Equipment

You must acquire and use all computer hardware and related accessories and peripheral equipment, including door access components, panic system, camera and surveillance equipment, televisions, and related items that we prescribe for use by the Club (“**In Club Technology**”). You may not use any cash registers or computer hardware, accessories, or peripheral equipment that we have not approved for use. Requirements for use may include, among other things, connection to remote servers, off-site electronic repositories, and high-speed Internet connections, and establishment of one or more e-mail accounts.

You must: *(i)* use any proprietary software programs, system documentation manuals, and other proprietary materials that we provide to you in connection with your operation of the Club; *(ii)* input and maintain in your computer such data and information as we prescribe in the Manual and other written directives; *(iii)* purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever we adopt such new or upgraded programs, manuals, and materials system-wide. You must enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner we prescribe, and pay all fees imposed by us or any third-party software and software service providers hereunder. As technology or software is developed in the future, we may, as we deem appropriate, require you to: *(i)* add memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software; and *(ii)* replace or upgrade the In Club Technology and software as we prescribe. There are no contractual limitations on the cost or frequency for updating or upgrading In Club Technology and software.

The In Club Technology collects and compiles customer identification data, other membership data, and door entry data. We may independently access from a remote location, at any time, all information (including member information) input to and compiled by In Club Technology (including video surveillance equipment) or an off-site server. We estimate the cost of the In Club Technology, including video surveillance equipment, to be \$15,000 to \$25,000. The estimated annual cost of any optional or required maintenance, updating, upgrading, or support for In Club Technology is estimated to be approximately \$2,000-\$3,000 per year over the ten-year term of the initial Franchise Agreement.

### Site Selection

You will select the site for the Club within the Preliminary Designated Area that will be identified in the Summary Pages when you sign the Franchise Agreement. You will identify a site within the Preliminary Designated Area (or if no sites are available in the Preliminary Designated Area, in proximity to it) for our acceptance. In evaluating the site, we will consider the following factors: demographics, visibility, ability to reflect image to be portrayed by SNAP FITNESS businesses, access and parking, and market type (rural, suburban, and urban). Within 15 days after you have submitted all requested information concerning the site, we will notify you whether or not the site is accepted. You must open the Club within one (1) year after the Franchise Agreement is signed.

### Typical Length of Time Before You Open Your Club

The typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the franchise, and the opening of your business is approximately six to twelve months from the execution of the Franchise Agreement. Factors that may impact this length of time may include whether you have a site selected upon execution of the Franchise Agreement, your ability to obtain a site,

prepare a site survey, arrange leasing and financing, make leasehold improvements, install equipment and signs, decorate the Club, meet local requirements and other similar factors.

You must open the Club for business no later than one (1) year after the Franchise Agreement is signed. If you sign an Area Development Agreement, the opening schedule for each Club you agree to develop will be outlined in the Development Schedule attached to your Area Development Agreement. The timelines for securing a site and opening a Club under the Development Schedule will supersede any Franchise Agreement deadlines. If you fail to acquire an acceptable site or begin operations within the required time periods, we may terminate the Franchise Agreement or Area Development Agreement, or, at our election, may cancel any designated area protection afforded in the Franchise Agreement (Franchise Agreement, Sections 2.B, 2.C and 13.D) or Area Development Agreement (Area Development Agreement, Section 2.2).

### Manual

You must operate your SNAP FITNESS Clubs consistent with the required standards and specifications outlined in the Manual. The Manual also may contain recommended practices, polices, and guidelines that you may, but are not required to, follow.

The Table of Contents for the Manual, including number of pages on each subject and total number of pages, is included herein as Exhibit E. In addition to the Manual, we also communicate operations information to franchisees through system bulletins and our online franchisee portal.

### **INITIAL TRAINING PROGRAM**

We provide the following initial training to at least two people in your organization (including your general manager), which attendees must complete to our satisfaction. We provide ongoing webinars with relevant educational content and franchisee panels, and reserve the right to offer virtual or in-person training in our sole discretion. Our training program is two days and includes:

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-job Training</b>	<b>Location</b>	<b>Instructor</b>
Brand Heritage, Mission and Domestic Vision	0.5	Note 1	Chanhassen, Minnesota	Note 2
Our Members and Brand Experience Overview	0.5	Note 1	Chanhassen, Minnesota	Note 2
Operation Excellence in Business Planning, Market Strategy and Product Offering	5	Note 1	Chanhassen, Minnesota	Note 2
Marketing Foundations and Marketing Planning	2	Note 1	Chanhassen, Minnesota	Note 2
Sales, Onboarding and Retaining Members	4	Note 1	Chanhassen, Minnesota	Note 2
Franchise Software and Resource Overview	4	Note 1	Chanhassen, Minnesota	Note 2
<b>TOTAL</b>	<b>16</b>	<b>Note 1</b>	<b>Note 1</b>	<b>Note 2</b>



## Notes

(1) In addition to the on-site (or virtual) training program, additional onboard training is provided via one-on-one calls, video courses, site visits, and workshops. The additional onboard training includes 26 hours of training provided by Onboarding Coaches, Franchise Business Coaches, the club software support team, and the Marketing team. Topics as part of the onboard training include completing a competitive marketplace analysis, the lead generation/marketing process, the sales process, personal training, club culture, member retention and software training.

(2) Initial training will be conducted by our training staff which is led by our Franchise Onboarding Team. Our team includes the following industry professionals:

- Brian Tietz is our President of Franchise Operations and joined Snap Fitness in April 2019. He has served in numerous leadership roles within the fitness industry since 2001.
- Kelli Nadeau is our Senior Franchise Business Coach and joined Snap Fitness in October 2020. She is a former swim coach and sales/marketing professional. Kelli currently owns Snap Fitness Foley in Minnesota and has been in the fitness industry since 2007.
- Matt Krause is our Sr. Director of Franchise Support and joined Snap Fitness in June 2019. Since 2002, he has been in the fitness industry, serving in numerous roles over that time including Operations Manager, Sales Advisor, Personal Trainer, Personal Training Manager and Senior Personal Training Manager.
- Kurt Goodrich is our Onboarding Manager and has been with Snap Fitness since 2014. He has been in the fitness industry since 2012, including roles featuring personal training, managing, and over-seeing our corporately owned locations for three years. Kurt also owns two Snap Fitness clubs located in Winnipeg, and Steinbach, Manitoba, Canada.
- Lisa Boyer is our Program Manager and Marketing Lead and has been with Snap Fitness since 2022. Lisa started in 2004 in the fitness industry, including roles as a club owner, group fitness instructor, personal trainer, and life coach.

Other individuals who are involved in our initial training program include: The Marketing Team, the club software support team, the Supply Chain Management team, and the Finance team, including:

- Rose Minar is our Chief Marketing Officer and joined Snap Fitness in December of 2020. She has experience in marketing and brand strategy with leading global hospitality companies since 2001.
- Suzanne Haag is our Director of Marketing and has been with Snap Fitness since May 2023. She leads the marketing efforts for our US and Canadian franchisees and guides our field marketing and digital support teams. She has served in marketing roles since 2005 at General Mills, at a non-profit organization, and most recently at Regis Corp, the largest franchisor of hair salons in North America.
- Joel Obermeyer is our Global Support Representative and has been with Snap Fitness for over five years. He has been in the fitness industry experience at multiple brands as a Personal Trainer and General Manager since 2013.

The primary materials used in connection with the initial training program include the Manual, training guides and videos, presentation materials and other materials.

Unless we agree in writing that you may designate someone else to attend training, you must complete to our satisfaction this training program within 30 days of signing your location lease, or in a transfer situation, within 60 days of signing your Franchise Agreement. If you have a general manager at the time you begin

operations, the general manager also must complete training to our satisfaction. The program lasts approximately three days. We do not charge for this training, but you must pay the travel and living expenses and supply costs for you and your employees. Training will occur at our headquarters in Chanhassen, Minnesota, or may be virtual, as designated by us.

The training is subject to change and may be offered by any of these personnel or by such individuals as we may designate from time to time who have experience related to specialized services or products that may be offered as part of the franchised business.

Periodically, we may offer additional training programs and we may charge a fee for attending these training programs. You must also pay the travel and living expenses and supply costs for you and your employees. If you designate a new general manager after the initial training program, the new general manager must complete the training to our satisfaction. We reserve the right to charge a fee to train any replacement general manager. In addition, we may hold and require that your Principal Owner (this is, a person who owns a 25% or greater interest in the franchisee entity) and general manager or other designated employees attend, at your expense, any conference, meeting, summit or seminar to present new methods and programs for operation, training, management, sales or marketing and we reserve the right to charge you a fee (currently, \$750 per Club) to attend any conference, meeting or summit we hold.

## **ITEM 12 TERRITORY**

When the Franchise Agreement is signed, you will select a general geographic area in which you intend to operate your Club (“**Preliminary Designated Area**”). We generally will approve your selection unless we determine, in our sole judgment, that it may negatively affect the interest of another SNAP FITNESS franchisee or is otherwise unavailable for development under our current policies.

Your Preliminary Designated Area will be identified on the Summary Pages of the Franchise Agreement. Within one (1) year after the Franchise Agreement Effective Date, you must open the Club within the Preliminary Designated Area; provided that, if no sites are available in the Preliminary Designated Area, we generally will approve a site in proximity to the Preliminary Designated Area. Once you have acquired the site, we will complete the Franchise Agreement to reflect the site (which will become the Club’s “**Authorized Location**”) and to define your “**Designated Area**” around the Authorized Location. If the site you acquire is within the Preliminary Designated Area, your Designated Area will be substantially the same as your Preliminary Designated Area in terms of size, shape or demographics. Once defined in Attachment A and provided you comply with the terms of your Franchise Agreement, your Designated Area will remain constant throughout the initial term of the franchise.

A minimum Designated Area will consist of one city block and, in suburban and rural areas, may be as large as a three-mile radius from the anticipated location. The actual size and boundaries of your Designated Area will depend upon a variety of factors, including the population base; density of population; growth trends of population; the density of residential and business entities; and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas.

Unless approved by us, all membership sales must be made either face-to-face or through our website, although you may solicit membership sales *within* your Designated Area by mail, telemarketing (so long as you abide by the no-call lists) or other non-face-to-face basis. You may solicit, advertise, and accept memberships online or outside your Designated Area only with our prior written approval or according to our then-current policies. There are no other restrictions on your right to solicit or accept memberships inside or outside of your Designated Area. You may not sell merchandise or services through other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing.

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. During the term of

this Agreement, however, neither we nor our affiliates will develop or operate, or grant to anyone else the right to develop or operate, a SNAP FITNESS Club physically located in the Designated Area (except Special Sites described below). We and our affiliates have the right to develop and operate and grant others the right to develop and operate SNAP FITNESS Clubs outside the Designated Area, regardless of their proximity to the Designated Area or any negative impact they may have on your Club.

We and our affiliates also have the right to develop and operate, and grant others the right to develop and operate, fitness clubs and other businesses under a different trademark within and outside the Designated Area, which may be similar to or competitive with SNAP FITNESS Clubs.

Certain locations are by their nature unique and separate in character from sites generally developed as SNAP FITNESS Clubs (“**Special Sites**”). These Special Sites are excluded from the Designated Area and we have the right to develop, license or franchise Clubs at these locations within or outside your Designated Area: (1) military bases; (2) public transportation facilities, including, without limitation, airports, railway stations, limited access highway travel plazas and other transportation terminals; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) hotels, resorts or similar short-term lodging; (6) apartment or condominium complexes; and (7) corporate office buildings or office parks.

We reserve to ourselves all other rights to use the System and Marks anywhere and in any manner including, without limitation, the right to offer, sell or distribute items such as training videos, equipment, athletic gear, etc., associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods, without compensation to any franchisee. These distribution channels or methods may include, without limitation, retail stores, mail order, wholesale or the internet (or any other existing or future form of electronic commerce). For instance, we currently offer online member enrollment through [www.snapfitness.com](http://www.snapfitness.com). Our reserved rights also include the right for us or our affiliates to provide and to license third parties to provide the FitnessOnDemand program, and other ancillary programs developed by or for us or our affiliates, at host locations (such as apartments, condo associations, corporate office buildings, schools, community centers and other gyms and fitness centers).

We will not operate, franchise, or license the operation of a fitness club offering 24/7 keycard access and substantially similar to a SNAP FITNESS club in your Designated Area, except in connection with our acquisition of a multi-unit brand. If we acquire a multi-unit brand (through a stock purchase, asset purchase, merger, or otherwise), we or our affiliate may operate, franchise, or license the operation of the acquired brand within and outside the Designated Area, without offering any rights or compensation to you.

There are no restrictions on our rights to solicit or accept orders inside or outside of your Designated Area. We are not required to compensate you for soliciting or accepting orders in the Designated Area.

Continuation of your Designated Area does not depend on the achievement of a certain sales volume, market penetration or other contingency. You do not have any right to sublicense or sub-franchise within or outside of the Designated Area. You do not receive the right to acquire additional franchises within or outside of your Designated Area (although we may allow you to open another club if you sign another Franchise Agreement with us and meet our requirements).

If you fail to open the Club within one (1) year after the Franchise Agreement Effective Date, instead of terminating this Agreement, we may eliminate the Designated Area protection and open that area for development by us or another franchisee. We also may unilaterally modify your Designated Area upon renewal or if you transfer your franchise rights (see Item 17). Other than described above, we have no right to modify your territorial rights except by mutual written consent of the parties.

You may relocate your Club under certain circumstances and subject to our approval, as is stated in Section 5.G of the Franchise Agreement.

### Area Development Agreement

If you and we enter into an Area Development Agreement requiring you to open and operate multiple SNAP FITNESS Clubs in a Development Area, we will not develop or operate or grant anyone else a franchise to develop and operate a SNAP FITNESS Club in the Development Area except for Special Sites (as defined above) and except for any existing SNAP FITNESS clubs located in the Development Area at the time you sign the Area Development Agreement (the “**Existing Clubs**”) prior to the earlier of: (i) the expiration or termination of the Area Development Agreement; (ii) the date on which you must execute the Franchise Agreement for your last Club pursuant to the terms of the Development Schedule; or (iii) the date on which the Designated Area for your final Club under the Area Development Agreement is determined. Upon the earliest occurrence of any of the foregoing events: (i) the Development Area will expire; and (ii) we will be entitled to develop and operate, or to franchise others to develop and operate SNAP FITNESS Clubs in the Development Area, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated.



We determine the Development Area in an Area Development Agreement using the same criteria that is used in defining a Designated Area for one Club. However, the Development Area must be able to support the number of clubs you intend to establish in that area.

The rights and restrictions described above regarding what we and our affiliates can and cannot do in a franchisee’s Designated Area for a single Club are generally the same for the Development Area set forth in an Area Development Agreement. We are not required to pay you if we exercise any of the rights specified above inside your Development Area. In addition, we may terminate the Area Development Agreement if you: (i) fail to exercise options to enter into Franchise Agreements with us within any period on the Development Schedule; (ii) fail to comply with any other terms and conditions of the Area Development Agreement; (iii) make or attempt to make a transfer or assignment in violation of the Area Development Agreement; or (iv) fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which you and we or our affiliates are parties.

### **ITEM 13 TRADEMARKS**

The Franchise Agreement licenses you to use the “**Snap Fitness**” service mark, as well as other trademarks, service marks, trade names and commercial symbols. We own and have registered the following principal Marks on the Principal Register of the U.S. Patent and Trademark Office and have filed all required affidavits and maintenance documents.

[Remainder of page intentionally left blank]

Trademark	Register	Registration Date	Registration Number
Snap Fitness 24/7 and Design <b>snap fitness</b> 24/7	Principal	Application Date: July 30, 2021	90858365*
Snap Fitness 24/7 and Design <b>snap</b> 24/7 <b>fitness</b>	Principal	Application Date: July 30, 2021	90858367*
SNAP FITNESS & Design 	Principal	March 4, 2008	3391628
SNAP FITNESS	Principal	June 20, 2006	3107672
SNAP FITNESS FAST-CONVENIENT-AFFORDABLE & Design 	Principal	April 25, 2006	3084847

We also claim common law rights to variations of our SNAP FITNESS logo and other supplementary marks used from time to time in the operation of the franchise. \*Our application for the “SNAP FITNESS 24/7” logo is pending and filed based on actual use. These non-registered trademarks do not provide the same legal benefits and rights as a federally registered trademark. If our right to use our trademark is challenged, you may have to change to an alternative Mark, which may increase your expenses.

Your use of the Marks and any goodwill is to our and our affiliate’s exclusive benefit and you retain no rights in the Marks. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks including the adoption of new Marks, new program offerings, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. You must comply, at your cost, within a reasonable time if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the Marks.

If there is any infringement of, or challenge to, your use of the Marks, you must immediately notify us, and we will take action that we deem appropriate. We have the right to control all administrative proceedings and litigation involving the Marks. The Franchise Agreement does not require us to take affirmative action if notified of the claim. The Franchise Agreement also does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding based on your use of the Marks, or if the proceeding is resolved unfavorably to you. If we determine that a

trademark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense.

#### ***ITEM 14***

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

There are no patents, pending patent applications, or copyrights currently registered that are material to the franchise, although we do claim copyright ownership and protection for the design elements of our Marks, and the content of our Manual, training materials, web site, and promotional and other materials.

There are currently no effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including but not limited to the Manual. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the Manual and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the Manual at your cost.

#### ***ITEM 15***

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

During the term of the Franchise Agreement, you or your general manager must devote sufficient time and best efforts to the management of the Club. You are expected to stay informed about our organizational plans, initiatives, and direction by regular review of communications sent to you electronically or otherwise.

You or your general manager must provide direct on-premises supervision to the Club. The general manager must complete our training course. The General Manager need not have any equity interest in the franchisee or the business entity that owns or operates the franchise. If the General Manager fails to satisfactorily complete the training program, you may designate a different individual and you must notify us immediately. We may request that you are present at the Club for any inspection or evaluation we conduct.

All officers, directors, members and all managers, instructors and other employees having access to our proprietary information must execute non-disclosure agreements in a form we accept. If we so require, your managers, instructors and other employees receiving training from us must execute covenants not to compete in a form that we approve.

Any individual or entity that holds, directly or indirectly, a 25% or greater equity interest in the franchisee must sign a personal guaranty. We reserve the right to require additional guarantors based on the financial qualification or ownership structure of the proposed franchisee.

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

You must offer at the Club all of the products, equipment and services that we periodically require and you may not offer at the Club any unapproved products or use the premises for any purpose other than the operation of the Club. We have the unlimited right to change the types of authorized services you may offer.

If permitted by state and local law, you must be open for business every day of the week for 24 hours. You may solicit and accept memberships within your Designated Area. We may periodically negotiate contracts with corporations, affinity groups and insurance plans that will require that certain terms or discounts be offered to members of that corporation, affinity group or insurance plan by all franchisees at all locations (“**National Accounts**”). You must provide the special terms and/or discounts to these National Accounts. You are not otherwise limited in the customers to whom you may sell products or services.

You may not install or maintain on the Club premises any gaming, entertainment or vending machine without our prior written approval and you must agree to participate in any vending or media program we establish for the system.

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

**THE FRANCHISE RELATIONSHIP**

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

	<b>Provision</b>	<b>Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	FA: Section 4.A AD: Section 2.1	Term is 10 years  Term depends on the number of Clubs to be developed under the Area Development Agreement as specifically set forth in the Development Schedule.
b.	Renewal or extension	FA: Section 4.B AD: Not Applicable	Renewal for unlimited additional 10-year terms  No renewal rights under the Area Development Agreement.
c.	Requirements for franchisee to renew or extend	FA: Section 4.B	You must give us written notice of your decision to renew at least six months but not more than 12 months before the end of the expiring term; you must sign our then-current form of Franchise Agreement, the terms and conditions of which may be materially different than the terms and conditions of our current Franchise Agreement and which may contain terms less favorable to you, including different fees and a different Designated Area; you must sign our then-current form of Renewal Addendum (see Exhibit F); you have complied with the modernization requirements for your Club; you are not in default and have satisfied

	<b>Provision</b>	<b>Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement</b>	<b>Summary</b>
		AD: Not Applicable	your obligations on a timely basis; if leasing, you have written proof of your ability to remain in possession of the Club premises throughout the renewal term and provide any then-required lease addendum; you comply with our training requirements; and you sign a release (provided that any release will not be inconsistent with any state law regulating franchising).
d.	Termination by franchisee	FA: Section 13.C  AD: Not Applicable	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow at least 60 days notice and opportunity to cure such breach and, if not cured, wait 90 days from the original notice of breach before terminating the Franchise Agreement.  You do not have the right to terminate the Area Development Agreement.
e.	Termination by franchisor without cause	FA: Not Applicable AD: Not Applicable	
f.	Termination by franchisor with cause	FA: Sections 13.A and 13.B  AD: Section 2.2	We can terminate the Franchise Agreement and Area Development Agreement only if you default or fail to comply with your obligations.
g.	“Cause” defined – curable defaults	FA: Sections 13.A and 13.B  AD: Section 2.2	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing; and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in h below.  You have 30 days to cure any default under the Area Development Agreement.



	<b>Provision</b>	<b>Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement</b>	<b>Summary</b>
h.	“Cause” defined – non-curable defaults	FA: Sections 13.A and 13.B  AD: Not Applicable	Non-curable defaults include: failure to acquire a site for the Club or open the Club for business within one year after the Franchise Agreement Effective Date, abandonment, loss of lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to relocate, closing of Club, insolvency, unapproved assignments or transfers, convictions, intentionally understating or underreporting Memberships or fees, multiple defaults, or failure to cure within 24 hours of notice a default which materially impairs the goodwill associated with any of our Marks.
i.	Franchisee’s obligations on termination/non-renewal	FA: Sections 10.D and 14.A-C  AD: Section 2.3	Obligations include complete de-identification and payment of amounts due, assignment of your lease to us upon our demand, assignment to us of your telephone numbers, return of the Manual and proprietary materials, refunding members, and our right to purchase assets of the Club (also see o and r below).  You lose all remaining rights to develop Clubs. Other obligations include those obligations noted above if existing Franchise Agreements are also terminated.
j.	Assignment of contract by franchisor	FA: Section 11.F AD: Section 3.1	No restriction on our right to assign.
k.	“Transfer” by franchisee – defined	FA: Section 11.A  AD: Section 3.2	Includes any transfer of your interest in the Franchise Agreement, in all or substantially all of the Club assets, or in the business or any ownership change.
l.	Franchisor approval of transfer by franchisee	FA: Section 11.B  AD: Section 3.2	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	FA: Sections 11.B-D	Transferee meets all of our then-current requirements for one of the franchise development programs then being offered, transferee must sign our then-current form of Franchise Agreement, the terms and conditions of which may be materially different than the terms and conditions of our current Franchise Agreement and which may contain terms less favorable to the transferee,

	<b>Provision</b>	<b>Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement</b>	<b>Summary</b>
		AD: Section 3.2	including different fees and a different Designated Area; applicable transfer fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, required guarantees signed, necessary financial reports and other data on franchise business is prepared, and release signed by you (provided release will not be inconsistent with any state law regulating franchising (also see r below).  You cannot transfer your rights under the Area Development Agreement unless you transfer all of your rights and interests under all Franchise Agreements.
n.	Franchisor's right of first refusal to acquire franchisee's business	FA: Section 11.E  AD: Not Applicable	We can match any offer for your Club assets and, in the case of a proposed stock sale, we can purchase your Club assets at a price determined by an appraiser, unless you and we agree otherwise.
o.	Franchisor's option to purchase franchisee's business	FA: Section 14.B  AD: Not Applicable	Upon expiration or termination, we have the right to assume your lease for the Club premises, to assume all membership contracts, to assume all telephone numbers used in connection with the operation of your Club to assume all social media accounts associated with the Club, and to purchase or designate a third party that will purchase all or any portion of the assets of your Club, including the equipment, fixtures, signs, furnishings, supplies, leasehold improvements and inventory. Qualified appraiser(s) will determine price as described in the Franchise Agreement.
p.	Death or disability of franchisee	FA: Section 11.D  AD: Not Applicable	You can transfer your franchise right to your heir or successor in interest like any other transfer, but if assignee is an existing franchisee, your spouse or your child, no transfer fee is required.
q.	Non-competition covenants during the term of the franchise	FA: Section 10.D  AD: Not Applicable	No direct or indirect involvement in the operation of any fitness business other than one authorized in the Franchise Agreement.

	<b>Provision</b>	<b>Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement</b>	<b>Summary</b>
r.	Non-competition covenants after the franchise is terminated or expires	FA: Section 10.D  AD: Not Applicable	No direct or indirect involvement in a competing business for two years at the premises of the former Club; within 10 miles of the former Club; within any other franchisee's Designated Area; or within 10 miles of any other business or Club using the System.
s.	Modification of agreement	FA: Section 15.B  AD: Section 5.7	No modifications generally, but we have the right to change the Manual and the list of authorized trademarks. We also have the right to define your Designated Area once you have acquired a site for the Club.
t.	Integration/merger clause	FA: Section 15.B  AD: Section 5.7	Only the terms of the Franchise Agreement and Area Development Agreement (if applicable) are binding (subject to state law). We do not disclaim any representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	FA: Section 12  AD: Section 4	Except for certain claims, all disputes must first be submitted to mediation and, if not resolved by mediation, must be arbitrated in Minneapolis, Minnesota (subject to state law).
v.	Choice of forum	FA: Section 15.I  AD: Section 4.4	Litigation must be in Minneapolis, Minnesota, except as restricted or prohibited by applicable state law regulating franchising.
w.	Choice of law	FA: Section 15.H  AD: Section 5.5	Minnesota law governs construction of the Franchise Agreement and the parties' relationship, except as restricted or prohibited by applicable state law regulating franchising.

**ITEM 18**  
**PUBLIC FIGURES**

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

[Remainder of page intentionally left blank]

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised or franchisor-owned outlets if there is a reasonable basis for the information and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Except for the information provided herein, 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. However, if you are purchasing an existing outlet, 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: Andi Ruth-Negrini, 952-567-5848 or email sales@liftbrands.com. You may also contact the Federal Trade Commission and the appropriate state regulatory agencies.

This Item 19 is divided into two sections. Section 1 reflects certain financial information for Snap Fitness corporate owned clubs. Section 2 reflects certain financial information related to franchise owned clubs. Each section contains its own tables and notes as appropriate.

The Financial Performance Representation in Item 19 is based on the financial performance of Clubs during 2023 and 2022. Some Snap Fitness Clubs have earned these amounts. Your individual results may vary. There is no assurance that you will earn as much.

[Remainder of page intentionally left blank]

## 1. Corporate Owned Snap Fitness Clubs - Statement of Revenue and Member Count

**Table A**

There were 10 SNAP FITNESS Corporate Owned Clubs in the SNAP FITNESS system as of December 31, 2023. No Corporate Owned Clubs were excluded from these results.

Description	Average	Median	Max	Min
<b>Annual Gross Revenue</b>	<b>\$365,206</b>	<b>\$376,128</b>	<b>\$704,399</b>	<b>\$159,987</b>
Membership Revenue	\$275,600	\$281,719	\$517,737	\$132,017
Personal Training Revenue	\$44,707	\$39,207	\$112,375	\$4,375
Insurance Revenue <sup>3</sup>	\$31,850	\$31,918	\$57,660	\$8,602
Other Revenue <sup>4</sup>	\$13,049	\$14,023	\$22,328	\$1,963
<b>Member Count</b>	<b>966</b>	<b>1,000</b>	<b>1,631</b>	<b>462</b>
<b>Square Feet</b>	<b>4,768</b>	<b>4,965</b>	<b>6,900</b>	<b>3,000</b>

**Table B**

As of December 31, 2023, 2 of the 10 US SNAP FITNESS Corporate Owned Clubs had completed brand revitalization to same design model required of all new club openings. No Corporate Owned Revitalized Clubs were excluded from these results.

Description	Average	Median	Max	Min
<b>Annual Gross Revenue</b>	<b>\$549,515</b>	<b>\$549,515</b>	<b>\$704,399</b>	<b>\$394,631</b>
Membership Revenue <sup>1</sup>	\$399,555	\$399,555	\$517,737	\$281,372
Personal Training Revenue <sup>2</sup>	\$85,437	\$85,437	\$112,375	\$58,498
Insurance Revenue <sup>3</sup>	\$48,699	\$48,699	\$56,579	\$40,819
Other Revenue <sup>4</sup>	\$15,825	\$15,825	\$17,708	\$13,942
<b>Member Count</b>	<b>1,327</b>	<b>1,327</b>	<b>1,631</b>	<b>1,022</b>
<b>Square Feet</b>	<b>5,262</b>	<b>5,262</b>	<b>6,900</b>	<b>3,624</b>

### Notes to Table A and Table B

Note 1. The principal source of total sales for a SNAP FITNESS Club is its membership revenue. Membership revenue includes paid in full or as prepaid dues, the member's monthly dues obligation as well as annual and pro-rated annual fees. Typical monthly membership fees are \$34.95 to \$59.95 based on single membership types and \$54.95 to \$84.95 for joint or family membership types. Membership rates vary by club. Franchisees set their own membership prices depending on their club's competitive landscape and amenity service fees (such as tanning) that are added to a membership (exceptions are for National Accounts and certain promotional programs as described in Item 16).

Note 2. Clubs may earn a significant percentage of revenue through the sale of personal training services to members. Not all clubs offer personal training and personal training revenue varies widely by club depending on the ability to find qualified and motivated personal trainers, types of services and management of the personal training programs.

Note 3. Clubs may earn revenue through participation with certain programs which we administer reimbursement of membership dues for insurance companies, affinity groups and national accounts as described in Item 16.

Note 4. Clubs may earn additional revenue through Club Enhancement Fees, the sale of approved product and merchandise, and enrollment fees.

[Remainder of page intentionally left blank]

## 2. Franchise Owned Snap Fitness Clubs - Statement of Revenue and Member Count

There were 520 US Snap Fitness Clubs in the Snap Fitness system as of December 31, 2023. Of those 520 Snap Fitness Clubs, 11 are excluded from the results displayed in Table A and Table B for the reasons provided in Note 1, Note 2, and Note 3 below. The average square footage, average total sales, average membership counts, average member counts, and average sales per square foot are derived from the historical performance of 509 Clubs.

**Table A**

### Franchised Clubs – Sales and Memberships by Quartile for 2023, 2022 and 2021

		2023							2022					2021				
		Members				Revenue			Members			Revenue		Revenue				
		Active Members	Met or Exceed #	Met or Exceed %	YOY Growth	Sales per Year	Met or Exceed #	Met or Exceed %	YOY Growth	Active Members	Met or Exceed #	Met or Exceed %	Sales per Year	Met or Exceed #	Met or Exceed %	Sales per Year	Met or Exceed #	Met or Exceed %
All Clubs	Club Count	509							547					573				
	Average	697	210	41%	14%	\$238,988	237	47%	13%	614	229	42%	\$212,305	214	39%	\$194,127	226	39%
	Median	637	259	51%	13%	\$207,265	278	55%	11%	566	272	50%	\$187,361	270	49%	\$166,455	287	50%
	Max	3,221				\$1,289,044				3,018			\$1,021,939			\$990,332		
	Min	160				\$30,106				131			\$40,641			\$11,984		
Top Quartile	Club Count	127							137					143				
	Average	1,066	55	43%	12%	\$432,100	57	45%	15%	956	54	39%	\$377,230	42	31%	\$339,543	46	32%
	Median	983	64	50%	15%	\$377,043	77	61%	14%	855	68	50%	\$332,116	68	50%	\$298,789	72	50%
	Max	3,221				\$1,289,044				3,018			\$1,021,939			\$990,332		
	Min	265				\$291,698				432			\$263,717			\$240,254		
Second Quartile	Club Count	127							137					143				
	Average	718	58	46%	16%	\$246,911	98	77%	12%	621	64	47%	\$219,650	67	49%	\$201,430	70	49%
	Median	687	67	53%	12%	\$245,393	100	79%	12%	611	69	50%	\$218,930	69	50%	\$201,054	72	50%
	Max	1,613				\$290,835				1,155			\$263,637			\$240,203		
	Min	373				\$207,802				333			\$186,602			\$166,599		
Third Quartile	Club Count	127							136					143				
	Average	590	60	47%	15%	\$170,922	91	72%	11%	512	64	47%	\$153,777	65	48%	\$142,382	72	50%
	Median	578	66	52%	17%	\$169,947	92	72%	12%	493	73	54%	\$151,979	67	49%	\$142,487	72	50%
	Max	986				\$207,265				927			\$186,436			\$166,455		
	Min	270				\$142,801				224			\$128,849			\$122,346		
Bottom Quartile	Club Count	128							137					144				
	Average	417	60	47%	14%	\$107,057	87	68%	9%	366	62	45%	\$98,134	76	55%	\$93,855	77	53%
	Median	405	66	52%	14%	\$106,835	87	68%	4%	354	69	50%	\$102,748	69	50%	\$97,530	73	51%
	Max	822				\$142,763				1,034			\$128,746			\$122,145		
	Min	160				\$30,106				131			\$40,641			\$11,984		

[Remainder of page intentionally left blank]

**Table B**

**Franchised Clubs – Sales and Memberships by Club Size for 2023 and 2022**

		2023								2022					
		Active Members	Met or Exceed #	Met or Exceed %	YOY Growth	Sales per Year	Met or Exceed #	Met or Exceed %	YOY Growth	Active Members	Met or Exceed #	Met or Exceed %	Sales per Year	Met or Exceed #	Met or Exceed %
All Clubs	Club Count	509								547					
	Average	697	210	41%	14%	\$238,988	237	47%	13%	614	228	42%	\$212,305	215	39%
	Median	637	259	51%	13%	\$207,265	278	55%	11%	566	270	49%	\$187,361	272	50%
	Max	3,221				\$1,289,044				3,018			\$1,021,939		
	Min	160				\$30,106				131			\$40,641		
>=8,000 Sq Ft	Club Count	25								25					
	Average	1,351	12	48%	13%	\$511,566	12	48%	17%	1,192	12	48%	\$436,325	13	52%
	Median	1,247	14	56%	12%	\$459,841	13	52%	2%	1,114	13	52%	\$448,780	12	48%
	Max	3,221				\$1,289,044				3,018			\$1,021,939		
	Min	160				\$30,106				146			\$40,641		
<8,000 >6,000 Sq Ft	Club Count	41								42					
	Average	940	17	41%	10%	\$348,420	23	56%	8%	856	14	33%	\$323,865	16	38%
	Median	871	20	49%	8%	\$326,825	24	59%	11%	807	21	50%	\$293,294	21	50%
	Max	2,401				\$904,392				1,990			\$897,814		
	Min	423				\$133,850				389			\$110,790		
<6,000 >4,000 Sq Ft	Club Count	177								190					
	Average	726	78	44%	12%	\$242,390	89	50%	9%	648	82	43%	\$223,123	83	44%
	Median	677	89	50%	9%	\$224,010	101	57%	9%	619	93	49%	\$205,391	95	50%
	Max	2,195				\$690,267				1,908			\$626,652		
	Min	228				\$69,707				206			\$54,836		
<4,000 Sq Ft	Club Count	266								290					
	Average	579	121	45%	14%	\$194,238	128	48%	14%	507	122	42%	\$169,748	121	42%
	Median	546	135	51%	14%	\$172,379	151	57%	13%	477	143	49%	\$152,664	143	49%
	Max	1,799				\$695,075				1,533			\$589,015		
	Min	209				\$44,635				131			\$41,839		

[Remainder of page intentionally left blank]



**Table C**

Franchised Clubs – Sales and Memberships for Clubs Revitalized Prior to 2023

		2023							2022						
		Members				Revenue			Members			Revenue			
		Total Members	Met or Exceed #	Met or Exceed %	YOY Growth	Sales per Year	Met or Exceed #	Met or Exceed %	YOY Growth	Total Members	Met or Exceed #	Met or Exceed %	Sales per Year	Met or Exceed #	Met or Exceed %
All Clubs	Club Count	7							7						
	Average	645	4	57%	4%	313,866	1	14%	37%	621	3	43%	228,651	1	14%
	Median	654	4	57%	9%	241,475	4	57%	42%	600	4	57%	170,599	1	14%
	Max	1,126				871,458				870			575,192		
	Min	391				170,125				347			107,150		

**Notes to Table A, Table B, and Table C**

Note 1. Table A, Table B, and Table C reflect the data of Franchised Clubs open for respective calendar years 2023 and 2022. Table A also includes data of Franchised Clubs open for respective calendar year 2021.

Note 2. Table A, Table B, and Table C only include data of Franchised Clubs that were open as of December 31, 2023. In other words, data from Clubs that opened January 1, 2024 or later are excluded from Table A, Table B, and Table C.

Note 3. Table A, Table B, and Table C exclude data from our corporate-owned Clubs.

Note 4. The principal source of total sales for a SNAP FITNESS Club is its membership revenue. Membership revenue includes any initial enrollment fees, paid in full or as prepaid dues, the member’s monthly dues obligation as well as annual and pro-rated annual fees. Clubs also earn a significant percentage of revenue through the sale of personal training services to members. Not all clubs offer personal training and clubs historically have not been required to report personal training revenue to us. Personal training revenue varies widely by club depending on the ability to find qualified and motivated personal trainers, types of services and management of the personal training programs. Typical monthly membership fees are \$34.95 to \$59.95 based on single membership types and \$54.95 to \$84.95 for joint or family membership types. Membership rates vary by club. You set your own membership prices depending on your club’s competitive landscape and amenity service fees (such as tanning) that are added to a membership (exceptions are for National Accounts and certain promotional programs as described in Item 16).

Note 5. The average values stated are based on highest to lowest sales and quartile cohorts structured accordingly. All averages, medians, highs, and lows are then based on club Key Performance Indicator facts found within these cohorts.

Note 6. Table C includes only clubs that had either opened as or fully revitalized to our current club design version, launched in 2021. Clubs that are operating under a prior design version or that have started, but not completed their revitalization to our current club design version, are excluded from Table C.

[Remainder of page intentionally left blank]

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**for Years 2021 to 2023**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised Outlets	2021	629	585	-44
	2022	585	547	-38
	2023	547	510	-37
Company Owned	2021	28	22	-6
	2022	22	12	-10
	2023	12	10	-2
Total Outlets	2021	657	607	-50
	2022	607	559	-48
	2023	559	520	-39

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than Franchisor) for Years 2021 to 2023**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Arizona	2021	0
	2022	1
	2023	1
California	2021	2
	2022	2
	2023	1
Colorado	2021	1
	2022	0
	2023	0
Connecticut	2021	1
	2022	0
	2023	1
Delaware	2021	1
	2022	0
	2023	0
Florida	2021	0
	2022	0
	2023	1

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Idaho	2021	0
	2022	0
	2023	1
Iowa	2021	1
	2022	0
	2023	0
Illinois	2021	3
	2022	1
	2023	2
Indiana	2021	1
	2022	0
	2023	0
Louisiana	2021	3
	2022	1
	2023	2
Maine	2021	0
	2022	1
	2023	0
Michigan	2021	0
	2022	1
	2023	4
Minnesota	2021	9
	2022	4
	2023	8
Mississippi	2021	1
	2022	0
	2023	1
Missouri	2021	0
	2022	1
	2023	0
Nebraska	2021	0
	2022	0
	2023	1
New Mexico	2021	0
	2022	1
	2023	0
New York	2021	0
	2022	1
	2023	0
North Carolina	2021	0
	2022	2
	2023	0
	2021	0

State	Year	Number of Transfers
Ohio	2022	1
	2023	0
Oregon	2021	3
	2022	5
	2023	3
Pennsylvania	2021	2
	2022	3
	2023	0
South Carolina	2021	0
	2022	1
	2023	0
Tennessee	2021	0
	2022	1
	2023	0
Texas	2021	4
	2022	12
	2023	4
Utah	2021	1
	2022	0
	2023	0
Vermont	2021	0
	2022	2
	2023	1
Virginia	2021	0
	2022	1
	2023	1
Washington	2021	1
	2022	1
	2023	0
Wisconsin	2021	4
	2022	6
	2023	1
<b>Total</b>	2021	38
	2022	49
	2023	33

**Table No. 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 the Year
Alabama	2021	8	1	0	0	0	0	9

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
Arizona	2021	15	0	0	0	0	0	15
	2022	15	0	0	0	0	0	15
	2023	15	0	0	0	0	0	15
Arkansas	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
California	2021	20	1	1	0	0	0	20
	2022	20	0	0	0	0	4	16
	2023	16	0	0	0	0	0	16
Colorado	2021	6	0	0	0	0	1	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Connecticut	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Delaware	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Florida	2021	8	0	0	0	0	0	8
	2022	8	0	1	0	0	0	7
	2023	7	0	0	1	0	1	5
Georgia	2021	20	0	3	1	0	1	15
	2022	15	0	0	1	0	0	14
	2023	14	0	0	1	0	2	11
Idaho	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Illinois	2021	22	0	1	0	0	0	21
	2022	21	0	0	0	0	2	19
	2023	19	0	0	1	0	0	18
Indiana	2021	6	0	1	2	0	0	3
	2022	3	0	0	1	0	0	2
	2023	2	0	0	0	0	1	1
Iowa	2021	9	0	0	0	0	0	9
	2022	9	0	0	1	0	0	8
	2023	8	0	0	1	0	0	7
Kansas	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Kentucky	2021	11	0	0	0	0	1	10
	2022	10	0	0	0	0	3	7
	2023	7	0	0	1	0	1	5
Louisiana	2021	26	0	2	0	0	0	24
	2022	24	0	0	0	0	0	24
	2023	24	0	0	0	0	0	24
Maine	2021	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Maryland	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Massachusetts	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	1	5
Michigan	2021	39	0	1	1	0	3	34
	2022	34	0	0	0	0	0	34
	2023	34	0	0	2	0	5	27
Minnesota	2021	90	0	1	5	0	3	81
	2022	81	1	1	1	0	2	78
	2023	78	0	0	0	0	2	76
Mississippi	2021	14	0	0	0	0	0	13
	2022	13	0	0	1	0	1	11
	2023	11	0	0	0	0	0	11
Missouri	2021	13	0	0	0	0	1	12
	2022	12	0	0	0	0	0	12
	2023	12	0	0	3	0	0	9
Montana	2021	5	0	0	1	0	0	4
	2022	4	0	0	1	0	0	3
	2023	3	0	0	1	0	0	2
Nebraska	2021	3	0	0	1	0	0	2
	2022	2	0	0	1	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
New Hampshire	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	12	0	1	0	0	0	11
	2022	11	0	0	0	0	1	10
	2023	10	0	0	1	0	0	9
New Mexico	2021	6	0	0	0	0	0	6
	2022	6	0	0	1	0	0	5
	2023	5	0	0	1	0	0	4
New York	2021	16	0	0	0	0	1	15
	2022	15	0	0	0	0	0	15
	2023	15	0	0	2	0	0	13
North Carolina	2021	11	0	0	0	0	2	9
	2022	9	1	0	0	0	2	8
	2023	8	0	0	0	0	0	8
North Dakota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021	35	0	0	0	0	0	35

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2022	35	0	0	1	0	0	34
	2023	34	0	0	1	0	1	32
Oregon	2021	21	1	0	0	0	0	22
	2022	22	1	0	0	0	1	22
	2023	22	1	0	0	0	0	23
Pennsylvania	2021	23	0	0	1	0	0	22
	2022	22	0	0	0	0	1	21
	2023	21	0	0	0	0	0	21
South Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
South Dakota	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	1	0	0	2
Tennessee	2021	5	0	0	0	0	1	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	1	0	0	3
Texas	2021	60	0	3	1	0	3	53
	2022	53	0	0	1	0	4	48
	2023	48	1	0	0	0	4	45
Utah	2021	6	0	0	0	0	0	6
	2022	6	0	0	1	0	0	5
	2023	5	0	0	0	0	0	5
Vermont	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Virginia	2021	17	0	1	0	0	0	16
	2022	16	0	0	1	0	3	12
	2023	12	0	0	0	0	0	12
Washington	2021	19	0	0	0	0	0	19
	2022	19	0	0	0	0	1	18
	2023	18	0	0	1	0	1	16
Wisconsin	2021	35	0	0	1	0	0	34
	2022	34	0	0	1	0	1	32
	2023	32	0	0	1	0	0	31
West Virginia	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Wyoming	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<b>Total</b>	2021	<b>629</b>	<b>3</b>	<b>15</b>	<b>14</b>	<b>0</b>	<b>18</b>	<b>585</b>
	2022	<b>585</b>	<b>4</b>	<b>2</b>	<b>13</b>	<b>0</b>	<b>27</b>	<b>547</b>
	2023	<b>547</b>	<b>2</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>19</b>	<b>510</b>

**Table No. 4**  
**Status of Company-Owned Outlets for Years 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Alabama	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
California	2021	3	1	0	0	0	4
	2022	4	0	0	1	0	3
	2023	3	0	0	0	0	3
Connecticut	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Illinois	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Louisiana	2021	3	0	0	1	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Michigan	2021	5	0	0	1	0	4
	2022	4	0	0	3	0	1
	2023	1	0	0	0	0	1
Minnesota	2021	5	0	1	0	1	5
	2022	5	0	0	3	1	1
	2023	1	0	0	0	0	1
Mississippi	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	1	0	0
North Carolina	2021	1	0	0	0	0	1
	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
Oregon	2021	3	1	0	2	0	2
	2022	2	0	0	0	1	1
	2023	1	0	0	0	1	0
Texas	2021	4	0	0	2	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
<b>Total</b>	<b>2021</b>	<b>28</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>2</b>	<b>22</b>
	<b>2022</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>3</b>	<b>12</b>
	<b>2023</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>10</b>



**Table No. 5  
Projected Openings for Upcoming Fiscal Year as of 12/31/2023**

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlets in The Next Fiscal Year<sup>(1)</sup></b>	<b>Projected New Company-Owned Outlets in the Current Fiscal Year<sup>(1)</sup></b>
Alabama	1	0	0
Arizona	1	1	0
California	2	0	0
Colorado	1	1	0
Georgia	2	0	0
Maryland	1	1	0
New Jersey	3	1	0
New York	1	0	0
Ohio	1	1	0
Washington	2	0	0
<b>Total</b>	16	5	0

Attached at Exhibit D is a list of SNAP FITNESS Clubs open as of December 31, 2023 and a list of franchisees who are in the process of opening Clubs. Exhibit D also includes a list of franchisees who have left the system within the last fiscal year or who have not communicated with us within 10 weeks of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other potential franchisees of Snap Fitness when you leave the SNAP FITNESS system.

In some instances, current and former franchisees sign confidentiality provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Except for the Franchisee Advisory Council (FAC) and local advertising cooperatives listed below, we have not created, sponsored or endorsed any franchisee association.

**ITEM 21  
FINANCIAL STATEMENTS**

Attached as Exhibit B are the audited consolidated balance sheets of Snap Fitness, Inc. and subsidiaries as of December 31, 2023 and 2022, and the related consolidated statements of earnings, comprehensive income, stockholder’s equity, and cash flows for each of the three years in the period ended December 31, 2023.

**ITEM 22  
CONTRACTS**

This Disclosure Document includes a sample of the following contracts:

- EXHIBIT C-1** Sample Standard Franchise Agreement and State-Specific Addenda
- EXHIBIT C-2** Sample Area Development Agreement and State-Specific Addenda

***EXHIBIT F*** Sample Franchise Agreement Addenda

***ITEM 23***  
**RECEIPTS**

Attached to this Disclosure Document in Exhibit I are two acknowledgments of receipt.

## STATE APPENDIX TO DISCLOSURE DOCUMENT

### ***FOR THE STATE OF CALIFORNIA***

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.

Item 17 of the Disclosure Document is supplemented by the following:

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

You must sign a release if you renew or transfer your franchise. California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur at Minneapolis, Minnesota. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of Minnesota. This provision may not be enforceable under California law.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

While the earnings claims figures do reflect historical ranges, they do not reflect all operating expenses or other costs and expenses that must be deducted from gross sales to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

California Corporations Code section 31512.1 prohibits a franchisor from disclaiming or denying representations made by the franchisor or its agents to a prospective franchisee or a franchisee's reliance on these representations, or disclaiming violations under the law, in any franchise disclosure document, franchise agreement or a related document. Franchisees subject to California Corporations Code section 315.12 will not be asked to sign any document in violation of California law. To the extent that any signed document is later deemed to violate California Corporations Code section 315.12, the violating provision will be deemed null and void.

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.

Our website can be found at [www.snapfitness.com](http://www.snapfitness.com). OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).

***FOR THE STATE OF ILLINOIS***

The Illinois Franchise Disclosure Act and the Rules and Regulations promulgated thereunder dictate that “any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a Franchise Agreement may provide for arbitration in a forum outside of this State.”

Nothing in the Franchise Disclosure Document or the Franchise Agreement (or the attachments thereto) may require franchisees covered by the Illinois Franchise Disclosure Act to waive compliance with Illinois law. Any provision in the Franchise Agreement (including but not limited to any choice of law provision) that may be read as calling for application of a state law other than Illinois law is hereby deleted and franchisees covered by the Illinois Franchise Disclosure Act are entitled to the protections of Illinois law, notwithstanding any such provision.

Item 1 of the Disclosure Document is supplemented by the following paragraphs:

The Illinois Physical Fitness Facility Medical Emergency Preparedness Act requires that a physical fitness facility (which excludes any facility serving less than 100 individuals or that does not employ any persons to provide instruction, training, or assistance for persons using the facility) have at least one automated external defibrillator (AED) and ensure that there is a trained AED user on staff and present during all staffed hours. Other provisions apply. See 815 ILCS 74 *et seq.*

The Illinois Dance Studio Act (which applies to any person or business entity which contract with members of the general public to provide dance studio services, including instruction, training or assistance in dancing, the use of studio facilities, membership in any group formed by a dance studio, and participation in dance competitions or showcases) requires that every contract for dance studio services be in writing and its contents must conform to the Act’s requirements. The Act provides for contract execution, cancellation and refund. Other provisions apply. See 815 ILCS 610 *et seq.*

Compliance with these requirements may cause you to incur additional expenses.

***FOR THE STATE OF MARYLAND***

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 5 of the Franchise Disclosure Document is revised to add the following language:

The Commissioner has imposed a deferral requirement based on our financial condition.

We will defer collection of the initial franchise fees until you have opened your Franchise for business. After you open the franchised business, Franchisee must pay to Franchisor the initial franchise fees. Payment of the initial franchisee fees is fully earned and is nonrefundable.

Item 17 of the Disclosure Document is supplemented by the following:

- (a) Any release or waiver provision contained in the Franchise Agreement or any release required as a condition of the sale, renewal, and/or assignment/transfer of the franchise shall not apply to any liability incurred under the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”).

- (b) Any claims arising under the Maryland Franchise Law must be brought within three years after the grant of the franchise;
- (c) Subject to your arbitration obligations, any provision in the Franchise Agreement requiring litigation in a forum outside the State of Maryland will not limit any rights you may have under the Maryland Franchise Law to bring suit in the State of Maryland.

The Disclosure Document is supplemented by the following:

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.

***FOR THE STATE OF MINNESOTA***

Item 13 of the Disclosure Document is supplemented by the following:

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols ("Marks") or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred that you incur in the defense of your right to use the Marks, so long as you were using the Marks in the manner that we authorized, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

Item 17 of the Disclosure Document is supplemented by 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 (1) a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Item 17 does not provide for a prospective general release of any claims against us which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us 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 your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Minn. Rules 2860.4400J states that you cannot consent to us obtaining injunctive relief. However, we may seek injunctive relief and a court will determine if a bond is required.

Minn. Statutes, Section 80C.17, Subd. 5, provides that no action may be commenced thereunder more than 3 years after the cause of action accrues.

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor 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 Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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 with the franchise.

***FOR THE STATE OF NEW YORK***

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any

other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added 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.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

#### ***FOR THE STATE OF NORTH DAKOTA***

1. The Securities Commissioner for the State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law:

- (a) A provision requiring a North Dakota franchisee to sign a general release upon renewal of the Franchise Agreement;
- (b) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;
- (c) A provision requiring a North Dakota franchisee to consent to the jurisdiction of courts outside the state of North Dakota;
- (d) A provision restricting the time in which a North Dakota franchisee may make a claim to less than the applicable North Dakota statute of limitations;
- (e) A provision calling for the waiver by a North Dakota franchisee of the right to trial by jury;
- (f) A provision requiring a North Dakota franchisee to consent to a waiver of exemplary and punitive damages.

Any and all provisions in the Franchise Agreement that are in violation of Paragraphs 1 (a-f) are deleted.

2. North Dakota Century Code Section 9-08-06 subjects covenants not to compete to the provisions of that statute. The covenants not to compete contained within the Franchise Agreement are subject to Section 9-08-06 and may be unenforceable under North Dakota law.

3. The site of any mediation or arbitration of the parties’ disputes shall be at a site mutually agreeable to all parties. If all parties cannot agree upon a location, the arbitration or mediation shall be Fargo, North Dakota.

***FOR THE STATE OF RHODE ISLAND***

Section 19-28.1-14 of the Rhode Island Franchise Act (“Act”) provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

***FOR THE COMMONWEALTH OF VIRGINIA***

Item 1 of the Disclosure Document is supplemented by the following:

Health spas in Virginia are regulated by the Department of Agriculture, Office of Consumer Affairs who can be reached at (804)786-1343.

Item 17 of the Franchise Disclosure Document is amended as follows:

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document is supplemented by the following:

“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 ground for default or termination stated in the franchise agreement do 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.”

***FOR THE STATE OF WASHINGTON***

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

RCW will prevail. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. RCW 49.62.060 prohibits a franchisor from



restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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.

***FOR THE STATE OF WISCONSIN***

Item 17 of the Disclosure Document is supplemented by the following:

For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.

***EXHIBIT A***  
**LIST OF STATE ADMINISTRATORS**  
**LIST OF AGENTS FOR SERVICE OF PROCESS**

## ***LIST OF STATE ADMINISTRATORS***

### **California**

Department of Financial Protection and Innovation  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013  
(866) 275-2677

### **Hawaii**

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

### **Illinois**

Office of Attorney General  
500 S. Second Street  
Springfield, Illinois 62701  
(217) 782-4465

### **Indiana**

Franchise Section  
Securities Division  
302 W. Washington St., Room E-111  
Indianapolis, Indiana 46204  
(317) 232-6681

### **Maryland**

Office of Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202  
(410) 576-6360

### **Michigan**

Consumer Protection Division  
Antitrust and Franchise Unit  
Department of Attorney General  
525 W. Ottawa St.  
G. Mennen Williams Bldg., 1<sup>st</sup> Floor  
PO Box 30212  
Lansing, Michigan 48909  
(517) 335-7622

### **Minnesota**

Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1500

### **New York**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, New York 10005  
212-416-8285

### **North Dakota**

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

### **Rhode Island**

Securities Division  
Department of Business Regulation  
1511 Pontiac Avenue  
John O. Pastore Complex – Building 68-2  
Cranston, Rhode Island 02920  
(401) 462-9527

### **South Dakota**

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

### **Virginia**

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 Main Street, 1<sup>st</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9051

### **Washington**

Department of Financial Institutions  
Securities Division  
P.O. Box 9033  
Olympia, Washington 98507  
(360) 902-8760

### **Wisconsin**

Franchise Administrator  
Division of Securities  
Department of Financial Institutions  
345 West Washington Street  
Madison, Wisconsin 53703  
(608) 266-8557

***LIST OF AGENTS FOR SERVICE OF PROCESS***

**California**

Commissioner of Financial Protection and Innovation  
Department of Financial Protection and Innovation  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013

**Hawaii**

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

**Illinois**

Office of the Attorney General  
500 South Second Street  
Springfield, Illinois 62701

**Indiana**

Indiana Secretary of State  
Securities Division  
302 W. Washington Street., Room E-111  
Indianapolis, Indiana 46204

**Maryland**

Maryland Securities Commissioner  
Maryland Division of Securities  
200 St. Paul Place  
Baltimore, Maryland 21202-2021

**Michigan**

Michigan Department of Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
525 West Ottawa Street  
G. Mennen Williams Bldg., 1<sup>st</sup> Floor  
Lansing, Michigan 48913

**Minnesota**

Minnesota Commissioner of Commerce  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101-2198

**New York**

Secretary of the State of New York  
One Commerce Plaza  
99 Washington Avenue  
Albany, New York 12231

**North Dakota**

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol, 14<sup>th</sup> Floor Dept 414  
Bismarck, North Dakota 58505

**Oregon**

Division of Consumer and Business Services  
Finance and Corporate Securities  
350 Winter Street N.E.  
Labor and Industries Building, Room 21  
Salem, Oregon 97310

**Rhode Island**

Director, Department of Business Regulation  
Securities Division  
1511 Pontiac Avenue, Bldg. 68-2  
Cranston, Rhode Island 02920

**South Dakota**

Division of Insurance  
Securities Regulation  
124 South Euclid, Suite 104  
Pierre, South Dakota 57501

**Virginia**

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

**Washington**

Director of Department of Financial Institutions  
Securities Division  
150 Israel Road, S.W.  
Tumwater, Washington 98501

**Wisconsin**

Administrator, Division of Securities  
Department of Financial Institutions  
345 West Washington Street, 4<sup>th</sup> Floor  
Madison, Wisconsin 53703

***EXHIBIT B***  
**FINANCIAL STATEMENTS**

# Consolidated Financial Statements and Independent Auditor's Report

## **Snap Fitness, Inc. and Subsidiaries**

As of December 31, 2023 and 2022, and for the  
years ended December 31, 2023, 2022, and 2021

## Snap Fitness, Inc. and Subsidiaries

### Table of Contents

	Page
Independent Auditor's Report	3
Consolidated Financial Statements	
Consolidated balance sheets	5
Consolidated statements of operations	7
Consolidated statements of comprehensive income (loss)	8
Consolidated statements of stockholders' equity	9
Consolidated statements of cash flows	10
Notes to consolidated financial statements	12



**Deloitte & Touche LLP**  
50 South 6th Street  
Suite 2800  
Minneapolis, MN 55402-1538  
USA

Tel: +1 612 397 4000  
Fax: +1 612 397 4450  
[www.deloitte.com](http://www.deloitte.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Snap Fitness, Inc.  
Minneapolis, Minnesota

### Opinion

We have audited the consolidated financial statements of Snap Fitness, Inc. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years ended December 31, 2023, 2022 and 2021, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

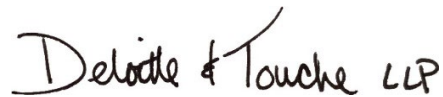
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining,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

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

#### **Other Information Included in the Franchise Disclosure Document**

Management is responsible for the other information included in the Franchise Disclosure Document. The other information comprises the information included in the Franchise Disclosure Document but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The logo for Deloitte & Touche LLP, written in a cursive, handwritten style.

May 8, 2024

**Snap Fitness, Inc. and Subsidiaries**

**CONSOLIDATED BALANCE SHEETS**

**December 31, 2023 and 2022**

in 000's

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 6,415	\$ 11,491
Restricted cash	1,832	1,853
Receivables:		
Accounts receivable, net	5,749	4,353
Current portion of financing receivables, net	26	4
Parent intercompany receivable	5,965	1,122
Current portion of notes receivable, net	339	429
Inventories, net	384	622
Prepaid expenses	1,307	1,340
Current portion of deferred costs	232	267
Total current assets	22,249	21,481
<b>PROPERTY AND EQUIPMENT - AT COST</b>		
Equipment and leasehold improvements	19,715	21,289
Software development costs	6,051	5,580
	25,766	26,869
Less accumulated depreciation	(20,768)	(21,318)
	4,998	5,551
<b>OTHER ASSETS</b>		
Right of use assets, net	14,888	15,576
Goodwill, net	5,851	6,093
Reacquired franchise rights, net	1,659	2,239
Equity method investments	3,553	3,888
Deferred income taxes	862	-
Deposits	780	819
Deferred costs, net of current portion	833	835
Intangibles, net	110	123
Notes receivable, net of current portion	6	75
Financing receivables, net of current portion	82	-
	28,624	29,648
<b>Total assets</b>	<b>\$ 55,871</b>	<b>\$ 56,680</b>

(Continued)

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

**Snap Fitness, Inc. and Subsidiaries**  
**CONSOLIDATED BALANCE SHEETS**  
December 31, 2023 and 2022  
in 000's

	<b>2023</b>	<b>2022</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Payables:		
Accounts payable	\$ 1,223	\$ 1,153
Accrued expenses	9,019	8,913
Deferred revenue:		
Current portion of deferred franchise fees	1,065	953
Deferred member sessions	35	74
Deferred subscription revenue	1,906	1,752
Current portion of lease liabilities	2,615	2,601
Customer deposits	319	176
Income tax payable	2,548	946
Current portion of notes payable	-	63
Total current liabilities	18,730	16,631
<b>NON-CURRENT LIABILITIES</b>		
Deferred franchise fees, less current portion	6,175	5,436
Deferred income taxes	-	288
Lease liabilities, less current portion	13,517	13,475
Total liabilities	38,422	35,830
<b>STOCKHOLDERS' EQUITY</b>		
Series A redeemable preferred stock – 100,000,000 shares of no par value authorized; 40,800,000 shares issued and outstanding as of December 31, 2023 and 2022	-	-
Common stock – authorized 400,000,000 shares of no par value and 1,000,000 shares of \$.01 par value as of December 31, 2023 and 2022; 22,266,953 shares of no par value issued and outstanding as of December 31, 2023 and 2022	-	-
Additional paid-in capital	-	-
Retained earnings	20,008	23,391
Accumulated other comprehensive loss	(3,480)	(3,378)
Total Snap Fitness, Inc. stockholders' equity	16,528	20,013
Non-controlling interest	921	837
Total equity	17,449	20,850
Total liabilities and stockholders' equity	\$ 55,871	\$ 56,680

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

**Snap Fitness, Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

Years ended December 31

in 000's

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues, net			
Franchising	\$ 30,878	\$ 28,423	\$ 29,568
Commercial	11,346	12,033	11,509
Corporate fitness clubs	9,137	9,610	11,743
Insurance	1,406	1,289	1,463
Total revenues, net	<u>52,767</u>	<u>51,355</u>	<u>54,283</u>
Cost of revenues	<u>14,445</u>	<u>13,314</u>	<u>15,877</u>
Gross profit	38,322	38,041	38,406
Operating expenses			
Sales, general, administrative, and IT related costs	31,568	34,484	39,097
Impairment	-	419	323
Legal settlements	-	4	(208)
(Gain) loss on sale of corporate clubs	150	(223)	999
Operating profit (loss)	<u>6,604</u>	<u>3,357</u>	<u>(1,805)</u>
Other income (expense)			
Interest income	220	125	14
Interest expense	(102)	(96)	(25)
Income from equity method investments	104	836	974
Other	(322)	2,073	1,037
	<u>(100)</u>	<u>2,938</u>	<u>2,000</u>
Net income before income taxes	6,504	6,295	195
Income tax expense	<u>1,545</u>	<u>2,259</u>	<u>916</u>
Net income (loss)	4,959	4,036	(721)
Net (income) loss attributable to non-controlling interest	<u>(84)</u>	<u>(120)</u>	<u>(155)</u>
Net income (loss) attributable to Snap Fitness, Inc.	<u>\$ 4,875</u>	<u>\$ 3,916</u>	<u>\$ (876)</u>

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

**Snap Fitness, Inc. and Subsidiaries**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

Years ended December 31  
in 000's

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Net income (loss)	\$ 4,959	\$ 4,036	\$ (721)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(102)	(1,441)	(923)
Comprehensive income (loss)	4,857	2,595	(1,644)
Comprehensive (income) loss attributable to non-controlling interest	(84)	(120)	(155)
Comprehensive income (loss) attributable to Snap Fitness, Inc.	\$ 4,773	\$ 2,475	\$ (1,799)

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

Snap Fitness, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31  
in 000's

	Series A Redeemable Preferred Stock		Common stock		Additional paid-in capital	Retained Earnings	Accumulated other comprehensive loss	Non-controlling interest	Total equity
	Shares	Par value	Shares	Par value					
<b>Balance, January 1, 2021</b>	40,800,000	-	22,266,953	-	6,618	23,581	(1,014)	562	29,747
Noncontrolling interest investment	-	-	-	-	-	-	-	155	155
Distributions	-	-	-	-	(3,057)	-	-	-	(3,057)
Comprehensive income (loss)	-	-	-	-	-	(876)	(923)	-	(1,799)
<b>Balance, December 31, 2021</b>	40,800,000	-	22,266,953	-	3,561	22,705	(1,937)	717	25,046
Noncontrolling interest investment	-	-	-	-	-	-	-	120	120
Distributions	-	-	-	-	(3,561)	(3,230)	-	-	(6,791)
Comprehensive income (loss)	-	-	-	-	-	3,916	(1,441)	-	2,475
<b>Balance, December 31, 2022</b>	40,800,000	-	22,266,953	-	-	23,391	(3,378)	837	20,850
Noncontrolling interest investment	-	-	-	-	-	-	-	84	84
Distributions	-	-	-	-	-	(8,258)	-	-	(8,258)
Comprehensive income (loss)	-	-	-	-	-	4,875	(102)	-	4,773
<b>Balance, December 31, 2023</b>	40,800,000	-	22,266,953	-	-	20,008	(3,480)	921	17,449

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

**Snap Fitness, Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended December 31

In 000's

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>			
Net earnings (loss)	\$ 4,959	\$ 4,036	\$ (721)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	3,155	3,360	3,263
Deferred income taxes	(1,150)	512	(582)
Deferred rent	-	-	1,523
Provision for inventory	23	228	257
Accounts receivable allowance and bad debt	(55)	(1,049)	1,312
Earnings from equity method investments	(112)	(836)	(974)
Impairment	-	419	323
(Gain)/loss on disposal equity investment	38	-	-
(Gain)/loss on disposal of property and equipment	143	(327)	579
Loss on disposal of intangible assets	64	96	601
Changes in operating assets and liabilities:			
Accounts receivable	(1,651)	2,089	(2,545)
Income and sales tax receivable	1,602	(11)	985
Inventories	214	(161)	441
Prepaid expenses and other assets	72	(448)	437
Deferred costs	36	98	62
Operating lease assets and liabilities	745	(840)	-
Accounts payable	70	(262)	69
Accrued expenses	105	(187)	936
Deferred revenue	966	822	386
Customer deposits	143	(707)	231
Net cash provided by operating activities	<u>9,367</u>	<u>6,832</u>	<u>6,583</u>
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	\$ (1,574)	\$ (3,180)	\$ (1,367)
Proceeds from sale of property and equipment	15	370	-
Principal collections on lease contracts and notes receivable	358	451	33
New note receivables issued	-	-	(158)
Dividend received from equity investment	400	719	1,200
Net cash used in investing activities	<u>(801)</u>	<u>(1,640)</u>	<u>(292)</u>

(continued)

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

**Snap Fitness, Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended December 31  
In 000's

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from financing activities:</b>			
Distributions to stockholder	(8,258)	(6,791)	(3,057)
Payments on note payable	(63)	(60)	(56)
Due (to) from parent	(4,843)	(1,032)	(340)
Net cash used in financing activities	(13,164)	(7,883)	(3,453)
Effect of exchange rate changes on cash and cash equivalents	(499)	(517)	(297)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(5,097)	(3,208)	2,541
<b>Cash and cash equivalents at beginning of year</b>	13,344	16,552	14,011
<b>Cash and cash equivalents at end of year</b>	\$ 8,247	\$ 13,344	\$ 16,552
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid for:			
Income taxes	\$ 1,170	\$ 666	\$ 543
Interest	\$ 102	\$ 96	\$ 25
<b>Cash and cash equivalents per the consolidated balance sheets:</b>			
Cash and equivalents	\$ 6,415	\$ 11,491	\$ 14,723
Restricted cash	1,832	1,853	1,829
Total cash and cash equivalents at period end	\$ 8,247	\$ 13,344	\$ 16,552

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



## Snap Fitness, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023, 2022 and 2021

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Snap Fitness, Inc. and subsidiaries (collectively, the “Company” or “Snap”) sells franchises to operate 24-hour fitness centers under the name “Snap Fitness,” “YogaFit”, “Steele Fitness” and “9Round” and provides services to its franchisees. The Company, headquartered in Chanhassen, Minnesota, is a wholly owned subsidiary of Lift Brands, Inc. (the Parent). At December 31, 2023, the Company had 1,011 franchises open throughout the United States, Canada, Australia, New Zealand, Europe, and Asia. The Company also operates 24 company-owned Snap Fitness and 9Round clubs at December 31, 2023 throughout the United States, United Kingdom, Australia and New Zealand.

The Company sells Fitness on Demand which allows customers around the world to deliver premium group fitness programs to their users through an innovative video delivery system.

The Company administers a commercial property, crime and general liability insurance program for certain of its franchisees through SAP Insurance, Inc., a variable interest entity and a captive insurance company.

A summary of significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

#### *Principles of Consolidation*

The consolidated financial statements include the accounts of Snap Fitness, Inc. and its wholly owned subsidiaries:

Lift Brands of Canada Inc.	Wholesale Fitness Supply, LLC
Snap Fitness (India) Pvt. Ltd.	Snap Fitness Development, LLC
Snap Fitness Mexico S de RL de C.V.	Snap Fitness Properties, LLC
Lift Brands (Australia) Pty. Ltd.	Lift Brands Development Spain, S.L.
Lift Brands New Zealand Limited	Kosama Holdings, LLC
Lift Brands UK Limited	GoFit, LLC
Snap Security Systems, Inc.	Health Fran LLC
YogaFit Franchising, LLC	Insurgence Franchising AU Pty Ltd
Steele Fitness, LLC	SF Development Spain, S.L.
Snap Fitness International, LLC	

On December 28, 2020, the Company made a taxable distribution of the common stock of two subsidiaries, FOD Holdings, Inc. (“FOD Holdings”) and Health Fran Holdings, Inc. (“Health Fran Holdings”). The distribution was the final step in a series of reorganization steps to change a portion of the ownership of the underlying businesses in the partnerships of Fitness on Demand, LLC (“FOD”) and Health Fran LLC (“Health Fran”), which resulted in the creation of FOD Holdings and Health Fran Holdings, and a change of ownership from the Company to the Company’s Ultimate Parent (Snap Fitness Topco, LLC). The Company maintains ownership of the preferred units of the FOD and Health Fran partnerships, while the Ultimate Parent owns 100% of FOD Holdings and Health Fran Holdings, who holds the common unit interests in the partnership operating businesses of FOD and Health Fran. Due to majority interest, FOD and Health Fran are consolidated into the Company in accordance with accounting principles generally accepted in the United States of America.

The consolidation includes two variable interest entities, SAP Insurance, Inc. and SF TMF, LLC (“SF TMF”).

SAP Insurance, Inc. is owned by Snap Fitness Holdings, Inc. and is a related party to Snap Fitness, Inc. through common ownership. Snap Fitness, Inc. is considered to be the primary beneficiary of SAP Insurance, Inc. as Snap Fitness, Inc. has provided financial support in the past and its company owned

## Snap Fitness, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023, 2022 and 2021

clubs and franchisees receive the benefits of the services provided by SAP Insurance, Inc. Snap Fitness Inc. is exposed to potential losses of, and claims against, SAP Insurance, Inc. in the future. Revenue, assets and liabilities for SAP Insurance, Inc, are described in Note D.

All significant intercompany accounts and transactions have been eliminated in the consolidation.

#### ***Cash and cash equivalents***

The Company maintains bank accounts in the United States of America, Canada, New Zealand, Mexico, United Kingdom and Australia. At times, the bank balances may be in excess of insured limits. As of December 31, 2023 and 2022, the Company had \$5.0 million and \$9.8 million of cash located in foreign banks. The Company has not experienced any losses associated with its deposits.

Cash equivalents consist of highly liquid investments with original maturities of three months or less.

#### ***Restricted Cash***

For the years ended December 31, 2023 and 2022, the Company had cash of \$1.8 million and \$1.9 million, respectively, restricted to pay potential claims pursuant to their agreement with their third-party insurance company. Additionally, at December 31, 2023 and 2022, the Company had \$60,000 and \$100,000, respectively, restricted to cover costs relating to their national marketing fund, lease guarantees, and funds held on behalf of franchisees.

#### ***Accounts Receivable***

Accounts receivable consist of amounts due for continuing franchise fees and sales and services. Additionally, it includes rebates due from vendors on the sale of equipment to franchisees and other miscellaneous amounts. Accounts outstanding longer than the contractual payment terms are considered past due.

#### ***Allowance for Credit Losses***

Accounts receivables are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for uncollectible amounts through a valuation allowance based on its assessment of the status of individual accounts and an estimate for expected credit losses. When developing an estimate of the Company's expected credit losses. The Company considers all available relevant information regarding the collectability of cash flows, including historical information, current conditions, and reasonable and supportable forecasts of future economic conditions over the contractual life of the receivable.

#### ***Inventories***

Inventories consist principally of equipment, furniture, fixtures, and supplies for fitness centers which are held for sale and are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. All inventory is considered finished goods. The Company performs on-going lower of cost or net realizable value evaluations, and adjustments are made to reflect changes in market conditions, if necessary. The Company recorded inventory reserves of \$184,000 and \$207,000 as of December 31, 2023 and 2022, respectively.

#### ***Property and Equipment***

Property and equipment, which consists primarily of office equipment, exercise equipment installed in corporate-owned clubs and leasehold improvements, are stated at cost. Depreciation is being provided using the straight-line method over the estimated useful lives of the related assets, which is three to seven

**Snap Fitness, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023, 2022 and 2021**

years. Leasehold improvements are amortized over the estimated service life of the asset or the term of the related lease, whichever is shorter. Software development costs are being amortized over five years.

Depreciation expense was \$1.8 million, \$2.0 million and \$2.6 million for years ended December 31, 2023, 2022 and 2021, respectively.

***Impairment of Long-Lived Assets and Property and Equipment***

The Company evaluates the carrying value of depreciating property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amounts of the asset may not be recoverable. When such a determination is made, management's estimate of the undiscounted cash flows to be generated by the asset (or asset group) is compared to the carrying value of the asset to determine if it is recoverable. If the carrying amount is deemed not to be recoverable, the amount of the impairment recognized in the financial statements is determined by estimating the fair value of the asset and recording a loss for the amount by which the carrying value exceeds the estimated fair value. Impairments are recorded in the statement of operations.

Impairments of long-lived assets were \$0, \$26,000 and \$323,000 for the years ended December 31, 2023, 2022 and 2021, respectively.

***Intangible Assets***

In accordance with Financial Standards Accounting Board ("FASB") Accounting Standards Codification ("ASC") 805, *Business Combinations*, the Company accounts for finite lived intangibles at fair value upon acquisition and amortizes this intangible asset on a straight-line basis over the life of the asset. We review these assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets might not be recoverable. We record an impairment loss for any portion of the carrying value that is not recoverable.

The Company's acquired intangible assets include trade name and customer relationships made in conjunction with the Australia and New Zealand acquisitions in 2018. The useful lives of these assets are as follows:

Trade name	10 years
Customer relationships	3 years

Amortization expense was \$0, \$21,000, and \$71,000 for the years ended December 31, 2023, 2022 and 2021.

Balances of intangible assets are as follows as of December 31, 2023, in thousands:

	Gross carrying value	Foreign currency adjustment	Accumulated Impairment	Accumulated amortization	Net
Finite lived intangibles	\$ 843	\$ (43)	\$ -	\$ (800)	\$ 0
Indefinite lived intangibles	110	-	-	-	110
Total intangible assets, net	\$ 953	\$ (43)	\$ -	\$ (800)	\$ 110

**Snap Fitness, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023, 2022 and 2021**

Balances of intangible assets are as follows as of December 31, 2022, in thousands:

	Gross carrying value	Foreign currency adjustment	Accumulated Impairment	Accumulated amortization	Net
Finite lived intangibles	\$ 843	\$ (30)	\$ -	\$ (800)	\$ 13
Indefinite lived intangibles	110	-	-	-	110
Total intangible assets, net	<u>\$ 953</u>	<u>\$ (30)</u>	<u>\$ -</u>	<u>\$ (800)</u>	<u>\$ 123</u>

**Goodwill**

Goodwill represents the excess of purchase price over net assets acquired. The Company has adopted the accounting alternative under Accounting Standard Update (“ASU”) 2021-03, *Goodwill and other (Topic 350): Accounting Alternatives for Evaluating Triggering Events*. The company assesses goodwill for impairment at an entity-wide level. The Company has assessed goodwill for impairment and the end of the reporting period and determined that there have been no events or changes in circumstances that indicate that the fair value of the Company may be below its carrying value (a triggering event). The Company has elected to amortize goodwill over 10 years effective January 1, 2022. Goodwill amortization for the year ended December 31, 2023 and December 31, 2022 was \$732,000.

Future amortization is as follows in thousands:

2024	732
2025	732
2026	732
2027	732
2028	732
Thereafter	1,701

The changes in the carrying amount of goodwill for the years ended December 31, 2023 and 2022 are as follows, in thousands:

	2023	2022
Balance at beginning of year	\$ 6,093	\$ 7,312
Current year disposals and write-offs	0	0
Amortization	(732)	(732)
Foreign exchange translation	490	(487)
Balance at end of year	<u>\$ 5,851</u>	<u>\$ 6,093</u>

**Investment in 9Round Franchising, LLC**

The Company owns a 40% equity interest in 9Round Franchising, LLC (9Round), which the Company accounts for using the equity method of accounting. The remaining 60% is owned by an independent third party. 9Round is a 30-minute complete-body kickboxing circuit. 9Round has international locations

## Snap Fitness, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023, 2022 and 2021

including Australia, New Zealand, Mexico, United States and Europe. The Company's share of 9Round earnings for 2023, 2022 and 2021 of \$0.1 million, \$0.9 million and \$1.0 million, respectively, is recognized in the Company's consolidated statement of operations. Earnings and losses of 9Round increase and decrease the Company's investment account. Dividends received from 9Round decrease the Company's investment account. The Company received dividends from 9Round during the years ended December 31, 2023, 2022 and 2021 of \$0.4 million, \$0.7 million and \$1.2 million, respectively. The total equity investment amount at December 31, 2023 and 2022 was \$3.6 million and \$3.9 million.

#### ***Fair Value Measurements***

The Company uses a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of hierarchy under the framework are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology are inputs other than quoted prices related to Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying amounts of cash and cash equivalents and accounts receivable and payable approximate fair value because of their short-term maturities.

As of the year ended December 31, 2022, impaired operating leases are measured using Level 3 inputs including club earnings before interest, depreciation, and amortization (EBITDA) and earnings before interest, depreciation, amortization and rent (EBITDAR). For the year ended December 31, 2023, we recorded no lease impairments.

The fair value of intangibles was measured at the end of the reporting period. There were no intangible impairments for the year ended December 31, 2023.

Finite lived intangible assets are recorded at fair value upon acquisition and amortized on a straight-line basis over the life of the asset. We review these assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets might not be recoverable. We record an impairment loss for any portion of the carrying value that is not recoverable.

#### ***Reacquired Franchise Rights***

Occasionally the Company reacquires franchisee rights through various acquisitions. In accordance with ASC 805, the Company accounts for franchise rights acquired from franchisee location purchases at fair value upon acquisition and amortizes this intangible asset on a straight-line basis over the term of the franchise agreements. Amortization expense related to franchise rights on corporate clubs was \$600,000, \$711,000 and 520,000 for the years ended December 31, 2023, 2022 and 2021, respectively, which is included in Sales, general and administrative expense on the statement of operations.

**Snap Fitness, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023, 2022 and 2021**

In 2022, we impaired the 9Round Europe, Middle East, Asia (EMEA) reacquired rights due to poor performance in the EMEA region. The \$393,000 is recorded in Impairments in the consolidated statement of operations.

Future amortization is as follows, in thousands:

2024	592
2025	579
2026	261
2027	126
2028	37
Thereafter	64

The changes in the carrying amount of reacquired franchise rights for the years ended December 31, 2023 and December 31, 2022 are as follows, in thousands:

	<b>2023</b>	<b>2022</b>
Balance at beginning of year	\$ 2,239	\$ 2,933
Additions	0	607
Disposals and impairments	(64)	(493)
Amortization	(600)	(707)
Foreign exchange translation	84	(101)
Balance at end of year	<u>\$ 1,659</u>	<u>\$ 2,239</u>

**Revenue Recognition**

*Franchising* - The Company derives revenues from the sale of franchises and related services to franchisees. The Company receives initial franchise fees, royalties and revenues from providing products and services to franchisees and rebates from certain vendors used by the company and its franchisees.

Initial franchise fees, which are non-refundable, are typically \$19,500 - \$45,000 per club. The fees are recognized ratably over the contract period. However, in the instance that the franchisees' designated area reservation agreement is terminated and a store doesn't open, revenue is fully recognized at the time of cancellation. During the year ended December 31, 2023, 2022 and 2021, the Company recognized \$81,000, \$37,000 and \$440,000, respectively, of franchising revenue from terminated franchisees' designated area reservation agreements.

Pursuant to the franchise agreement, franchisees for Snap Fitness are required to pay a continuing fee of \$400 - \$900 per month which is recognized monthly, beginning when the franchise operations commence.

The Company sells equipment, furniture, fixtures, and supplies to franchisees prior to the store opening. Sales are recognized when the products are shipped. Membership processing services and internet hosting services are provided monthly to franchisees and revenue is recognized when services are provided.

The Company receives rebates from certain vendors used by the franchisee that are recorded as service and sales revenue when franchisees purchase equipment and the related equipment is delivered to the franchisee.

Franchisees contribute \$100 - \$400 per month to an advertising fund which the Company, at its discretion, may spend for advertising and marketing initiatives. Advertising fees collected were approximately \$2.2

## Snap Fitness, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023, 2022 and 2021

million, \$1.9 million and \$1.9 million in the years ended December 31, 2023, December 31, 2022 and December 31, 2021, respectively.

*Corporate Fitness Clubs* - The Company owns fitness clubs under the Snap Fitness and 9Round brands. Monthly membership dues are recorded as revenue when earned. Personal training session revenue is deferred until the session has occurred or when the session has expired. Apparel and merchandise sales are recorded at the point of sale. Returns have not been material.

*Commercial* - The Company sells to, and installs certain equipment for, franchisees prior to the store opening. The Company sells ongoing wholesale fitness supplies to its franchisees and other third parties. Sales are recognized when control of the products are transferred to the customer. The Company enters into sales arrangements that may provide for multiple deliverables to a customer. Sales agreements for Fitness on Demand as well as a heart rate-based system to monitor physical activity may include hardware, audio visual products, installation services, and monthly subscription fee. In general, revenues are separated between hardware, audio visual products, installation services and subscription fees. The allocated revenue for each deliverable is then recognized ratably based on relative fair values of the components of the sale. Revenue from audio visual products and installation services are deemed to have value on a stand-alone basis and are recognized at the time of delivery. Revenue from subscription fees is recognized when the service is delivered on a monthly basis. Revenue from hardware does not have value on a stand-alone basis and is deferred and recognized over the term of the customer contract and is included within the caption deferred subscription revenue in the consolidated balance sheets.

The Company collects various taxes from customers and remits these amounts to applicable taxing authorities. The Company's accounting policy is to exclude these taxes from revenues and cost of sales.

*Insurance* - The Company administers a commercial property, crime and general liability insurance program for certain US based franchisees and corporate clubs under the Snap Fitness brand.

The insurance program covers franchisee claims up to \$10 million per occurrence. The Company acts as a reinsurance company for a third-party insurance company that handles claims administration and payments.

Premiums are collected by the Company from franchisees through its monthly franchise billing process and passed directly to SAP Insurance, Inc. SAP Insurance, Inc. records revenue at the value it receives from the third-party insurance company under the reinsurance contract. Recorded costs include actual claims paid per the reinsurance agreement, claims reported but not yet paid and an estimate of claims incurred but not reported. SAP Insurance, Inc. was determined to be a variable interest entity for which Snap Fitness is the primary beneficiary.

**Costs to Obtain a Contract:** The amended guidance under ASC 340, *Other Assets and Deferred Costs*, requires the capitalization of all incremental costs of obtaining a contract with a customer that an entity expects to recover. The Company has identified commissions eligible for capitalization under ASC 340 as they are incremental costs solely associated with new contracts that are expected to be recovered.

These capitalized costs are amortized between 5-15 years, which represents the life of the franchise agreement. The Company classifies such capitalized costs as current and non-current assets (under the caption deferred costs) based on the expected timing of expense recognition. The following table reflects the change in capitalized costs between December 31, 2023 and December 31, 2022, in thousands:

**Snap Fitness, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023, 2022 and 2021**

	<b>2023</b>	<b>2022</b>
Balance, at beginning of year	\$ 1,102	\$ 1,200
Commission payments	411	290
Amortization	(389)	(338)
Effect of exchange rates	(59)	(50)
Balance, at end of year	\$ 1,065	\$ 1,102

**Contract Liabilities:** Contract liabilities consist of deferred revenue (current and non-current) resulting from franchise fees paid by franchisees. We classify these liabilities within current liabilities and other liabilities within our consolidated balance sheets (under the caption deferred franchise fees) based on the expected timing of revenue recognition associated with these liabilities.

The following table reflects the change in contract liabilities December 31, 2023 and December 31, 2022, in thousands:

**Franchise Fees**

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 6,389	\$ 5,391
New franchise payments	2,365	2,418
Revenue recognized	(1,465)	(1,141)
Effect of exchange rates	(49)	(279)
Balance, end of year	\$ 7,240	\$ 6,389

The following table illustrates estimated revenues expected to be recognized in the future related to unsatisfied performance obligations as of December 31, 2023 in thousands:

2024	1,065
2025	1,013
2026	988
2027	910
2028	839
Thereafter	2,425

**Subscription Revenue (in thousands)**

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 1,752	\$ 1,884
New subscription payments	4,469	4,362
Revenue recognized	(4,302)	(4,486)
Effect of exchange rates	(13)	(8)
Balance, end of year	\$ 1,906	\$ 1,752

Our Fitness on Demand line of business sells fitness videos on demand subscriptions to customers that are recognized over the life of the subscription. All subscriptions are 1 year and will be recognized in 2024 on a straight-line basis.



**Snap Fitness, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023, 2022 and 2021**

***Advertising***

Advertising costs are charged to cost of revenues and operating expenses as incurred. Advertising costs charged to cost of revenues totaled \$2.7 million, \$2.2 million and \$2.1 million for the year ended December 31, 2023, 2022 and 2021, respectively. Costs charged to operating expenses totaled \$0.8 million, \$0.9 million and \$2.5 million for the year ended December 31, 2023, 2022 and 2021, respectively. Costs charged to cost of revenue include cost of advertising materials sold to newly opened clubs, marketing and advertising expenses for corporate-owned clubs in addition to design costs and ad materials for the advertising fund.

***Foreign Currency Translation***

Foreign operations use the local currency as its functional currency. Accordingly, assets and liabilities denominated in foreign currencies are translated using the exchange rate in effect at the balance sheet date and revenues and expenses are translated at the average foreign exchange rates in effect for the period. Translation gains and losses relating to the foreign currencies considered to be long-term in nature are reflected in the balance of accumulated other comprehensive loss in stockholders' equity in the consolidated balance sheets.

Translation gains and losses relating to the foreign currencies considered to be short-term in nature are reflected in other in the consolidated statements of operations.

***Income Taxes***

The Company files a consolidated federal income tax return with Snap Fitness Holdings, Inc.

The Company provides for income taxes utilizing the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's consolidated financial statements.

Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period when the new rate is enacted.

The impact of an uncertain tax position taken or expected to be taken on an income tax return is recognized in the consolidated financial statements at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the consolidated financial statements unless it is more likely than not of being sustained. The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes.

***Use of Estimates***

Preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Recently Adopted Accounting Pronouncements***

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments, which provides guidance on the measurement of credit losses on certain financial instruments. The new guidance introduces the use of a current expected credit loss (CECL) model for the measurement of credit losses on financial instruments within the scope of this guidance, which includes

## Snap Fitness, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023, 2022 and 2021

certain investments in debt securities, trade accounts receivable, and other financial assets. The CECL model requires an entity to measure credit losses using historical information, current information, and reasonable and supportable forecasts of future events, rather than the model required under prior GAAP guidance. The Company adopted the new guidance effective January 1, 2023, and it did not have a material impact on the consolidated financial statements and disclosures.

#### **Subsequent Events**

The Company has evaluated its consolidated financial statements for subsequent events through May 8, 2024, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

#### **NOTE B - STOCKHOLDERS' EQUITY**

The Series A Preferred shares provide preferences for payment of dividends and with respect to liquidation or dissolution of the Company. The liquidation preference is equal to the original purchase price of the shares. The Series A Preferred shares are convertible at any time, at the option of the holder, into shares of common stock at a ratio of \$1.00 of common stock for each preferred share.

The conversion rate is adjusted periodically upon additional sales of common stock or issuance of options, warrants, and other rights to common stock.

Upon a liquidation event, as defined, the holders of the Series A Preferred are entitled to be paid out of the assets of the Company an amount equal to the original purchase price of the outstanding Series A Preferred before any distribution may be made with respect to the common stock or any other class of capital stock. After such amount is paid to the Series A Preferred holders, they will participate with holders of the common stock on a pro rata basis as if they had converted their shares prior to the liquidation event.

#### **NOTE C - RELATED PARTY TRANSACTIONS**

The Company sold products and provided services to a club owned by a family member of a minority stockholder. In addition, the Company purchased merchandise and professional services from a company owned by a family member of the same minority stockholder. A summary of these transactions are as follows, in thousands:

	2023	2022	2021
Merchandise purchased	91	288	113
Amounts due to related parties included in accounts payable	15	9	17

The Company leases its corporate office space from an entity owned by a minority stockholder. The current lease expires in 2031. The current lease agreement calls for minimum base rent, including escalating payments as well as association dues and real estate taxes. Total lease expense paid to this related party was \$93,000 and \$360,000 for the years ended December 31, 2023 and December 31, 2022, respectively. In April 2023, the corporate office space was sold to an unrelated third party.

The Company has a receivable from its Parent company of \$6.0 million at December 31, 2023. In addition, during 2023, the Company made a \$8.3 million distribution of returned capital to the Parent Company.

On June 29, 2020 the Parent Company amended and restated its syndicated loan facility ("Amended Agreement"). As a result of the Amended Agreement, \$74.8 million of existing debt was converted into

**Snap Fitness, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023, 2022 and 2021**

Tranche A and Tranche B term loans. The Tranche A and Tranche B term loans mature on June 29, 2025, at which point all outstanding amounts are due.

The agreements are subject to various financial covenants, which include a liquidity requirement, in which the Company was required to maintain \$3 million in liquidity through June 30, 2022, evaluated at the end of each month through May 31, 2022. The Company must also maintain a Fixed Charge Coverage Ratio ("FCCR"), Tranche A Leverage Ratio ("Leverage Ratio"), and Minimum Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). As of December 31, 2023, the Parent Company was in compliance with their covenant.

The Amended Agreement is guaranteed by substantially all of the personal and real property assets held by the Parent Company's subsidiaries. There are no restrictions on the Parent Company's ability to obtain or direct funds from its subsidiaries to satisfy principal or interest payments on the loan facility.

**NOTE D - INSURANCE ACTIVITIES**

Insurance revenues are comprised of the following for the years ended December 31, in thousands:

	2023	2022	2021
Insurance premiums earned from franchisees	\$ 531	\$ 458	\$ 480
Insurance premiums ceded	(13)	(69)	(102)
Insurance revenues, net	518	389	378
Premiums earned from reinsurance	888	900	1,085
Total insurance revenue, net	<u>\$ 1,406</u>	<u>\$ 1,289</u>	<u>\$ 1,463</u>

Additional information for SAP Insurance is comprised of the following, in thousands:

	2023	2022
Current assets	\$ 3,042	\$ 2,966
Restricted cash included in current assets	1,772	1,752
Liabilities (all current)	1,880	2,327
Liability for insurance claims	1,749	2,274

SAP Insurance, Inc. paid a dividend to its Parent in the amount of \$200,000 and \$400,000 in 2023 and 2022, respectively.

**NOTE E - COMMITMENTS AND CONTINGENCIES**

***Operating Leases***

Expenses for the various operating leases for the year ended December 31, 2023 and 2022 was \$3.0 million and \$3.4 million, respectively. As of December 31, 2023, aggregate annual commitments for operating leases are as follows; \$2.7 in 2024, \$2.5 million in 2025, \$2.3 million in 2026, \$2.3 million in 2027,

**Snap Fitness, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023, 2022 and 2021**

\$1.7 million in 2028 and \$5.4 million thereafter. The difference between discounted and undiscounted cash flow commitments is \$0.8 million.

The Company leases consist primarily of office space and owned club locations with various expirations dates through March 2035.

The components of the lease expense for the years ended December 31, 2023 and 2022, along with related lease information and balances are as follows, in thousands:

	<b>2023</b>	<b>2022</b>
Lease Cost	\$3,044	\$3,357
Short-term, variable, and non-lease costs	0	19
Sublease income	(33)	(36)
Total lease cost	<u>3,011</u>	<u>3,340</u>
Other information in thousands:		
Operating cash flows from leases	\$3,339	\$3,364
Right of use assets obtained in exchange for new lease liabilities	2,923	none
Weighted-average remaining lease term	6.46	8.08
Weighted-average discount rate	4.8%	1.48%

***Litigation***

The Company is involved in legal proceedings arising in the ordinary course of business. Although the outcome of these proceedings cannot presently be determined, in the opinion of management, disposition of these proceedings will not have a material adverse effect on the financial position or results of operations of the Company.

***Insurance and Claims***

The Company consolidated SAP Insurance, Inc, a captive insurance company that is used for the franchisee insurance program described in Note A. Insurance coverage is maintained for per-incident and cumulative liability losses in amounts the Company considers sufficient based upon ongoing review.

The Company provides currently for its share of estimated losses. In connection with insurance carriers and regulatory authorities, as of December 31, 2023 and 2022, the Company maintains restricted cash to guarantee settlement of claims in the amount of \$1.8 million, which is reflected as restricted cash on the consolidated balance sheets. Should the captive experience losses greater than expected over an extended period, they could have an adverse impact on the operating results of the Company.

**Snap Fitness, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023, 2022 and 2021**

***Self-Insured Health Insurance***

The Company has a self-insured medical and dental plan for its employees and their families. The Company has purchased insurance against all claims exceeding \$105,000 during 2023. The Company has recorded an estimated liability of approximately \$115,000 at December 31, 2023 for claims incurred but not yet received or approved by the plan administrator. The policy renews annually on January 1.

**NOTE F - CYBER SECURITY**

The Company discovered in November 2018 that malicious software was clandestinely installed on our computer systems (“the Cyber-Attack”). The Company incurred information technology and other expenses in connection with the Cyber-Attack of \$1.4 million in fiscal year 2018. The Company has received its final installment on the settlement in 2021 of \$232,500 making the life-to-date recovery \$886,500 in insurance proceeds related to the Cyber-Attack. The settlement is included in the statement of operations in legal settlements, net.

**NOTE G - INCOME TAXES**

The following table shows the components of deferred tax assets (liabilities) as of December 31 in thousands:

	2023	2022
Deferred tax assets		
Net operating losses	\$ 850	\$ 914
Capital loss carryforward	305	130
Right of use asset	3,669	983
Bad debt reserve	47	226
Unrealized foreign currency	-	48
Compensation accruals	42	138
Amortization	654	38
Depreciation	175	-
Inventory adjustment	6	117
Deferred revenue	1,964	507
Accrued expenses	192	95
Other	128	-
	8,032	3,196
Valuation allowance	(1,670)	(971)
	6,362	2,225
Deferred tax assets		
Capitalized commission	(130)	(27)
Unrealized foreign currency	(10)	-
Lease liability	(4,108)	(898)
Other	-	(93)
Prepaid expense	(117)	-
Equity investments	(1,135)	(1,108)
Depreciation	-	(387)
	(5,500)	(2,513)
Deferred tax liabilities		
Net deferred tax (liabilities) assets	\$ 862	\$ (288)

**Snap Fitness, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023, 2022 and 2021**

Income tax expense (benefit) consists of the following for the years ended December 31 in thousands:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current income tax expense	\$ 2,694	\$ 1,747	\$ 1,498
Deferred income tax expense (benefit)	<u>(1,149)</u>	<u>512</u>	<u>(582)</u>
Income tax expense	<u>\$ 1,545</u>	<u>\$ 2,259</u>	<u>\$ 916</u>

The Company's 2023 effective income tax rate is 23.75%. The difference between the U.S. federal statutory rate of 21% and the effective tax rate is primarily attributable to the change in valuation allowance, deferred tax adjustments, foreign rate differential, and state taxes.

The Company's 2022 effective income tax rate is 36.58%. The difference between the U.S. federal statutory rate of 21% and effective tax rate was primarily attributable to the changes in valuation allowance, FIN 48 liability, the sale of subsidiary stock, foreign rate differential, transfer pricing, and state taxes.

As of December 31, 2023, the Company has foreign net operating loss carryforwards of \$3.3 million (tax effected \$0.9 million) and capital loss carryforwards of \$1.0 million (tax effected \$0.3 million). The net operating losses relate to operations in the UK, Mexico, India and Canada. The capital losses related to Australia. All losses can be carried forward indefinitely. The capital loss carryforward can only be used to offset capital gain income. Management assesses available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations to estimate whether sufficient future income will be generated to permit the use of deferred tax assets, including the capital loss carryforward. On the basis of this evaluation a valuation allowance of \$1.7 million on the deferred tax assets for certain foreign subsidiaries has been recorded.

Uncertain tax positions are included in accrued expenses on the consolidated balance sheets. A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2023 and 2022, were as follows, in thousands:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 619	\$ 95
Changes related to prior period tax positions	<u>62</u>	<u>524</u>
Ending balance	<u>\$ 681</u>	<u>\$ 619</u>

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. The Company recognized penalty and interest expense of approximately \$33,000, \$0 and \$(16,000) in income tax expense for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company files tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. For federal income tax purposes, tax years 2020-2022 remain open for examination by tax authorities under the normal three-year statute of limitations. Federal tax returns prior to 2020 remain limited circumstances due to NOL carryback claims filed. For state tax purposes, 2019 through 2022 tax years remain open for examination by the tax authorities under a four-year statute of limitations. For foreign income tax purposes, the statute of limitation varies by country, but open tax years include 2015 – 2023, depending on the jurisdiction.

## **Snap Fitness, Inc. and Subsidiaries**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONCLUDED**

**December 31, 2023, 2022 and 2021**

The Company has not provided any additional U.S. federal or state income taxes or foreign withholding taxes on the undistributed foreign earnings as such earnings have been indefinitely reinvested in the business. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is not practicable because of the complexities associated with its hypothetical calculation.

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law. The CARES Act changed certain provisions of the Tax Act. Under the CARES Act, NOLs arising in taxable years beginning after December 31, 2017 and before January 1, 2021 may be carried back to each of the five taxable years preceding the tax year of such loss, but NOLs arising in taxable years beginning after December 31, 2020 may not be carried back. All other provisions included in the CARES Act were adopted with-out material impact.

On August 16, 2022 the Inflation Reduction of Act of 2022 (the "IRA") was signed into law. The IRA includes numerous tax provisions, clean-energy related tax incentives, and funding for IRS enforcement, among other initiatives. New corporate taxes, including a 15% alternative minimum tax and a 1% excise tax on stock repurchases by certain publicly traded corporations, were introduced in the IRA. The alternative minimum tax and excise tax imposed on repurchases of stock are applied in periods beginning after December 31, 2022. The provisions of the IRA have no material impact on our financial statements as of December 31, 2023.

#### **NOTE H - EMPLOYEE BENEFIT PLANS**

The Company has established a defined contribution profit sharing plan that conforms to the IRS provisions for 401(k) plans. The Plan covers all employees who meet certain eligibility requirements. Employer matching contributions are made at a rate of 25% of the first 6% of eligible compensation that each eligible participant contributes to the Plan, subject to certain limitations contained in the Plan and as defined by ERISA. The Company made contributions to the Plan of \$405,000, \$420,000 and \$336,000 during the year ended December 31, 2023, 2022 and 2021, respectively.

***EXHIBIT C-1***  
**SAMPLE FRANCHISE AGREEMENT AND STATE-SPECIFIC ADDENDA**





## Franchise Agreement Summary Page

### Franchisee Information:

Complete Business Name: \_\_\_\_\_

Principal Owner(s): \_\_\_\_\_ %  
(25% or more ownership, direct or indirect) Full Name Interest

\_\_\_\_\_ %

Full Name Interest

\_\_\_\_\_ %

Full Name Interest

\_\_\_\_\_ %

Full Name Interest

\_\_\_\_\_ %

Full Name Interest

\_\_\_\_\_ %

Full Name Interest

Additional Owners:  
(less than 25% ownership)

Address for Notices (not a P.O. Box): \_\_\_\_\_

Email Address for Notices: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Mobile Phone: \_\_\_\_\_

Preliminary Designated Area: \_\_\_\_\_

**Initial Franchise Fee:** **\$39,500**

**Royalty Fee:** **6% of Gross Revenue**

**National Marketing Fee:** **Up to 4% of Gross Revenue (currently 2%)**

**Technology Fee:** **\$325 per month\***

\*Subject to increase in accordance with increases in the Consumer Price Index. See Section 9 for additional fee information.

### To be completed by us:

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

Authorized Location: \_\_\_\_\_

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

Club Number: \_\_\_\_\_

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

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

# TABLE OF CONTENTS

1.	DEFINITIONS .....	1
2.	GRANT OF LICENSE.....	2
3.	TRADEMARK STANDARDS AND REQUIREMENTS.....	3
4.	TERM AND RENEWAL.....	4
5.	CLUB STANDARDS AND MAINTENANCE.....	5
6.	PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS.....	7
7.	PERSONNEL AND SUPERVISION STANDARDS.....	12
8.	MARKETING.....	13
9.	FEES, REPORTING AND AUDIT RIGHTS .....	14
10.	YOUR OTHER OBLIGATIONS; NON-COMPETE COVENANTS .....	17
11.	TRANSFER OF FRANCHISE .....	20
12.	DISPUTE RESOLUTION .....	23
13.	DEFAULT AND TERMINATION AND OTHER REMEDIES.....	24
14.	POST-TERM OBLIGATIONS .....	27
15.	GENERAL PROVISIONS.....	28

Attachment A -	Marks and Designated Area
Attachment B -	Information Release Consent
Attachment C -	Personal Guarantee
Attachment D -	Lease Addendum
Attachment E -	Membership Contract Assignment Agreement
Attachment F -	Ownership

Franchisee Acknowledgment  
State-Specific Addenda

# SNAP FITNESS® FRANCHISE AGREEMENT

This Franchise Agreement is made between Snap Fitness, Inc., a Minnesota corporation with its principal business located at 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317 (“**we**” or “**us**”), and the Franchisee identified on the Summary Page (“**you**”), to be effective from the Effective Date to the Expiration Date identified on the Summary Page, subject to the terms and conditions set out in this Agreement.

## RECITALS

- A. We have developed a proprietary business format and system (“**System**”) for operating a 24/7 (except as restricted by law) fitness club (“**Club**”) and providing gym access to members, group fitness, and personal training, and using advanced fitness technologies and high-quality fitness equipment; automated member billing and collection procedures and services; and use of our proprietary and confidential information.
- B. The System includes a distinct interior layout, design, décor, color scheme, graphics, fixtures and furnishings, operating and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques and procedures that we designate (collectively, the “**Standards**”).
- C. Clubs operating under the System are identified by the trade name and service mark “SNAP FITNESS” and other trademarks, service marks and trade identifiers that we designate to identify businesses operating under the System (the “**Marks**”).
- D. You have applied for the right to operate a Club using the System and Marks, and we have approved your application in reliance on the representations contained therein, including those concerning your financial resources, your business experience and interests, and the manner in which the Club will be owned and operated.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

## DEFINITIONS

1. For purposes of this Agreement:
- A. “**Principal Owner**” means any person who directly or indirectly owns a twenty-five percent (25%) or greater interest in the franchisee when the franchisee is a corporation, limited liability company or a similar entity other than a partnership entity. If the franchisee is a partnership entity, then each general partner is a Principal Owner, regardless of the percentage ownership interest. If the franchisee is one or more individuals, each individual is a Principal Owner of the franchisee. Each franchisee must have at least one Principal Owner.
- B. “**Owner**” means any person who directly or indirectly owns an interest in the franchise, including the Principal Owner(s).
- C. “**Gross Revenue**” means the aggregate of all revenue derived from all goods and services sold by you from or relating to the Club, whether made for cash, on credit or otherwise, including the proceeds of your business interruption insurance, without reserve or deduction for inability or failure to collect. Gross Revenue includes but is not limited to membership revenue, both recurring dues and cash sales, insurance reimbursement, national programs, personal training sales, and retail sales, less refunds to customers and discounts. Gross Revenue does not include revenue received from: (1) returns to shippers, vendors, or manufacturers; (2) sales of fixtures, furniture, or equipment after being used in the conduct of the Club; or (3) sales tax.
- D. “**Expiration Date**” means the day preceding the tenth (10<sup>th</sup>) anniversary of the Opening Date, unless this Agreement is executed as a renewal in accordance with Section 4 or in furtherance of transfer in accordance with Section 11, then the Expiration Date shall be the day preceding the tenth (10<sup>th</sup>) anniversary of the Effective Date) as indicated on the Summary Page.

E. All capitalized terms not defined in this Section or the Recitals have the meaning given in the text of this Agreement.

## GRANT OF LICENSE

2. The following provisions control with respect to the license granted hereunder:

A. Grant of License. We hereby grant you the right and license, and you undertake the obligation, subject to the terms and conditions of this Agreement *(i)* to operate a single SNAP FITNESS® Club; *(ii)* to sell at retail authorized products and services at and from the Club premises; *(iii)* to use the Marks in connection with operating and promoting the Club; and *(iv)* the right to solicit memberships in the Designated Area. You may not solicit memberships online, in person or through advertising or other direct marketing method outside your Designated Area, except with our prior written approval and in strict accordance with our then-current policies and restrictions (which may include membership assignment policies).

The license granted by this Agreement does not include *(i)* any right to sell services and products identified by the Marks at any location other than the Authorized Location (as defined in Section 2.B below), or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), catalog sales, telemarketing or other direct marketing; *(ii)* any right to sell services and products identified by the Marks to any person or entity for resale or further distribution; or *(iii)* except for the designated area protection described in Section 2.C., any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned clubs at any time or at any location.

B. Authorized Location. You must operate the Club only at the location identified, or to be identified on the Summary Page (the “**Authorized Location**”). If the Authorized Location is not known at the time this Agreement is signed, you must acquire an acceptable site for the Club premises no later than one (1) year from the Effective Date of this Agreement, at which time you authorize us to insert the Authorized Location on the Summary Page. You must identify a site for the Club that meets our site selection criteria and that is located within the Preliminary Designated Area identified on the Summary Page (see Section 5.A). You may not use the Club premises or Authorized Location for any purpose other than the operation of a SNAP FITNESS Club during the term of this Agreement.

C. Designated Area. The Preliminary Designated Area identified on the Summary Page, if any, is the general location where you intend to secure a site for the Club. If a Preliminary Designated Area is specified on the Summary Page, we will not grant anyone else the right to develop or operate a Club in the Preliminary Designated Area for one (1) year from the Effective Date of this Agreement. Once the Authorized Location has been identified, you hereby authorize us to define in Attachment A a “**Designated Area**” around the Authorized Location; provided that such Designated Area will be substantially the same as the Preliminary Designated Area in terms of size, shape and/or demographics. If the Authorized Location is not within the Preliminary Designated Area, the Designated Area will be defined by us based on our current criteria for size, demographics and topographical features. Once defined in Attachment A, your Designated Area will remain constant throughout the initial term of this Agreement (unless you relocate the Club and upon renewal or transfer).

During the term of this Agreement and provided you are in compliance with the terms of this Agreement, neither we nor our affiliates will develop or operate, or grant to anyone else the right to develop or operate a SNAP FITNESS Club that is physically located in the Designated Area (other than at Special Sites, as described in Section 2.D). You acknowledge and agree that we and our affiliates have the right to develop and operate and grant others the right to develop and operate SNAP FITNESS Clubs outside the Designated Area, regardless of their proximity to the Designated Area or any negative impact they may have on your Club. We and our affiliates also have the right to develop and operate and grant others the right to develop and operate fitness clubs and other businesses under a different trademark within and outside the Designated Area which may be similar to or competitive with SNAP FITNESS Clubs.

We will not operate, franchise, or license the operation of a fitness club offering 24/7 keycard access and substantially similar to a SNAP FITNESS club in your Designated Area, except in connection with our acquisition of a multi-unit brand. If we acquire a multi-unit brand (through a stock purchase, asset purchase, merger, or otherwise), we or our affiliate may operate, franchise, or license the operation of the acquired brand within and outside the Designated Area, without offering any rights or compensation to you. You do not have any right to: (i) sublicense or sub-franchise within or outside of the Designated Area; or (ii) operate more than one Club within the Designated Area without our prior written approval. You must sign a separate Franchise Agreement for any additional Club.

D. Reserved Rights. We reserve all other rights to use the System and Marks anywhere and in any manner including, without limitation, the right to offer, sell or distribute items such as training videos, equipment, athletic gear, etc., associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods, without compensation to any franchisee. These distribution channels or methods may include, without limitation, retail stores, mail order, wholesale or the internet (or any other existing or future form of electronic commerce). These rights also include the right to provide and license third parties to provide the FitnessOnDemand™ program and other ancillary programs developed by or for us or our affiliates at host locations (such as apartments, condo associations, corporate offices, schools, community centers and other gym and fitness centers), within and outside your Designated Area and without compensation to you. We and our affiliates also have and reserve the right to operate, franchise and license future systems within and outside the Designated Area subject to the express limitations in Section 2.C.

You also acknowledge and agree that certain locations within and outside the Designated Area are by their nature unique and separate in character from sites generally developed as SNAP FITNESS Clubs. As a result, you agree that the following locations (“**Special Sites**”) are excluded from the Designated Area and we have the right to develop, license or franchise Clubs within such locations: (1) military bases; (2) public transportation facilities, including, without limitation, airports, railway stations, limited access highway travel plazas and other transportation terminals; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) hotels, resorts or similar short-term lodging; (6) apartment or condominium complex; and (7) corporate office buildings or office parks.

## **TRADEMARK STANDARDS AND REQUIREMENTS**

3. You acknowledge and agree that the Marks are our property. You further acknowledge that your right to use the Marks is specifically conditioned upon the following:

A. Ownership of the Marks. The Marks are our valuable property, and we are the owner of all right, title, and interest in and to the Marks and all past, present, or future goodwill of the Club and of the business conducted at the Authorized Location that is associated with or attributable to the Marks. Your use of the Marks will inure to our benefit. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Use of the Marks. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Club except those listed in Attachment A or except as we otherwise direct in writing. You may use the Marks only in connection with such services and products as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Marks only in association with services and products approved by us and that meet our standards or requirements with respect to quality, safety and performance. You must refrain, and cause each Covered Person (as defined in Section 10.D.1) and each of your employees and independent contractors to refrain, from making or publishing any remarks that disparage or derogate us or the SNAP FITNESS brand. This prohibition applies to oral remarks and remarks that are

published in print, electronic, and social media. Your use of the Marks on the internet is governed by Section 6.L below. A breach of your obligations under this Section 3.B is a material default under this Agreement.

C. Club Identification. You must use the name “SNAP FITNESS” as the trade name of the Club and you may not use any other mark or words to identify the Club without our prior written consent. You may not use the words “SNAP” or “SNAP FITNESS” or any of the other Marks as part of the name of your corporation, partnership, limited liability company or other similar entity. You may use the Marks on various materials, such as business cards, stationery and checks, provided you *(i)* accurately depict the Marks on the materials, *(ii)* include a statement on the materials indicating that the business is independently owned and operated by you, *(iii)* do not use the Marks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and *(iv)* make available to us, upon our request, a copy of any materials depicting the Marks. You must post a prominent sign in the Club identifying you as a SNAP FITNESS® franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Club and that the SNAP FITNESS Mark is owned by us and your use is under a license we have issued to you.

D. Litigation. If any person or entity improperly uses or infringes the Marks or challenges your use or our use or ownership of the Marks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement, and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware, or any challenge or claim arising out of your use of any Mark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Marks in violation of this Agreement.

E. Changes. You may not make any changes or substitutions to the Marks unless we direct in writing. We reserve the right to change the Marks at any time including changing our name. Upon receipt of our notice to change the Marks, you must cease using the former Marks and commence using the changed Marks, at your expense.

## TERM AND RENEWAL

4. The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement is ten (10) years. This Agreement and the initial term of this Agreement will commence on the Effective Date and will expire at midnight on the Expiration Date as indicated on the Summary Page, unless this Agreement is sooner transferred in accordance with Section 11, or terminated in accordance with Section 13. Upon your written request, we may extend this initial term in writing for a limited time to correspond with the end of a calendar month.

B. Renewal Term and Conditions of Renewal. You may renew your license for unlimited renewal terms (each renewal term is ten (10) years), provided that with respect to each renewal: *(i)* you provide us written notice of your decision to renew at least six (6) months, but not more than twelve (12) months, prior to the end of the expiring term; *(ii)* you sign at least six (6) months, but not more than twelve (12) months, prior to the end of the expiring term, at our option, either (a) our then-current form of franchise agreement and renewal addendum, the terms and conditions of which may be materially different than the terms and conditions of our current franchise agreement and may reflect, among other things, different fees and advertising obligations and a modified Designated Area; or (b) an instrument extending for the duration of the renewal term, all the covenants, conditions and provisions contained in this Agreement; *(iii)* you have complied with the provisions of Section 5.F regarding modernization and have agreed, in writing, to make such capital expenditures necessary to refurbish, replace and modernize your Club so that it will conform to our then-current standards for Clubs; *(iv)* you are not in default of this Agreement or any other agreement pertaining to the franchise, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing; *(v)* if leasing the Club premises, you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period; *(vi)* you

comply with our then-current training requirements; and **(vii)** you and your Principal Owners and guarantors execute a general release in a form we prescribe in favor of us and our affiliates and each company's respective present and former officers, directors, managers, and employees; provided, however, that such release will not be inconsistent with any state law regulating franchising. There is no renewal fee or initial franchise fee due in connection with any renewal term.

C. **Interim Period.** If you continue to accept the benefits of this Agreement after the expiration of the initial term but do not complete the requirements in Section 4.B, then at our sole option, this Agreement may be treated as **(i)** expired as of the date of the expiration and you will be operating without a franchise or license to do so and in violation of our rights to the Marks and System; or **(ii)** continued on a month-to-month basis (an "Interim Period") and all your obligations will remain in full force and effect during the Interim Period as if the Agreement had not expired. Each Interim Period expires at the end of each calendar month unless this Agreement is continued as provided in this Section. The Interim Period does not create any new franchise rights and upon expiration of the final Interim Period, you will be bound by all post-term obligations as provided in this Agreement. You agree that during the Interim Period(s) we may increase the Royalty, National Marketing and Technology Fees to our then-current fees as would apply had the Franchise Agreement renewed in accordance with Section 4.B upon expiration of the original term.

### CLUB STANDARDS AND MAINTENANCE

5. You acknowledge and agree that we have the right to establish, from time to time, required quality standards regarding the business operations of SNAP FITNESS clubs to protect the distinction, goodwill and uniformity symbolized by the Marks and the System. Accordingly, you agree to maintain and comply with our required quality standards and agree to the following terms and conditions:

A. **Site Selection.** You must identify a site for the Club within the Preliminary Designated Area that meets our site selection criteria and that we have accepted. You must provide us notice of the site you have selected and we have fifteen (15) days to accept or reject the site. If we do not accept the site within fifteen (15) days it will be deemed disapproved. **The parties acknowledge and agree that our site acceptance is not an assurance that the Club will achieve a certain sales volume or level of profitability; it means only that the proposed site meets our minimum site selection criteria. We assume no liability or responsibility for (i) evaluation of the location's soil for hazardous substances; (ii) inspection of any structure for asbestos or other toxic or hazardous materials; (iii) compliance with the Americans with Disabilities Act ("ADA"); or (iv) compliance with any other applicable law. It is solely your responsibility to obtain satisfactory evidence and/or assurances that the Club premises (and any structures thereon) is free from environmental contamination and complies with the requirements of the ADA and other applicable laws.**

B. **Lease.** If you propose to occupy the Club premises pursuant to a lease or sublease ("**Lease**"), the Lease may not prevent you from performing your obligations under this Agreement, and must permit us to exercise our rights pursuant to this Agreement. We may condition our acceptance of a proposed site on the full execution of a Lease Addendum substantially in the form attached as **Attachment D** to this Agreement. You must deliver to us a fully executed copy of the Lease as amended by the Lease Addendum within ten (10) days after its execution. **The parties acknowledge and agree that our receipt of a Lease does not mean that the economic or legal terms of the Lease are favorable.**

C. **Construction; Future Alteration.** You must construct and equip the Club in strict accordance with our current approved specifications and standards pertaining to equipment, signage, fixtures and design and layout of the building. You may not commence construction of the Club until you have received our written consent to your plans.

Without limiting the generality of the foregoing, you must promptly after obtaining possession of the site for the Club **(i)** have prepared and submitted for our approval basic plans and specifications consistent with our general design and layout requirements as set forth from time to time in the manuals for

a SNAP FITNESS Club; **(ii)** purchase or lease and then use only the approved equipment, fixtures, furniture and signs; **(iii)** complete the equipment, fixtures, furniture and sign installation and decorating of the Club in full compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations; **(iv)** obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act; and **(v)** obtain and maintain all required zoning changes, building, utility, sign permits and licenses and any other required permits and licenses. It is your responsibility to comply with the foregoing conditions. Any change to the plans or any replacement, reconstruction, addition or modification in the premises, interior or exterior décor or image, equipment or signage of the Club made after our consent to the initial plans, whether at the request of you, us or a third party, may be made only with our prior written consent.

D. **Opening.** You must open the Club for business no later than one (1) year from the Effective Date. You may not open your Club for business, however, until we have notified you in writing that you have satisfied your pre-opening obligations as identified in Sections 5.A to 5.C and we have approved your opening date. We are not responsible or liable for any of your pre-opening obligations, losses, or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date. We also are entitled to injunctive relief or specific performance under Section 12.B for your failure to comply with your obligations. Further, if you fail to open the Club in the timeframe required by this Agreement, we may, in our sole and unilateral judgment, **(i)** exercise our termination rights in accordance with Section 13; or **(ii)** amend this Agreement to eliminate the Designated Area protection afforded by Sections 2.B and 2.C.

E. **Maintenance.** The building (exterior and interior), equipment, fixtures, signage, and trade dress of your Club must be maintained and refreshed in accordance with our requirements established periodically and any report prepared after our evaluation of the premises. Within a period of thirty (30) days (as we determine depending on the work needed) after the receipt of any report prepared following such an evaluation, you must complete the items of maintenance we designate, including the repair of defective equipment and items such as carpet and/or the replacement of irreparable or obsolete items of equipment and signage. If, however, any condition presents a threat to members or to public safety, you must complete the items of maintenance immediately, as further described in Section 6.F. If you fail to complete the required maintenance, we reserve the right (but not the obligation) to do so on your behalf and you must reimburse us for our costs and expenses.

F. **Modernization.** From time to time as we require, you must modernize and/or replace items of the trade dress or equipment as may be necessary for your Club to conform to the standards for similarly situated new SNAP FITNESS clubs. You acknowledge and agree that you will be required to upgrade equipment at least every five (5) years, or more often as required in the Manual, and/or prior to a transfer. You may offer your old equipment to anyone, but we have the right of first refusal to buy the equipment on the same terms and conditions as any potential buyer. You must give us seven (7) days' written notice of any potential sale of your old equipment and a reasonable opportunity to match any offer you intend to accept. We are under no obligation to exercise our right of first refusal.

A transfer of any interest in this Agreement or your business governed by Section 11 or renewal covered by Section 4 is expressly conditioned upon your (or the transferee, as applicable) modernizing the Club to conform to the standards for new SNAP FITNESS Clubs. You acknowledge and agree that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of the Club and to avoid deterioration in connection with the operation of your Club. If you fail to make any improvement or perform the required maintenance, we may, in addition to our other rights under this Agreement, complete such improvement or maintenance on your behalf and you must reimburse us for the costs we incur.

G. **Relocation.** You may not relocate your Club without our prior written consent. If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us that is within your Designated Area, is



reasonably suited for a Club, and does not infringe on the rights of any other Snap Fitness franchisee, provided that the new Club is open and operating within sixty (60) days after you discontinue operation at the present Club, all in accordance with our then-current standards. If you voluntarily decide to relocate the Club, your right to relocate the Club will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than sixty (60) days prior to closing the Club, have procured a site within your Designated Area that we accept fifteen (15) days prior to such closure, have opened the new Club for business within twenty-four (24) hours of such closure and complied with any other conditions that we reasonably require. In connection with any relocation, you must sign our then-current form of relocation agreement (which includes a general release of claims to the extent permitted by law), you must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur. Upon relocation of your Club for any reason, we may modify your Designated Area, in our sole judgment, to account for the designated areas of neighboring clubs and other factors.

If your Club is destroyed or damaged and you repair the Club at the Authorized Location (rather than relocate the Club), you must repair and reopen the Club at the Authorized Location in accordance with our then-current standards for the destroyed or damaged area within twenty (20) days of the date of occurrence of the destruction or damage, or such longer time as we reasonably determine, in our sole judgment, is required given the nature and extent of the damage.

We have the right to refuse to consent to a relocation if you lose the right to occupy the Club premises because of the termination of your lease due to your breach. Further, the cancellation of your lease due to your breach is grounds for immediate termination under Section 13.B.2.

## PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

6. You must implement and abide by our requirements directed to enhancing substantial System uniformity. The following provisions control with respect to products and operations:

A. Authorized Equipment. You must use in the operation of the Club only the proprietary or non-proprietary equipment that we specify in the Manual (as defined in Section 6.H) or other written directives. You must purchase or lease all equipment we designate (including the security and door access system, digital media and In Club Technology described below) from our approved suppliers. We will supply to you a copy of the current equipment list prior to opening or relocation of the Club. You acknowledge and agree that we may change the list periodically and that you are obligated to conform to the requirements. Prior to opening your Club, you may seek our approval to add additional equipment at your location. We may approve or disapprove your request to add additional equipment in our sole judgment. You will not be allowed to open or operate the Club with any unapproved equipment.

B. Authorized Products and Services. You may offer and sell only approved products and approved services in the Club and must offer for sale the complete range of required products and required services as listed in the approved products and approved services lists, as we may amend from time to time. You must maintain in stock an inventory of approved products sufficient to meet customer demand and as set forth in the Manual for operating a SNAP FITNESS club. You may not offer, sell or supply any products or services which are not approved products or approved services (including products or services that we have withdrawn), without our prior written consent. You must also conform to all quality and customer service standards we prescribe in writing.

C. Memberships. You must sell memberships (“**Memberships**”) only on such terms and conditions as we specify periodically. All Memberships must be evidenced by an electronic agreement (“**Membership Agreement**”) and all member and billing information must be promptly and accurately entered into the approved system according to our then-current policies.

You must use Membership Agreements that are based on our then-current standard form of Membership Agreement, with the exception, however, that there may be state and local laws that may require you to alter the Membership Agreement in the jurisdictions under which your Club operates – you must abide

by those laws. You are solely and exclusively responsible for ensuring that the Membership Agreements you use in connection with the operation of your Club comply with all applicable laws and regulations. Any changes to the form document must be approved in writing by us. The Membership Agreement must include: *(i)* a reciprocity provision that permit members from your Club to use other facilities and permits another facility's members to also use your Club; *(ii)* a waiver and release of us and our affiliates; and *(iii)* a statement identifying the Club as an independently-owned franchised location. You must permit members of other facilities to use your Club under such terms and conditions as we may state in writing from time to time. All Membership Agreements and all billings of any type must be processed through our approved processing system.

You may only solicit memberships within your Designated Area (unless otherwise authorized by us as stated below). We or other franchisees may solicit memberships within your Designated Area (for example, if designated areas overlap). Unless we have provided prior written approval, all membership sales must be made face-to-face, although you may solicit membership sales by mail, telemarketing (so long as you abide by the no-call lists) or other non-face-to-face basis *within* your Designated Area. You may accept memberships online in accordance with our then-current policies and via our approved systems and websites. We have the right to prohibit or cancel memberships you sell that will expire beyond the expiration date of your Term or any exercised renewal term. You are responsible for all refunds or liabilities to your members due to the cancelation of memberships as provided in this Section. You must execute the Membership Contract Assignment Agreement in the form attached at Attachment E.

D. Approved Supplies and Suppliers. We will furnish to you from time to time lists of approved supplies or approved suppliers. You must only use approved equipment, products, fixtures, signs, advertising materials, trademarked items and other items (collectively, "approved supplies") in the Club as listed in the approved supplies and approved suppliers lists, as we may amend from time to time. Although we do not do so for every item, we have the right to approve the manufacturer of approved supplies. You acknowledge and agree that certain approved supplies may only be available from one source, and we or our affiliates may be that source. You will pay the then-current price in effect for approved supplies you purchase from us or our affiliates. All inventories, products, operating forms, materials and other items and supplies used in the operation of the Club must be purchased from approved suppliers and any items not included on the approved supplies or approved suppliers list must conform to the specifications and standards we establish from time to time. **ALTHOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION AND ANY REQUIRED TECHNOLOGY SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS.**

E. Technology System. You must purchase and use any technology system that we develop or select for the Club or System, including all future updates, changes, supplements, and modifications ("**In Club Technology**"). The In Club Technology may include all hardware and software used in the operation of the Club, including *(i)* all computer hardware and related accessories and peripheral equipment for video surveillance, door access, digital media and telephone systems; and *(ii)* the billing, electronic point-of-sale cash registers, club management and back office programs used to record, analyze and report sales and Club operations. Requirements for use may include, among other things, connection to remote servers, off-site electronic repositories, and high speed Internet connections, and establishment of one or more email accounts. You further agree and provide your express consent that we may contact you using any of the contact information we have on file, including by telephone, email, SMS text message, messages sent by automated technology and messages sent by future technologies. Providing your mobile number (and thereby consenting to receive SMS text messages and messages sent by automated and future technologies) is not a condition of doing business with or becoming a franchisee.

You must: *(i)* use any software programs, system documentation manuals, and other materials that we provide to you in connection with your operation of the Club; *(ii)* input and maintain in designated systems such data and information as we prescribe in the Manual and other written directives; and *(iii)* purchase new

or upgraded software programs, system documentation manuals, and other materials at then-current prices whenever we adopt such new or upgraded programs, manuals, and materials system-wide. You must enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner we prescribe, and pay all fees imposed by us, our affiliate or any third party software and software service providers there-under.

You acknowledge that we may independently access from a remote location, at any time, all information input to and compiled by your In Club Technology (including video surveillance equipment) or an off-site server, including Member Information (as defined in Section 6.I below).

You acknowledge that technology is ever changing and that, as technology or software is developed in the future, we may, at our sole option, require you to: (i) add or change your In Club Technology, memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software; and (ii) replace or upgrade your In Club Technology and software as we prescribe.

We reserve the right to designate a single source from whom you must purchase the In Club Technology, including but not limited to video surveillance equipment. It is your responsibility to make sure you comply with all laws that are applicable to the In Club Technology, including all data protection, privacy, and security laws.

F. Evaluations. We or our authorized representative have the right to enter your Club at all reasonable times when the Club is open to the public for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, and to inspect and evaluate your premises, equipment, and member satisfaction. Our inspections and evaluations may include a “mystery shopper” program, and we reserve the right to seek reimbursement from you for any mystery shopper program. If we determine that any condition in the Club presents a threat to members or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Club until the situation is remedied to our satisfaction. Any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operations or to assume any of your obligations under this Agreement.

G. Period of Operation. Subject to any contrary requirements of state or local law, your Club must be open to the public and operated twenty-four (24) hours each day of the year. We require a minimum number of staffed hours (currently a minimum of forty (40) staffed hours per week). Any variance must be authorized by us in writing. You acknowledge and agree that if your Club is closed for a period of two (2) consecutive days or five (5) or more days in any twelve (12) month period without our prior written consent (unless required by law or regulation), such closure constitutes your voluntary abandonment of the franchise and business and we have the right, in addition to other remedies provided for herein, to terminate this Agreement.

H. Operating Procedures. You must adopt and use as your continuing operational routine the required standards, procedures, methods of operation and management, and security systems described in our operations manual or other written directives, including, but not limited to, system newsletters or bulletins that may be sent to all franchisees from time to time (collectively, “**Manual**”). We may revise the Manual and these standards and systems periodically to meet changing conditions of operation and we will send out system newsletters and bulletins from time to time.

The Manual is our sole property. You must treat the Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. You will be required to sign a confidentiality agreement at the time of access. We may from time to time revise the contents of the Manual and you expressly agree to comply with each new or changed requirement. You acknowledge and agree that the Manual and other system communications may only be available electronically.

I. Confidential Information. You may not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, except to such employees that must have access to operate the Club. For purposes of this Agreement, “**Confidential**

**Information**” means and includes, without limitation, all member information and information concerning prospective and former members (collectively, “**Member Information**”), and all proprietary information contained in the Manual or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Club. You hereby acknowledge and agree that all Confidential Information, including Member Information, belongs exclusively to us. You and each Principal Owner agree to maintain the confidentiality of all Confidential Information, including Member Information, not to duplicate any materials containing Confidential Information, including Member Information, and not to divulge any Confidential Information, except to other franchisees and to your employees and professional advisors on a need to know basis. You may use the Confidential Information, including Member Information, only for the purpose of operating the Club. This provision will survive the transfer, expiration or termination of this Agreement.

You must cause your general manager and any employee with access to Confidential Information, including Member Information, to sign a nondisclosure and confidentiality agreement in a form satisfactory to us. You must provide a copy of each such agreement to us upon our request.

J. Compliance with Standards and Specifications; Participation in Joint Advertising Campaigns and Endorsements. You further agree to comply with all required System specifications, standards and operating procedures (whether contained in the Manual or any other written communication from us) relating to the appearance, function, cleanliness, operation, and promotion of a SNAP FITNESS Club including, without limitation (i) sales and marketing procedures and customer service; (ii) advertising and promotional programs; (iii) member loyalty and rewards programs; (iv) layout, décor, and color scheme of the Club; (v) appearance and dress of employees; (vi) safety, maintenance, appearance, cleanliness, sanitation, standards of service, and operation of the Club; (vii) submission of requests for approval of brands of products, supplies, and suppliers; (viii) use and illumination of signs, posters, displays, standard formats, and similar items; (ix) use of audio equipment and type and decibel levels of music; (x) use of video equipment and type and decibel level of television broadcasts (including closed captioning requirements); (xi) types of fixtures, furnishings, and equipment; and (xii) the make, type, location and decibel level of any game, entertainment or vending machine (and restrictions against the use of gaming, entertainment, or vending machines).

From time to time, we and our affiliates also may participate in and require your participation in joint advertising campaigns and endorsement of third-party products or services (which participation may include, among other things, broadcasting audio-visual advertising on in-Club televisions or computer monitors and/or placing promotional items at prescribed locations throughout the Club). You agree to participate in all such campaigns and endorsements according to our directives, provided that we will provide you with all promotional items necessary for participation free of charge. You further acknowledge and agree that we or our affiliates may receive revenue, and may retain all revenue received, on account of your participation and other franchisee’s participation in such campaigns and endorsements.

Any required standards exist to protect our interests in the System and Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Manual or other written materials. The Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. We reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

K. Compliance with Law; Licenses and Permits. You have an obligation, both prior to and after purchasing the franchise, to review the laws of the area in which you will be operating to determine what statutes, regulations, ordinances, or other laws may have an impact on your ability to operate the franchise.

We are not responsible for reviewing the laws, and we make no representation or warranty (express or implied) that the System complies with the laws of your particular area. You represent and agree that you have conducted a review of the potentially-applicable laws and that you have provided to us, in writing, a statement of all legal issues that you feel may have a significant impact on your ability to follow the system or to operate your business. You must at all times maintain your premises and conduct your Club operations in compliance with all applicable laws, regulations, codes, and ordinances including, without limitation, (i) all governmental regulations relating to sales, advertising, and membership cancellation rights of health club memberships, and all bonding requirements; (ii) all governmental regulations relating to tanning (where applicable); (iii) all music licensing and permit laws; and (iv) all applicable laws pertaining to the privacy of consumer, employee, and transactional information (“**Privacy Laws**”). If there is a conflict between our standards and policies and actual applicable law, you must comply with the requirements of applicable law, immediately give us notice of said conflict and promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies within the bounds of applicable law.

You must secure and maintain in force all required licenses, permits and certificates relating to your Club. You must not publish, disseminate, implement, revise or rescind a data privacy policy without our prior written consent. You must have in place appropriate security measures (administrative, physical, and technical) to prevent customer or employee personal data from being accidentally lost, altered, disclosed, used or accessed in an unauthorized way. You must immediately notify us in writing of any claim, litigation, proceeding or complaint (whether from individuals or governmental agencies) that arises from or affects the operation or financial condition of your SNAP FITNESS business or Club. As between you and us, you are solely responsible for the safety and wellbeing of your employees and the customers of the franchise business.

L. Participation in Internet Web Sites or Other Online Communications. You must, at your expense, participate in our SNAP FITNESS web site, any intranet or extranet system we may develop, or other online communications as we may require (the current Technology Fee is listed on the Summary Page of this Agreement). We have the right to determine the content and use of our web site and any intranet or extranet system we may develop and will establish the rules under which franchisees may or must participate. You may not use the Marks or any part or derivative thereof on the internet, except as we expressly permit in writing and as authorized by our then-current policies. Without limiting the generality of the foregoing, you may not use the Marks or any part or derivative of the Marks as part of any URL or domain name or as part of any unauthorized email address and may only register the Marks or any part or derivative of the Marks as part of any user name on any gaming website or social networking website (such as FACEBOOK, TWITTER or INSTAGRAM) in accordance with our then-current policies. You also may not display on any website (including commercial websites, gaming websites, and social networking websites) any of our copyrighted or proprietary works, which include the design portion of our Marks, or any collateral merchandise identified by the Marks.

We retain all rights relating to our web site and any system we may develop and may alter or terminate our web site or other systems. Your general conduct on our web site, other systems, or other online communications and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our web site and other systems may be considered Confidential Information, including access codes and identification codes. Your right to participate in our web site, other systems, or otherwise use the Marks or System on the internet or other online communications, will terminate when this Agreement expires or terminates or is transferred by you.

M. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and other changes as we deem appropriate. This right includes, but is not limited to, the right to introduce new products and services.

You must comply with these modifications, additions, or rescissions at your expense, subject to the express limitations listed in this Agreement.

You must operate your Club in strict compliance with all applicable laws and with the required standard procedures, policies, rules, and regulations established by us and incorporated herein or in the Manual or in SNAP FITNESS System bulletins or other publications that are distributed to franchisees from time to time. Such required standard procedures, policies, rules, and regulations established by us may be revised from time to time as circumstances warrant, and you must comply with all such required procedures as they exist as though they were specifically listed in this Agreement and when incorporated in a system bulletin or other written notice to franchisees, the same is incorporated herein by reference. These required standard procedures, policies, rules, and regulations may include operational matters, advertising or marketing matters, membership issues, relationships between you and other franchisees, accounting issues, and any other issues that we believe, in our business judgment, are required to generally benefit the SNAP FITNESS System and its franchisees.

N. Suggested Pricing Policies. We reserve the right to establish prices for the products and services you sell, both minimum and maximum, subject to applicable law. Unless stated otherwise in writing, any list or schedule of prices we furnish to you is a recommendation only and any decision you make to accept or reject the suggestion will not affect the relationship between you and us.

O. National Accounts. From time to time we will negotiate contracts with corporations, affinity groups, and insurance plans that will require that certain terms and/or discounts be offered to members of that corporation, affinity group or insurance plan by all franchisees at all locations (“**National Accounts**”). You are required to provide the special terms and/or discounts to these National Accounts.

P. Member Administration. We or an affiliate may from time to time engage in administrative tasks related to member administration such as administering online enrollment or membership transfer and reciprocity programs. You agree that we may take those actions in accordance with our then-current policies, which may include transferring members to and from your Club and providing on line member enrollment. You agree that we may make such corrections as necessary, including that if a member is mistakenly transferred to the wrong club, we may issue credits and charges for the membership dues to the affected clubs. Any actions we take for member administration are for the benefit of the brand and uniformity in the System and not to exercise control over your business.

## PERSONNEL AND SUPERVISION STANDARDS

7. The following provisions and conditions control with respect to personnel, training, and supervision:

A. Supervision. You must ensure that the Club is operated in accordance with the terms and conditions of this Agreement. If you employ a general manager, they must attend and successfully complete all required training, as listed in Sections 7.B and C.

B. Training. You must, at your expense, comply with all of the training requirements we prescribe for the Club to be developed under this Agreement. If you employ a general manager, they also must comply with all training requirements. Specifically, prior to opening, you must attend our initial training program and complete the training to our satisfaction. If you are given notice of default as described in Sections 13.A and B and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you, at your expense, comply with the additional training requirements we prescribe. Any new general manager must comply with our training requirements within a reasonable time as we specify. Under no circumstances may you permit management of the Club’s operations on a regular basis by a person who has not successfully completed to our reasonable satisfaction all applicable training we require.

C. Ongoing Training. We may require you and other key employees of the Club to attend, at your expense, ongoing training at our training club, the Authorized Location or other location we designate. Beyond our initial training program, you must pay our then-current training fee for all training we conduct for you.

D. Staffing. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System and Marks in any way shifts any employee or employment related responsibility from you to us. You acknowledge that you are an independent business and responsible for control and management of your Club, including, but not limited to, the hiring, discharging, training, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, supervision and discipline of employees, regardless of whether you receive advice from us on these subjects. You acknowledge that we have no power, responsibility or liability for personnel decisions regarding your employees.

E. Attendance at Meetings. Unless we approve otherwise, you and your manager must attend all quarterly sales and operations meetings and annual franchise summits we may hold or sponsor, and we reserve the right to charge you a fee to attend any franchise summit or meeting we hold or sponsor. If you are not able to attend a meeting or summit, you must notify us prior to the meeting and we may mandate that you substitute a person acceptable to us to attend on your behalf. If you fail to attend a franchise summit or meeting, we reserve the right to charge you our then-current non-attendance fee.

## MARKETING

8. You agree to actively promote your Club, to abide by all of our advertising requirements and to comply with the following provisions:

A. National Marketing Fee. You must pay us each month a National Marketing Fee in the amount set forth on the Summary Page. We will deposit the National Marketing Fee in the Marketing Fund that we manage. We may use the Marketing Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, including the cost of: *(i)* preparing and conducting print, point-of-sale, radio, television, internet, electronic, out-of-home, and billboard advertising; *(ii)* conducting e-commerce website activities; *(iii)* updating and hosting a website (including the development of locator programs); *(iv)* providing market intelligence through analytics to the System; *(v)* conducting member interviews, focus groups, and surveys; *(vi)* providing creative development services including the development and modification of Club design and trade dress, logos, graphics, and vehicle wraps; *(vii)* obtaining sponsorships and endorsements; *(viii)* developing and conducting contests, sweepstakes and other prize promotions; *(ix)* developing and administering member loyalty programs, coupons, and gift certificates; *(x)* engaging advertising and marketing agencies and public relations firms; and *(xi)* any other expenses for developing and promoting the brand or System.

We also may use the Marketing Fund to develop advertising and promotional materials for regional and local advertising and marketing cooperatives and for use in each franchisee's local market. In certain markets, we may assist a franchisee with its initial advertising and promotional activities to increase brand awareness. We have an in-house marketing staff that assists in developing and placing national, local and regional advertising and other matters. We also contract with various outside advertising and marketing agencies and third party vendors to produce certain advertising and promotional materials and to create and implement public relations campaigns. We will determine the use of the monies in the Marketing Fund. We are reimbursed for reasonable administrative costs, salaries, and overhead incurred in administering or providing services to the Marketing Fund.

B. Local Expenditures Approved Materials. You must use your best efforts to aggressively promote and advertise the Club in your local area, and participate in any local marketing and promotional programs that we establish from time to time, including but not limited to any in-club marketing or promotions we may choose to run (subject to applicable law). You must conduct an initial promotional campaign in accordance with our standards and specifications. In addition to the National Marketing Fee payable to us, you must spend a minimum of \$4,800 (an average of \$400 per month) on local advertising each year. We strongly recommend that you spend money every month on local advertising but you may want to spend more on local advertising during peak months and less during non-peak months. Upon our request, you must provide us with: *(i)* itemization and proof that you are conducting advertising and marketing; and *(ii)* an accounting of

the monies that you have spent for approved local marketing. For a minimum of three (3) months following Club opening, transfer of the Club, or modernization of the Club, you must participate in our Snap Ads digital advertising program and meet our then-current minimum spend requirement under such program (currently \$325 per month) each month during this period, which shall count towards your monthly required local advertising spend.

If you fail to spend at least \$4,800 each year on local advertising, we reserve the right to collect any deficiency from you and deposit the amount in the Marketing Fund. You must use only such marketing materials as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. Furthermore, any promotional activities you conduct in the Club or on its premises are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials and activities; provided that they are current, in good condition, adhere to brand standards, in good taste, dignified, and accurately depict the Marks (any use of the Marks, or a new variation you propose to the Marks, without our prior written approval is prohibited).

C. Local Marketing Fund and Advertising Co-ops. We may, at our option, designate any geographic area in which at least two (2) SNAP FITNESS franchises are located as a “designated advertising area” for the purposes of establishing a local marketing fund that we control (“**Local Marketing Fund**”) or local or regional advertising cooperative controlled by majority vote of its members (“**Cooperative**”), and may require you to make a contribution to a local marketing fund and/or a Cooperative, as provided in this Section. Any amount contributed to a Local Marketing Fund or Cooperative will be in addition to, and not in lieu of, the National Marketing Fee described above. We have the right to determine the amount of contribution, in our sole judgment, provided that aggregate monthly contributions will not exceed \$200 per month (subject to adjustment based on the CPI as provided in Section 9). If a Cooperative chooses to contribute a greater amount and the amount is approved by a two-thirds majority of the members of the Cooperative, you must contribute such amount. Any contribution you make to a Local Marketing Fund or Cooperative will count towards the minimum local advertising expenditures outlined in Section 8.B.

If established, you must participate in any Local Marketing Fund and/or Cooperative formed to serve the geographic area in which the Club is located, and must promptly execute all participation documents that we require. For Cooperatives only, each Club in the Cooperative will have one vote. Each Cooperative will be required to adopt governing bylaws that meet our approval. We will provide each Cooperative with a sample form of bylaws, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure set forth in this Section. Cooperatives must submit to us their meeting minutes on our request. All Cooperatives must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. Each Cooperative must use only the approved media buyer and advertising agency. The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative. We reserve the right to administer the Cooperatives’ funds and require payment from its members via electronic funds transfer. The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative. We have the right to require Cooperatives to be formed, changed, dissolved or merged.

D. Sponsorships and Partnerships. You may not enter into any sponsorship agreements or arrangements or any marketing partnerships without our prior written consent.

E. Grand Opening Marketing. You must remit to us \$10,500 at least ninety (90) days prior to the projected opening date to conduct an initial promotional campaign in accordance with our standards and specifications.

## **FEES, REPORTING AND AUDIT RIGHTS**

9. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. Upon execution of this Agreement, you must pay us an initial franchise fee (the “**Initial Franchise Fee**”) in the amount set forth on the Summary Page. The initial franchise fee is deemed



fully earned upon payment in consideration for our expenses incurred and services rendered in granting you the franchise and is non-refundable.

B. Monthly Fees. In addition to the Initial Franchise Fee, in consideration of the rights granted to you, you must pay to us monthly the Royalty Fee (the “**Royalty Fee**”), the Technology Fee and the National Marketing Fee in the amount set forth on the Summary Page. The Royalty Fee, the Technology Fee and the National Marketing Fee are due beginning the month after your Club opens and each following month through the term of this Agreement. Full fees are due for a partial month. Door access cards are purchased from us separately. You agree to participate in our future member service initiatives and to pay the applicable fees at the then-current rates.

C. CPI Adjustment. All fees under this Agreement except the Royalty Fee and National Marketing Fee are subject to adjustment based on any annual increase in the Consumer Price Index (meaning the annual average of the Consumer Price Index for All Urban Consumers, Other goods and services, 1982-1984=100, published by the Bureau of Labor Statistics of the United States Department of Labor). Adjustments to fees will apply from 1 January each year. If the Bureau of Labor Statistics ceases publishing the Consumer Price Index, then the successor or most nearly comparable index as we select will be used. Fees will be changed no more than once per year.

D. Computations and Remittances. All fees, except the Initial Franchise Fee, are due and owing upon invoice. You may not withhold payment of any amounts owed to us and hereby waive any and all existing and future claims and offsets against any amounts due under this Agreement. Notwithstanding any designation by you, we will be entitled to apply your payments against any amounts due to us. We also may set off any amounts that may be held by us or our affiliates on your behalf or owed to you by us or through our affiliates against amounts you owe to us or our affiliates.

E. Method of Payment. You must make payments to us and our affiliates by electronic funds transfer or such alternative methods as we may designate. You agree that your payments to us for Monthly Fees, will be drafted by us directly from an account that you designate unless an alternative method is designated by us. You must execute and deliver to us, our bank and your bank, as necessary, all forms and documents that we request to permit us to use any payment method we designate. You must comply with all procedures we specify and take such reasonable action as we request to assist in any of the payment methods. Specifically, you agree that all payments owed to us and our affiliates may be deducted from the monies your billing and payment processor collects on your behalf and you hereby authorize the billing and payment processor to deduct such amounts and to pay those amounts to us on the due date of such amount. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed to us when due and must notify us at least twenty (20) days before closing or changing the account against which such debits are to be made. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Section.

F. Interest Charges and Late Fees. If any amounts owed to us, or our parent, or any subsidiary, or affiliate is not paid when due, you will pay to us, our parent, subsidiary or affiliate, in addition to the unpaid amount, beginning on the date such amounts were due: (a) a late charge to compensate us for additional administrative costs incurred by us, in an amount equal to the greater of (i) ten percent (10%) of such payment; or (ii) one hundred fifty dollars (\$150.00), plus (b) interest at the lower of the maximum rate permitted by law or eighteen percent (18%) per annum from the date such payment was due until it is paid. This Section does not constitute an agreement on our part to accept payments from you after the payments are due or our commitment to extend credit to, or otherwise finance your operation of, the Club. Your failure to pay all amounts when due to us, our parent, subsidiaries or affiliates will constitute grounds for termination of this Agreement, as provided herein.

Receipt of any check, draft or other commercial paper will not constitute payment until such funds are actually collected. You will pay all collection charges on dishonored checks or ACH payments, including reasonable attorney’s fees. At our request, you will promptly replace any dishonored and returned

check(s) with a bank certified or cashier's check in the aggregate amount owed, plus interest, late fees, collection fees, costs of collection and attorney's fees.

G. Financial Planning and Management. You are responsible for keeping your own general accounting books in accordance with generally accepted accounting principles and all requirements of law. Unless we otherwise agree in writing, you must adopt our financial and operational reporting chart of accounts format, as set forth in the Manual or as otherwise furnished to you. You must provide the following reports, in the form we prescribe: (i) by the twentieth (20<sup>th</sup>) day of each calendar month, a profit and loss statement for the Club, certified by you; and (ii) within one hundred and twenty (120) days after the end of your financial year, a financial year-end profit and loss statement, balance sheet, income statement and statement of changes in financial position (cash flow) reflecting all year-end adjustments.

We may periodically request additional financial information which you must provide within thirty (30) days of the request, including but not limited to, a monthly profit plan, monthly balance sheet, membership and purchase records, tax records, invoices, inventories, employment and payroll records, employee rosters, personal training records, cash disbursement journals and general ledger, all of which accurately reflect the operations and condition of your Club operations. You must allow us electronic and manual access to all records relating to your Club.

H. Reports and Audit. If we audit or seek financial information from you, you must verify the accuracy of all information sought, including but not limited to Gross Revenue and membership numbers on the 5<sup>th</sup> day of each month for the preceding month. Within ten (10) days after the request, you must submit to us a report with respect to our request in the form and content as we periodically prescribe. The report must include, but not be limited to, the following information for the preceding month: (i) number of membership sales; and (ii) if we request, monthly sales summary and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items. You must certify all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirements on our other franchisees.

We or our authorized representative have the right, at all times during the business day, to enter the premises where your books and records relative to the Club are kept and to evaluate, copy, and audit all such books and records, including but not limited to the financial information referred to in Section 9 of this Agreement. In addition, upon our request, you must provide us the current information regarding the name and telephone number of the landlord, lender or vendors and suppliers for the Club. You agree that we have the right to communicate with the landlord, lender and other vendors related to your operation of the Club regarding the Club or any default by you under an agreement with the landlord, lender, or vendor. You hereby authorize the landlord, lender and any vendor associated with your Club to communicate with us and provide us information regarding the Club.

If we determine that you have understated your Gross Revenue or your membership level by more than two percent (2%), or that you have failed to pay any employee entitlements, you must pay us all costs of the audit plus interest on the amount due to us at eighteen percent (18%) per annum or the highest rate allowed by law, whichever is less.

I. Attorneys' Fees and Costs. You must reimburse us for all attorney's fees, costs, interest and expenses we incur: (i) to enforce the terms of this Agreement or any obligation owed to us by you and/or your Owners; and (ii) in the defense of any claim you and/or your Owners assert against us upon which we substantially prevail in court, arbitration or other formal legal proceedings.

J. Taxes. If any taxes, fees, or assessments are imposed on royalties or other fees by reason of us acting as franchisor or licensing the Marks or the System under this Agreement (for example, sales tax), you will reimburse us the amount of those taxes, fees, or assessments within fifteen (15) days after receipt of our written notice to you.

## YOUR OTHER OBLIGATIONS; NON-COMPETE COVENANTS

10. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due: *(i)* all payments, obligations, assessments and taxes due and payable to us and our affiliates, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; *(ii)* amounts related to all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Club or business; and *(iii)* all accounts and other indebtedness of every kind incurred by you in the conduct of the Club or business. If you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

B. Indemnification. You waive all claims against us for damages to property or injuries to persons arising out of the operation of your Club. You must fully protect, indemnify and hold us and our owners, directors, officers, successors and assigns and our affiliates harmless from and against any and all actions, suits, proceedings, investigations, claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Club (regardless of cause or any concurrent or contributing fault or negligence of us or our affiliates) or any breach by you or your failure to comply with the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for our costs and attorneys' fees immediately upon our request as they are incurred. Further, it is the intention of the parties to this Agreement that we must not be deemed a joint employer with you for any reason. If we incur any cost, loss, or damage as a result of any actions or omissions of you or your employees, including that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such loss.

C. Insurance. You must maintain in full force and effect throughout the term of this Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Club. Such insurance must include, at a minimum: *(i)* special/causes of loss coverage forms, including mechanical/equipment breakdown (previously called "All Risk coverage") on the Club and all fixtures, equipment and other property used in the operation of the Club, for full replacement value of the equipment and improvements; *(ii)* business interruption insurance covering \$500,000 of lost income, written on an actual loss sustained basis, including coverage for our monthly fees with us named as a loss payee with respect to those fees; *(iii)* comprehensive general liability insurance with minimum limits of at least \$1,000,000 per occurrence and \$2,000,000 general aggregate (including product liability and personal and advertising injury) and "Per Location" aggregate limits when multiple club locations are insured under one comprehensive general liability policy; *(iv)* automobile liability insurance, for hired and non-owned vehicle with a minimum combined single limit of at least \$1,000,000 per claim; *(v)* workers' compensation and employer's liability insurance covering all of your employees where required by state statute; *(vi)* professional liability insurance, with a minimum limit of at least \$1,000,000 per occurrence; *(vii)* Commercial Umbrella/Excess Liability of at least \$5,000,000 per occurrence and \$5,000,000 general aggregate with "Per Location" aggregate limits when multiple club locations are insured under one comprehensive umbrella/excess liability policy *(viii)* cyber liability with minimum limits of at least \$100,000 per occurrence; *(ix)* medical expense coverage of at least \$1,000 any one person; *(x)* employee dishonesty with minimum limits of at least \$50,000 per occurrence; *(xi)* employment practices liability with minimum limits of at least \$50,000 per occurrence and inclusive of both first and third party coverage; *(xii)* Snap Fitness, Inc. and any entity with an insurable interest that we designate (the "**Additional Insureds**") must be named an additional insured on all liability policies required by this subsection to the extent each has an insurable interest; *(xiii)* each policy of insurance maintained pursuant to this Agreement must contain a waiver of subrogation in favor of the Additional Insureds; and *(xiv)* any other such insurance coverage's or amounts as required by law or other agreement related to the Club.

All insurance policies must be written by an insurance company or companies satisfactory to us (generally, companies with an AM Best rating of A- or better). You must participate in the current and any future insurance plan we establish for the benefit of the System and pay all required premiums due there under, unless we agree otherwise in writing.

The required insurance coverage must commence as of the date the building lease or building purchase agreement has been signed for your Authorized Location. You must deliver to us at commencement and thereafter annually or at our request a proper certificate, endorsement, or other documentation as we require evidencing the existence of such insurance coverage and your compliance with the provisions of this Section. The insurance certificate or endorsement must show all required Additional Insureds (as noted in (xii) and (xiii) above) and provide that we will be given thirty (30) days' prior written notice of material change in or termination or cancellation of the policy. We also may request copies of all policies. We may modify the required minimum limits from time to time and by written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the SNAP FITNESS system, standards of liability and higher damage awards. If you do not procure and maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the same to you, together with a reasonable fee for the expenses we incur in doing so, payable by you immediately upon notice.

**You acknowledge that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect you from losses in connection with the Club. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than we require.**

D. Non-compete Covenants. You agree that you will receive training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following non-competition covenants:

1. Persons Bound. Unless otherwise specified, the term "Covered Person" as used in this Section 10.D includes, collectively and individually, the Principal Owner (including spouse), immediate family, and all guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest. We may require you to obtain from the individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this Section 10.D.

2. During Term. During the term of this Agreement, Covered Persons must not directly or indirectly, for themselves or through, on behalf of or in conjunction with any individual or business entity: (i) divert any Club member, potential Club member or former Club member to any fitness club except another SNAP FITNESS Club; or (ii) own, operate, lease, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in any other fitness club (including, but not limited to a 24/7 fitness club, studio or exercise facility; a fitness club, studio or exercise facility featuring keycard access or a structured fitness/training program or complete body overhaul program for individuals) in the United States, except another SNAP FITNESS Club pursuant to a valid franchise agreement with us.

3. After Termination. For a period of two (2) years after the transfer, expiration or termination of this Agreement (and with respect to any Principal Owner, for a period of two (2) years after such person ceases to be a Principal Owner, regardless of the reason), Covered Persons must not directly or indirectly, for themselves or through, on behalf of or in conjunction with any individual or business entity: (i) divert any Club member, potential Club member or former Club member to any fitness club except another SNAP FITNESS Club; or (ii) own, operate, lease, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in any other fitness club (including, but not limited to a 24/7 fitness club, studio or exercise facility; a fitness club, studio or exercise facility featuring keycard access or a structured fitness/training program or complete body overhaul program for individuals) that is located at or within a ten (10) mile radius of the Authorized Location, that is located within a ten (10) mile radius of any

other SNAP FITNESS Club in operation or under construction, or that is located in the Designated Area of any other SNAP FITNESS franchisee. The two (2) year period described in this paragraph will be tolled during any period of noncompliance.

4. Reasonableness. You agree that the scope of the prohibitions stated in this Section 10.D is reasonable and necessary to protect us and the System (including other franchisees of the System). You agree that the prohibitions in this Section 10.D must be very broad in order to prevent you from taking information, materials and training we are providing to you on an ongoing basis and using them to either compete with us, or preempt or otherwise restrict our ability to enter new markets. You agree that the time period and the scope of the prohibitions stated in this Section 10.D are the reasonable and necessary time and distance needed to protect us if this Agreement expires or is terminated for any reason. You also agree that you have many other opportunities available to earn a living, and that these restrictions will not preclude you from engaging in a lawful trade or business for which you otherwise are qualified.

5. Exception. The purchase of a publicly traded security of a corporation engaged in a competitive business or service will not in itself be deemed violative of this Section 10.D so long as you do not own, directly or indirectly, more than five percent (5%) of the securities of such corporation.

6. Reformation and Reduction of Scope of Covenants. If all or a portion of any covenant contained in this Section 10.D. is held to be unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you and each Covered Person will be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 10.D. Notwithstanding the foregoing, we have the unilateral right to reduce the scope of any covenant set forth in Section 10.D, or any portion thereof, which reduction will be effective immediately upon delivery of notice of the reduction.

7. Injunctive Relief. You and each Covered Person agree that the violation of any covenant contained in this Section 10.D. would result in immediate and irreparable injury to us for which there is no adequate remedy at law. You and each Covered Person therefore agree that in case of an alleged breach or violation of this Section, we may seek injunctive relief, in addition to all other remedies that may be available to us at equity or law. We will not be required to post a bond or other security for any injunctive proceeding.

8. Severability. Each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

E. Innovations. You agree to fully and promptly disclose to us all ideas, plans, improvements, concepts, methods and techniques relating to the development or operation (including marketing, advertising and promotions) of the Club or any similar aspect of the business conceived or developed by you, any Owner or your employees during the term of this Agreement (“**Innovations**”). We and our affiliates own and have the right to authorize other Clubs to use any Innovations without any compensation to you, any Owner, or your employees. Nothing in this Section modifies your obligations to comply with the System and the Manual.

F. Copyright. You hereby acknowledge and agree that the ownership of all printed, audio and visual material and any other material whatsoever (including all Confidential Information) being part of the Club or System (the “**Work**”) belongs to us or our affiliates and any copyright in respect to the Work belongs to us. In addition, you acknowledge that you have no right to manufacture any component of the Work or duplicate the Work and agree to purchase all components of (or rights of access to) the Work exclusively from us. You have no right to claim any proprietary interest in any of the Work. You must immediately notify us of any known infringement to the Work or to our copyright interest therein. We have the right to control any litigation related to our copyrights or the Work. You agree to assist us, as directed by us, in any claim or action against the infringer.

## TRANSFER OF FRANCHISE

11. You agree that the following provisions govern any transfer or proposed transfer:

A. Transfers. We entered into this Agreement with specific reliance upon your financial qualifications, experience, skills, and managerial qualifications as essential to the satisfactory operation of the Club. Consequently, your interest in this Agreement or in the Club, or all or substantially all of the assets of the Club, or any Owner's interest in a franchisee that is a partnership or entity may not be transferred or assigned to, or assumed by, any other person or entity (the "assignee"), in whole or in part, unless you have first tendered to us the right of first refusal in accordance with Section 11.E.

If we do not exercise such right, you must (i) obtain our prior written consent to the transfer; (ii) pay the transfer fee provided for in Section 11.C, if applicable; and (iii) satisfy the transfer conditions described in Section 11.C. Any sale (including instalment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, any of the following constitutes a transfer and you must comply with the right of first refusal, consent, transfer fee, and other transfer conditions in this Section 11:

1. Any change or series of changes in the percentage of the franchisee entity owned, directly or indirectly, by the Principal Owner (including any addition or deletion of any person or entity who qualifies as a Principal Owner);
2. Any change in the general partner of a franchisee that is a general, limited or other partnership entity; or
3. For purposes of this Section 11.A, a pledge or seizure of any ownership interests in you or in any Principal Owner that affects the ownership of twenty-five percent (25%) or more of you or Principal Owner, which we have not approved in advance in writing.

If you become insolvent or a petition is filed by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in Section 11.E, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in Section 11.C, if applicable, and satisfy the transfer conditions described in Section 11.C. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

You may not place in, on or upon the location of the Club, or in any communication media or any form of advertising, any information relating to the sale of the Club or the rights under this Agreement, without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided we determine that all of the conditions described in this Section 11 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in Section 11.E must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other required information. The application must indicate whether you or a Principal Owner proposes to retain a security interest in the property to be transferred. No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer is subject to our prior written approval, which approval will not be withheld unreasonably. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void and will provide

us with the right to elect either to default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two (2) times the transfer fee provided for in Section 11.C.

C. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following:

1. Assignee Qualifications. The assignee must meet all of our then-current requirements for the franchise we are offering at the time of the proposed transfer.

2. Payment of Amounts Owed. All amounts owed by you to us or any of our affiliates, your suppliers or any landlord for the Club premises and Authorized Location, or upon which we or any of our affiliates have any contingent liability must be paid in full.

3. Reports. You must have provided all required reports to us in accordance with Section 9.

4. Modernization. You must have complied with the provisions of Section 5.F.

5. Guarantee. If we have consented to an installment sale with you or any Principal Owner retaining a security interest or other financial interest in this Agreement or the business operated hereunder, you or such Principal Owner, and the guarantors, are obligated to guarantee the performance of the assignee until the final close of the installment sale or the termination of such interest, as the case may be.

6. Consent to Transfer; General Release. You, each Principal Owner and each guarantor must execute all transfer documents that we require and in the form we designate, which documents will include a general release of all claims arising out of or relating to this Agreement, your Club or the parties' business relationship; provided, however, that the release will not be inconsistent with any state law regulating franchising.

7. Training. The assignee must, at your or the assignee's expense, comply with the training requirements of Section 7.B.

8. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Club and its operations as we deem reasonably necessary or appropriate for assignee and/or us to evaluate the Club and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Club and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Club and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

9. Transfer Fee. If the assignee is an existing SNAP FITNESS franchisee, you must pay us a transfer fee equal to \$5,000; if the assignee is not an existing SNAP FITNESS franchisee, you must pay us a transfer fee equal to our then-current initial franchise fee.

10. New Franchise Agreement. If the proposed transfer (or a series of transfers) would result in a change in control of the franchisee, the transferee must execute our then-current form of franchise agreement (provided that no initial franchise fee will be due there under); and each of transferee's Principal Owners execute our then-current form of personal guaranty and undertaking. The parties acknowledge and agree that our then-current form of franchise agreement may be materially different than this Agreement and may include, among other things, different fees. Additionally, if a transfer occurs, we have the unilateral right to change or modify the boundaries of the Designated Area under the new franchise agreement. The Designated Area modification, if any, will be noted in the new franchise agreement issued with respect to the transfer.

11. Transaction Terms. You or the proposed transferee have provided us with all information we have reasonably requested regarding the terms of the proposed transfer, and we are satisfied that the financial terms and conditions of the proposed transfer will not have a materially adverse effect on the business' post-transfer ability to continue in operation and to meet its liabilities as they fall due.

12. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies.

D. Death, Disability or Incapacity. If any individual who is a Principal Owner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a Principal Owner, such person or entity must apply for our consent under Section 11.B, comply with the training requirements of Section 7.B, pay the transfer fee, if applicable, under Section 11.C, and satisfy the transfer conditions under Section 11.C, as in any other case of a proposed transfer, all within one hundred and eighty (180) days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the Club still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, the transfer conditions in Section 11.C will apply; provided no transfer fee will be payable to us and we will not have a right of first refusal as stated in Section 11.E.

E. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by Section 11.D or any transfer described in Section 11.A, you first must offer to sell to us your interest. If you receive a bona fide offer from such third party, you must deliver to us a statement in writing, signed by the offeror and by you, containing the terms of the offer. If the proposed transfer results from a change in control of the franchisee or a Principal Owner under Section 11.A.1 through 11.A.3, or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures, and any leasehold interest used in the operation of your Club. Unless otherwise agreed to in writing by us and you, the purchase price for our purchase of assets for a transfer that occurs by a change in control, insolvency, or bankruptcy filing will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in Section 14.B for an asset purchase upon expiration. In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Authorized Location is located will appoint one upon petition of either party.

You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested. We then have forty-five (45) days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you. Our acceptance of any right of first refusal will be on the same price and terms listed in the statement delivered to us; provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the forty-five (45) day period, you will be free for sixty (60) days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Section 11. You may effect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this Section 11.

F. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement and you hereby consent to any such sale or assignment.

G. Individual Franchisee. If you are in full compliance with this Agreement, you may transfer this Agreement to a corporate or other business entity *(i)* which conducts no business other than operating your Club (and if applicable other SNAP FITNESS Clubs); *(ii)* in which you maintain management control; *(iii)* of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding equity interests; and *(iv)* further provided that all assets of the Club are owned, and the entire Club is conducted by a single business entity. Any transfer meeting the conditions in this Section 11.G will not be subject to the conditions in Section 11.C, however, the corporation or other similar entity must execute a



document in a form approved by us in which it agrees to become a party to and be bound by all the provisions of this Agreement and the Principal Owners must agree to remain personally liable under this Agreement.

#### H. Securities Offerings.

1. No Public Offerings. Neither you nor any of your Owners may issue or sell your securities or the securities of any of your affiliates if: (a) such securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than thirty-five (35) persons; or (2) after the issuance or sale, you or such affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended.

2. Private Placements. You, your Owners and affiliates may offer securities or partnership interests, by private offering or otherwise, only with our prior written consent, which will not be unreasonably withheld (except for public offerings prohibited above). All materials required for such offering by federal or state law must be submitted to us for review prior to their being filed with any government agency; and any materials to be used in any exempt offering must be submitted to us for review prior to their use. No offering may imply (by use of the Marks or otherwise) that we are participating in the underwriting, issuance or offer of securities and our review of any offering will be limited solely to the subject of the relationship between you and us. In preparing a prospectus or other offering materials, you must make any changes and incorporate any disclaimers we require with respect to your relationship with us and your use of the Marks. You, Owners and the other participants in the offering must fully indemnify us in connection with the offering. For each proposed offering, you must pay us for our reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. You must give us written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section.

### DISPUTE RESOLUTION

12. The following provisions apply with respect to dispute resolution:

A. Arbitration; Mediation. Except as qualified below, any dispute between you and us and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees or owners arising under, out of, in connection with or in relation to this Agreement, any lease for the Club or Authorized Location, the parties' relationship, the Club, our Standards, or the scope or validity of the arbitration obligations under this Section must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association ("AAA"). Any arbitration must be on an individual basis, and not as part of a consolidated, common, or class action, and you and/or your Owners waive any right to proceed on a consolidated, common, or class basis. Multiparty arbitration is specifically excluded, and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any claim or other proceeding involving third parties. If a court or arbitrator determines that this exclusion of multiparty arbitration (including class arbitration) is unenforceable, then this entire commitment to arbitrate will be null and void and the parties must submit all claims to the jurisdiction of the courts. Minneapolis, Minnesota is the exclusive locale or venue of any arbitration or civil action. The arbitrators must follow the law and not disregard the terms of this Agreement. Any arbitrator must have at least five (5) years' experience in franchising or in franchise law.

Any unappealed decision of the arbitrator(s) will be final and binding on all parties to the dispute; however, the arbitrator(s) shall have no authority to: *(i)* stay the effectiveness of any pending termination of this Agreement; *(ii)* assess punitive or exemplary damages; *(iii)* certify a class or consolidate an action, or *(iv)* make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any court of competent jurisdiction.

We and you agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. We and you further agree that, in connection with any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 12.C. Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section 12 without the prior written consent of both parties. The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any award rendered by the arbitrator(s) may be appealed pursuant to the AAA's Optional Appellate Arbitration Rules in effect as of the Effective Date of this agreement ("Appellate Rules"). Any award will, at a minimum, be a reasoned award. The award will not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty days of receipt of an award, as defined by Rule A-3 of the existing Appellate Rules, by filing a notice of appeal with any AAA office. The appeal tribunal may affirm, reverse, or modify the award of the arbitrator(s), or return the matter to the arbitrator(s) for further action. A final award may be entered once the appeal process is complete or the time for filing an appeal has expired, and a judgment may be entered upon the arbitration award in accordance with the procedures identified above.

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered under Section 12.B, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted by a mediator or mediation program agreed to by the parties and will take place in Minneapolis, Minnesota. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. If not resolved within thirty (30) days, the parties are free to pursue arbitration.

B. Injunctive Relief. Notwithstanding Section 12.A, the parties agree that the following claims will not be subject to arbitration or mediation: (i) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including without limitation, prior to or during the pendency or any arbitration proceeding initiated under Section 12.A; (ii) any action in ejectment or for possession of any interest in real or personal property; or (iii) our decision in the first instance to issue a notice of default and/or notice of termination, or undertake any other conduct with respect to the franchise relationship that might later result in a dispute or controversy between us.

C. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement or other dispute between the parties, any lease or sublease for the Club or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs. If any party initiates' litigation in violation of this arbitration provision and the other party successfully moves to compel arbitration, the party moving to compel arbitration will be entitled to reimbursement of its attorneys' fees and costs incurred in connection with defending the litigation and compelling arbitration.

## DEFAULT, TERMINATION, AND OTHER REMEDIES

13. The following provisions apply with respect to default and termination:

A. Defaults.

1. You are in default if we determine that you or any Principal Owner or guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates which, without limiting the generality of the foregoing, includes:

- (a) making any false report to us;
- (b) intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us or any of our affiliates;
- (c) conviction of you, a Principal Owner, or a guarantor of (or pleading no contest to) (i) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Marks or the Club; or (ii) any felony;
- (d) filing of tax or other liens that may affect this Agreement; or
- (e) voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

2. Prior to the termination of this Agreement, if you fail to pay any amounts owed to us or our affiliates, fail to comply with any term of this Agreement, or notify us that your Club is closing, then in addition to our right to terminate this Agreement or to bring a claim for damages, we have the option to:

- (a) prohibit you from selling paid-in-full memberships, or any membership with a term of more than one (1) year;
- (b) remove the listing of your Club from all advertising published or approved by us;
- (c) cease listing your Club on any In Club Technology;
- (d) prohibit you from attending any meetings or programs held or sponsored by us;
- (e) terminate your access to any computer system or software we own, maintain, or license to you;
- (f) suspend your ability to input new members and suspend on-line enrollment;
- (g) suspend all services we or our affiliates provide to you under this Agreement or otherwise; and/or
- (h) contact your landlords, lenders, suppliers and members regarding the status of your operations, and provide copies of any default or other notices to your landlords, lenders and suppliers.

In addition, if you notify us that you are closing your Club, or otherwise communicate to others that you are closing your Club, you agree that we may withhold monies that would otherwise be payable to you to cover any post-termination obligations you may have, including to reimburse future membership fees paid by your members for periods beyond the closing date, and you authorize us to so instruct the billing processor.

Our actions, as outlined in this Section may continue until you have brought your accounts current, cured any default, and complied with our requirements, and we have acknowledged the same in writing. The taking of any of the actions permitted in this Section will not suspend or release you from any obligation that would otherwise be owed to us or our affiliates under the terms of this Agreement or otherwise. Further, you acknowledge that the taking of any or all such actions on our part will not deprive you of the most essential benefits of this Agreement, and will not constitute a constructive termination of this Agreement.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise provided in this Section 13.B: (i) you will have thirty (30) days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have ten (10) days to cure those defaults; (ii) your failure to cure a default within the thirty (30) day or ten (10) day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and (iv) the termination will be effective immediately upon our issuance of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. If any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination: (i) you have failed to identify a mutually acceptable site for the operation of the Club or to open the Club for business within the time period provided by this Agreement; (ii) you or any Owner has made any material misrepresentation or omission in your franchise application; (iii) your voluntary abandonment of this Agreement or the Authorized Location; (iv) the loss of your lease, or the failure to timely cure a default under the lease; (v) the loss of your right of possession or failure to reopen or relocate under Section 5.G.; (vi) the permanent closing of the Club by any state or local authorities for health or public safety reasons; (vii) any unauthorized use of the Confidential Information; (viii) insolvency of you, a Principal Owner or guarantor; (ix) you, a Principal Owner or guarantor making an assignment or entering into any similar arrangement for the benefit of creditors; (x) conviction of you, any Principal Owners, or guarantors of (or pleading no contest to) any felony or misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of the Marks or the Club; (xi) you, any Owner, guarantor or an affiliate of any of you are listed by the United States or United Nations as being a terrorist, financier of terrorism or otherwise restricted from doing business in or with the United States; (xii) intentionally underreport membership sales or Gross Sales, falsify financial data, or otherwise commit an act of fraud with respect to your acquisition of this franchise or your rights or obligations under this Agreement, or any understatement or two percent (2%) variance on a subsequent audit within a two (2) year period under Section 9; (xiii) any unauthorized transfer or assignment in violation of Section 11; (xiv) any default by you that is the second same or similar default within any twelve (12) month consecutive period or the third default of any type within any twenty-four (24) month consecutive period; or (xv) conduct by you or any owner which is deleterious to, or reflects unfavorably on, Franchisor or the SNAP FITNESS system by exhibiting a reckless or intentional disregard for the physical and/or mental well-being of employees, members, Snap Fitness representatives, suppliers, or the public at large including, but not limited to, battery, assault, sexual harassment or other forms of threatening, outrageous or willfully discriminatory, unprofessional, aggressive or other unacceptable behavior, or disparagement of the SNAP FITNESS brand or management, whether or not a criminal action is brought against you or any owner.

3. Immediate Termination After No More than Twenty-Four (24) Hours to Cure. If a default occurs that materially impairs the goodwill associated with any of the Marks, violates any health, safety or sanitation law or regulation, or if the operation of the Club presents a health or safety hazard to your members or to the public: (i) you will have no more than twenty-four (24) hours after we provide written notice of the default to cure the default; and (ii) this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement because of a breach by us of a material provision of this Agreement provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within a reasonable time, which will in no event be less than sixty (60) days after our receipt of the written notice. If we fail to cure the breach, the termination

will be effective ninety (90) days after our receipt of your written notice of breach. Your termination of this Agreement under this Section will not release or modify your post-term obligations under Section 10.D and Section 14 of this Agreement.

D. Other Remedies. If you fail to identify a site for the Club or open the Club within the time required by this Agreement, in lieu of terminating this Agreement *in toto*, we may, at our sole option, eliminate any designated area protection or reservation provided to you under Section 2.C of this Agreement.

E. Liquidated Damages. If your default results in a premature termination of this Agreement (regardless of which party actually terminates this Agreement), without prejudice to any other remedy we may have under the terms of this Agreement or otherwise, you must pay us, as liquidated damages and not as a penalty, an amount equal to the greater of: (i) \$1,300 (increased annually in accordance to the Consumer Price Index), multiplied by the number of months remaining in the then current term; or (ii) the average monthly fees paid and/or payable to us by you over the most recent twelve (12) months the Club was open and operated (or, if the Club has operated for fewer than twelve (12) months, then the average monthly fees paid to us over the number of full months of operation), multiplied by the number of months remaining in the then-current term, reduced to present value at a rate of six percent (6%). The parties acknowledge and agree that such amount represents a reasonable estimate of the damages we will incur as a result of such default and premature termination.

## POST-TERM OBLIGATIONS

14. Upon the expiration or termination of this Agreement:

A. Reversion of Rights; Discontinuation of Trademark Use. All of your rights to the use of the Marks and all other rights and licenses granted in this Agreement and the right and license to conduct business under the Marks at the Authorized Location will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. You must immediately comply with the post-term non-compete obligations under Section 10.D, cease all use and display of the Marks and of any proprietary material (including the Manual) and of all or any portion of promotional materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the Club and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You must pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates. You must immediately return to us, at your expense, all copies of the Manuals then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of Section 6.I.

You must promptly at your expense and subject to Section 14.B, remove or obliterate all Club signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Marks or names or material confusingly similar to the Marks and so alter the appearance of the Club as to differentiate the Club unmistakably from duly licensed clubs identified by the Marks. If, however, you refuse to comply with the provisions of the preceding sentence within thirty (30) days, we have the right to enter the Authorized Location and remove all Club signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Marks or names or material confusingly similar to the Marks, and you must reimburse us for our costs incurred. You are responsible for reimbursing members for all pre-paid services not rendered. Notwithstanding the foregoing, if this Agreement expires or is terminated, you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement.

B. Option to Assume Lease; Assume Telephone Numbers and Membership Contracts, and Purchase Assets. Upon termination or expiration of this Agreement, we will have the option (but not the obligation) to do any or all of the following: (i) assume your Lease for the Club premises; (ii) assume all telephone numbers used in connection with the operation of the Club; (iii) assume all utilities used in connection with the operation of the Club; (iv) assume your rights and interest in and to any Membership Contract to which you are a party,

by delivering to you written notice of our election within thirty (30) days after termination or expiration of this Agreement; and/or (v) assume all social media accounts associated with the Club.

Upon termination or expiration of this Agreement, we also will have the option, to purchase any or all of the assets used in connection with the operation of the Club including, without limitation, equipment, fixtures, signage, furnishings, supplies and leasehold improvements. The purchase price for the assets will be determined by a qualified appraiser selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Section 14.B. within thirty (30) days after the date of the expiration or termination of this Agreement. If the parties cannot agree upon the selection of an appraiser(s), each party will appoint their own appraiser and the two (2) appraisers will select a neutral appraiser, who will independently perform the appraisal. Within forty-five (45) days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report. We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner. We and you will each pay one-half of the appraiser's fees and expenses.

Our interest in the assets of the Club that are owned by you or your affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party. Upon our or our designated purchaser's exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause your affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefore, and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

You must execute all additional documentation that we designate to give effect to the options described in this Section 14.B. We may assign our option rights to any person of our choice.

C. Claims. You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or the business contemplated under this Agreement after the shorter period of the applicable statute of limitations or one year following the effective date of termination or expiration of this Agreement; provided that where the one (1) year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit, arbitration proceeding, or other action may be commenced or maintained unless commenced within the applicable statute of limitations.

## GENERAL PROVISIONS

15. The parties agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Marks, System, Manual, and to designate the Authorized Location and Designated Area as stated in this Agreement, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and an executive officer of ours. This Agreement together with the addenda and

appendices and the application form executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business. Nothing in this Agreement is intended to disclaim the representations we have made in our Franchise Disclosure Document.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for in this Agreement must be in writing and signed by the party serving the same and (i) delivered personally; (ii) delivered by a reputable overnight service (such as FedEx); (iii) deposited in the United States mail, service or postage prepaid (and if such notice is a notice of default or of termination, by registered or certified mail); or (iv) delivered via email with proof of receipt, to the following address:

1. If intended for us, addressed to CEO; Snap Fitness, Inc., 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317, or notices@snapfitness.com;

2. If intended for you, addressed to you at the Address for Notices, including Email Address for Notices, set forth on the Summary Page or at the Authorized Location; or, in either case, to such other address as may have been designated by notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

D. Authority. Any modification, consent, approval, authorization, or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by an authorized officer.

E. References. If the franchisee is two (2) or more persons, the persons are jointly and severally liable, and references to you in this Agreement includes all of the individuals. Headings and captions contained herein are for convenience of reference and may not be considered in construing or interpreting this Agreement.

F. Guarantee. All Principal Owners of a franchisee that is a corporation, partnership, Limited Liability Company or partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner pursuant to the provisions of Section 11 or otherwise must execute the form of undertaking and guarantee at the end of this Agreement. If no individual meets the definition of Principal Owner, all owners we designate must provide the guarantee. All Owners of a franchisee that is a corporation, partnership or other legal entity must be listed on Attachment F and you must ensure that Attachment F is current and correct at all times.

G. Successors/Assigns. Subject to the terms of Section 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

H. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 12 of this Agreement, all claims arising out of or relating to this Agreement and the parties' relationship will be governed by, and will be interpreted in accordance with, the substantive laws of the state of Minnesota (irrespective of any conflicts of laws); provided that the Minnesota Franchise Act and any other law or regulation applicable to the offer or sale of franchises or the franchise relationship will apply only if the jurisdictional provisions of the law are otherwise met. The choice of Minnesota law is not intended to incorporate into this Agreement any provisions not expressly stated herein. You waive, to the fullest extent permitted by law, the rights and protections provided by the Minnesota Franchise Act.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review.

We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations stated in this Agreement.

3. **Our Reasonable Business Judgment.** Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving member service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

I. **Venue.** Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 12, must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota. Both parties irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

J. **Jury Waiver. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.**

K. **Waiver of Punitive Damages. You and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to, or claim for, any punitive or exemplary damages against the other and agree that if a dispute arises between them, each will be limited to the recovery of actual damages sustained.**

L. **Relationship of the Parties.** You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

M. **Adaptations and Variances.** Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the equipment offerings and other standards, specifications, and requirements for any franchised club or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such club or store, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard operations, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

N. **Notice of Potential Profit.** We and/or our affiliates may from time to time make available to you supplies, equipment, products and/or services for use in your Club on the sale of which we and/or our affiliates may make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers



and/or manufacturers in respect to sales of supplies, equipment, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

O. Force Majeure. If a party's default under this Agreement (other than your obligations with respect to insurance and indemnification, to obtain a site and open the club within a specified period, and to pay all fees and other amounts due to us and our affiliates under this Agreement and any other agreement between you and us or our affiliates), is caused in whole or in part by a force majeure, such default and any right of the other party to terminate this Agreement for such default is suspended for as long as the default is reasonably caused by such force majeure. Any suspension is effective only from the delivery of a notice of the force majeure to the other party stating the party's intention to invoke the force majeure. However, if such suspension continues for longer than one year and the default still exists, either party has the right to terminate this Agreement upon thirty (30) days written notice to the other party.

Events of force majeure are those that cannot be prevented, avoided or removed by the party invoking the force majeure despite the exercise of reasonably diligence, including acts of God, actions of the elements, cyber attacks, lockouts, strikes, wars, riots, acts of terrorism, civil commotion, and acts of governmental authorities (not including a governmental authority's delaying or refusing to grant building permits, licenses and other permissions and approvals), and except as specifically provided for elsewhere in this Agreement.

P. Representations of Franchisee. As an inducement to us to grant you the franchise contemplated by this Agreement, you hereby acknowledge and represent to us the following (and agree to notify us immediately in writing upon the occurrence of any act or event that would render any representation incorrect):

1. Corporate Ownership. If you are a corporation, limited liability company, partnership or similar entity, you and each of your Owners represents and warrants that your ownership is completely and accurately listed on the Summary Page and that you will provide us with updated ownership information so that at all times the ownership information is current, complete and accurate. In addition, you represent and warrant that: *(i)* you are duly organized, in good standing and authorized to conduct business in your state of incorporation and the state where the Club is located; *(ii)* you will confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Club or another club under a franchise agreement with us; *(iii)* all assets used in the operation of the Club are owned or leased by you; and *(iv)* you have and will maintain stop transfer instructions on your records against the transfer of equity securities except in compliance with this Agreement and will only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.

2. Patriot Act. You represent, warrant and certify that none of you, your affiliates, officers or directors or holders of any equity interest in you is or will be named as a "specially designated national" or "blocked person" (or other similar classification) as designed by the United States Department of The Treasury's Office of Foreign Assets Control (or other applicable governmental agency).

3. Applicable Laws. You acknowledge that there may be federal, state and local laws ("**Applicable Laws**") that may affect the operation of the Club, that may conflict with your obligation to comply with our Standards, and that may negatively impact the financial performance of the Club. These laws may exist today, or may be enacted in the future. It is solely your responsibility, both prior to and after purchasing the franchise, to identify, understand and comply with all Applicable Laws. In entering into this Agreement, you are not relying in any way upon any representation or warranty (express or implied) by us or anyone associated with us that our System or Standards complies with Applicable Laws.

4. No Financial Performance Representations. You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your

business. There are no representations or warranties of any kind, express or implied, except as contained in this Agreement and in the aforesaid application.

Q. Set-Off by the Franchisor. Notwithstanding anything contained in this Agreement, upon your failure to pay to us as and when due, any amounts of money provided for herein or in any other agreement between you and us or our affiliates, we shall have the right, at our election, to deduct any and all such amounts remaining unpaid from any monies or credits held by us for your account.

R. Cross Default. Where there is more than one agreement in existence between you and us (including agreements guaranteed by the Principal Owners), you agree that we have the right to treat a material breach or default of any one agreement between the parties as a material breach or default of all or any of the other agreements between the parties, and any such material breach or default of any one agreement shall be treated, in respect of any of the other agreements, as a material breach or default of each such agreement in accordance with its own terms.

S. Submission of Agreement. The submission of this Agreement to you does not constitute an offer, and this Agreement shall become effective only upon execution by both you and us.

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

**FRANCHISOR:** SNAP FITNESS, INC.

**FRANCHISEE:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

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

**Effective Date:** \_\_\_\_\_

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

## Attachment A to the Franchise Agreement

### MARKS AND DESIGNATED AREA

A. **MARKS.** You have the right to use the following Marks in accordance with the terms of the Franchise Agreement:

Snap Fitness 24/7 and Design <b>snap fitness</b> <sup>24/7</sup>	Principal	Application Date: July 30, 2021	90858365*
Snap Fitness 24/7 and Design <b>snap</b> <sup>24/7</sup> <b>fitness</b>	Principal	Application Date: July 30, 2021	90858367*
SNAP FITNESS	Principal	June 20, 2006	3107672

We may amend this Attachment A from time to time in order to make available additional Marks or to delete those Marks that become unavailable. You agree to use only those Marks that are then currently authorized in this Attachment or the Manual.

B. **DESIGNATED AREA.** The “**Designated Area**” means the following area:

---

If the Designated Area is not identified as of the date of this Franchise Agreement, we will determine the Designated Area when you sign the lease for the Authorized Location. The Designated Area will be an area of up to a 3 mile radius from the Authorized Location as we determine in our sole judgment after a review of relevant factors (see Section 2.C).

The Designated Area may overlap with designated areas of other clubs. In the overlapping areas, each club is permitted to market and solicit for members (see Section 6.C). Once identified by us, the Designated Area is fixed for the initial term of the Franchise Agreement unless you relocate the Club and upon renewal or transfer (see Sections 4.B, 5.G, and 11.C). The driving miles are fixed as of the date the Designated Area is determined by us based on our mapping program used at the time the Designated Area is determined (currently, ESRI – Environmental Systems Research Institute). No Designated Area will be enlarged due to any future road construction or other alteration.

**FRANCHISOR:** SNAP FITNESS, INC.

**FRANCHISEE:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

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

**Effective Date:** \_\_\_\_\_

**Attachment B to the Franchise Agreement**  
**INFORMATION RELEASE CONSENT**

The undersigned entered into a Franchise Agreement for the operation of a SNAP FITNESS® club under a license from Snap Fitness, Inc. In connection with the Franchise Agreement, I authorize Snap Fitness, Inc. to discuss with and obtain information from the third party providers for any SNAP FITNESS club owned or guaranteed by my Principal Owners (directly or indirectly), including: (1) the landlord of the Club, (2) any lender providing financing for the Club or that holds any security interest in any of the assets of the Club or in the Franchisee (if a corporate entity), and (3) any other vendor or supplier for the Club. I authorize such persons to provide information regarding the SNAP FITNESS club to Snap Fitness, Inc.

**FRANCHISEE:**

Signature: \_\_\_\_\_

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

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

**Attachment C to the Franchise Agreement**

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

In consideration of the execution of the Franchise Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the non-compete provisions in Section 10.D, the dispute resolution provision in Section 12, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or non-performance of any obligations hereby guaranteed; and (3) any right they may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of our successors and assigns.

**FRANCHISEE:** \_\_\_\_\_ (insert name of entity)

**PERSONAL GUARANTORS:**

\_\_\_\_\_  
Individually

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

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

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Email

\_\_\_\_\_  
Individually

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

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

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Email

---

Individually

---

Name

---

Address

---

City

State

Zip Code

---

Telephone

---

Email

---

Individually

---

Name

---

Address

---

City

State

Zip Code

---

Telephone

---

Email

**Attachment D to the Franchise Agreement**  
**LEASE ADDENDUM**

**THIS AGREEMENT** is made and entered into as of \_\_\_\_\_, by and among Snap Fitness, Inc., a Minnesota corporation with its principal business located at 2411 Galpin Court, Suite 110, Chanhassen, MN 55317 (“**Franchisor**”); \_\_\_\_\_, with its principal offices at \_\_\_\_\_ (“the **Landlord**”); and \_\_\_\_\_, with its principal offices at \_\_\_\_\_ (“**Tenant**” or “**Franchisee**”).

**RECITALS**

- A. The Landlord and the Tenant executed a lease agreement dated (the “**Lease**”) for the premises located at \_\_\_\_\_ (the “**Leased Premises**”) for use by the Tenant as described below;
- B. Franchisor and Tenant entered into a Franchise Agreement to provide Tenant with a franchise for operating a 24/7 (except as restricted by law) Snap Fitness club;
- C. Landlord and Tenant intend to provide Franchisor with the opportunity to take assignment of the operative lease for the Lease premises upon default or termination of the Lease (as it may be modified, renewed, extended, or replaced), or upon termination or expiration of the Franchise Agreement;
- D. If Franchisor exercises its rights herein, Franchisor shall cure any defaults of the Tenant under the Lease before taking possession of the Leased Premises.

**AGREEMENT**

1. Use Clause. Tenant shall use the Leased Premises for operating a 24/7 (except as restricted by law) Snap Fitness club pursuant to the terms of a Franchise Agreement with Franchisor, and for no other purposes.
2. Default of Lessee under Lease. The Landlord agrees to provide written notice of default or termination (“**Notice**”) to Franchisor and Tenant in accordance with the terms of the Lease. If the Tenant fails to timely cure such default or the Lease is otherwise terminated, the Landlord shall provide Franchisor written notice of such failure to cure or termination, and specify any uncured Defaults. Tenant and Landlord acknowledge that Tenant’s failure to timely cure such defaults or termination of the Lease shall be considered an automatic offer of assignment of the Lease by Tenant to Franchisor, subject to acceptance by Franchisor. Franchisor shall provide Landlord written notice of its intent to accept such assignment from Tenant within fifteen (15) days after receipt of notice from Landlord to Franchisor of Tenant’s failure to cure default or termination. Nothing herein shall obligate Franchisor to accept an assignment from Tenant. The Landlord hereby consents to the assignment of the Lease from the Tenant to Franchisor, subject to the cure of any Lease defaults prior to assignment.
3. Termination of the Franchise Agreement. If the Franchise Agreement is terminated or expires without renewal during the term of the Lease or any extension, renewal, or replacement thereof, and upon Franchisor’s written Notice to Tenant and Landlord within fifteen (15) days after the termination or expiration without renewal of the Franchise Agreement, Tenant shall assign to Franchisor all of its right, title, and interest in and to the Lease. The Landlord hereby consents to the assignment of the Lease from the

Tenant to Franchisor, subject to the cure of any Lease defaults prior to assignment.

If the Franchisor elects to assume the Lease, the Franchisor shall indemnify, defend, and hold the Landlord harmless from any attempt to dispossess the Tenant from the Leased Premises based upon written request and notice from Franchisor of a termination or expiration without renewal of the Franchise Agreement.

4. Tenant's Agreement to Vacate Leased Premises. The Tenant agrees to peaceably and promptly vacate the Leased Premises and to remove its personal property therefrom upon the acceptance by the Franchisor of an assignment of the Lease or upon the Tenant's failure to timely cure all of its defaults under the Lease.

5. Amendment of Lease. The Landlord and the Tenant agree not to amend, extend, renew, or replace the Lease in any respect, except with the prior written consent of the Franchisor, and subject to continuing to incorporate the terms hereof.

6. Franchisor Not a Guarantor. The Landlord acknowledges and agrees that notwithstanding any terms or conditions contained in this Addendum or any other agreement, the Franchisor shall in no way be construed as a guarantor or surety of the Tenant's obligations under the Lease. Notwithstanding the foregoing, if the Franchisor becomes the Tenant by assignment of the Lease in accordance with the terms hereof, then the Franchisor shall be liable for all of the obligations of the Tenant under the Lease following the date of assignment.

7. Document to Govern. The terms and conditions contained herein modify and supplement the Lease. Whenever any inconsistency or conflict exists between this Addendum and the Lease, the terms of this Addendum shall prevail.

8. Assignment and Subletting. Notwithstanding anything set forth in the Lease to the contrary, the Tenant shall have the right to assign this Lease or any interest therein without the consent of Landlord to the Franchisor or any successor or affiliate thereof provided that Landlord shall be entitled to approve the successor or affiliate based on its creditworthiness and business qualifications; provided further that such approval shall not be unreasonably withheld, conditioned or delayed. If the Franchisor accepts the assignment of the Lease from the Tenant hereunder, the Franchisor shall have the right to sublet the Leased Premises to any bona fide franchisee of the Franchisor; provided that Landlord shall be entitled to approve the sublessee based on its creditworthiness and business qualifications; provided, further, that such approval shall not be unreasonably withheld, conditioned or delayed.

9. Waiver. Failure of Franchisor to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.

10. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.

11. Notices. All notices hereunder shall be personally delivered (which is understood to include nationally recognized overnight courier delivery) or mailed by certified mail, return receipt requested, to the addresses set forth above or to such other addresses as the parties hereto may, by written notice, designate or delivered via email with proof of receipt. Any notice by certified mail shall be deemed to have been given upon receipt or rejection. Notices to the Franchisor shall be delivered in writing to Snap Fitness, Inc., Attn: CEO; Snap Fitness, Inc., 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317, or notices@snapfitness.com.



12. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns, and legal representatives upon the execution, in one or more counterparts, by all parties hereto.

13. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.

14. Remedies. The rights and remedies created herein shall be deemed cumulative and no one of such rights or remedies shall be exclusive of any other rights or remedies at law or in equity.

15. Construction. This Agreement shall be governed by and construed in accordance with the laws of the State in which the Leased Premises are located.

16. Certain Acknowledgements. The Landlord and the Tenant acknowledge and agree that all interior and exterior signage and related items containing Franchisor's intellectual property (collectively the "**Leased/Licensed Assets**") are the sole property of the Franchisor. If Tenant and/or Franchisor remove signage, they shall be responsible to repair any damages caused by such removal, including, but not limited to, filling holes and replacing the parapet.

17. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original and all of which together will constitute one instrument. Delivery of an executed copy of this Agreement by facsimile, pdf, email or other means of electronic communication will be deemed to be delivery of an original of this Agreement and as effective as delivery of a manually executed counterpart.

[signature page follows]

**IN WITNESS WHEREOF**, the parties hereto have caused this Addendum to Lease to be executed the day and year first above written.

**LANDLORD:**

Signature: \_\_\_\_\_

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

Authorized Signatory

**FRANCHISEE:**

Signature: \_\_\_\_\_

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

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

**FRANCHISOR:**

SNAP FITNESS, INC.

Signature: \_\_\_\_\_

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

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

## Attachment E to the Franchise Agreement

### MEMBERSHIP CONTRACT ASSIGNMENT AGREEMENT

THIS MEMBERSHIP CONTRACT ASSIGNMENT AGREEMENT by and between the Franchisee identified below (“**Franchisee**”) and Snap Fitness, Inc. (hereinafter the “**Snap Fitness**”).

#### BACKGROUND

- A. Snap Fitness developed and owns the proprietary system (“**System**”) for the operation of a fitness club under the trademark and logo SNAP FITNESS® (the “**Club**”);
- B. Snap Fitness granted Franchisee a franchise to operate a Club pursuant to a Franchise Agreement and in accordance with the System;
- C. During the term of the franchise, Franchisee will enter into membership contracts with Club members permitting them access to the Club facilities (“**Membership Contracts**”); and
- D. As a condition to the execution of the Franchise Agreement, Snap Fitness requires that Franchisee collaterally assign all of its right, title and interest in the Membership Contracts to Snap Fitness upon expiration (without renewal) or termination of the Franchise Agreement.

#### AGREEMENT

In consideration of the foregoing, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Assignment. Upon expiration (without renewal) or termination of the Franchise Agreement, and to secure continuity and stability of Club operations, Franchisee hereby sells, assigns, transfers and conveys to Snap Fitness all of its rights, title and interest in and to all Membership Contracts; provided, however, such Assignment will not be effective unless and until the Franchise Agreement has expired or is terminated in accordance with the provisions thereof and Snap Fitness has delivered to Franchisee written notice of its acceptance of the assignment. Upon such assignment, Snap Fitness will assume no liability for monies owed or other liabilities relating to the Membership Contracts that have accrued prior to the effective date of the assignment.
2. Representation and Warranties of the Franchisee. Franchisee hereby represents, warrants and covenants to Snap Fitness that:
  - (a) As of the effective date of the Assignment, all of Franchisee’s obligations under the Memberships Contracts have been satisfied;
  - (b) As of the date hereof, Franchisee has full power and legal right to enter into, execute, deliver and perform this Agreement;
  - (c) This Agreement is a legal and binding obligation of Franchisee, enforceable in accordance with the terms hereof;
  - (d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which Franchisee is a party or by which Franchisee is bound, and no consent of nor approval by any third party is required in connection herewith; and
  - (e) Franchisee has the specific power to assign and transfer its right, title and interest in its Membership Contracts and Franchisee has obtained all necessary consents to this Assignment.

3. Cancellation. Notwithstanding the foregoing, Snap Fitness may, in its sole discretion and at any time prior to effectiveness of the assignment, declare this Agreement and the assignment contemplated hereunder null and void.

4. Miscellaneous. The validity, construction and performance of this Assignment is governed by the laws of the State of Minnesota. All agreements, covenants, representations and warranties made herein will survive the execution hereof. All rights of Snap Fitness inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, each of the parties has executed this Assignment as of the Effective Date.

**FRANCHISOR:** SNAP FITNESS, INC.

**FRANCHISEE:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

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

**Effective Date:** \_\_\_\_\_

## Attachment F to Franchise Agreement

### OWNERSHIP

You represent and warrant that the following is a complete and accurate list of all Owners of equity interests in franchisee, including the full name and home address of each Owner, and fully describes the nature and extent of each Owner's equity interest. You, and each Owner represents and warrants that they are the sole and exclusive legal and beneficial owner of their interest, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

OWNER'S NAME	HOME ADDRESS	EQUITY INTEREST
		TOTAL: 100%

**FRANCHISEE:**

Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**OWNERS:**

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

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

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

## FRANCHISEE ACKNOWLEDGMENT

The following acknowledgment is not applicable if you reside, or your franchised business will be located, in: California, Maryland or Washington.

You and we are entering into a Franchise Agreement for the operation of a SNAP FITNESS® franchise. The purpose of this Franchisee Acknowledgment 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, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

### **Acknowledgments and Representations.\***

1. Did you receive a copy of our Disclosure Document at least fourteen (14) calendar days before the earlier of (i) you signing the Franchise Agreement; and (ii) any payment of any consideration?  
Check one:  Yes.  No.
2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement?  
Check one:  Yes.  No.
3. Is the name, address and phone number of any broker and each of our employees or representatives who was involved in offering you this franchise listed on the Disclosure Document receipt you signed (or on any updated receipt we provided to you)?  
Check one:  Yes.  No.
4. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise, meaning that any prior oral or written statements not included in the Franchise Agreement or our Disclosure Document will not be binding?  
Check one:  Yes.  No.
5. Do you understand that the success or failure of your business will depend in large part on your skills and experience, your business acumen, your location, the local market for products, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors?  
Check one:  Yes.  No.
6. Do you understand that the franchise is granted for the right to operate the business at the Approved Location and that your Designated Area may overlap with the Designated Area of another franchisee?  
Check one:  Yes.  No.
7. Do you understand that the Franchise Agreement restricts us only from operating or granting others the right to operate a Snap Fitness Club physically located in your Designated Area, but that we and our affiliates may operate and license similar or competitive businesses in your Designated Area under a different name?  
Check one:  Yes.  No.
8. Do you understand that we have the right to offer, sell or distribute items such as training videos, equipment, athletic gear, etc., associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods (including retail stores, mail order, wholesale, the Internet, or any other existing or future form of electronic commerce) in your Designated Area, and that you are not entitled to any compensation on account of the sales?  
Check one:  Yes.  No.

9. Do you understand that we have the right to provide and license third parties to provide the FitnessOnDemand™ program, and other ancillary programs developed by or for us or our affiliates, at host locations (such as apartments, condo associations, corporate office buildings, schools, community centers and other gyms and fitness centers) in your Designated Area?  
Check one:  Yes.  No.
10. Do you understand that your territorial protection excludes “Special Sites” in your Designated Area such as (1) military bases; (2) public transportation facilities, including, without limitation, airports, railway stations, limited access highway travel plazas, and other transportation terminals; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) hotels, resorts or similar short-term lodging; (6) apartment or condominium complex; and (7) corporate office buildings or office parks, and that we may operate and grant others the right to operate SNAP FITNESS Clubs at Special Sites in your Designated Area?  
Check one:  Yes.  No.
11. Do you understand that if you fail to secure a site or open a club by the deadlines in the Franchise Agreement, your Designated Area protection and reservation can be removed by us and we may authorize another franchisee to locate in that area?  
Check one:  Yes.  No.
12. Do you understand that we or our affiliates may be the only approved supplier for certain products, that you will pay the then-current price in effect for the approved products and other goods and products you receive from us and our affiliates, and that that we may make a profit on those items?  
Check one:  Yes.  No.
13. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Section 10 and that an injunction is an appropriate remedy to protect the interests of the System if you violate the covenant(s)? Further, do you understand that the term “you” for purposes of the non-compete covenants is defined broadly in Section 10, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement?  
Check one:  Yes.  No.
14. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting our brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters?  
Check one:  Yes.  No.

If you answered “No” to questions 1-14, please explain (attached additional sheets if necessary): \_\_\_\_\_

---



---



---

15. Did a Snap Fitness representative make any oral, written, or visual claims or representations to you which contradicted the disclosures in the Disclosure Document? (If yes, describe in detail below).  
Check one:  Yes.  No.
16. Did a Snap Fitness representative make any oral, written or visual claims or representations to you which stated, suggested, predicated or projected your sales, income or profit levels outside of what is contained in Item 19 of our Disclosure Document? (If yes, describe in detail below).  
Check one:  Yes.  No.

17. Did a Snap Fitness representative make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document? (If yes, describe in detail below).  
Check one:  Yes.  No.

If you answered "Yes" to questions 15-17, please explain in detail the claim, representation or statement (attached additional sheets if necessary): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

YOUR ANSWERS ARE IMPORTANT TO US AND WE WILL RELY ON THEM. BY SIGNING THIS FRANCHISEE ACKNOWLEDGMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

\* Such representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

**NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, AN OFFICER AND EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS FRANCHISEE ACKNOWLEDGMENT.**

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

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

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

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

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

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



**ADDENDUM TO THE SNAP FITNESS FRANCHISE AGREEMENT  
FOR THE STATE OF CALIFORNIA**

This Addendum pertains to franchises sold in the State of California and is for the purpose of complying with California statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

“California Corporations Code section 31512.1 prohibits a franchisor from disclaiming or denying representations made by the franchisor or its agents to a prospective franchisee or a franchisee’s reliance on these representations, or disclaiming violations under the law, in any franchise disclosure document, franchise agreement or a related document. Accordingly, Section 15.P.4. of the Franchise Agreement is deemed null and void and of no force and effect. To the extent that any other agreement or acknowledgment is deemed to violate California law, the agreement or acknowledgment will be deemed null and void and of no force or effect. This provision supersedes any other term of any document executed in connection with the franchise.”

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISOR:** SNAP FITNESS, INC.

**FRANCHISEE:**

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**Effective Date:** \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM TO THE SNAP FITNESS FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

1. Section 4 of the Illinois Franchise Disclosure Act and Rule 200.608 of the Rules and Regulations promulgated thereunder dictate that “any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a Franchise Agreement may provide for arbitration in a forum outside of this State.”

2. Section 41 of the Illinois Franchise Disclosure Act and Rule 200.609 also void any attempt to waive compliance with Illinois law. Nothing in the Disclosure Document or the Franchise Agreement (or the attachments thereto) may require franchisees covered by the Illinois Franchise Disclosure Act to waive compliance with Illinois law. Any provision in the Franchise Agreement (including but not limited to any choice of law provision) that may be read as calling for application of a state law other than Illinois law is hereby deleted and franchisees covered by the Illinois Franchise Disclosure Act are entitled to the protections of Illinois law, notwithstanding any such provision. A franchisee who would otherwise enjoy the protections of the Illinois Franchise Disclosure Act will continue to have those protections despite anything to the contrary in the Franchise Agreement, including but not limited to the language in Section 15.H.1.

3. Each provision of this addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this addendum.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISOR:** SNAP FITNESS, INC.

**FRANCHISEE:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

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

**Effective Date:** \_\_\_\_\_

**ADDENDUM TO SNAP FITNESS FRANCHISE AGREEMENT FOR  
THE STATE OF MARYLAND**

Even though there may be terms in the Disclosure Document or the Franchise Agreement to the contrary, the following provisions will apply to franchisees protected by terms of the Maryland Franchise Registration and Disclosure Law:

1. To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. 14-201 – 14-233 applies, the terms of this Addendum apply.

Item 5 of the Franchise Disclosure Document is revised to add the following language: The Commissioner has imposed a deferral requirement based on our financial condition.

We will defer collection of the initial franchise fees until you have opened your Franchise for business. After you open the franchised business, Franchisee must pay to Franchisor the initial franchise fees. Payment of the initial franchisee fees is fully earned and is nonrefundable.

2. The franchisee is not required to commence litigation in Minnesota, but, instead, may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

“The Maryland Franchise Registration and Disclosure Law, MD. CODE ANN. BUS. REG. § 14-201 et seq. states “As a condition of the sale of a franchise, a franchisor may not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under this subtitle... (the “Maryland Anti-Waiver Provision”). For purposes of complying with the Maryland Anti-Waiver Provision and the Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments adopted by the North American Securities Administrators Association, Inc. and the State of Maryland’s Interpretive Opinion/No Action Position issued on January 23, 2023, Section 15.P.4. of the Franchise Agreement is deemed null and void and of no force and effect. To the extent that any other agreement or acknowledgment is deemed to violate Maryland law, the agreement or acknowledgment will be deemed null and void and of no force or effect. This provision supersedes any other term of any document executed in connection with the franchise.”

4. None of the representations required to be made by the franchisee to Snap Fitness in the documents to be executed by the franchisee are intended to act as, and the party agree that they shall not be deemed to constitute, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISOR:** SNAP FITNESS, INC.

**FRANCHISEE:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

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

**Effective Date:** \_\_\_\_\_

**ADDENDUM TO THE SNAP FITNESS FRANCHISE AGREEMENT  
FOR THE STATE OF MINNESOTA**

This Addendum pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. We will undertake the defense of any claim of infringement by third parties involving the SNAP FITNESS mark, and you will cooperate with the defense in any reasonable manner prescribed by us with any direct cost of such cooperation to be borne by us.

2. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given ninety (90) days notice of termination (with sixty (60) days to cure) and one hundred and eighty (180) days notice for nonrenewal of the franchise agreement.

3. Section 10.C (Insurance) is amended so that the second paragraph of that Section is replaced entirely by the following:

All insurance policies must be written by an insurance company or companies satisfactory to us (generally, companies with an AM Best rating of A- or better). Notwithstanding anything to the contrary in the Franchise Agreement, Franchisor will not unreasonably withhold its consent if a Franchisee desires to opt-out of any insurance plan established for the benefit of the System provided that the Franchisee provides a certificate of insurance confirming insurance coverage meeting the Franchisor's then-current minimum required insurance.

4. Section 13.E (Liquidated Damages) of the Franchise Agreement is deleted.

5. Section 14.C (Claims) is amended to provide that any claims arising under the Minnesota Franchise Act must be brought within three years after the date the cause of action accrues.

6. Section 15.J (Jury Waiver) and Section 15.K (Waiver of Punitive Damages) are hereby deleted.

7. No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act; provided, that this part shall not bar the voluntary settlement of disputes.

8. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C.01 to 80C.22 are met independently without reference to this addendum.

9. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor 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 Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

[Signature Page Follows]

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISOR:** SNAP FITNESS, INC.

**FRANCHISEE:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

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

**Effective Date:** \_\_\_\_\_

**ADDENDUM TO THE SNAP FITNESS FRANCHISE AGREEMENT  
FOR THE STATE OF NORTH DAKOTA**

With respect to franchises falling within the scope of the North Dakota Franchise Investment Law, the Franchise Disclosure Document and Franchise Agreement are hereby amended as follows:

1. The State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law:
  - (a) A provision requiring a North Dakota franchisee to sign a general release upon renewal of the franchise agreement;
  - (b) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;
  - (c) A provision requiring a North Dakota franchisee to consent to the jurisdiction of courts outside the state of North Dakota;
  - (d) A provision restricting the time in which a North Dakota franchisee may make a claim to less than the applicable North Dakota statute of limitations;
  - (e) A provision calling for the waiver by a North Dakota franchisee of the right to trial by jury;
  - (f) A provision requiring a North Dakota franchisee to consent to a waiver of exemplary and punitive damages.

Any and all provisions in the Franchise Agreement that are in violation of Sections 1 (a) through (f) are deleted.

2. North Dakota Century Code Section 9-08-06 subjects covenants not to compete to the provisions of that statute. The covenants not to compete contained within the franchise agreement are subject to Section 9-08-06 and may be unenforceable under North Dakota law.
3. The site of any mediation or arbitration of the parties' disputes will be at a site mutually agreeable to all parties. If all parties cannot agree upon a location, the arbitration or mediation will be Fargo, North Dakota.
4. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this addendum

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISOR:** SNAP FITNESS, INC.

**FRANCHISEE:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

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

**Effective Date:** \_\_\_\_\_

**ADDENDUM TO THE SNAP FITNESS FRANCHISE AGREEMENT  
FOR THE STATE OF WASHINGTON**

This Addendum pertains to franchises sold in the State of Washington and is for the purpose of complying with Washington statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. 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.
3. 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.
4. 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.
5. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
6. 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.
7. 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.
8. 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.
9. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISOR:** SNAP FITNESS, INC.

**FRANCHISEE:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

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

**Effective Date:** \_\_\_\_\_



***EXHIBIT C-2***

**SAMPLE AREA DEVELOPMENT AGREEMENT AND STATE-SPECIFIC ADDENDA**

## SNAP FITNESS® AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the “**Agreement**”) is entered into effective as of \_\_\_\_\_ (the “**Effective Date**”), by and between Snap Fitness, Inc., a Minnesota corporation with its principal business address at 2411 Galpin Court, Suite 110, Chanhassen, MN 55317 (“**Company**”, “**Franchisor**”, “**Snap Fitness**,” “**we**” or “**us**”), and \_\_\_\_\_ a \_\_\_\_\_ company with its principal business address at \_\_\_\_\_ (“**Area Developer**” or “**you**”).

### RECITALS

A. Snap Fitness has developed a proprietary business format and system (“**System**”) for operating a fitness facility (“**Club**”) offering 24/7 gym access to members (except as restricted by law) as well as group fitness and personal training, using advanced fitness technologies and high-quality fitness equipment; automated member billing and collection procedures and services; and use of proprietary and confidential information.

B. Clubs operating under the System are identified by the trade name and service mark “SNAP FITNESS” and other trademarks, service marks and trade identifiers that we designate (“**Marks**”).

C. Area Developer desires to develop, own and operate multiple SNAP FITNESS Clubs in the Development Area as provided in this Agreement.

### AGREEMENT

NOW, THEREFORE, in consideration of the covenants and promises contained herein, the sufficiency of which is hereby acknowledged by each of the parties, Snap Fitness and Area Developer hereby agree as follows:

#### ARTICLE 1

##### GRANT OF DEVELOPMENT RIGHTS; RESERVATIONS OF RIGHTS

1.1 Development Area. The development area (“**Development Area**”) is the geographic area identified on the map attached at Exhibit A.

1.2 Area Development Fee. As a condition to the effectiveness of this Agreement, Area Developer must pay Snap Fitness a non-refundable Development Fee in the amount of \$\_\_\_\_\_, due upon execution of this Agreement.

1.3 Grant of Development Rights. Snap Fitness hereby grants to Area Developer, subject to the terms and conditions of this Agreement, the right and license to develop the specified number of Clubs within the Development Area. Area Developer must open the Clubs according to the Development Schedule outlined on Exhibit B. Each Club to be developed hereunder must be established and operated pursuant to Franchise Agreement as further described in Article 2.2 below. This Agreement is not a franchise agreement and Area Developer will have no right to use the Marks in any manner by virtue hereof unless and until a franchise agreement for each Club is executed by Area Developer and Snap Fitness.

1.4 Scope of Exclusivity. Except as stated in Sections 1.5 (Existing Clubs) and 1.9 (Reservation of Rights) and subject to the terms of this Agreement, Snap Fitness agrees that it will not license to another person or entity other than Area Developer the right to establish and operate new SNAP FITNESS Clubs physically located in the Development Area during the Term.

1.5 Existing Clubs. Area Developer acknowledges that the clubs and franchise rights listed on Exhibit C (“**Existing Clubs**”) were granted before the date of this Agreement and are expressly permitted to operate within the Development Area and the existence of the Existing Clubs (including following any renewal, relocation or transfer) does not violate the scope of rights granted to Area Developer in this Agreement. Area Developer further acknowledges and agrees that nothing in this Agreement gives Area Developer the right to open any Clubs in the Designated Areas identified in the Franchise Agreements of the Existing

Clubs. Area Developer is responsible for confirming with Snap Fitness that a location is not within such Designated Areas before signing any leases or otherwise commencing development of a new Club.

1.6 Franchise Agreements. Area Developer (or its designated wholly-owned subsidiary) must execute the then-current form of Franchise Agreement for each new Club to be established pursuant to this Agreement, provided that the initial franchise fee for each of the corresponding Franchise Agreements will not apply. Area Developer will sign its first Franchise Agreement in connection with signing this Agreement. All future Franchise Agreements must be executed on the earlier of (a) lease signing; or (b) Club opening.

1.7 Site Selection. Snap Fitness' review and approval of a prospective site or the rendering of assistance in the selection of a site for a Club does not in any manner constitute a representation, promise or guarantee by Snap Fitness that a Club operated at that site will be profitable or otherwise successful. Area Developer remains responsible for all costs, liability, expenses, and responsibility for locating, obtaining, and developing sites for the Clubs.

1.8 Covenants. Area Developer represents and warrants that the ownership information outlined on Exhibit D is true, correct and complete.

1.9 Reservation of Rights. Except as expressly stated in this Article 1, Snap Fitness and its parent and affiliates (and each of their respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all rights with respect to the Marks, the System and SNAP FITNESS Clubs anywhere in the world, and the right to engage in any business whatsoever, without compensation to Area Developer, including the right to: (a) operate and grant the right to operate, SNAP FITNESS Clubs at such locations and on such terms as Snap Fitness deems appropriate; (b) offer to sell, sell and distribute, any products or services associated with the SNAP FITNESS system (now or in the future) or identified by the Marks, or any other trademarks, services marks or trade names, through any distribution channels or methods (including without limitation retail stores, wholesale and the internet); (c) operate, and grant others the right to operate, fitness facilities, gyms and health related establishments identified by trade names, trademarks, service marks or trade dress, other than the Marks and pursuant to such terms and conditions as it deems appropriate; and (d) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere.

## ARTICLE 2 TERM AND TERMINATION

2.1. Term. Unless sooner terminated as provided herein, the term of this Agreement will expire on the earlier of (a) the date when the last Club is to be developed in accordance with the Development Schedule; or (b) the date the last Club to be developed under this Agreement opens for business (the “**Term**”).

2.2 Default and Termination. If Area Developer fails to comply with any of the terms of this Agreement or any Franchise Agreement with Snap Fitness to which Area Developer or an approved related entity have an interest, upon expiration of any applicable cure period, Snap Fitness shall have the right to terminate this Agreement by providing written notice of termination to Area Developer. Without waiving any rights afforded to Snap Fitness under this Agreement or any Franchise Agreement in which Area Developer (or its approved affiliates) own or hold any interest, Snap Fitness has the discretionary right, but no obligation, to do any one or more of the following if a default of Area Developer under this Agreement: (a) terminate or reduce the size of the Development Area, (b) terminate this Agreement as provided above, or (c) exercise any other rights and remedies which Snap Fitness may have under this Agreement or applicable law.

2.3 Effect of Expiration or Termination. Upon expiration or termination of this Agreement for any reason, all remaining rights granted to Area Developer to establish Clubs under this Agreement shall automatically revert to Snap Fitness. Area Developer shall have no right to establish or operate any Club for which a Franchise Agreement has not been fully executed before the effective date of the expiration or termination.

Upon expiration or termination of this Agreement, (a) the terms of each applicable Franchise Agreement executed by Snap Fitness prior to termination or expiration shall continue to apply (provided that if such Franchise Agreement does not contain a specific Designated Area, Snap Fitness will determine a Designated Area in accordance with its then-current criteria); and (b) Area Developer and Snap Fitness' rights and obligations with respect to the Clubs already in existence shall be governed by the terms of the applicable Franchise Agreements unless there also exists a basis or cause to terminate the applicable Franchise Agreement for a Club.

### ARTICLE 3 TRANSFER AND ASSIGNMENT OF DEVELOPMENT AGREEMENT

3.1 Assignment by Snap Fitness. This Agreement and all rights hereunder may be unilaterally assigned and transferred by Snap Fitness without the need to obtain the consent of Area Developer and, if so assigned, shall be binding upon and inure to the benefit of Snap Fitness' successors and assigns. The assignee will be required to fully perform all of Snap Fitness' obligations under this Agreement and expressly assume and agree to perform such obligations. Area Developer hereby consents to such assignment and agrees that upon notice of such assignment from Snap Fitness and/or its assignee, the assignee shall be solely responsible for Snap Fitness' obligations under this Agreement.

3.2 Assignment by Area Developer. Neither Area Developer nor any partner or shareholder thereof shall, without Snap Fitness' prior written consent, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in any Club (collectively referred to as "Transfer") or in Area Developer, unless Area Developer obtains Snap Fitness' prior written consent and Area Developer transfers all of its rights and interest under this Agreement and all of its Franchise Agreements for Clubs in the Development Area. Area Developer acknowledges and agrees that it cannot Transfer its rights under this Agreement independent of its rights under the Franchise Agreements. Accordingly, the assignment terms and conditions of the Franchise Agreements shall apply to any Transfer of Area Developer's rights and interest under this Agreement, including the payment of transfer fees and Snap Fitness' right of first refusal. Furthermore, the transferee must demonstrate to Snap Fitness' satisfaction that he, she or it meets the Snap Fitness' managerial, financial, and business standards, possesses a good business reputation and credit rating, and possesses the aptitude and ability to operate the Clubs required to be opened and operating pursuant to this Agreement in an economic and businesslike manner. Any such proposed Transfer occurring by operation of law or otherwise, including any assignment by or to any trustee in an insolvency or bankruptcy procedure, without Snap Fitness' prior written consent, shall be a material default of this Agreement.

### ARTICLE 4 DISPUTE RESOLUTION

4. The following provisions apply with respect to resolution of any dispute between Snap Fitness and Area Developer, or their respective owners, arising under, out of, in connection with or in relation to this Agreement:

4.1 Arbitration; Mediation. Except as qualified below, any dispute between Area Developer and Snap Fitness and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees or

owners arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, any Clubs developed pursuant to this Agreement, or the scope or validity of the arbitration obligations under this Section must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association ("AAA"). Any arbitration must be on an individual basis, and not as part of a consolidated, common, or class action, and Area Developer and/or your Owners waive any right to proceed on a consolidated, common, or class basis. Multiparty arbitration is specifically excluded, and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any claim or other proceeding involving third parties. If a court or arbitrator determines that this exclusion of multiparty arbitration (including class arbitration) is unenforceable, then this entire commitment to arbitrate will be null and void and the parties must submit all claims to the jurisdiction of the courts. Minneapolis, Minnesota is the exclusive locale or venue of any arbitration or civil action. The arbitrators must follow the law and not disregard the terms of this Agreement. Any arbitrator must have at least five years' experience in franchising or in franchise law.

Any unappealed decision of the arbitrator(s) will be final and binding on all parties to the dispute; however, the arbitrator(s) shall have no authority to: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; (iii) certify a class or consolidate an action, or (iv) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any court of competent jurisdiction.

Snap Fitness and Area Developer agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. Snap Fitness and Area Developer further agree that, in connection with any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Area Developer or Snap Fitness. Snap Fitness reserves the right, but has no obligation, to advance Area Developer's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 4.3. Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration under this Article 4 without the prior written consent of both parties. The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any award rendered by the arbitrator(s) may be appealed pursuant to the AAA's Optional Appellate Arbitration Rules in effect as of the Effective Date of this agreement ("Appellate Rules"). Any award will, at a minimum, be a reasoned award. The award will not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty days of receipt of an award, as defined by Rule A-3 of the existing Appellate Rules, by filing a notice of appeal with any AAA office. The appeal tribunal may affirm, reverse, or modify the award of the arbitrator(s), or return the matter to the arbitrator(s) for further action. A final award may be entered once the appeal process is complete or the time for filing an appeal has expired, and a judgment may be entered upon the arbitration award in accordance with the procedures identified above.

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered under Section 4.2, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement.

Mediation will be conducted by a mediator or mediation program agreed to by the parties and will take place in Minneapolis, Minnesota. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days, the parties are free to pursue arbitration.

4.2 Injunctive Relief. Notwithstanding Section 4.1, the parties agree that the following claims will not be subject to arbitration or mediation: (i) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including without limitation, prior to or during the pendency or any arbitration proceeding initiated under Section 4.1; or (ii) our decision in the first instance to issue a notice of default and/or notice of termination, or undertake any other conduct with respect to the franchise relationship that might later result in a dispute or controversy between us.

4.3 Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement or other dispute between the parties, will be entitled to recover its reasonable attorneys' fees and costs. If any party initiates litigation in violation of this arbitration provision and the other party successfully moves to compel arbitration, the party moving to compel arbitration will be entitled to reimbursement of its attorneys' fees and costs incurred in connection with defending the litigation and compelling arbitration.

4.4 Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Article 4, must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota. Both parties irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

## ARTICLE 5 MISCELLANEOUS

5.1 Independent Contractor. Area Developer is an independent contractor. Nothing herein contained shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture, employment, or a fiduciary relationship, and Area Developer shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of Snap Fitness. Neither Snap Fitness nor Area Developer has the right to bind or obligate the other to any obligations or debts.

5.2 Waiver and Delay. No waiver or delay by either party with respect to any default by the other of any term, covenant, or condition of this Agreement or in exercising any right, power, or remedy with regard to any such default shall be construed as a waiver of any preceding or succeeding default of any other term, covenant or condition of this Agreement, nor shall it impair any right, remedy or power to enforce the same. The acceptance of any payments shall not be, nor be construed to be, a waiver of any default of any term, covenant or condition of this Agreement. Any waiver, permit, consent or approval of any provision or condition of this Agreement or of any default under this Agreement shall be in writing and shall be effective only to the extent specifically allowed by such writing. All remedies, either under this Agreement, at law, in equity, or otherwise shall be cumulative and not alternative and may be exercised simultaneously or sequentially in any order. Time is of the essence in Area Developer's performance of this Agreement.

5.3 Successors. Subject to the restrictions in Article 3, this Agreement shall be binding upon and inure to the benefit of the permitted successors, assigns, heirs, and personal representatives of the parties.

5.4 Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for in this Agreement must be in writing and signed by the party serving the same and (i) delivered personally or (ii) delivered by a reputable overnight service (such as FedEx) or (iii) deposited in the United States mail, service or postage prepaid (and if such notice is a notice of default or of termination, by registered or certified mail), and addressed as follows:

1. If intended for Snap Fitness, addressed to CEO; Snap Fitness, Inc., 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317;

2. If intended for Area Developer, addressed to Area Developer at Address set forth in the introductory paragraph of this Agreement; or, in either case, to such other address as may have been designated by notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

5.5 Applicable Law. All claims arising out of or relating to this Agreement and the parties' relationship will be governed by, and will be interpreted in accordance with, the substantive laws of Minnesota (irrespective of any conflicts of laws); provided that the Minnesota Franchise Act and any other law or regulation applicable to the offer or sale of franchises or the franchise relationship will apply only if the jurisdictional provisions of the law are otherwise met.

5.6 Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable.

5.7 Entire Agreement. This Agreement and all exhibits and documents referenced in this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Except as otherwise expressly provided herein, this Agreement may be amended only by a written document signed by the Area Developer and Snap Fitness.

5.8 Further Assurances. The parties hereby agree to execute such other documents as may be necessary or desirable to carry out the purposes of this Agreement.

5.9 Counterparts. This Agreement may be executed in two or more counterparts and delivered by e-mail or facsimile, all of which taken together will constitute one instrument.

## ARTICLE 6 ACKNOWLEDGMENTS

6.1 As an inducement to Snap Fitness to grant Area Developer the franchise contemplated by this Agreement, Area Developer hereby acknowledges and represents to Snap Fitness the following:

1. The parties agree that their relationship is not a fiduciary or similar special relationship, but rather is an ordinary commercial relationship between independent business people dealing on an arm's length basis and that as a result Snap Fitness does not either before entering into this Agreement or during its term owe Area Developer a duty of care in relation to any advice or information which Snap Fitness provides whether orally or in writing. In other words it is Area Developer's responsibility to verify any advice or information which Snap Fitness provides and to form its own view on it.

2. Area Developer acknowledges that it (and each of its owners) have had the opportunity and been advised by Snap Fitness to have this Agreement and all other documents reviewed by an experienced attorney, and that Area Developer has read, understands, has had an opportunity to discuss and has agreed to each provision of this Agreement. Area Developer agrees that it has been under no compulsion to sign this Agreement.

3. Area Developer specifically acknowledges that it has not relied on any statements, promises or representations that Area Developer will succeed in the business or at any location; achieve any particular sales, income or other levels of performance; earn any particular amount, including any amount in excess of Area Developer's initial fee or other payments to Snap Fitness; or receive any rights, goods, or services not expressly set forth in this Agreement.

4. If any such information, promises, representations and/or warranties have been provided to Area Developer, they are unauthorized and inherently unreliable. Area Developer agrees to advise Snap Fitness of the delivery of any such information. Area Developer must not rely upon any such information, nor will Snap Fitness be bound by it. Snap Fitness does not, nor does it attempt to, predict, forecast or project future performance, revenues or profits of Area Developer or any Area Developer or franchisee. Snap Fitness is unable reliably to predict the performance of a business even operated by Snap Fitness, and certainly cannot predict results for Area Developer's business. Area Developer acknowledges agrees that franchisees are separate and distinct from Snap Fitness and are independently owned and operated, and that while Snap Fitness strongly encourages Area Developer to speak with all of Snap Fitness' franchisees in connection with Area Developer's evaluation of this opportunity, franchisees do not act as Snap Fitness' agents or representatives in providing any information to Area Developer and Snap Fitness will have no obligations or liabilities with respect to (and Area Developer should not rely on) any information, opinions or otherwise they may provide to Area Developer.

5. Area Developer acknowledges and agrees that the success of the business venture contemplated to be undertaken by Area Developer is speculative and will be dependent upon Area Developer's personal efforts, and success is not guaranteed. Area Developer acknowledges and represents that it has entered into this Agreement and made an investment only after making an independent investigation of the opportunity.

6. Area Developer represents, warrants and agrees that no condition precedent (including but not limited to obtaining financing) exists with respect to Area Developer fully performing any or all of its obligations under this Agreement. Area Developer further represents, as an inducement to Snap Fitness entering into this relationship, that Area Developer has made no misrepresentations or material omissions in obtaining the business.

7. Area Developer acknowledges and agrees that Snap Fitness' officers, directors, employees, and agents act only in a representative capacity and not in an individual capacity so that they accept no personal liability will attach to them, and that no other entities other than Snap Fitness has or will have any duties or obligations to Area Developer.

8. Area Developer understands that Snap Fitness is relying upon Area Developer to bring forward in writing at this time any matters inconsistent with the representations contained in this Article 6. Area Developer agrees that if any of the statements or matters set out in this Article 6 are not true, correct and complete that Area Developer will make a written statement regarding the same before entering into this Agreement which will be annexed to this Agreement unless before Area Developer enters into this Agreement Snap Fitness has resolved any such issues.



IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement in multiple copies effective as of the day and year first above written.

**FRANCHISOR: Snap Fitness, Inc.**

**AREA DEVELOPER: Company**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Effective Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**GUARANTOR: Name**

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

**GUARANTOR: Name**

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

**ADDENDUM TO THE SNAP FITNESS AREA DEVELOPMENT AGREEMENT  
FOR THE STATE OF CALIFORNIA**

This Addendum pertains to franchises sold in the State of California and is for the purpose of complying with California statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

“California Corporations Code section 31512.1 prohibits a franchisor from disclaiming or denying representations made by the franchisor or its agents to a prospective franchisee or a franchisee’s reliance on these representations, or disclaiming violations under the law, in any franchise disclosure document, franchise agreement or a related document. Accordingly, Article 6.1.3 and Article 6.1.4 of the Area Developer Agreement is deemed null and void and of no force and effect. To the extent that any other agreement or acknowledgment is deemed to violate California law, the agreement or acknowledgment will be deemed null and void and of no force or effect. This provision supersedes any other term of any document executed in connection with the franchise.”

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISOR:** SNAP FITNESS, INC.

**AREA DEVELOPER:**

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**Effective Date:** \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM TO THE SNAP FITNESS AREA DEVELOPMENT AGREEMENT  
FOR THE STATE OF ILLINOIS**

1. Section 4 of the Illinois Franchise Disclosure Act and Rule 200.608 of the Rules and Regulations promulgated thereunder dictate that “any provision in the Area Development Agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that an Area Development Agreement may provide for arbitration in a forum outside of this State.”

2. Section 41 of the Illinois Franchise Disclosure Act and Rule 200.609 also void any attempt to waive compliance with Illinois law. Nothing in the Disclosure Document or the Area Development Agreement (or the attachments thereto) may require area developers covered by the Illinois Franchise Disclosure Act to waive compliance with Illinois law. Any provision in the Area Development Agreement (including but not limited to any choice of law provision) that may be read as calling for application of a state law other than Illinois law is hereby deleted and area developers covered by the Illinois Franchise Disclosure Act are entitled to the protections of Illinois law, notwithstanding any such provision. An area developer who would otherwise enjoy the protections of the Illinois Franchise Disclosure Act will continue to have those protections despite anything to the contrary in the Area Development Agreement, including but not limited to the language in Section 5.5.

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

4. Each provision of this addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this addendum.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISOR:** SNAP FITNESS, INC.

**AREA DEVELOPER:**

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

Signature: \_\_\_\_\_

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

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

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

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

**Effective Date:** \_\_\_\_\_

**ADDENDUM TO SNAP FITNESS AREA DEVELOPMENT AGREEMENT FOR  
THE STATE OF MARYLAND**

Even though there may be terms in the Disclosure Document or the Area Development Agreement to the contrary, the following provisions will apply to franchisees protected by terms of the Maryland Franchise Registration and Disclosure Law:

1. To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. 14-201 – 14-233 applies, the terms of this Addendum apply.

Item 5 of the Franchise Disclosure Document is revised to add the following language: The Commissioner has imposed a deferral requirement based on our financial condition.

We will defer collection of the initial franchise fees until you have opened your Franchise for business. After you open the franchised business, Franchisee must pay to Franchisor the initial franchise fees. Payment of the initial franchisee fees is fully earned and is nonrefundable.

2. The franchisee is not required to commence litigation in Minnesota, but, instead, may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended as follows:

“The Maryland Franchise Registration and Disclosure Law, MD. CODE ANN. BUS. REG. § 14-201 et seq. states “As a condition of the sale of a franchise, a franchisor may not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under this subtitle... (the “Maryland Anti-Waiver Provision”). For purposes of complying with the Maryland Anti-Waiver Provision and the Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments adopted by the North American Securities Administrators Association, Inc. and the State of Maryland’s Interpretive Opinion/No Action Position issued on January 23, 2023, Article 6.1.3 and Article 6.1.4 of the Area Development Agreement are deemed null and void and of no force and effect. To the extent that any other agreement or acknowledgment is deemed to violate Maryland law, the agreement or acknowledgment will be deemed null and void and of no force or effect. This provision supersedes any other term of any document executed in connection with the franchise.”.

4. Any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISOR:** SNAP FITNESS, INC.

**AREA DEVELOPER:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

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

**Effective Date:** \_\_\_\_\_

**ADDENDUM TO THE SNAP FITNESS AREA DEVELOPMENT AGREEMENT  
FOR THE STATE OF MINNESOTA**

This Addendum pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended as follows:

1. We will undertake the defense of any claim of infringement by third parties involving the SNAP FITNESS mark, and you will cooperate with the defense in any reasonable manner prescribed by us with any direct cost of such cooperation to be borne by us.
2. Minnesota law provides area developer with certain termination and nonrenewal rights. As of the date of this Area Development Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that an area developer be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the Area Development Agreement.
3. No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act; provided, that this part shall not bar the voluntary settlement of disputes.
4. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C.01 to 80C.22 are met independently without reference to this addendum.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISOR:** SNAP FITNESS, INC.

**AREA DEVELOPER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**Effective Date:** \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM TO THE SNAP FITNESS AREA DEVELOPMENT AGREEMENT  
FOR THE STATE OF NORTH DAKOTA**

With respect to franchises falling within the scope of the North Dakota Franchise Investment Law, the Franchise Disclosure Document and Area Development Agreement are hereby amended as follows:

1. The State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law:

(a) A provision requiring a North Dakota area developer to consent to termination penalties or liquidated damages;

(b) A provision requiring a North Dakota area developer to consent to the jurisdiction of courts outside the state of North Dakota;

(c) A provision restricting the time in which a North Dakota area developer may make a claim to less than the applicable North Dakota statute of limitations;

(d) A provision calling for the waiver by a North Dakota area developer of the right to trial by jury;

(e) A provision requiring a North Dakota area developer to consent to a waiver of exemplary and punitive damages.

Any and all provisions in the Area Development Agreement that are in violation of Sections 1 (a) through (e) are deleted.

2. The site of any mediation or arbitration of the parties' disputes will be at a site mutually agreeable to all parties. If all parties cannot agree upon a location, the arbitration or mediation will be Fargo, North Dakota.

3. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this addendum

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISOR:** SNAP FITNESS, INC.

**AREA DEVELOPER:**

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

Signature: \_\_\_\_\_

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

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

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

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

**Effective Date:** \_\_\_\_\_

**ADDENDUM TO THE SNAP FITNESS AREA DEVELOPMENT AGREEMENT  
FOR THE STATE OF WASHINGTON**

This Addendum pertains to franchises sold in the State of Washington and is for the purpose of complying with Washington statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the Area Development 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 Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Area Development Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. 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.
5. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Area Development Agreement or elsewhere are void and unenforceable in Washington.
8. 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.
9. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISOR:** SNAP FITNESS, INC.

**AREA DEVELOPER:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

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

**Effective Date:** \_\_\_\_\_



**EXHIBIT A  
DEVELOPMENT AREA**

The Development Area is the area highlighted in red on the map below.

**EXHIBIT B  
DEVELOPMENT SCHEDULE**

**Development Schedule:** Area Developer acknowledges and agrees that it is a material provision of this Agreement that the number of Clubs set out in the Development Schedule below must be open and continually operate during the Term in the Development Area:

\* [Note: Below are development schedules for 3, 5 and 8 locations. If your development area holds a different number of locations, the schedule will be adjusted accordingly.]

**3 locations:**

<b>Deadline</b>	<b>New Open Clubs during the period</b>	<b>Total Clubs Open at end of period</b>
12 months from Effective Date	1	1
18 months from Effective Date	1	2
24 months from Effective Date	1	3

**5 locations:**

<b>Deadline</b>	<b>New Open Clubs during the period</b>	<b>Total Clubs Open at end of period</b>
12 months from Effective Date	1	1
18 months from Effective Date	2	3
24 months from Effective Date	2	5

**8 locations:**

<b>Deadline</b>	<b>New Open Clubs during the period</b>	<b>Total Clubs Open at end of period</b>
12 months from Effective Date	1	1
18 months from Effective Date	2	3
24 months from Effective Date	2	5
30 months from Effective Date	2	7
36 months from Effective Date	1	8

Failure to meet the Development Schedule above is a material default of this Agreement.

**EXHIBIT C  
EXISTING CLUBS**

<b>Club Status</b>	<b>Franchisee</b>	<b>Club Name</b>	<b>Club Number</b>
--------------------	-------------------	------------------	--------------------

**EXHIBIT D  
OWNERSHIP**

Area Developer represents and warrants that the following is a complete and accurate list of all owners of equity interests in Area Developer, including the full name and home address of each owner, and fully describes the nature and extent of each owner’s equity interest. Area Developer, on its own behalf and on behalf of each owner as to their ownership interest in Area Developer, represents and warrants that each owner is the sole and exclusive legal and beneficial owner of their interest, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

OWNER’S NAME	HOME ADDRESS	EQUITY INTEREST
		TOTAL: 100%

**AREA DEVELOPER:**

Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**OWNERS:**

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

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

***EXHIBIT D***  
**FRANCHISEE LIST**

**SNAP FITNESS FRANCHISEES  
OPEN CLUBS AS OF DECEMBER 31, 2023**

Franchisee Name	Phone	Address	City	State	Zip
WIT Fitness LLC	256-344-0373	977 Gilbert Ferry Rd SE, Suites P & Q	Attalla	AL	35954
TPM1, LLC	205-319-0381	301 Airport Commons Dr	Calera	AL	35040
Quick Fitness LLC	205-610-9291	208-A W College St	Columbiana	AL	35051
CKO Investments LLC	256-273-0400	2605 Gault Ave N, Suite 500	Fort Payne	AL	35967
M & S Assoc LLC	256-478-9991	620 Banks St	Glencoe	AL	35905
Quick Fitness LLC	205-640-5588	2846 Moody Pkwy, Suite 200	Moody	AL	35004
Quick Fitness LLC	205-338-7666	2401 Stemley Bridge Rd	Pell City	AL	35128
MR BUSINESS ENTERPRISES LLC	256-369-1221	207 James B Payton Blvd	Sylacauga	AL	35150
Quick Fitness LLC	256-474-0363	215 E Battle St	Talladega	AL	35160
LulingJJ, LLC	870-298-4420	1410 Dr Martin Luther King Jr Dr	Crossett	AR	71635
Functional Health+Wellness Restoration, LLC	870-493-3343	805 Highway 165 E	Dumas	AR	71639
Muddy Rhino Investments, LLC	479-202-9930	2600 W Pleasant Crossing Dr, Suite 50	Rogers	AR	72758
Brawley's Fitness, LLC	870-663-0049	2110 S Buerkle St, Unit D	Stuttgart	AR	72160
PK Fitness Scottsdale, LLC	480-745-2465	827 E Monroe Ave	Buckeye	AZ	85326
Steele Fitness cv1 Inc	928-282-7627	400 Finnie Flat Rd	Camp Verde	AZ	86322
Conrad Fitness, LLC	928-776-0355	1938 N Hwy 89	Chino Valley	AZ	86323
Steele Fitness CW, Inc.	928-649-1905	976 S Main St	Cottonwood	AZ	86326
Dynamite Fitness, LLC	928-522-6600	7810 N US-89	Flagstaff	AZ	86004
Heart Fitness Center LLC	480-837-3901	13525 N Fountain Hills Blvd	Fountain Hills	AZ	85268
Conrad Fitness, LLC	928-443-1309	1046 Willow Creek Rd	Prescott	AZ	86301
Conrad Fitness, LLC	928-775-0888	6455 N Viewpoint Dr	Prescott Valley	AZ	86314
Steele Fitness VOC, Inc.	928-284-0554	7000 State Highway 179, Suite D200 & C 200	Sedona	AZ	86351
Steele Fitness WS, Inc.	928-282-2139	2081 W State Route 89A	Sedona	AZ	86336
Steele Fitness Taylor Inc.	928-457-2800	704 N Main St	Taylor	AZ	85939
DSF Express-Four, LLC	520-572-8788	7545 S Houghton Rd, Suite #3	Tucson	AZ	85747
Benjamin Burton	520-400-4646	8567 N Silverbell Rd	Tucson	AZ	85743
Steele Fitness Wickenburg Corporation	928-232-4200	340 W Wickenburg Way	Wickenburg	AZ	85390
Steele Fitness Winslow Corporation	928-224-3030	1535 N Park Dr, Suite 1520	Winslow	AZ	86047
Morris Fitness Solutions LLC	925 276-3166	1516 Kirker Pass Road #A	Clayton	CA	94517
K&K Fitness, LLC	916-933-9448	2222 Francisco Dr, #290	El Dorado Hills	CA	95762
P&EEnterprisesLLC	209-838-7517	1900 McHenry Ave	Escalon	CA	95320
Terry's Unlimited Fitness, LLC	408-848-8701	8050 Santa Teresa Blvd	Gilroy	CA	95020
MVCCM, LLC	209-309-0009	18919 Ferretti Rd, Suite B	Groveland	CA	95321
Allen C. Hall, Inc.	650-948-5500	955 Fremont Ave	Los Altos	CA	94024
Basecamp Wellness, LLC	530-344-7027	6454 Pony Express Trl, Suite 25	Pollock Pines	CA	95726
Fortress Fitness, LLC	650-365-7627	3209 Oak Knoll Dr	Redwood City	CA	94062
Cutting Edge Fitness, Inc.	626-639-3787	2451 Mission Street	San Marino	CA	91108

Franchisee Name	Phone	Address	City	State	Zip
Cutting Edge Fitness, Inc.	626-234-2398	2000 Huntington Dr	San Marino	CA	91108
TITANIUMFIT, LLC	650-393-5625	1232 W Hillsdale Blvd	San Mateo	CA	94403
J & A's Health & Fitness LLC	408-260-1111	60 N Winchester Blvd	Santa Clara	CA	95050
Cutting Edge Fitness, Inc.	661-424-2700	19233 Golden Valley Rd	Santa Clarita	CA	91387
Cutting Edge Fitness, Inc.	626-403-6463	807 Meridian Ave	South Pasadena	CA	91030
Burch Industries, Inc.	925-938-8006	1533A Palos Verdes Mall	Walnut Creek	CA	94597
Stay Well Brands L.L.C.	530-923-2360	1707 Colusa Hwy, Suite 400	Yuba City	CA	95993
F8 Enterprises, LLC	303-289-7333	18240 E 104th Ave	Commerce City	CO	80022
Colorado Fitness Solutions, Inc.	303-904-7627	8351 N Rampart Range Rd	Littleton	CO	80125
Utopia Enterprises, Inc.	719-544-7627	279 S Purcell Blvd	Pueblo	CO	81007
AppleCor, LLC	719-422-4733	2202 Freedom Rd	Trinidad	CO	81082
M&G Fitness, LLC	719-686-6494	1131 E US Highway 24	Woodland Park	CO	80863
DDA Fitness LLC	860-552-2018	266 E Main St, Unit C1	Clinton	CT	06413
DDA Fitness LLC	860-603-5060	179 Linwood Ave	Colchester	CT	06415
DDA Fitness LLC	860-767-0155	125 Westbrook Rd	Essex	CT	06426
Moran 4, Inc.	860-691-1140	88 Pennsylvania Ave, Suite 1	Niantic	CT	06357
Moran 4, Inc.	860-434-3332	54 Halls Rd	Old Lyme	CT	06371
JEFFKO, Inc.	302-235-2180	7209 Lancaster Pike	Hockessin	DE	19707
Fitness Acquisitions LLC	302-653-8023	665 S Carter Rd	Smyrna	DE	19977
Rick Bourn and Harold Moss	407-598-2700	1655 Rock Springs Rd	Apopka	FL	32712
D&IGymsLLC	850-362-6019	232 Racetrack Rd NE	Fort Walton Beach	FL	32547
JBF Fitness, Inc.	904-738-8325	2216 Oak St	Jacksonville	FL	32204
Heavy Weights Gym LLC	386-423-8995	424 Luna Bella Ln, Suite 131	New Smyrna Beach	FL	32168
Whole Fitness Solutions Inc	813-814-1984	12611 Race Track Rd	Tampa	FL	33626
M.R. Fitness, LLC	404-627-8000	920 Glenwood Ave SE, Suite 102/103	Atlanta	GA	30316
M.R. Fitness, LLC	404-584-9669	245 N Highland Ave NE, Suite 250	Atlanta	GA	30307
Starwood LLC	770-693-9013	3621 Vinings Slope SE	Atlanta	GA	30339
Build-A-Body Fitness, LLC	912-225-1211	214C N Duval St	Claxton	GA	30417
Hatchfit Enterprises, Inc.	706-507-7627	1290 Double Churches Rd	Columbus	GA	31904
Wholesome Ventures, Inc.	678-705-1439	137 S McDonough St	Decatur	GA	30030
Protective Knowledge Base LLC.	478-302-0660	58 Surrey Plz	Hawkinsville	GA	31036
Georgia Shade, LLC	770-403-1142	375 Rockbridge Rd, Suite 148	Lilburn	GA	30047
H3 Fitness, LLC	770-251-6900	3161 B Hwy 34 E	Newnan	GA	30265
Build-A-Body Fitness, LLC	706-498-9636	1053 Franklin Springs St	Royston	GA	30662
DeLoney Enterprises, LLC	770-727-1003	27 Barnes St	Senoia	GA	30276
J&S Sports, LLC	641-569-7005	710 N 18th St	Centerville	IA	52544
Bushleaguer Fitness, Inc.	641-330-2963	222 North Main St	Charles City	IA	50616
Maxxed, LLC	563-659-1948	100 6th Ave	De Witt	IA	52742
Kelly and Brad Miller	563-289-2700	1405 Eagle Ridge Rd, Suite A	Le Claire	IA	52753
SCW Fitness, LLC	515-465-2848	509 1st Ave	Perry	IA	50220

Franchisee Name	Phone	Address	City	State	Zip
Fit4Christ, LLC	712-722-2594	108 16th St SW	Sioux Center	IA	51250
Ramos Elite Fitness LLC	515-832-7965	902 Seneca St	Webster City	IA	50595
HLF Fitness, LLC	208-209-7089	231 W Hayden Ave	Hayden	ID	83835
Lewiston Fitness, LLC	208-746-7472	625 21st Street Suite C	Lewiston	ID	83501
Dvorak Investments, LLC	208-596-4685	224 E Third Street	Moscow	ID	83843
David Simmons	217-438-4348	650 E Jackson St	Auburn	IL	62615
RSKC Fitness LLC	815-234-2700	211 N Walnut St	Byron	IL	61010
Bulletproof Body LLC	217-483-5701	1061 Jason Pl	Chatham	IL	62629
Brett and Meghann Benson	312-533-4646	1212 S Michigan Ave	Chicago	IL	60605
Snap Fitness Dundee, Inc.	847-551-3690	4640 W Main St	Dundee	IL	60118
Maxhaltero Holdings, LLC	309-467-9500	1958 S Main St	Eureka	IL	61530
RSKC Fitness LLC	847-683-3300	111 W Oak Knoll Dr	Hampshire	IL	60140
Work It Out, LLC	847-868-3111	452 W State Rd	Island Lake	IL	60042
Darr Capital, LLC Darr Fitness	618-498-7330	1404 Windy Ln	Jerseyville	IL	62052
Lake Villa Fitness Inc.	847-838-1299	850 Tower Dr, Unit 118	Lake Villa	IL	60046
BAHA Investments Inc.	217-321-4545	900 W Union Ave	Litchfield	IL	62056
Landwehr Enterprises, LLC	815-568-6000	910 C Greenlee St	Marengo	IL	60152
Unique Health and Fitness Corp.	217-223-3488	6228 Broadway	Quincy	IL	62305
Conyers Enterprises LLC	847-546-1400	821 W Rollins Rd	Round Lake Beach	IL	60073
Lake Villa Fitness, Inc.	847-740-7627	139 W Belvidere Rd	Round Lake	IL	60073
Simmons SOULutions, Inc.	217-381-4951	131 Illini Blvd	Sherman	IL	62684
Bulletproof Body LLC	217-679-0081	1362 Toronto Rd.	Springfield	IL	62791
David Pickard	815-338-7627	1400 N Seminary Ave	Woodstock	IL	60098
PJ's Fitness, LLC	317-867-7627	220 W 161st St	Westfield	IN	46074
3MJ Fitness, LLC	913-367-1511	409 Commercial St	Atchison	KS	66002
Legacy Fitness, LLC	913-724-2424	15604 Pinehurst Dr	Basehor	KS	66007
Legacy Fitness, LLC	913-358-6059	5437 Roberts St	Shawnee	KS	66226
Dennis and June Smith	270-387-0124	121 Commerce Blvd	Benton	KY	42025
Dennis and June Smith	270-387-0124	888 5 <sup>th</sup> Ave	Calvert City	KY	42029
Power Up Fitness, LLC	859-586-6100	1990 N Bend Rd	Hebron	KY	41048
ABDFitness LLC	270-358-5417	83 Shawnee Dr	Hodgenville	KY	42748
Benson Health and Fitness LLC	859-271-8210	4384 Clearwater Way	Lexington	KY	40515
Abbeville Plaza LLC	337-893-0009	109 Rue Centre Suite 3	Abbeville	LA	70510
Outdoor Lawn Development LLC	225-751-0121	14241 Coursey Blvd, Suite A-13	Baton Rouge	LA	70817
Adams Investments & Properties, LLC	985-732-1774	400 Georgia Ave, Suite 3	Bogalusa	LA	70427
Wellness One LLC	337-839-8277	218 St Nazaire Rd	Broussard	LA	70518
Jake Fitness, LLC	225-791-0100	34254 LA Hwy 16	Denham Springs	LA	70706
MC Investment Group LLC	225-665-0272	1217 N Range Ave	Denham Springs	LA	70726
Luscappo, LLC	225-622-7627	40306 Highway 42	Galvez	LA	70769
East Creek 2 LLC	225-622-9999	14505 LA-44	Gonzales	LA	70737



Franchisee Name	Phone	Address	City	State	Zip
Joshua W Johnson LLC	225-474-8208	6473 LA-44	Gonzales	LA	70737
CDTRAINACO LLC	225-261-5008	14485 Greenwell Springs Rd, Suite A	Greenwell Springs	LA	70739
Jake Fitness, LLC	225-261-6119	18513 Magnolia Bridge Rd	Greenwell Springs	LA	70739
Dang Fit LLC	504-301-1289	3700 Lapalco Blvd, Suite B	Harvey	LA	70058
Natale Management Group, LLC	504-305-6220	910 W Esplanade Ave, Suite D	Kenner	LA	70065
True Elite LLC	337-456-7983	2425 W Congress St	Lafayette	LA	70506
John Foret, Jr. and Lisa Foret	337-478-4525	2724 Country Club Rd	Lake Charles	LA	70605
MJG Silverlilly Investments LLC	985-785-1718	12715 Highway 90, Suite 160A	Luling	LA	70070
K Investments Mandeville LLC	985-674-7627	3441 E Causeway Approach	Mandeville	LA	70448
BJZJ, LLC	337-385-1996	9611 Maurice Ave., Suite 2	Maurice	LA	70510
Natale Management Group LLC	504-304-7321	3501 Severn Ave, Suite #10	Metairie	LA	70002
City Park Fitness LLC	504-304-3638	785 Harrison Ave	New Orleans	LA	70124
Snap Fitness of New Roads, LLC	225-638-7627	1320 Hospital Rd	New Roads	LA	70760
JJSP, LLC	985-386-7105	18539 LA-22	Ponchatoula	LA	70454
JJ Fitness LA	225-372-2003	28977 Walker South Rd, Suite H	Walker	LA	70785
MK Fitness LLC	504-348-4242	1401 Westbank Expy	Westwego	LA	70094
EastHampton Fitness Inc.	413-529-2200	39 Union St	Easthampton	MA	01027
DMZ Fit, Inc.	508-833-7627	280B Rte 130, Suite 8	Forrestdale	MA	02644
GarvCorp, Inc.	413-566-1600	5 Allen St	Hampden	MA	01036
GarvCorp, Inc.	413-532-7627	506 Westfield Rd	Holyoke	MA	01040
Ashley Soules	413-243-8000	14 Pleasant St	Lee	MA	01238
Coastal Fitness, LLC	410-216-2747	2101 Somerville Rd, Suite 120	Annapolis	MD	21401
ROCK STRONG FITNESS, LLC	410-600-7627	2721 Fallston Rd	Fallston	MD	21047
Motivate Fitness, LLC	410-679-1000	413 Pulaski Hwy	Joppa	MD	21085
Pheonix Fitness LLC	301-829-0680	1311 S Main St	Mount Airy	MD	21771
Cascade Health, Inc.	207-934-6136	8 Heath St	Old Orchard Beach	ME	04064
Holbrook Fitness Inc.	207-799-0864	747 Broadway	South Portland	ME	04106
Milam, Inc.	844-895-2176	6101 Lake Michigan Dr	Allendale	MI	49401
Beach Fitness LLC	616-536-2662	9321 Cherry Valley Ave SE	Caledonia	MI	49316
FASTFIT 247, LLC	734-398-7627	4011 S Canton Center Rd	Canton	MI	48188
Caledonia Fitness, LLC	616-997-7627	1136 W Randall Rd	Coopersville	MI	49404
Trinity Fitness, LLC	734-529-7627	107 Waterstradt Commerce Dr, Unit A and B	Dundee	MI	48131
WoodWard Fit Club 247, LLC	248-399-4030	23000 Woodward Ave	Ferndale	MI	48220
George Zerka	810-275-1250	1381 W Bristol Rd	Flint	MI	48507
C.L. Rosser, LLC	989-705-7627	1140 Gornick Ave	Gaylord	MI	49735
Triple Deuce Fitness, LLC	810-694-4000	4501 E Hill Rd	Grand Blanc	MI	48439
M & Z Fitness LLC	616-453-6666	2052 Lake Michigan Dr NW	Grand Rapids	MI	49504
Beltline Fitness, LLC	616-942-5600	855 Michigan St NE	Grand Rapids	MI	49503
Grabruck Consulting, LLC	586-601-5335	26110 Crocker Blvd	Harrison Township	MI	48045

Franchisee Name	Phone	Address	City	State	Zip
Carter Collaboration, LLC	517-339-7627	1630 Haslett Rd	Haslett	MI	48840
Beach Fitness LLC	269-953-1031	804 W State St	Hastings	MI	49058
Coco Fitness Inc.	248-714-9686	2825 E Highland Rd, Suite #119	Highland	MI	48356
Creating A Better U, LLC	616-355-1070	1153 Washington Ave, Suite C and D	Holland	MI	49423
Creating A Better U, LLC	616-741-9380	12059 Felch St	Holland	MI	49424
Barbara Rabitoy	906-483-0310	850 W Sharon Ave	Houghton	MI	49931
Gym Partners, LLC	616-669-9100	3715 Baldwin St	Hudsonville	MI	49426
Gym Partners, LLC	616-777-1345	5696 Balsam Dr	Hudsonville	MI	49426
Kevin J Miller Fitness LLC	616-522-0301	3192 Commerce Ln	Ionia	MI	48846
KPJZ LLC	906-364-7687	629 W Cloverland Dr	Ironwood	MI	49938
J Ryan Fitness, LLC	517-782-1001	1527 Horton Rd	Jackson	MI	49203
Whispering Willows, LLC	517-244-0300	132 S Cedar St	Mason	MI	48854
FiveStrong LLC	734-648-0889	1337 E. M-36	Pinckney	MI	48169
GETBIGFITNESS, Inc.	989-227-8000	2453 Ontario Dr	Saint Johns	MI	48879
B&R Partners LLC	616-846-7627	414 W Savidge St	Spring Lake	MI	49456
Albany Fitness, LLC	320-845-7888	131 8th St S	Albany	MN	56307
TMJ Fitness, LLC	507-377-1290	148 S Broadway Ave	Albert Lea	MN	56007
Fit STMA, LLC	763-276-1016	5676 La Centre Ave, Suite 200	Albertville	MN	55301
JERU Fitness, LLC	320-762-8879	619 3 <sup>rd</sup> Avenue East, Suite 102	Alexandria	MN	56308
Heins Fitness Inc	763-489-0001	1574 154th Ave NW, #104	Andover	MN	55304
H & E Fitness LLC	320-274-7627	125 Oak Ave N	Annandale	MN	55302
Snap Fitness of Mayer, LLC	507-964-5664	108 5 <sup>th</sup> Ave NW	Arlington	MN	55307
Bank Street Fitness LLC	763-220-0787	14083 Bank St	Becker	MN	55308
MDH LLC	952-873-6663	320 S Laredo St, Unit 1	Belle Plaine	MN	56011
B&B Bemidji Fitness, LLC	218-444-9163	3835 Supreme Ct NW, Suite 1	Bemidji	MN	56601
NealResults LLC.	320-843-2127	110 14th St S	Benson	MN	56215
Bank Street Fitness LLC	763-220-0787	651 Rose Dr	Big Lake	MN	55309
Osseo Fitness LLC	612-209-8777	8507 Jefferson Lane North	Brooklyn Park	MN	55445
Ferguson Fitness LLC	952-736-1348	1024 County Road 42 E	Burnsville	MN	55337
Clear Lake Fitness, LLC	763-552-7627	234 Main St N	Cambridge	MN	55008
JMH Fitness I, LLC	507-263-8326	1219 4 <sup>th</sup> St S	Cannon Falls	MN	55009
Persistence Fitness L.L.C.	763-434-5858	18447 Highway 65 NE, Sutie A	Cedar	MN	55011
RE Fitness, LLC	952-448-6500	1012 Gateway Dr	Chaska	MN	55318
Clear Lake Fitness, LLC	320-558-6088	800 Nelson Dr	Clearwater	MN	55320
Hoffman Fitness L.L.C.	320-685-8836	20 Red River Ave S, Suite #120	Cold Spring	MN	56320
Crookston Sport Fitness, LLC	218-281-7627	404 N Broadway	Crookston	MN	56716
RPS Enterprises LLC	218-844-3822	1315 Hwy 10	Detroit Lakes	MN	56501
Freedom Fitness and Health, LLC	218-212-5213	4425 E Superior St	Duluth	MN	55804
CZ Lobo, LLC	218-727-2544	102 E Central Entrance	Duluth	MN	55811
N-E Fitness, LLC	612-920-3385	4402 France Ave S	Edina	MN	55410

Franchisee Name	Phone	Address	City	State	Zip
Momentum Fitness Endeavor L.L.C.	763-241-8387	19022 Freeport St	Elk River	MN	55330
Foley Fit Enterprises LLC	320-968-4900	10 2nd Ave W	Foley	MN	56329
B and C Wald Enterprises LLC	651-464-3234	220 Lake Street N	Forest Lake	MN	55025
Comerstone Fitness Centers LLC	651-438-9309	275 33rd St W, Suite B	Hastings	MN	55033
Essential Health Solutions LLC	218-283-0020	10 Shorewood Drive	International Falls	MN	56649
A&J Fitness IGH, LLC	612-567-2716	6502 Cahill Avenue	Inver Grove Heights	MN	55076
Clear Lake Fitness II, LLC	763-444-3400	404 Whiskey Rd, Suite J	Isanti	MN	55040
Northland Investment Group, LLC	952-997-9753	7409 179th St W	Lakeville	MN	55044
Angell Fitness, LLC	507-357-2242	100 E Minnesota St	Le Center	MN	56057
Persistence Fitness L.L.C.	651-257-2348	12715 Lake Blvd	Lindstrom	MN	55045
TAM Fitness Inc.	320-593-1429	27 E Depot St	Litchfield	MN	55355
Bramel Company LLC	507-744-3700	739 Ash St NE	Lonsdale	MN	55046
3D Fitness LLC	763-493-3488	9475 Garland Ln N	Maple Grove	MN	55311
DAK Fitness LLC	763-447-4014	13408 Bass Lake Rd	Maple Grove	MN	55311
Snap Fitness of Mayer, LLC	952-373-4084	255 Ash Ave N	Mayer	MN	55360
Clear Lake Fitness, LLC	320-983-2300	900 State Hwy 23 West, Suite B	Milaca	MN	56353
Minnesota fitness group LLC	763-231-0125	1400 County Road 101 N, Suite H	Minneapolis	MN	55447
Next Phase Ventures, LLC	763-544-0055	687 Winnetka Ave N	Minneapolis	MN	55427
Top Form, Inc.	612-824-4454	5409 Nicollet Ave S, Suite B	Minneapolis	MN	55419
KNH Enterprises LLC	612-746-4002	945 Broadway St NE	Minneapolis	MN	55413
Ferguson Fitness LLC	763-390-1313	4070 Lakeland Ave N	Minneapolis	MN	55422
Jackson Fitness, LLC	320-321-1348	1111 Black Oak Ave	Montevideo	MN	56265
TWF, Inc.	507-364-8050	300 1st St N	Montgomery	MN	56069
Global Fitness LLC	952-758-9250	130 Main St W, Suite A	New Prague	MN	56071
Widmark Management, LLC	507-359-8888	319 N Front St	New Ulm	MN	56073
Unique Health and Fitness Corp.	507-387-7627	1754 Commerce Drive, Suite 101	North Mankato	MN	56003
RL Health and Fitness, LLC	952-467-2680	308 US-212 W	Norwood Young America	MN	55368
AM Fitness of Owatonna, LLC	507-455-3500	1824 S Cedar Ave	Owatonna	MN	55060
Torino Fitness, Inc.	320-243-2100	970 Diekmann Drive, Suite 100	Paynesville	MN	56362
Global Fitness Prior Lake LLC	952-440-1660	16731 Hwy 13 South, Suite 111	Prior Lake	MN	55372
Snap Fitness of Redwing LLC	651-388-7774	3257 S Service Dr	Red Wing	MN	55066
Momentum Fitness Endeavour L.L.C.	763-428-2208	13635 Northdale Blvd	Rogers	MN	55374
Northland Investment Group, LLC	651-321-7066	14855 S Robert Trl	Rosemount	MN	55068
B and C Wald Enterprises LLC	320-358-0091	1170 W 4th St	Rush City	MN	55069
Highland Partners, LLC	952-446-8879	4195 Main St, Suite 1040	Saint Bonifacius	MN	55375
Hoffman Fitness L.L.C.	320-363-7757	708 Elm St E	Saint Joseph	MN	56374
Ferguson Fitness LLC	651-289-3070	1960 Cliff Lake Rd, Suite 115	Saint Paul	MN	55122
Lerdahl Enterprises, LLC	651-484-0428	2800 Rice St	Saint Paul	MN	55113
B & B Fitness Inc.	320-351-7627	1190 Main St S	Sauk Centre	MN	56378
NealResults LLC	320-796-2424	300 MN-23 S	Spicer	MN	56288

Franchisee Name	Phone	Address	City	State	Zip
Ruud Fitness, LLC	952-471-1114	4671 Shoreline Dr	Spring Park	MN	55384
Hoffman Fitness L.L.C.	320-259-0991	24086 State Highway 15	St. Augusta	MN	56301
Big Red Fitness, LLC	952-926-3040	7210 Minnetonka Blvd	St. Louis Park	MN	55426
KOLENI INC	651-275-9628	1471 Stillwater Blvd N	Stillwater	MN	55082
JAD Fitness LLC	612-224-4102	1495 Stieger Lake Lane	Victoria	MN	55386
Licursi Wellness, LLC	952-442-3815	1309 Oak Ave	Waconia	MN	55387
Madel Fitness of Waseca LLC	507-835-0043	122 Elm Ave E	Waseca	MN	56093
TWF, Inc.	612-221-2787	605 Lewis Ave N	Watertown	MN	55388
B&D, LLC	320-222-7627	812 1st St S	Willmar	MN	56201
B and C Wald Enterprises LLC	651-462-9073	5377 266th St	Wyoming	MN	55092
JMH Fitness II, LLC	507-732-7047	92 West 5th Street	Zumbrota	MN	55992
A&S Fitness Inc	816-623-9775	881 SW Lemans Ln	Lees Summit	MO	64082
WOF investment Ventures, LLC	816-272-0146	631 NE Woods Chapel Rd	Lees Summit	MO	64064
Bradley Winterle	417-725-6656	830 West Mount Vernon Street, Suite #7	Nixa	MO	65714
Skowyra Ventures, LLC	314-846-4414	6070 Telegraph Rd, Suite G	Oakville	MO	63129
VeeFit LLC	636-240-3934	1084 Tom Ginnever Ave	O'Fallon	MO	63366
Walter and Velda Cadwell	660-827-5598	711 E Broadway Blvd	Sedalia	MO	65301
Fear Not Fitness LLC	417-889-7627	3659 E Sunshine St	Springfield	MO	65809
Malone Campbell, LLC	573-468-5656	575 Wal-Mart Dr	Sullivan	MO	63080
Michael Thompson LLC	636-745-8222	10 Wildcat Dr.	Wright City	MO	63390
Snap Fitness Brookhaven, LLC	601-823-7080	939 Brookway Blvd, Suite P	Brookhaven	MS	39601
Pump Room, Inc.	662-627-5511	650 Friars Point Rd	Clarksdale	MS	38614
Bossier and Wiese Greenwood, LLC	662-546-1288	625 W Park Ave	Greenwood	MS	38930
Universal Fitness Personal Training Studio LLC	662-294-8800	1324 Sunset Dr, Suite A	Grenada	MS	38901
W8, Corp.	662-595-4069	1105 Hwy 82 East	Indianola	MS	38751
Snap Fitness McComb, LLC	601-684-1990	1056A Highway 98 - 51	McComb	MS	39648
Bossier Wiese & Wiese, LLC	662-259-2256	304 Heritage Drive, Suite 8	Oxford	MS	38655
Bossier and Wiese East, LLC	662-550-4800	1903 B University Ave	Oxford	MS	38655
Ridgeland Fitness LLC	601-383-4445	7048 Old Canton Rd, Ste 1004	Ridgeland	MS	39157
Riley Fit LLC	662-869-3181	135 City Market Dr	Saltillo	MS	38866
BLMT, LLC	662-844-7627	549 N Coley Rd	Tupelo	MS	38801
Thomas Belgrade Fitness LLC	406-388-0433	207 W Main St	Belgrade	MT	59714
Ashley Investments LLC	406-476-1616	116 Glacier Dr, #102	Lolo	MT	59847
RG Fitness Enterprises, Inc.	252-728-3357	1718 Live Oak St	Beaufort	NC	28516
Fitness by Ghaleb, LLC	704-523-4015	4805 Park Rd	Charlotte	NC	28209
Nyquist Enterprises, LLC	704-895-7474	130 Harbour Place Dr	Davidson	NC	28036
Graziadei Fitness Investments, LLC	704-439-4543	11159 Davinci Dr	Davidson	NC	28036
East Coast Fitness, LLC	252-758-7627	2120 E Fire Tower Rd, Suite 111	Greenville	NC	27858
RaeJax Fitness Inc.	704-624-8400	7427 Matthews Mint Hill Rd, Suite 107	Mint Hill	NC	28227
R & D Health and Fitness LLC	336-643-5501	1433 B (68 Place) Highway 68 North	Oak Ridge	NC	27310

Franchisee Name	Phone	Address	City	State	Zip
Hall Fitness and Wellness, LLC	704-243-2935	3913 Providence Rd S	Waxhaw	NC	28173
Fobb Fitness Inc.	701-672-7627	102 7 <sup>th</sup> Street S	Wahpeton	ND	58075
MRSHERM Enterprises LLC.	402-476-5444	5633 NW 1st St, Suite #105	Lincoln	NE	68521
NH Fitness 247 Inc	603-671-7008	880 Central St	Franklin	NH	3235
Fitness 1 <sup>st</sup> LLC	609-357-1177	1278 Yardville Allentown Rd	Allentown	NJ	8501
TC Fitness, LLC	856-988-7627	795 E Route 70	Marlton	NJ	8053
Mike Foxwell	609-953-7627	7 Wilkins Station Rd	Medford	NJ	8055
Shari's Exercise Express LLC.	973-409-4299	5716 Berkshire Valley Rd	Oak Ridge	NJ	7438
Lakeland Fitness inc.	973-556-5956	115 Skyline Dr	Ringwood	NJ	7456
JC Fitness, LLC	973-875-0600	455 State RT 23	Sussex	NJ	7461
Towaco Fitness Inc.	973-917-4555	702 Route 202	Towaco	NJ	7082
Shari's Exercise Express, LLC	973-764-7627	514 CR-515	Vernon	NJ	7462
Shari's Exercise Express LLC.	973-506-4333	20 Marshall Hill Rd	West Milford	NJ	7480
Tramway 24-7 Fitness LLC	505-839-1535	1530 Tramway Blvd NE	Albuquerque	NM	87112
Finish the Race Inc.	505-332-3944	7900 Carmel Ave NE	Albuquerque	NM	87122
Cibola 24-7 Fitness LLC	505-287-9784	901 North 1st Street	Grants	NM	87020
DNA Fitness, LLC	575-359-7100	1608 E Spruce St, Sutie 100	Portales	NM	88130
J&S Fitness Boulder City Inc.	702-403-1671	1030 Nevada Hwy	Boulder City	NV	89005
FIT AD, LLC	716-902-4250	13242 Broadway St	Alden	NY	14004
Viveros Enterprises LLC	607-973-2888	32 E Market St	Corning	NY	14830
Clean Life Fitness LLC	716-947-9010	6950 Erie Rd	Derby	NY	14047
FIT E.A. LLC	716-655-6600	42 Riley St, Suite 100	East Aurora	NY	14052
HERGON LLC	607-973-2888	1801 W Water St	Elmira	NY	14905
RanPop Fitness LLC	716-775-8486	2488 Grand Island Blvd	Grand Island	NY	14072
Meta-Fitness LLC	716-201-4663	6507 Wheeler Rd	Lockport	NY	14094
Meta-Fitness LLC	585-735-4201	11184 Maple Ridge Rd	Medina	NY	14103
FIT O.P. LLC	716-508-8400	4180 N Buffalo Rd	Orchard Park	NY	14127
Vilop Fitness LLC	607-973-2888	203 Lake St	Penn Yan	NY	14527
North Rockland Fitness Inc.	845-269-3333	32 S Liberty Dr	Stony Point	NY	10980
Sugar Free Fitness LLC	914-499-3999	69 N Broadway	Tarrytown	NY	10591
Shari's Exercise Express, LLC	845-987-9656	148 State Route 94 S	Warwick	NY	10990
JB HALEX LLC	419-903-0577	1051 Commerce Pkwy	Ashland	OH	44805
Oxgate Partners, Inc	330-995-0795	317 E Garfield Rd	Aurora	OH	44202
JA Fitness 2 LLC	330-460-4446	2264 Locust St S	Canal Fulton	OH	44614
S S Young Fitness, LLC	567-890-7627	1107 N. Main Street, Suite 112	Celina	OH	45822
HD Falls Fitness, LLC	440-247-2013	524 E Washington St	Chagrin Falls	OH	44022
Leelanu Fitness LLC	440-286-1060	520 5th Ave, Suite 5	Chardon	OH	44024
Get Fit Investments, LLC	513-574-7627	6701 Ruwes Oak Dr, Suite 12	Cincinnati	OH	45248
Cashell Fitness LLC	740-420-7627	1186 N Court St	Circleville	OH	43113
E6, LLC	614-754-7014	864 S 3rd St	Columbus	OH	43206

Franchisee Name	Phone	Address	City	State	Zip
E6, LLC	614-824-5291	2080 Arlington Ave	Columbus	OH	43221
E6, LLC	614-559-9955	1409 W 3rd Ave	Columbus	OH	43212
E6, LLC	614-824-2082	2408 E Main St	Columbus	OH	43209
Head West LLC	614-947-7464	3130 N High St	Columbus	OH	43202
E6, LLC	614-299-9006	14 E Hubbard Ave	Columbus-Short North	OH	43215
Ralston Professional Services LLC	440-599-9951	236 Main St	Conneaut	OH	44030
Dayton Fitness, LLC	937-567-0105	312 N Patterson Blvd	Dayton	OH	45402
Emerald Fitness, LLC	614-356-8389	5615 Woerner Temple Rd	Dublin	OH	43016
Oxgate Partners, Inc.	330-527-8032	8289 Windham St	Garrettsville	OH	44231
Leelanau Fitness LLC	440-466-9143	767 S Broadway	Geneva	OH	44041
Godspeed, LLC	937-547-3311	1370 A/B Kitchenaid Way	Greenville	OH	45331
Bantam Enterprises, LLC	330-474-2910	2500 Ohio 59	Kent	OH	44240
HD Fitness, LLC	440-290-4255	6581 N Ridge Rd	Madison	OH	44057
JB HALEX LLC	419-610-2111	1034 Ashland Rd	Mansfield	OH	44905
Lazy Mutt L.L.C.	330-391-7237	919 N Court St	Medina	OH	44256
Motivated Fitness LLC	937-444-5230	127 N Point Dr	Mount Orab	OH	45154
JA Fitness 1 LLC	330-825-0002	3300 Greenwich Rd.	Norton	OH	44203
DCMW, LLC	419-678-7627	531 S Eastern Ave	Saint Henry	OH	45883
S S Young Fitness, LLC	419-300-9623	1280 Indiana Ave	Saint Marys	OH	45885
BRAINS & BRAUN LLC	419-342-4000	209 Mansfield Ave	Shelby	OH	44875
Fitright Training & Consulting, LLC	330-963-6527	7995 Darrow Rd	Twinsburg	OH	44087
Worthington Fitness, LLC	614-987-6714	661 North High St	Worthington	OH	43085
In Strength Enterprises, LLC	937-372-5500	1822 West Park Sq.	Xenia	OH	45385
ST International LLC	541-201-2444	310 Oak St	Ashland	OR	97520
ST International LLC	541-201-2450	2205 Ashland St	Ashland	OR	97520
B5 Butler Market, LLC	541-382-2348	2700 NE 4th St	Bend	OR	97701
B5 Fitness, LLC	541-749-2015	2753 NW Lolo Dr	Bend	OR	97703
B5 Fitness, LLC	541-749-2013	19550 Amber Meadow Dr	Bend	OR	97702
EA Management LLC	541-508-5445	1310 SE Reed Market Rd, Suite #130	Bend	OR	97702
Artino Fitness LLC	503-266-5515	1109 SW 1st Ave, Suite C	Canby	OR	97013
Ikaika Fitness LLC	971-293-3422	400 NW Eastman Pkwy	Gresham	OR	97030
DDH Sunnyside Fitness LLC	503-427-2569	14800 SE Sunnyside Road, Suite B	Happy Valley	OR	97015
DL Fitness, LLC	541-716-5393	2940 Cascade Ave	Hood River	OR	97031
ST International, LLC	541-702-0700	650 G St	Jacksonville	OR	97530
Evinger Fit LLC	541-238-5858	3810 S 6th St #110	Klamath Falls	OR	97603
DC Oswego Fitness LLC	503-968-7627	6296 SW Meadows Rd	Lake Oswego	OR	97035
D Caldwell Enterprises LLC	503-436-6684	697 SW Keck Dr	Mcminnville	OR	97128
ST International, LLC	541-210-5888	930 N Phoenix Rd, #101	Medford	OR	97504
Lifelong Fitness LLC	503-353-7627	4200 SE King Rd	Milwaukie	OR	97222
Ikaika Fitness LLC	503-656-2580	19729 S Highway 213	Oregon City	OR	97045

Franchisee Name	Phone	Address	City	State	Zip
DSC Adventures LLC	503-645-7900	18335 NW West Union Rd	Portland	OR	97229
The Muscle Train, LLC	503-334-1887	7110 SE Milwaukie Ave	Portland	OR	97202
Lucky 13 Enterprises, LLC	503-991-5053	4555 Liberty Rd., Suite #390	Salem	OR	97302
2DM Lifestyles, LLC	503-991-5902	1124 Wallace Rd NW, Suite 140	Salem	OR	97304
RAD Fitness Scappoose, LLC	503-987-7060	33464 Havlik Dr	Scappoose	OR	97056
ST International, LLC	541-512-6077	245 W Valley View Rd	Talent	OR	97540
Fitness Acquisitions LLC	610-751-5105	426 Blue Valley Dr	Bangor	PA	18013
Pure Fitness Business Group, LLC	724-707-0225	204 Memorial Blvd	Connellsville	PA	15425
Silver Streak Fitness LLC	814-462-2455	124 W Smith St	Corry	PA	16407
Holy Gains Investment, LLC	724-553-5516	2710 Rochester Rd, Suite 100	Cranberry Township	PA	16066
Team Five-O, LLC	610-385-5555	180 Old Swede Rd	Douglassville	PA	19518
Vincent GR Dougherty	814-299-4304	22 Hoover Ave, Marketplace Center	Du Bois	PA	15801
Team Five-O, LLC	610-286-3663	600 Crossings Blvd	Elverson	PA	19520
Andrew J. Hellmann Enterprises, LLC	814-315-6191	2424 E 38th St	Erie	PA	16510
Daniel Spring	814-774-0000	20 Sunset Dr	Girard	PA	16417
Harmony Athletics LLC	724-452-9300	100 Perry Hwy, Sutie 112	Harmony	PA	16037
PHMM Fitness LLC	724-744-7775	4016 Route 130	Irwin	PA	15642
WFB Inc	724-687-0456	158 Brickyard Rd, Suite 400	Mars	PA	16046
Donald Beveridge and David Limano	814-350-2499	19023 Park Avenue Plz	Meadville	PA	16335
Spesh Robinson	724-204-8411	310 Countryside Plz	Mount Pleasant	PA	15666
TOMI M FITZPATRICK LLC	814-725-2000	69 E. Main, Unit 1	North East	PA	16428
Worrall Fitness Company, LLC	484-365-2533	603 Commons Drive	Oxford	PA	19363
Fenton Fitness LLC	814-343-6448	911 N Front St	Philipsburg	PA	16866
Body Revised - Etna LLC	412-821-7627	550 Butler St	Pittsburgh	PA	15223
Body Revised - McKnight LLC	412-837-2092	4721 McKnight Rd	Pittsburgh	PA	15237
Fitness Acquisitions LLC	610-554-7096	200 S Best Ave	Walnutport	PA	18088
Worrall Fitness Company, LLC	484-746-5400	63 Jenners Village Ctr	West Grove	PA	19390
B&W Fitness, LLC	843-856-3600	1184 Clements Ferry Rd, Suite E	Charleston	SC	29492
Warrior Gyms LLC	803-802-7348	3150 US-21	Fort Mill	SC	29715
Jones and Wells Inc.	605-262-7627	1601 6th Ave SE	Aberdeen	SD	57401
Casey Jones, Inc.	605-692-7627	1009 Main Ave S	Brookings	SD	57006
Scenic City Fitness, Inc.	423-665-4120	8530 Hixson Pike, Suite 114	Hixson	TN	37343
Manchester Fitness, LLC	931-450-3430	1216 Hillsboro Blvd	Manchester	TN	37355
FHG Fitness LLC	423-855-8950	1667 Ooltewah-Ringgold Rd	Ooltewah	TN	37363
Teamworks LLC	361-756-5500	2521 E Main St., Suite 103	Alice	TX	78332
Kenan Davis and Company LLC	979-319-7200	1802A N Velasco St	Angleton	TX	77515
VestInvestments LLC	682-888-1463	2800 Forestwood Dr, Suite 130	Arlington	TX	76006
Coolspace Fitness, LLC	903-670-3111	1111 E Tyler St, Suite 101B	Athens	TX	75751
ULM Enterprises, L.L.C.	325-718-4774	1918 South Bridge	Brady	TX	76825
McCue Movement Systems, LLC	979-776-7627	4282 Boonville Rd, Suite 130	Bryan	TX	77802

Franchisee Name	Phone	Address	City	State	Zip
Optimum Resolutions, Inc.	210-245-7447	113 Rodeo Way, Suite 116	Cibolo	TX	78108
Outdoor Lawn Development LLC	936-465-9050	1275 E Loop 304, Suite 100	Crockett	TX	75835
Sheffield Property Management LLC	281-462-4935	6500 N FM 2100, Suite 290	Crosby	TX	77532
JJMCYP, LLC	281-758-5654	16341 Mueschke Rd, Ste 250	Cypress	TX	77433
Alpha One Enterprises, LLC	936-681-0043	400 E Highway 90	Dayton	TX	77535
Teamworks LLC	830-663-8008	615 E Hondo Ave	Devine	TX	78016
Teamworks LLC	830-776-5103	1975 N Veterans Blvd, Suite 2B	Eagle Pass	TX	78852
V4 Enterprises, Inc.	979-543-2348	2209 West Loop	El Campo	TX	77437
Our Fitness Corp	972-357-7006	1104 Ranch Rd, Suite 111	Forney	TX	75126
TNG Fitness LLC	979-202-1061	303 A S Brazosport Blvd	Freeport	TX	77541
VEMIGym LLC	817-243-0012	1030 E Highway 377, Suite 124	Granbury	TX	76048
Cowboy Fitness, LLC	936-755-3811	130 Col Etheredge Blvd, Suite A	Huntsville	TX	77340
Fortitude Fitness, LLC	972-971-3101	2017-A South Washington Ave.	Kaufman	TX	75142
Teamworks LLC	361-595-3119	805 S 14 <sup>th</sup> St, Suite A	Kingsville	TX	78363
Gardeca Fitness, LLC	281-360-2198	2510 Mills Branch Dr	Kingwood	TX	77345
Hester Family Fitness, LLC	806-221-2676	500 West 7th St	Littlefield	TX	79339
Janke Fitness, LLC	512-398-2454	605 State Park Rd	Lockhart	TX	78644
Southwest Brands LLC	806-224-2700	9806 Indiana Ave	Lubbock	TX	79423
Janke Fitness Luling, LLC	830-351-5030	417 E Davis St	Luling	TX	78648
Moneer Enterprises, L.L.C.	281-778-7620	4607 Sienna Pkwy	Missouri City	TX	77459
Gardeca Inc.	936-825-3000	1610 N La Salle St, Suite C	Navasota	TX	77868
Outdoor Lawn Development LLC	281-996-9800	3108 Dixie Farm Rd, Suite 1112	Pearland	TX	77581
Teamworks LLC	903-226-7111	723 E Quinlan Pkwy	Quinlan	TX	75474
J&E Widrick Investments, LLC	972-576-0388	120 State Highway342	Red Oak	TX	75154
Tech Fit, Inc.	832-862-3199	1221 FM 359 Rd	Richmond	TX	77406
Teamworks LLC	956-263-1974	1212 E US Highway 83	Rio Grande City	TX	78582
Teamworks LLC	512-430-4446	734 W Cameron Ave	Rockdale	TX	76567
JJSP, LLC	361-386-2909	2810 Highway 35 N	Rockport	TX	78382
FitTex, LLC	972-635-2544	125 W Interstate 30, Suite L	Royse City	TX	75189
Roman and Lorena Villa	210-888-8282	6511 West FM, Loop 1604 North, Suite 104	San Antonio	TX	78254
JM&C Houston Elite Enterprises, LLC	281-532-4000	2900 Nasa Pkwy, Suite 430	Seabrook	TX	77586
Gardeca Inc.	281-689-9555	13841 US-59, Suite B	Splendora	TX	77372
D&VFitness, LLC	281-624-5423	6905 Cypresswood Dr	Spring	TX	77379
GFIJSSPR, LLC	817-382-4343	511 E Highway 199	Springtown	TX	76082
Fantastic 4 Fitness LLC	903-848-6100	400 Gilmer St	Sulphur Springs	TX	75482
Teamworks LLC	830-591-9335	330 North Getty St	Uvalde	TX	78801
Clinnard Fitness LLC	430-625-2222	107 W US Highway 80	White Oak	TX	75693
Covenant Agreement Corporation	903-873-8887	130 S 4th St, Suite 100	Wills Point	TX	75169
Williams Family Fitness, LLC	469-395-6430	560 Country Club Rd, Suite 102	Wylie	TX	75098



Franchisee Name	Phone	Address	City	State	Zip
Charlene and Willard Stead	435-867-1301	145 N Main St	Cedar City	UT	84721
Call Fitness Ventures, L.L.C.	801-737-1570	2331 N Washington Blvd	Ogden	UT	84414
Call Fitness Ventures, L.L.C.	385-238-4833	3484 W 4800 S	Roy	UT	84067
Jordan John	801-825-0191	2107 W 1700 S	Syracuse	UT	84075
PaPow Fitness, LLC	801-282-2766	7759 S 4800 W	West Jordan	UT	84084
The Friday Group of Virginia, LLC	703-299-9499	1315 King St	Alexandria	VA	22314
Parkway Group of VA, LLC	703-348-8507	1508 Belle View Blvd	Alexandria	VA	22307
AM Fit, LLC	434-381-6001	203 S Main St	Amherst	VA	24521
Pans Out, LLC	434-973-0587	386 Hillsdale Dr	Charlottesville	VA	22901
Two Girls, One Holding, LLC	434-270-8875	340 Towncenter Ln, Suite 300	Charlottesville	VA	22911
ssBoys LLC	703-463-9886	13300 Franklin Farm Rd	Herndon	VA	20171
Be Fit Associates, LLC	434-384-6600	2820 Linkhorne Road, Suite B	Lynchburg	VA	24503
Innovative Fitness Solutions, LLC	703-680-7627	6340 Hoadly Rd	Manassas	VA	20112
Mount Moriah Packaging, Inc.	804-769-7627	1142 Richmond-Tappahannock Hwy	Manquin	VA	23106
BJ Fitness LLC	804-883-0190	16609 Mountain Rd	Montpelier	VA	23192
Binda Fitness, LLC	757-659-0074	475-G Wythe Creek Rd	Poquoson	VA	23662
Muffin Top Fitness, LLC	757-229-7627	7500 Richmond Rd, Suite D	Williamsburg	VA	23188
East West Coast Bros L.L.C.	802-476-0460	1400 US Route 302, Suite #3	Barre	VT	05641
Burlington Fitness 247 LLC	802-881-0707	1127 North Ave	Burlington	VT	05408
Milton Fitness 247 LLC	802-891-6346	384 Route 7 S	Milton	VT	05468
Lotus Enterprises, LLC	802-888-3500	125 Munson Ave	Morrisville	VT	05661
East West Coast Bros L.L.C.	802-886-2407	363 River St, Suite 104	Springfield	VT	05156
Fitness 620, LLC	360-723-0100	2312 W Main St	Battle Ground	WA	98604
DSR Fitness LLC	360-627-8746	1600 NE Roseway Ln, Suite 120	Bremerton	WA	98311
Harman Fitness LLC	509-235-7627	2726 1st St	Cheney	WA	99004
Clarkston Fitness, LLC	509-254-5065	1620 13th St	Clarkston	WA	99403
B & A Enterprises, LLC	360-636-4321	1940 Cascade Way	Longview	WA	98632
B & A Enterprises LLC	360-425-5900	3707 Ocean Beach Hwy	Longview	WA	98632
Ashley Investment II LLC	509-299-3883	207 Hwy 902	Medical Lake	WA	99022
Ashley Investments II LLC	509-350-8747	2707 W Broadway Ave	Moses Lake	WA	98837
Healthworks Fitness 2, LLC	360-930-6110	1016 N.E. Forest Rock Lane, #115	Poulsbo	WA	98370
Healthworks Fitness, LLC	360-698-2628	3114 NW Randall Way	Silverdale	WA	98383
Ashley Investments LLC	509-473-9477	3717 S Grand Blvd	Spokane	WA	99203
MINAPL1, LLC	509-468-2862	8801 N Indian Trail Rd	Spokane	WA	99208
Fitness 52 Inc.	509-209-8288	14017 N. Newport Hwy., Suite C	Spokane	WA	99021
Avery Fitness, LLC	509-385-0909	9331 E Montgomery Ave, Space 105	Spokane	WA	99206
J. Smith Fitness, LLC	509-893-8880	11205 E Dishman Mica Rd	Spokane Valley	WA	99206
Fitness 620, LLC	360-225-1111	1307 Lewis River Rd	Woodland	WA	98674
KPJZ LLC	715-682-0141	1804 Lake Shore Dr E	Ashland	WI	54806
Cornerstone Fitness WI, LLC	715-688-6888	570 10th Ave	Baldwin	WI	54002

Franchisee Name	Phone	Address	City	State	Zip
EP Fitness LLC	608-413-0277	34 Glacier Edge Sq	Cross Plains	WI	53528
The Collective Place, LLC	262-723-7627	56 W. Market Street	Elkhorn	WI	53121
Ellsworth Snap Fitness	715-273-3734	185 E Main St, #5	Ellsworth	WI	54011
New Lifestyle of Hartford, LLC	262-397-8726	1532 E Sumner St	Hartford	WI	53027
JC Smith Enterprises LLC	262-367-1800	352 Cottonwood Ave, Suite C	Hartland	WI	53029
North Country Closeouts, Inc.	715-934-2988	10342 Dyno Dr, North Country Mall	Hayward	WI	54843
JSK Management, LLC	715-377-7950	824 Carmichael Rd	Hudson	WI	54016
Andre Adams Official LLC	262-683-2356	5506 75th St	Kenosha	WI	53142
JnF Fitness: La Crosse LLC	608-788-5880	2432 State Rd	La Crosse	WI	54601
MJ Fitness, LLC	608-847-7060	610 McEvoy St	Mauston	WI	53948
MA Fitness LLC	715-232-9999	1102 N Broadway St	Menomonie	WI	54751
C Blu, LLC	414-486-7627	2450 S Kinnickinnic Ave	Milwaukee	WI	53207
Second Chance Fitness L.L.C.	414-354-3481	4301 W Bradley Rd	Milwaukee	WI	53223
JC Smith Enterprises LLC	414-259-1300	7226 W North Ave	Milwaukee	WI	53213
C Blu, LLC	414-276-7627	1815 N Farwell Ave	Milwaukee	WI	53202
NZFitness LLC	608-437-7627	1855 Springdale St	Mount Horeb	WI	53572
Spaeth Fitness, LLC	715-246-9105	575 N Knowles Ave, Suite A	New Richmond	WI	54017
The Company West, LLC	715-294-4554	2388 State Road 35	Osceola	WI	54020
NZFitness LLC	608-348-5121	180 McGregor Plz	Platteville	WI	53818
Full Wattage Fitness LLC	715-262-5003	1435 North Acres Rd., Suite 600	Prescott	WI	54021
Stephens Fitness LLC	715-434-7627	225 S Main St	Rice Lake	WI	54868
River Falls Snap Fitness, Inc.	715-425-9330	1025 S Main St	River Falls	WI	54022
JSK Management, LLC	715-749-9019	147 Jennifer Rae Jct N	Roberts	WI	54023
The Company West, LLC	715-483-9765	340 E McKenney St	Saint Croix Falls	WI	54024
Paddock Lake Fitness LLC	262-586-5424	7353 256th Ave, Suite 150	Salem	WI	53168
John Hrusovszky	715-524-4348	1056 E Green Bay St, Suite 500	Shawano	WI	54166
The Company West, LLC	715-247-5657	709 Rivard Street	Somerset	WI	54025
JC Smith Enterprises LLC	262-246-9500	N69W25055 Indiangrass Ln	Sussex	WI	53089
ClubHub America, LLC	262-862-2793	12033 Antioch Rd	Trevor	WI	53179
Work It Out, LLC	304-840-0180	3554 US Route 60 E	Barboursville	WV	25504
Work It Out, LLC	304-881-0707	13 Kanawha Blvd W	Charleston	WV	25302
Work It Out, LLC	304-397-5727	3703 Teays Valley Rd	Hurricane	WV	25526
Work It Out, LLC	304-592-4011	305 E Main St	Milton	WV	25541
Work It Out, LLC	304-586-6014	3440 Winfield Rd	Winfield	WV	25213
Dmshow LLC	307-237-6878	2135 E 12th St	Casper	WY	82601

**FRANCHISE AGREEMENT SIGNED BUT NOT OPEN AS OF DECEMBER 31, 2023**

Franchisee Name	Location Address	City	State	Phone
Quick Fitness LLC	TBD	TBD	AL	205-337-1201
Neutrax, LLC	TBD	TBD	AZ	520-423-0123

Franchisee Name	Location Address	City	State	Phone
SWB2 LLC	Wilshire Blvd. and Lincoln Blvd. West	Los Angeles	CA	925-286-5049
Vitality Health LLC	Central Ave & Oak St	San Francisco	CA	415-302-9054
Colorado Fitness Solutions #2, LLC	Littleton	Littleton	CO	303-521-7779
MR3 Fitness, LLC	TBD	Columbus	GA	
MR3 Fitness, LLC	TBD	Augusta	GA	
Coastal Fitness, LLC	1153 Route 3 N	Gambrills	MD	410-729-1133
DeBiasi Fitness LLC	TBD	Jersey City	NJ	917-841-2245
DeBiasi Fitness LLC	TBD	Summit	NJ	917-841-2245
Roxy Fit LLC	TBD	Caldwell	NJ	973-476-4607
DeBiasi Fitness LLC	TBD	South Hampton	NY	917-841-2245
JB Halex LLC	1446 Lexington Ave	Mansfield	OH	
Teamworks LLC	TBD	Kyle	TX	713-894-9175
Lewiston Fitness, LLC	TBD	Walla Walla	WA	208-305-3013
Lewiston Fitness, LLC	TBD	Walla Walla	WA	208-305-3013

**FRANCHISEES WHO LEFT THE SYSTEM  
DURING THE 12-MONTH PERIOD ENDING DECEMBER 31, 2023**

NOTE: If you buy this franchise, your contact information may be disclosed to other potential franchisees of Snap Fitness when you leave the Snap Fitness system.

**Franchisees no longer in the system due to Transfer:**

Club State	Franchisee	City	State	Phone
AZ	Apex Physical Conditioning and Fitness, LLC	Fountain Hills	AZ	480-432-6764
CA	Pony Express Fitness 24-7 LLC	Pollock Pines	CA	707-644-9464
FL	JTK Destination Fitness LLC	New Smyrna Beach	FL	386-690-8783
LA	Wellness Partners, LLC	Abbeville	LA	337-591-5437
MI	Bubba Chuck Enterprises, LLC	Dundee	MI	419-787-2737
MI	Cavalli Fitness LLC	Ionia	MI	517-348-4848
MN	Blue Skyle, LLC	Albertville	MN	763-477-8783
MN	Foley Fitness, LLC	Foley	MN	320-968-4900
MN	Fox Fitness, LLC	Burnsville	MN	952-447-6326
MN	Fox Fitness, LLC	Minneapolis	MN	651-335-8951
MN	Get Fit MN LLC	Maple Grove	MN	612-432-6436
MN	JML Group Inc.	Benson	MN	952-941-3990
MN	Koleni, Inc.	Forest Lake	MN	651-762-2895
MN	PAJR Enterprises LLC	Chaska	MN	952-210-9575
MS	Scoggins & Wiese, LLC	Grenada	MS	901-674-5205
NE	Stone Age Phun, Inc.	Lincoln	NE	402-438-5107
OR	ST International LLC	Klamath Falls	OR	707-845-1652
TX	B & C Lawrence Fitness, LLC	Kaufman	TX	972-972-3101

Club State	Franchisee	City	State	Phone
TX	BV Fitness, LLC	Bryan	TX	281-615-5491
TX	Jackson Works, LLC	Dayton	TX	936-336-3456
TX	Wake Up & Grand LLC	White Oak	TX	903-235-6040
VT	BT Fitness Inc.	Barre	VT	205-863-5098
VA	Poquoson Fitness, LLC	Poquoson	VA	757-593-4945
WI	Ahl's Five Star Fitness, Inc.	Elkhorn	WI	262-249-2221

**Franchisees that left the system due to termination, non-renewal or ceased operations:**

Club State	Franchisee	City	State	Phone
FL	Galaxy Fitness Corp	Clewiston	FL	954-734-5888
FL	KinFit Inc	Estero	FL	425-408-2895
GA	Georgia Health Club Partners, LLC	Statesboro	GA	912-489-5935
GA	Randolph Michael LLC	Hampton	GA	845-629-4584
IA	Katrina Althaus Inc.	Eldridge	IA	563-529-2677
IN	AJ FITNESS LLC	Greencastle	IN	765-719-1494
KY	Kingdom Investments 3, Inc.	Brandenburg	KY	270-668-2208
KY	Sun Park	Independence	KY	513-900-0075
MA	Grafton Hill Fitness LLC	Worcester	MA	508-667-3848
MI	T&K Snap Inc.	Clio	MI	810-287-7267
MI	T&K Snap Inc.	Flushing	MI	810-287-7267
MI	TAC Acquisitions, LLC	Charlotte	MI	989-745-4119
MI	TAC Acquisitions, LLC	Grand Ledge	MI	989-745-4119
MI	Triple Deuce Fitness, LLC	Swartz Creek	MI	248-933-5010
MN	Blue Skyle, LLC	Saint Michael	MN	763-477-8783
MN	Global Fitness Savage LLC	Prior Lake	MN	612-306-9053
MO	BR Diversified, LLC	St. Joseph	MO	816-596-2473
MO	J. Michael Fitness, LLC	Saint Louis	MO	314-393-7112
MT	LJM Fitness, LLC	Laurel	MT	406-672-7532
NJ	Byberry ServicesSolutions, LLC	Columbus-Mansfield	NJ	609-367-2800
NM	Richard Gross III	Bosque Farms	NM	505-507-7171
NY	David Principino	Scottsville	NY	585-729-0522
NY	Vinama First LLC	Horseheads	NY	607-346-6482
OH	Dan Pierson, LLC	Cincinnati	OH	513-295-4049
OH	Technikem USA LLC	Streetsboro	OH	330-775-8813
SD	Pleasure Park, LLC	North Sioux City	SD	712-253-4432
TN	J & J Fitness 24/7, LLC	Ashland City	TN	615-714-5388
TX	Perrodin Enterprises LLC	Richmond	TX	337-257-3042
TX	TOPTEN FITNESS GROUP, LLC	Dallas	TX	214-763-6165
TX	TOPTEN FITNESS GROUP, LLC	Richardson	TX	214-763-6165
WA	Cunning Health, Inc	Long Beach	WA	303-651-1108

Club State	Franchisee	City	State	Phone
WA	Harman Fitness LLC	Vancouver	WA	509-389-0398
WI	Balancing Life LLC	East Troy	WI	414-588-4009

**SNAP FITNESS CORPORATE AND AFFILIATE-OWNED CLUBS AS OF DECEMBER 31, 2023**

Club Name	Phone	Address	City	State
Half Moon Bay	650-726-4600	20 Stone Pine Road	Half Moon Bay	CA
Placerville	530-621-2777	1248 Broadway	Placerville	CA
Shingle Springs	530-672-2777	3975 Durock Road, Suite 104	Shingle Springs	CA
Bethel-Downtown	203-683-4131	9 Durant Ave.	Bethel	CT
Plaquemine	225-687-6271	58630 Bellview Road	Plaquemine	LA
Thibodaux	985-447-1685	1655 St Mary Street	Thibodaux	LA
Lowell	616-987-4000	2173 W Main St	Lowell	MI
Chanhassen	952-567-5800	2411 Galpin Court	Chanhassen	MN
Cleveland	281-761-2668	1715 E. Houston Street	Cleveland	TX
Ingleside	361-345-4543	2334 Highway 361, Suites 138-158	Ingleside	TX

***EXHIBIT E***  
**OPERATIONS MANUAL TABLE OF CONTENTS**

<b>1. HOW TO USE THIS MANUAL .....</b>	<b>1</b>
1.1. MANUAL PURPOSE.....	1
1.2. MANUAL LIBRARY.....	1
1.3. OWNERSHIP, SECURITY, AND DISTRIBUTION.....	2
1.4. STANDARDS AND BEST PRACTICES.....	3
1.5. HELPFUL RESOURCES.....	3
1.6. MANUAL UPDATES .....	5
1.7. DISCLAIMER.....	5
<b>2. INTRODUCTION .....</b>	<b>5</b>
2.1. WELCOME TO SNAP FITNESS .....	5
2.2. THE SNAP FITNESS CONCEPT .....	5
2.3. OUR HISTORY.....	5
2.4. OUR MISSION AND BELIEFS.....	6
2.5. WHAT IS FRANCHISING?.....	6
2.6. FRANCHISEES RESPONSIBILITIES.....	7
2.7. INDEPENDENT CONTRACTOR NOTIFICATION.....	7
2.8. FUNCTION OF OPERATIONAL STANDARDS .....	7
<b>3. SUPPORT AND TRAINING .....</b>	<b>7</b>
3.1. FRANCHISE ADVISORY COUNCIL .....	7
3.2. FRANCHISE BUSINESS COACH .....	8
3.3. FIELD MARKETING SUPPORT .....	8
3.4. TECHNICAL SUPPORT.....	8
3.5. PRE-OPENING ASSISTANCE .....	8
3.6. SNAP FITNESS UNIVERSITY: INITIAL FRANCHISEE TRAINING PROGRAM .....	8
3.7. CLUB MANAGEMENT SYSTEM TRAINING.....	9
3.8. NEW CLUB OPENING .....	9
<b>4. NEW CLUB OPENING AND EXISTING CLUB RELOCATION .....</b>	<b>11</b>
4.1. SITE SELECTION AND APPROVAL .....	11

4.2. LEASE AND LEASE ADDENDUM..... 12

4.3. BUSINESSES LICENSES, PERMITS, AND CERTIFICATIONS..... 12

4.4. TAX REGISTRATION AND PAYMENTS..... 13

4.5. CLUB DESIGN ..... 14

4.6. UTILITIES / SERVICES ..... 14

4.7. CLUB RELOCATION..... 15

**5. PRODUCTS AND SERVICES ..... 15**

5.1. REQUIRED OFFERINGS..... 15

5.2. APPROVED OFFERINGS ..... 15

5.3. REQUIRED AND APPROVED VENDORS/PRODUCTS..... 16

5.4. PROPOSING NEW SERVICES OR PRODUCTS..... 17

**6. MEMBERSHIP AGREEMENTS AND PRICING ..... 17**

6.1. MEMBERSHIP PRICING..... 17

6.2. MEMBERSHIP AGREEMENT OPTIONS..... 20

6.3. MEMBERSHIP TIERS..... 20

6.4. PERSONAL TRAINING AND PROGRAMMING PRICING..... 21

6.5. RECIPROCAL MEMBERSHIPS..... 22

6.6. HOME CLUB MEMBERSHIPS..... 22

6.7. MEMBERSHIP TRANSFER POLICY..... 23

6.8. FREE TRIALS AND GUEST REFERRAL PROGRAM..... 24

6.9. INSURANCE DISCOUNTS..... 24

**7. MEMBER SERVICES AND POLICIES ..... 24**

7.1. MEMBER SERVICE PHILOSOPHY..... 24

7.2. MEMBER TYPES..... 24

7.3. ENGAGING WITH OUR MEMBERS..... 25

7.4. MEMBERSHIP POLICIES..... 28

7.5. PHONE ETIQUETTE AND TRAINING..... 30

7.6. RESPONDING TO DISSATISFIED MEMBERS..... 31



<b>8. LEAD MANAGEMENT &amp; THE SALES PROCESS</b> .....	<b>32</b>
8.1. ENROLLING NEW MEMBERS.....	33
8.2. NEW MEMBER ONBOARDING.....	33
8.3. INITIAL ASSESSMENT.....	34
8.4. MEMBER RETENTION.....	34
<b>9. CLUB MANAGEMENT SYSTEM</b> .....	<b>35</b>
9.1. INTRODUCTION TO GLOFOX.....	35
9.2. CONFIGURING GLOFOX.....	35
9.3. DATA MANAGEMENT AND PROTECTION.....	36
9.4. TRANSACTING SALES.....	37
<b>10. CLUB OPERATIONS</b> .....	<b>38</b>
10.1. HOURS OF OPERATION.....	38
10.2. START AND END OF DAY MANAGEMENT PROCEDURES.....	38
10.3. USE OF MUSIC AT THE CLUB.....	38
10.4. VISUAL MERCHANDISING STANDARDS.....	38
10.5. INVENTORY MANAGEMENT.....	39
10.6. CLUB MAINTENANCE / CLEANLINESS.....	40
10.7. MONITORING YOUR BUSINESS.....	40
<b>11. MARKETING REQUIREMENTS</b> .....	<b>40</b>
11.1. VISUAL IDENTITY GUIDELINES.....	40
11.2. CLUB WEBSITE.....	41
11.3. DIGITAL MARKETING & SOCIAL MEDIA.....	41
11.4. GRAND OPENING MARKETING INVESTMENT.....	41
11.5. LOCAL MARKETING REQUIREMENT.....	41
11.6. LOCAL MARKETING FUND OR COOPERATIVE.....	42
11.7. NATIONAL MARKETING FUND.....	42
<b>12. SAFETY, SECURITY, AND INSURANCE</b> .....	<b>42</b>
12.1. SAFETY.....	42

12.2.	SECURITY .....	43
12.3.	MEMBER SAFETY COMMITMENT .....	43
12.4.	STAFF SAFETY PREPAREDNESS/TRAINING.....	45
12.5.	EMERGENCY PROCEDURES .....	49
12.6.	SECURITY PROCEDURES AND RECOMMENDATIONS.....	51
12.7.	INSURANCE.....	55
<b>13.</b>	<b>LABOR .....</b>	<b>56</b>
13.1.	DISCLAIMER.....	56
13.2.	OVERVIEW.....	57
13.3.	DRESS CODE.....	58
13.4.	SCHEDULING EMPLOYEES.....	58
13.5.	MANAGEMENT AND EMPLOYEE ROLES.....	59
13.6.	HIRING .....	60
13.7.	TRAINING REQUIREMENTS .....	63
13.8.	EMPLOYEE PERFORMANCE.....	63
13.9.	COMPENSATION .....	64
13.10.	TIPS FOR EMPLOYEE RETENTION .....	64
13.11.	REWARDING AND EMPOWERING EMPLOYEES.....	65
<b>14.</b>	<b>FINANCIAL MANAGEMENT.....</b>	<b>66</b>
14.1.	MEMBER BILLING REQUIREMENTS .....	66
14.2.	BILLING CYCLE AND REPORTING .....	66
14.3.	CORPORATE STATEMENTS.....	67
14.4.	ACCOUNTING METHODS.....	67
14.5.	FRANCHISE REPORTING REQUIREMENTS .....	68

***EXHIBIT F***  
**SAMPLE FRANCHISE AGREEMENT ADDENDA**

**EXHIBIT F-1**

**SAMPLE GENERAL RELEASE AGREEMENT  
(Subject to change by Snap Fitness, Inc.)**

THIS GENERAL RELEASE AGREEMENT (this “**Agreement**”) is made and entered into between **Snap Fitness, Inc.**, a Minnesota corporation, (“**we**,” “**us**” or “**Snap Fitness**”), [FRANCHISEE], a \_\_\_\_\_, (“**you**” or “**Franchisee**”), and [GUARANTOR], a resident of \_\_\_\_\_ (a “**Guarantor**”). All capitalized terms not defined in this Agreement have the respective meanings set forth in the Franchise Agreement (as defined below).

**RECITALS**

- A. Snap Fitness and Franchisee are parties to a SNAP FITNESS® Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”) pursuant to which Franchisee operates a SNAP FITNESS® Club located at \_\_\_\_\_ (the “**Club**”).
- B. [NOTE: Describe the circumstances relating to the release.]
- C. In consideration of [INSERT CIRCUMSTANCES] and the representations set forth in the Recitals, subject to the provisions stated below, and Franchisee and Guarantor agree to settle all known and unknown disputes they may have against Franchisor, if any, that exist as of the Effective Date.

**AGREEMENTS**

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. [NOTE: Detail the terms and conditions of the release]
- 2. Release and Settlement of Claims.
  - A. Except as may be prohibited by applicable law, Franchisee and Guarantors (individually and as owners of Franchisee), for themselves and each of their respective heirs, successors, assigns, affiliates, shareholders, directors, officers, employees and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the “**Franchisee Parties**” for purposes of this Section 2), release and forever discharge us, our predecessors, successors, affiliates, and past and present directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the “**Franchisor Parties**” for purposes of this Section 2) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee Parties may now or in the future own or hold, that in any way relate to the Franchise Agreement, any other agreement between Franchisee and us, the Club, or the relationship between Franchisee and us through the Effective Date (collectively, “**Claims**”), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other agreement between

Franchisee Parties and us or our affiliates through and including the Effective Date of this Agreement.

- B. The release of Claims set forth in Section 2.A is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Franchisee Parties against the Franchisor Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Franchisee Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Franchisee Parties acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Agreement and Release and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Agreement. The Franchisee Parties acknowledge and agree that the foregoing waiver is an essential, integral and material term of this Agreement. The Franchisee Parties further acknowledge and agree that no violation of this Agreement shall void the release set forth in this Section 2.

3. Miscellaneous. This Agreement, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Agreement which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

4. Representation by Counsel. The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of Claims set forth herein.

5. Governing Law/Venue. This Agreement will be construed and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law. The parties further agree that any legal proceeding relating to this Agreement or the enforcement of any provision herein shall be brought or otherwise commenced only in the State or Federal courts of Minnesota.

6. Counterparts. This Agreement may be executed by the parties hereto in counterparts, and delivered by e-mail or facsimile, each of which shall be deemed to be an original instrument, but all of which together shall constitute one and the same instrument.

7. Effective Date. The Effective Date is the date on which we sign this General Release as noted below.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this General Release as of the Effective Date.

**US:**

SNAP FITNESS, INC.

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

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

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

**Effective Date:** \_\_\_\_\_

**FRANCHISEE:**

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

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

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

**GUARANTORS:**

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

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

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

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

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

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

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

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

**EXHIBIT F-2**

**SAMPLE STANDARD RENEWAL ADDENDUM**

**(Subject to change by Snap Fitness, Inc.)**

THIS RENEWAL ADDENDUM (this “**Renewal Addendum**”) is made and entered into \_\_\_\_\_ (“Effective Date”) between **Snap Fitness, Inc.**, a Minnesota corporation, (“**we**,” “**us**” or “**Snap Fitness**”), and \_\_\_\_\_ a \_\_\_\_\_ company (“**you**” or “**Franchisee**”), and \_\_\_\_\_ and \_\_\_\_\_ residents of \_\_\_\_\_ (“**Guarantors**”). All capitalized terms not defined in this Renewal Addendum have the respective meanings set forth in the Old Franchise Agreement (as defined below).

**RECITALS**

- A. Snap Fitness and Franchisee are parties to a SNAP FITNESS® Franchise Agreement dated \_\_\_\_\_ (the “**Old Franchise Agreement**”) pursuant to which Franchisee operates a SNAP FITNESS Club located at \_\_\_\_\_ (the “**Club**”).
- B. Franchisee desires to renew its franchise rights for the Club and, in accordance with the terms and conditions of the Old Franchise Agreement, Franchisee and Guarantors agree to enter into Snap Fitness’s current form of franchise agreement and sign a general release in the form of this Renewal Addendum (the “**Renewal**”).
- C. Franchisee and Guarantor represent that there is no dispute related to the offer and sale of the Old Franchise Agreement or the Club and further represent that after having adequate time to consult with counsel of its choice, represent that they have no claims against Franchisor.
- D. In consideration of Franchisee and Guarantor’s request for the Renewal and the representations set forth in Recital B, Franchisor consents to the Renewal, subject to the provisions stated below, and Franchisee and Guarantor agree to settle all known and unknown disputes they may have against Franchisor, if any, that exist as of the Effective Date (as defined below).

**AGREEMENTS**

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. **Signing of Current Form of Franchise Agreement.** As a condition of the Renewal, Franchisee agrees to sign Snap Fitness’s current form of franchise agreement (the “**Franchise Agreement**”) on or before \_\_\_\_\_ (the “**Renewal Date**”). Franchisee acknowledges that the terms and conditions of the Franchise Agreement may be different from the terms and conditions of the Old Franchise Agreement, including with respect to fees and designated area. By the Renewal Date, Franchisee shall deliver to Snap Fitness a signed copy of the Franchise Agreement, along with the executed copy of this Renewal Addendum.
- 2. **Initial Franchise Fee.** The Franchise Agreement is amended to provide that no Initial Franchise Fee shall be due under the Franchise Agreement.
- 3. **Provisions Deleted Due to Renewal Franchise Agreement.** Sections 5.A (Site Selection) and 5.D (Opening) of the Franchise Agreement are deleted.
- 4. **Expiration of Old Franchise Agreement.** All parties agree that the Old Franchise Agreement expired on the Renewal Date and will be of no further force and effect, except for the obligations set forth in this Renewal Addendum or those that expressly or by their nature survive termination or expiration of the Old Franchise Agreement.
- 5. **Payment of Fees Owed to Snap Fitness.** On or before the Renewal Date, all fees owed by Franchisee under or related to the Old Franchise Agreement (the “**Fees Owed**”) must be paid in full.

6. **Modernization.** Within no more than two (2) years of the Effective Date, Franchisee agrees to complete any updates and modernization for the Club to meet current standards for new Snap Fitness clubs which may include replacing fixtures, equipment and signs and otherwise modifying the Club so it meets the specifications and standards for new Snap Fitness clubs. Such updates and modernizations may include, but are not limited to, re-branding to the current logo and marks to conform with current brand standards, re-painting, addition of wall transitions and art murals, replacement of signage, flooring, desks, cabinets, chairs, bathrooms, and fitness equipment, all as designated by Snap Fitness.

Depending on the age and condition of fitness equipment, Franchisee may be required to replace equipment to conform with current brand standards, as designated by Snap Fitness. A description of items of equipment requiring replacement and a timeframe for completion of such replacement will be designated by Snap Fitness upon its review of such.

Franchisee's failure to complete any aspect of Modernization within the required timeframe, as set forth above, will be considered a breach of Section 5.F of the Franchise Agreement.

7. **Indemnification.** Franchisee and Guarantors, for themselves, their heirs, successors and assigns, agree to indemnify and hold harmless Snap Fitness, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees), or expenses of any nature resulting, directly or indirectly, from any of the following: (i) the operation of the Business at any time prior to and through the Renewal Date, provided that this provision applies only to claims made by third parties against Snap Fitness; or (ii) Franchisee or Guarantor's breach of this Renewal Addendum. This indemnification obligation is separate from and in addition to the Franchisee and Guarantors indemnification obligations set forth in the Franchise Agreement, which will be in full force and effect as of the date of the Franchise Agreement.

8. **Release and Settlement of Claims.**

A. Except as may be prohibited by applicable law, Franchisee and Guarantors (individually and as owners of Franchisee), for themselves and each of their respective heirs, successors, assigns, affiliates, shareholders, directors, officers, employees and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the "**Franchisee Parties**" for purposes of this Section 8), release and forever discharge us, our predecessors, successors, affiliates, and past and present directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the "**Franchisor Parties**" for purposes of this Section 8) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee Parties may now or in the future own or hold, that in any way relate to the Old Franchise Agreement, any other agreement between any of the Franchisee Parties and any of the Franchisor Parties, the Business, or the relationship between any of the Franchisee Parties and the Franchisor Parties through the Effective Date (collectively, "**Claims**"), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Old Franchise Agreement or any other related agreement between any of the Franchisee Parties and any of the Franchisor Parties through and including the Effective Date of this Renewal Addendum.

Franchisee Parties and Franchisor Parties acknowledge and agree that the release by the Franchisee Parties does not relate to the offer and sale of the New Franchise Agreement. Further, the parties agree that the release is effective as to Claims arising through the Effective Date of this Renewal Addendum, and not to any claims arising after the Effective Date.

B. The release of Claims set forth in Section 8.A is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Franchisee



Parties against the Franchisor Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Franchisee Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Franchisee Parties acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Renewal Addendum and Release and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Renewal Addendum. The Franchisee Parties acknowledge and agree that the foregoing waiver is an essential, integral and material term of this Renewal Addendum. The Franchisee Parties further acknowledge and agree that no violation of this Renewal Addendum shall void the release set forth in this Section 8.

The Franchisee Parties, for themselves, their heirs, successors and assigns, hereby expressly, voluntarily and knowingly waive, relinquish and abandon each and every right, protection and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereinafter existing under the laws of California or any other applicable federal and state law with jurisdiction over the parties' relationship. The Franchisee Parties acknowledge that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially effected his settlement with the debtor.”

9. Miscellaneous. This Renewal Addendum, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Renewal Addendum which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

10. Representation by Counsel. The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of Claims set forth herein.

11. Governing Law/Venue. This Renewal Addendum will be construed and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law. The parties further agree that any legal proceeding relating to this Renewal Addendum or the enforcement of any provision herein shall be brought or otherwise commenced only in the State or Federal courts of Minnesota.

12. Counterparts. This Renewal Addendum may be executed by the parties hereto in counterparts, and delivered by e-mail or facsimile, each of which shall be deemed to be an original instrument, but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Renewal Addendum as of the Effective Date.

**US:**

SNAP FITNESS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**GUARANTORS:**

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

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

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

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

**EXHIBIT F-3**

**SAMPLE LEGACY FEE RENEWAL ADDENDUM**

**(Subject to change by Snap Fitness, Inc.)**

THIS RENEWAL ADDENDUM (this "**Renewal Addendum**") is made and entered into on \_\_\_\_\_ ("Effective Date") between **Snap Fitness, Inc.**, a Minnesota corporation, ("**we**," "**us**" or "**Snap Fitness**"), and \_\_\_\_\_ a \_\_\_\_\_ company ("**you**" or "**Franchisee**"), and \_\_\_\_\_ and \_\_\_\_\_ residents of \_\_\_\_\_ ("**Guarantors**"). All capitalized terms not defined in this Renewal Addendum have the respective meanings set forth in the Old Franchise Agreement (as defined below).

**RECITALS**

- A. Snap Fitness and Franchisee are parties to a SNAP FITNESS® Franchise Agreement dated \_\_\_\_\_ (the "**Old Franchise Agreement**") pursuant to which Franchisee operates a SNAP FITNESS Club located at \_\_\_\_\_ (the "**Club**").
- B. Franchisee desires to renew its franchise rights for the Club and, in accordance with the terms and conditions of the Old Franchise Agreement, Franchisee and Guarantors agree to enter into Snap Fitness's current form of franchise agreement and sign a general release in the form of this Renewal Addendum (the "**Renewal**").
- C. Franchisee's Gross Revenue for the previous 12 months of operation (as recorded in the Club management system and measured from the first of the month prior to the date of this Renewal Addendum) exceeds \$220,000 and Franchisee wishes to retain the fee structure ("Legacy Fee Structure") of the Old Franchise Agreement, understanding that they are subject to current fees as indicated below.
- D. Franchisee and Guarantor represent that there is no dispute related to the offer and sale of the Old Franchise Agreement or the Club and further represent that after having adequate time to consult with counsel of its choice, represent that they have no claims against Franchisor.
- E. In consideration of Franchisee and Guarantor's request for the Renewal and the representations set forth in Recital C, Franchisor consents to the Renewal, subject to the provisions stated below, and Franchisee and Guarantor agree to settle all known and unknown disputes they may have against Franchisor, if any, that exist as of the Effective Date (as defined below).

**AGREEMENTS**

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Signing of Current Form of Franchise Agreement.** As a condition of the Renewal, Franchisee agrees to sign Snap Fitness's current form of franchise agreement (the "**Franchise Agreement**") on or before \_\_\_\_\_ (the "**Renewal Date**"). Franchisee acknowledges that the terms and conditions of the Franchise Agreement may be different from the terms and conditions of the Old Franchise Agreement, including with respect to fees and designated area. By the Renewal Date, Franchisee shall deliver to Snap Fitness a signed copy of the Franchise Agreement, along with the executed copy of this Renewal Addendum.
2. **Initial Franchise Fee.** The Franchise Agreement is amended to provide that no Initial Franchise Fee shall be due under the Franchise Agreement.
3. **Provisions Deleted Due to Renewal.** Sections 5.A (Site Selection) and 5.D (Opening) of the New Franchise Agreement are deleted.

4. Expiration of Old Franchise Agreement. All parties agree that the Old Franchise Agreement expired as of the Renewal Date and will be of no further force and effect, except for the obligations set forth in this Renewal Addendum or those that expressly or by their nature survive termination or expiration of the Old Franchise Agreement.

5. Fees.

A. On or before the Renewal Date, all fees owed by Franchisee under or related to the Old Franchise Agreement (the “**Fees Owed**”) must be paid in full.

B. Franchisee has elected to retain the Legacy Fee Structure while they are at or above the Legacy Gross Revenue Threshold (currently \$220,000) and provided Franchisee is not in default of its obligations under the Franchise Agreement. The Franchise Agreement is hereby amended as follows while the Legacy Fee Structure is in effect:

The Franchise Agreement Summary page Fees are replaced with the following:

<b>Royalty Fee</b>	\$660 per month*
<b>National Marketing Fee</b>	\$485 per month*
<b>Technology Fee</b>	\$325 per month*

\*Subject to increase in accordance with the Consumer Price Index. See CPI Adjustment below for additional information.

Section 9B-D is amended as follows while the Legacy Fee Structure is in effect:

B. Fees.

(i) Membership Fees. You must pay a one-time fee of \$6.60 for each membership agreement added to your Club and a monthly Billing Maintenance Fee of \$0.70 per each membership enrolled at your Club (collectively “Membership Fees”). You will also purchase the door access cards at the then-current price.

(ii) Royalty Fee, Technology Fee, National Marketing Fee. In consideration of the rights granted to you, you must pay to us the Royalty Fee, the National Marketing Fee, and the Technology Fee in the amount set forth on the Summary Page. You must pay these Fees beginning the month that your Club opens and each following month through the term of this Agreement. You will pay the full fees for any partial month.

C. CPI Adjustment. All fees under this Agreement, including but not limited to the Royalty Fee, Technology Fee, National Marketing Fee, Membership Fees and Local Marketing Fund or Cooperative contribution (unless calculated as a percentage of sales), are subject to adjustment based on any annual increase in the Consumer Price Index (meaning the annual average of the Consumer Price Index for All Urban Consumers, Other goods and services, 1982-1984=100, published by the Bureau of Labor Statistics of the United States Department of Labor). Adjustments to fees will apply from 1 January each year. If the Bureau of Labor Statistics ceases publishing the Consumer Price Index, then the successor or most nearly comparable index as we select will be used. Fees will be adjusted for CPI no more than once per year.

D. Computations and Remittances. All fees are due and owing upon invoice via electronic payment. You may not withhold payment of any amounts owed to us and hereby waive any and all existing and future claims and offsets against any amounts due under this Agreement. Notwithstanding any designation by you, we will be entitled to apply your payments against any amounts due to us. We also may set off any amounts that may be

held by us or our affiliates on your behalf or owed to you by us or through our affiliates against amounts you owe to us or our affiliates.

C. Should Franchisee drop below the Legacy Gross Revenue Threshold (currently \$220,000), or should Franchisee be in default under the Franchise Agreement, Snap Fitness, in its sole discretion, reserves the right to eliminate the Legacy Fee Structure and permanently transition the Club to the fee structure as set forth in the Franchise Agreement.

6. Modernization. Within no more than two (2) years of the Effective Date, Franchisee agrees to complete any updates and modernization for the Club to meet current standards for new Snap Fitness clubs which may include replacing fixtures, equipment and signs and otherwise modifying the Club so it meets the specifications and standards for new Snap Fitness clubs. Such updates and modernizations may include, but are not limited to, re-branding to the current logo and marks to conform with current brand standards, re-painting, addition of wall transitions and art murals, replacement of signage, flooring, desks, cabinets, chairs, bathrooms, and fitness equipment, all as designated by Snap Fitness.

Depending on the age and condition of fitness equipment, Franchisee may be required to replace equipment to conform with current brand standards, as designated by Snap Fitness. A description of items of equipment requiring replacement and a timeframe for completion of such replacement will be designated by Snap Fitness upon its review of such.

Franchisee's failure to complete any aspect of Modernization within the required timeframe, as set forth above, will be considered a breach of Section 5.F of the Franchise Agreement.

7. Indemnification. Franchisee and Guarantors, for themselves, their heirs, successors and assigns, agree to indemnify and hold harmless Snap Fitness, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees), or expenses of any nature resulting, directly or indirectly, from any of the following: (i) the operation of the Business at any time prior to and through the Renewal Date, provided that this provision applies only to claims made by third parties against Snap Fitness; or (ii) Franchisee or Guarantor's breach of this Renewal Addendum. This indemnification obligation is separate from and in addition to the Franchisee and Guarantors indemnification obligations set forth in the Franchise Agreement, which will be in full force and effect as of the date of the Franchise Agreement.

8. Release and Settlement of Claims.

A. Except as may be prohibited by applicable law, Franchisee and Guarantors (individually and as owners of Franchisee), for themselves and each of their respective heirs, successors, assigns, affiliates, shareholders, directors, officers, employees and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the "**Franchisee Parties**") for purposes of this Section 8), release and forever discharge us, our predecessors, successors, affiliates, and past and present directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the "**Franchisor Parties**") for purposes of this Section 8) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee Parties may now or in the future own or hold, that in any way relate to the Old Franchise Agreement, any other agreement between any of the Franchisee Parties and any of the Franchisor Parties, the Business, or the relationship between any of the Franchisee Parties and the Franchisor Parties through the Effective Date (collectively, "**Claims**"), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Old Franchise Agreement or any other related agreement between any of the Franchisee Parties and any of the Franchisor Parties through and including the Effective Date of this Renewal Addendum.

Franchisee Parties and Franchisor Parties acknowledge and agree that the release by the Franchisee Parties does not relate to the offer and sale of this Franchise Agreement. Further, the parties agree that the release is effective as to Claims arising through the Effective Date of this Renewal Addendum, and not to any claims arising after the Effective Date.

B. The release of Claims set forth in Section 8.A is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Franchisee Parties against the Franchisor Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Franchisee Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Franchisee Parties acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Renewal Addendum and Release and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Renewal Addendum. The Franchisee Parties acknowledge and agree that the foregoing waiver is an essential, integral and material term of this Renewal Addendum. The Franchisee Parties further acknowledge and agree that no violation of this Renewal Addendum shall void the release set forth in this Section 8.

The Franchisee Parties, for themselves, their heirs, successors and assigns, hereby expressly, voluntarily and knowingly waive, relinquish and abandon each and every right, protection and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereinafter existing under the laws of California or any other applicable federal and state law with jurisdiction over the parties' relationship. The Franchisee Parties acknowledge that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially effected his settlement with the debtor.”

9. Miscellaneous. This Renewal Addendum, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements, and all other provisions of this Renewal Addendum which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

10. Representation by Counsel. The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of Claims set forth herein.

11. Governing Law/Venue. This Renewal Addendum will be construed and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law. The parties further agree that any legal proceeding relating to this Renewal Addendum or the enforcement of any provision herein shall be brought or otherwise commenced only in the State or Federal courts of Minnesota.

12. Counterparts. This Renewal Addendum may be executed by the parties hereto in counterparts, and delivered by e-mail or other electronic delivery, each of which shall be deemed to be an original instrument, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Renewal Addendum as of the Effective Date.

**US:**

SNAP FITNESS, INC.

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

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

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

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

**FRANCHISEE:**

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

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

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

**GUARANTORS:**

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

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

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

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

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

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

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

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

***EXHIBIT G***  
**TRANSFER FEE MODIFICATION PROGRAM**



## Snap Fitness® Transfer Fee Modification Program

Commencing May 10, 2024 through April 30, 2025, Snap Fitness, Inc. (“**Snap Fitness**”) is offering a Transfer Fee Modification Program. During this time, if a Snap Fitness club (“**Club**”) in the United States is transferred, the transfer fee will be determined by the purchase price of the transferred Club, as follows:

- For the transfer to a buyer who is an existing Snap Fitness franchisee, the transfer fee will be no more than \$5,000.
- For the transfer to a buyer who is new to the Snap Fitness system, the transfer fee will be \$10,000.
- If multiple clubs are being transferred between the same buyer and seller in a single transaction, one club will be charged the applicable transfer fee listed above, with each additional club charged a transfer fee of \$2,500 per club.

To participate, please see Terms and Conditions outlined below.

This Transfer Fee Modification Program shall be effective for transfers completed on or before April 30, 2025. Any transfer that is processed by Snap Fitness after April 30, 2025 shall not qualify for this program, and such transfer shall be subject to the then current transfer fee as determined solely by Snap Fitness.

To request your transfer fee reduction, submit to Snap Fitness your draft or signed Purchase Agreement, Sale of Business Agreement, or other applicable transfer document for the transfer of the Club (the “**Sale Agreement**”) Such transfer document must include the purchase price of the transferred Club. We recommend submitting transfer documents as early as possible as the amount of the transfer fee must be included in the Snap Fitness Consent to Transfer Agreement.

All transfer requirements outlined in the Franchise Agreement must be completed before Snap Fitness consents to the transfer. Snap Fitness will review the new Franchisee Application, Sale Agreement, and other transfer documents applicable to the transfer of the Club for approval prior to consenting to the transfer. As part of the Consent to Transfer and in consideration of the reduced fee, existing Franchisee will be required to sign a General Release.

Only Clubs located in the United States are eligible for this program.

Snap Fitness reserves the right to make changes to this policy at any time.

***EXHIBIT H***  
**STATE EFFECTIVE DATES**

## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	May 10, 2024
Hawaii	Not filed
Illinois	May 10, 2024
Indiana	May 10, 2024
Maryland	
Michigan	May 10, 2024
Minnesota	
New York	May 10, 2024
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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 I**  
**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Snap Fitness, Inc. 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 (or sooner if required by state law). New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Snap Fitness, Inc. 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 the state agencies listed in Exhibit A to this disclosure document.

Issuance Date: May 10, 2024, or the Effective Date reflected on the State Effective Dates Page.

I acknowledge receiving this Franchise Disclosure Document issued May 10, 2024 (or the date reflected on the State Effective Dates Page), including the following exhibits:

**EXHIBIT A** – List of State Administrators and List of Agents for Service of Process; **EXHIBIT B** – Financial Statements; **EXHIBIT C-1** – Sample Standard Franchise Agreement and State-Specific Addenda; **EXHIBIT C-2** – Sample Area Development Agreement and State-Specific Addenda; **EXHIBIT D** – Franchisee List; **EXHIBIT E** – Operations Manual Table of Contents; **EXHIBIT F** – Sample Franchise Agreement Addenda; **EXHIBIT G** – Transfer Fee Modification Program; **EXHIBIT H** – State Effective Dates; **EXHIBIT I** – Receipts.

Date FDD Received: \_\_\_\_\_ Signed\*: \_\_\_\_\_

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

Date FDD Received: \_\_\_\_\_ Signed\*: \_\_\_\_\_

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

Date FDD Received: \_\_\_\_\_ Signed\*: \_\_\_\_\_

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

Date FDD Received: \_\_\_\_\_ Signed\*: \_\_\_\_\_

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

\*Signed individually and as an authorized representative of the franchisee company.

FRANCHISE SELLER’S NAME AND CONTACT INFORMATION:

Andi Ruth-Negrini, Matt Gosche and Lindley Lonnee, 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317, Phone: 952-474-5422. Kimberly Champion-Hopewell, Strategic Franchise Development, 2847 S Ingram Mill Rd, C101, Springfield, MO 65804.

---

---

**EXHIBIT I**

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Snap Fitness, Inc. 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 (or sooner if required by state law). New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Snap Fitness, Inc. 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 the state agencies listed in Exhibit A to this disclosure document.

Issuance Date: May 10, 2024, or the Effective Date reflected on the State Effective Dates Page.

I acknowledge receiving this Franchise Disclosure Document issued May 10, 2024 (or the date reflected on the State Effective Dates Page), including the following exhibits:

**EXHIBIT A** – List of State Administrators and List of Agents for Service of Process; **EXHIBIT B** – Financial Statements; **EXHIBIT C-1** – Sample Standard Franchise Agreement and State-Specific Addenda; **EXHIBIT C-2** – Sample Area Development Agreement and State-Specific Addenda; **EXHIBIT D** – Franchisee List; **EXHIBIT E** – Operations Manual Table of Contents; **EXHIBIT F** – Sample Franchise Agreement Addenda; **EXHIBIT G** – Transfer Fee Modification Program; **EXHIBIT H** – State Effective Dates; **EXHIBIT I** – Receipts.

Date FDD Received: \_\_\_\_\_ Signed\*: \_\_\_\_\_

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

Date FDD Received: \_\_\_\_\_ Signed\*: \_\_\_\_\_

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

Date FDD Received: \_\_\_\_\_ Signed\*: \_\_\_\_\_

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

Date FDD Received: \_\_\_\_\_ Signed\*: \_\_\_\_\_

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

\*Signed individually and as an authorized representative of the franchisee company.

**FRANCHISE SELLER’S NAME AND CONTACT INFORMATION:**

Andi Ruth-Negrini, Matt Gosche and Lindley Lonnee, 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317, Phone: 952-474-5422. Kimberly Champion-Hopewell, Strategic Franchise Development, 2847 S Ingram Mill Rd, C101, Springfield, MO 65804.

\_\_\_\_\_  
\_\_\_\_\_