FRANCHISE DISCLOSURE DOCUMENT

Exercise Coach USA, LLC
An Illinois limited liability company
531 Telser Rd.
Lake Zurich, Illinois 60084
Phone: (855) 202-6224
E-Mail: franchise@exercisecoach.com
Website: www.exercisecoach.com

Exercise Coach USA, LLC offers franchises for the operation of a business that provides a comprehensive system of personal training using proprietary equipment, protocols and methods. We refer to the franchised business as The Exercise Coach® personal training studio.

The total investment necessary to begin operation of The Exercise Coach® franchise ranges from $136,009 to $348,564. This includes $71,433 to $143,673 that must be paid to us and our affiliates.

If you purchase area development rights, the total investment necessary to begin operation of The Exercise Coach® franchise ranges from $136,009 to $348,564, plus a development fee equal to the full discounted initial franchise fee you must pay for your 2nd and additional franchised outlets that you commit to develop under your area development agreement. (*i.e.*, $40,000 for your 2nd franchise, $25,000 for your 3rd franchise, $25,000 for your 4th franchise and $20,000 for each additional franchise that you commit to develop). This includes $71,433 to $143,673 that must be paid to us and our affiliates plus the applicable development fee, which must also be paid to us.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 531 Telser Rd., Lake Zurich, Illinois 60084 or by phone at (855) 202-6224.

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

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

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

Issuance Date: April 20, 2023

How to Use this Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Texas. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Texas than in your own state.

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise.

3. **Minimum Payments.** You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants

the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

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ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "us" and "the Company" mean Exercise Coach USA, LLC - the franchisor. "You" means the person who buys an Exercise Coach® franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Corporate Information

Exercise Coach USA, LLC is an Illinois limited liability company that was organized on November 2, 2009. Our principal business address is located at 531 Telser Rd., Lake Zurich, Illinois 60084 and our telephone number is (855) 202-6224. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than "Exercise Coach USA, LLC" and our trade name "The Exercise Coach®."

Business History

We began offering franchises in July of 2011. We have never conducted business in any other line of business other than the offering of Exercise Coach® franchises. We do not offer franchises in any other line of business. We have not operated a business similar to the Exercise Coach® business being offered under this franchise.

Parents, Affiliates and Predecessors

We do not have any parent companies or predecessors. We do not have any affiliates that offer franchises in any line of business.

Our affiliate, Gymbot, LLC ("Gymbot"), supplies franchisees with certain specialized exercise equipment. Gymbot also owns and licenses to franchisees certain software and technology that must be utilized with the specialized exercise equipment. Gymbot has never operated an Exercise Coach® business. Gymbot has never conducted business in any other line of business. Gymbot has the same principal business address that we do. You will sign a Participation Agreement with Gymbot pertaining to the license of its proprietary software. The form of Participation Agreement is attached to this Disclosure Document as EXHIBIT "K". We do not have any other affiliates that provide any goods or services to our franchisees.

Description of Franchised Business

Under your Exercise Coach® franchise (referred to in this Disclosure Document as your "Business"), you will establish and operate a business that provides a comprehensive system of personal training using proprietary equipment, protocols and methods. The Exercise Coach® studios offer a unique, guided exercise process to members that is designed to maximize their results. Our system includes the use of our affiliates' proprietary technology that makes it possible to perform a meaningful field evaluation of an individual's current strength level and prescribe appropriate exercises to match their unique muscular make-up. Through a customizable strength testing and training technology, we have created protocols that are well suited for working with adults of all fitness levels and backgrounds.

The Exercise Coach® franchised business is well suited for either a retail location or an office location and has a size ranging from 800 to 2,000 square feet. The Exercise Coach® studios are designed to reach into the local community and are publicly accessible training locations.

We will grant you a license to use certain logos, service marks and trademarks, including the service mark "The Exercise Coach®" (collectively, the "Marks") in the operation of your Business. The "Marks" also include our distinctive trade dress used to identify an Exercise Coach® business, whether now in existence or created in the future. You must sign a franchise agreement (the "Franchise Agreement") and operate your Business in

accordance with the terms of the Franchise Agreement. The form of Franchise Agreement is attached to this Disclosure Document as EXHIBIT "C".

We have developed a unique system (the "System") for the operation of an Exercise Coach® business. The distinctive characteristics of the System include the Marks, training, marketing and advertising strategies, our affiliates' proprietary fitness equipment, protocols, methods, technology and operating system. The operational aspects of an Exercise Coach® franchise are contained within our confidential Business Operations Guide and Brand Standards Manual (the "Manual"). You will operate your Exercise Coach® franchise as an independent business using the Marks, the System, the Exercise Coach® name, as well as the support, guidance and other methods and materials provided or developed by us.

Area Development Rights

If you satisfy all of our criteria for multi-unit developers, we may (but need not) offer you the right to enter into an Area Development Agreement (an "ADA"). The ADA grants you the right and obligation to establish and operate multiple Exercise Coach® franchises within a defined "development territory" according to a predetermined development schedule. A copy of our current form of ADA is attached to this Disclosure Document as EXHIBIT "D". You will sign a separate franchise agreement for each Exercise Coach® franchise that you establish under the ADA. Each franchise agreement will be our then-current form of franchise agreement, which may differ from the current Franchise Agreement included with this Disclosure Document (except the royalty fee and brand and system development fund contribution will not be increased).

Market and Competition

The target market for The Exercise Coach® customers includes adult men and women of all fitness levels, with a focus on adults 50 years of age and older. The general market for personal training studios is highly developed and very competitive throughout the United States with numerous national, state and local businesses offering fitness facilities with personal training programs. These studios may be independently owned and operated or may consist of regional or national chains or franchise systems.

The Exercise Coach® differentiates itself by providing evidence-based protocols and technology-enabled equipment (a "digital-physical ecosystem") that has been proven safe and effective for the underserved and fast-growing 50+ aged market of the fitness industry.

Because of the technology and demographic uniqueness that The Exercise Coach® provides we do not consider most personal training studios to be direct competitors. Our indirect competitors include national brands such as Orange Theory Fitness, CrossFit and Club Pilates, all of which (1) cater to younger and middle-aged adults primarily, (2) are group fitness models and (3) use standard fitness equipment.

Laws and Regulations

You must comply with all federal and state laws and regulations that apply to businesses generally, including the Americans with Disabilities Act, wage and hour laws and business licensing requirements. In certain states, "health clubs" are subject to special laws and regulations and some of these laws may apply to your Business. Among other things, these laws and regulations may impose requirements relating to the consumer contracts that your members will sign. These laws may also require that you obtain a bond. The federal Truth in Lending Act may require you to provide certain disclosures in your consumer contracts to the extent that you offer financing. Some states require that fitness facilities have a staff person available during all hours of operation that is certified in basic cardiopulmonary resuscitation or other specialized medical training. Some state or local laws may also require that fitness facilities have an automated external defibrillator and/or other first aid equipment on the premises. There may be other local, state and/or federal laws or regulations pertaining to your Business with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer/Manager: Brian R. Cygan

Brian R. Cygan, B.Sc., ACSM-CPT, has served as our founder, Chief Executive Officer and Manager since our formation in November 2009. He has also served as: (i) the CEO and managing member of Gymbot since it was formed in September 2014; and (ii) the founder and Chief Executive Officer of Innovative Fitness Equipment, Inc. since it was formed in January 2010. He is certified as a Personal Trainer by the American College of Sports Medicine. Brian previously operated The Exercise Coach studios from 2000 through 2022 through an affiliate, Strength for Life, LLC. All positions have been held in or near Lake Zurich, Illinois.

Chief Operating Officer: Brad Bundy

Brad Bundy has served as our Chief Operating Officer since April 2015. Brad has also operated Exercise Coach® studios since October 2013 through his affiliated entity, Tri-County Fitness, LLC. All positions have been in Houston, Texas.

Wellness Director: Gerianne M. Cygan

Gerianne M. Cygan has served as our co-founder and Wellness Director since our formation in November 2009. She has also served as the co-founder of Innovative Fitness Equipment, Inc. since it was formed in January 2010. Gerianne previously operated The Exercise Coach studios from 2000 to 2022 through an affiliate Strength For Life, LLC. All positions have been held in or near Lake Zurich, Illinois.

Franchise Support Manager: TJ Lux

TJ Lux has served as one of our Franchise Support Managers since December 2014. From January 2007 through the present, he has operated a personal training studio in Crown Point, Indiana and served as varsity basketball coach and mathematics teacher at Crown Point High School. TJ has also been an Exercise Coach multi-unit franchisee since September 2007 and owns and operates Exercise Coach studios through his affiliated entity, Dlux, LLC. All positions have been held in or near Crown Point, Indiana.

Franchise Support Manager: Kevin McKee

Kevin McKee has served as one of our Franchise Support Managers since November 2016. From January 2002 through the present, he has owned and operated a Personal Training studio in Appleton, Wisconsin. He has also owned and operated an Exercise Coach franchise since September 2003 in Appleton, Wisconsin through his affiliated entity, Appleton Fitness for Life, Inc. Kevin holds a Bachelor's of Science in Human Biology, and a Masters of Science in Exercise Science. He is an ACSM Certified Exercise Physiologist, Level 1 USAT Certified Triathlon Coach, and a Certified Health Coach.

Franchise Support Manager: John Suazo

John Suazo has served as one of our Franchise Support Mangers since April 2019. From March 2015 to the present he has been self-employed as the owner of The Exercise Coach of North Colorado Springs, Colorado Springs, Colorado.

Chief of Staff: Matt D. Essex

Matt Essex joined the Exercise Coach® team as Chief of Staff to the CEO and COO in January 2019. From September 2015 through the present, he has served as President of VitalityHealth in Scottsdale, Arizona. From October 2015 through the present, he has served as Chief Financial Officer and Strategic Advisor for Nudge

Coach, Inc. in Richmond, Virginia.

Director of Multi-Unit Development and Franchise Support Manager: Bill Sharkey

Bill Sharkey joined the Exercise Coach® team as the Director of Multi-Unit Development in August 2021 and also serves as our Franchise Support Manager. From May 2019 through the present, Bill has served as the CEO/Member of Fin Fitness, LLC, an Exercise Coach Area Developer, in Jupiter, Florida. From May 2018 to the present, he has served as a finance consultant for Eco Express, Inc. in Palm City, Florida. From September 2019 through April 2020, Bill served as the Director of Operations for United Franchise Group in West Palm Beach, Florida. From April 2016 to December 2018, Bill served as a managing member for a multi-unit fast casual dining franchisee, Go Green Go Fresh, LLC in Palm City, Florida. From August 2005 through December 2018, he served as the owner/operator of CB Rising, Inc., a multi-unit QSR franchise in Jupiter, Florida.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You will pay a $49,500 initial franchise fee for your franchise. The entire initial franchise fee is payable in full at the time you sign the Franchise Agreement. The initial franchise fee is used for initial sales, development and pre-opening/opening support of your franchise and is not refundable under any circumstances. The initial franchise fee is uniform (except as discussed below for area developers) and fully earned even if you do not ever open your Business.

Initial Training Fee

You will pay us a $2,500 initial training fee in exchange for the pre-opening initial training program that we will conduct for up to 3 people. The initial training fee is due at the time you sign the Franchise Agreement and is not refundable under any circumstances. The initial training fee is uniformly imposed.

Fitness Equipment Package

Prior to opening, you must purchase certain proprietary, technology enabled fitness equipment, known as "Exerbotics", from our affiliate Gymbot, in addition to several mainstream pieces of fitness equipment from third party vendors (the "Equipment Package").

Our current Equipment Package includes four (4) Exerbotics proprietary, computerized machines (the Exerbotics leg press, combination chest/row, combination shoulder press/pull-down, core/back extension ("Nucleus"), and one other non-computerized machine (the 360 Trainer) that are manufactured by Gymbot LLC ; plus, five (5) other pieces of equipment that are provided by third party vendors (the one Nautilus (or equivalent) Abduction/Adduction, one Tuff Stuff (or equivalent) Multi-Trainer, one InBody 270, and two SciFit Pro 2 recumbent bikes with arm ergometry). All of the equipment listed is required, while three additional Exerbotics pieces are optional—the hamstring curl/stretch ("Crossfire"), leg curl/extension, and squat/deadlift. The purchase price for the Equipment Package is currently $81,269. Some franchisees finance the purchase of the Equipment Package through unaffiliated third-party finance companies. The purchase price for the Equipment Package is due

immediately upon receipt of the invoice. The purchase price is nonrefundable and uniformly imposed.

You must pay our affiliates for all costs they incur for shipping, installation and setup of the equipment. Our affiliate may outsource these functions to one or more third party suppliers. Our affiliates will invoice you based on the estimated costs prior to shipment. If the amount invoiced is less than the actual costs incurred, our affiliates will provide you with reconciliation and you must pay our affiliates the difference between the estimated costs and actual costs incurred. The costs for shipping, installation and setup are due immediately upon receipt of the invoice. We estimate these costs will range from $7,973 to $9,500 depending on how far your Business is located from our headquarters and the point of shipment of the equipment.

Development Fee

If you sign an ADA, you will pay the full $49,500 initial franchise fee for your first franchise and a reduced initial franchise fee for your 2nd and subsequent franchises to be established pursuant to the ADA. The total amount of these fees for your 2nd and subsequent franchises is referred to as the "Development Fee." The specific initial franchise fee associated with each unit to be established under the ADA, and the associated Development Fee, is as follows:

Unit Purchased	Initial Franchise Fee	Total Development Fee
1	$49,500	-
2	$40,000	$40,000
3	$25,000	$65,000
4	$25,000	$90,000
5	$20,000	$110,000
6 and beyond	$20,000/unit	$130,000 plus $20,000 per additional unit

The entire Development Fee is payable in full at the time you sign the ADA and is fully earned even if you do not ever open any additional franchised locations. The Development Fee is a pre-payment for holding the additional territories you purchase and is not refundable under any circumstances. In 2022, we collected Development Fees ranging from $40,000 to $114,500.

Multi-unit Operator Training Program Fee

If you sign an ADA, upon opening your second and each subsequent location you are required to pay us $2,500 in exchange for the multi-unit operator training program that we will conduct for up to 3 people. The multi-unit operator training fee is due at the time you sign your subsequent unit Franchise Agreement(s) and is not refundable under any circumstances. The multi-unit operator training fee is uniformly imposed.

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee [1]	Greater of (i) 6% of monthly Adjusted Gross Revenue [2] or (ii) $1,000 per month (waived for first full or partial calendar month of operation)	7th day of month for prior month's operations	See Note 3.
Brand and System Development Fund Fee [1]	1% of Adjusted Gross Revenue [2]	Same as royalty fee due date	See Note 4.
Local Marketing Fee	Ranges from $2,000 to $2,500 per month	As incurred	See Note 5.
Cooperative Advertising Fee [1]	Up to $2,000 per month	Same as royalty fee due date	See Note 6.
Legal Support Fee	Up to $500 per occurrence	10 days after invoice	See Note 7.
Ongoing Training / Assistance Fee [1]	Up to $500 per person per day (plus reimbursement of expenses for onsite training / assistance)	10 days after invoice	See Note 8.
Conference Registration Fee [1]	Up to $500 per person per day	10 days after invoice	See Note 9.
Technology Fee [1]	Varies (currently $518 per month)	10 days after invoice commencing 1st full calendar month after installation of our affiliates' proprietary exercise equipment	See Note 10.
Audit Fee [1]	Actual cost of audit (including travel and lodging expenses for audit team)	10 days after invoice	Payable only if the audit (i) reveals that you have understated any amount that you owe us by at least 3% or (ii) is necessary because you fail to furnish required information or reports to us in a timely manner.
Fees Imposed by Advisory Council [1]	Set by advisory council, subject to our approval	As determined by council and approved by us	We may form a franchisee advisory council to serve in an advisory capacity. The advisory council would have the right to suggest additional fees that would be imposed on franchisees to improve marketing and/or the brand. If we approve the fee, all franchisees must pay it.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Fines [1]	Up to $500 per incident	Upon demand	Payable if you fail to comply with a mandatory standard or operating procedure and you do not cure the non-compliance within the time period we require. We will deposit all fines into the brand and system development fund. Until the brand and system development fund is established, we have no obligation to use the fines we collect in any particular manner.
Renewal Fee [1]	20% of then-current initial franchise fee (Franchise Agreement)	At time you sign Renewal Agreement	None.
Transfer Fee [1]	(Franchise Agreement) $15,000 (reduced to $7,500 if buyer is an existing Exercise Coach® franchisee)	Before transfer	Payable when you transfer or sell your franchise. No charge if franchise transferred to an entity that you control or for certain transfers of ownership interests between existing owners unless such transfer results in a change of control. For transfers between existing Exercise Coach® franchisees, a single $7,500 fee is charged for any number of simultaneous transfers.
Transfer Fee [1] Late Fee [1]	(ADA) $25,000 (includes transfer of ADA and all franchised locations under the ADA) Lesser of 18% of amount past due or highest rate allowed by applicable law	Before transfer 10 days after invoice	Payable when you transfer or sell your franchise. No charge if franchise transferred to an entity that you control or for certain transfers of ownership interests between existing owners unless such transfer results in a change of control. None.
Management Fee [1]	$6,000 - $8,000 per month	10 days after invoice	If you default under the Franchise Agreement or the Managing Owner dies, we can designate a temporary manager to manage your Business until you cure the default or find a replacement Managing Owner, as applicable.
Indemnification [1]	Will vary with circumstances	10 days after invoice	You must indemnify and reimburse us for any damages, losses or expenses we incur as a result of the operation of your Business or your breach of the Franchise Agreement. Our indemnification clauses are uniform with all franchises and we do not provide mutual indemnification of any kind within our Franchise Agreements.
New Product or Supplier Testing [1]	$50 per hour	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Insurance [1]	Actual cost of premiums, plus our costs and expenses	10 days after invoice	If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us.

NOTES:

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

2. "Adjusted Gross Revenue" means all gross sums that you collect from all goods and services that you sell, plus all other sums that you collect from the operation of your Business, including the proceeds of any business interruption insurance. "Adjusted Gross Revenue" does not include sales or use taxes. From time to time, we may establish policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Adjusted Gross Revenue. Similarly, if we implement a membership model that allows clients to redeem goods or services associated with the membership from multiple Exercise Coach® businesses, we may establish policies governing the manner in which the monthly membership dues are allocated between the Exercise Coach® business that sold the membership and the Exercise Coach® business or businesses where the goods or services are redeemed.

3. The 1-month waiver of royalty fees is for the first initial month of operation, regardless of the date you open for business (i.e., it will not be for a full month unless you open on the 1st day of the month). The full royalty fee commences on the 1st day of the 2nd month after you open your Business (meaning your royalty fee due on the 7th day of the 3rd month is the greater of $1,000 or 6% of Adjusted Gross Revenue collected during your 2nd month of operation). At this time, we automatically generate reports of your Adjusted Gross Revenue from our POS system. In the future, we may require that you provide us with periodic revenue reports. We reserve the right to require that all royalty and other percentage-based fees be paid weekly rather than monthly.

4. We have established and administer a brand and system development fund to promote public awareness of our brand and improve our System. You will have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution.

5. In addition to your contributions to the brand and system development fund, you must spend the minimum amount we specify per month on local advertising and marketing to promote your Business (your "Local Marketing Commitment"). Your Local Marketing Commitment begins after your grand opening period expires (i.e., at the beginning of your 4th month after opening). The amount of your Local Marketing Commitment varies depending on the number of qualified households in your territory as set forth in the table below:

Number of Qualified Households in Territory	Applicable Local Marketing Commitment
9,000 or fewer	$2,000 per month
9,001 to 12,000	$2,300 per month

Number of Qualified Households in Territory	Applicable Local Marketing Commitment
12,001 to 15,000	$2,400 per month
15,001 or more	$2,500 per month

6. We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We will collect the cooperative advertising fees and remit these fees to the applicable advertising cooperative (unless we administer the advertising cooperative ourselves). The amount of the cooperative advertising fee may be adjusted (or temporarily suspended) upon the majority vote of all franchisees within the advertising cooperative. Any Exercise Coach® business that we operate will have the same voting power as third party franchisees. If we own the majority of Exercise Coach® businesses within an advertising cooperative, we will not increase the cooperative advertising fee without the consent of a majority of all third-party franchisees within the advertising cooperative. All cooperative advertising fees will be uniformly imposed on all franchisees within the advertising cooperative, including any Exercise Coach® business that we operate. All cooperative advertising fees that you pay will be credited towards your Local Marketing Commitment.

7. From time to time, we will provide legal support; however, in no case shall we ever serve as your attorney. The legal support we provide is for administration of our agreements only and may include amendments, renewals, or new forms of agreement. We typically cover the cost of these services but we reserve the right to impose a fee for incidents including but not limited to the following: (i) unresponsive communication that requires additional time from our legal team to obtain information from you, (ii) changes to maps or Territories that you initiate, or (iii) changes to final, executable documents that you initiate.

8. Before you open, we will provide our initial training program for your Managing Owner and up to 2 other individuals in exchange for the $2,500 initial training fee. You must pay us a training fee of up to $500 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners, employees or coaches); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; (iv) each person to whom we provide additional training that you request; and (v) each person who attends any system-wide or additional training that we conduct. You must also pay us a training fee of up to $250 per person per certification for all new coaches that attend our online certification programs for initial training and TEC Mobile (as defined in Note 9 below, if your location is authorized to provide this service). If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses.

9. We may hold periodic national or regional conferences to discuss business and operational issues affecting Exercise Coach® franchisees. Attendance at these conferences is mandatory. You are also responsible for all expenses and costs that the conference attendees incur, including wages, travel and living expenses.

10. You must acquire and utilize all information and communication technology systems that we specify from time to time (the "Technology Systems"). Our required Technology Systems may include computer systems, webcam systems, telecommunications systems, security systems, music systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems. Certain components of the Technology Systems must be purchased or licensed from third party suppliers while other components must be purchased or licensed from us or our affiliates. Any proprietary software, technology or other components of the Technology Systems that we or our affiliates create will become part of our System. You agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees for this proprietary software or technology.

We also reserve the right to enter into master agreements with third party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The "technology fee" includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems.

As of the issuance date of this Disclosure Document, we charge a technology fee of $518 per month. Currently, this fee is paid to our affiliate for certain technical services associated with the proprietary equipment, including database management, data backup services, asset management and equipment maintenance, and The Exercise Coach Mobile Health Platform™, which provides an ongoing data stream of outcomes from the Exerbotics equipment to Exercise Coach clients via mobile and web-based applications. These applications also support asynchronous communication, health tracking and social interaction with clients (together, with The Exercise Coach Mobile Health Platform™, termed "TEC Mobile"). For the purpose of clarity, TEC Mobile shall not be construed to mean or encompass any form of virtual, online, on-demand exercise training or instruction delivered live through a web-based video service such as Zoom or FaceTime.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	AMOUNT [1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	$49,500	Lump sum by cash, EFT or certified check	At time you sign Franchise Agreement	Us
Initial Training Fee or Multi-unit Operator Training Fee [2]	$2,500	Lump sum by cash, EFT or certified check	At time you sign Franchise Agreement	Us
Food, Lodging & Travel (up to 4 people)	$1,000 to $7,000	As incurred	During training	Hotels, restaurants and airlines
Lease Deposit & 3 Months' Rent [3]	$4,000 to $18,500	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Utilities Deposits	$100 to $1,000	As incurred	Before opening	Utilities companies
Build Out & Improvements [4]	$0 to $50,000	As incurred	Before opening	Architects, contractors, suppliers
Signage [5]	$1,000 to $8,000	Lump sum	Before opening	Suppliers
Furniture, Decorations & Furnishings	$4,125 to $6,240	As incurred	Before opening	Suppliers

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	**AMOUNT [1]**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Computer System [6]	$1,250 to $3,500	Lump sum	Before opening	Suppliers
Technology Expense (3 months)	$1,554	As incurred	Monthly after opening	Affiliate
Third-Party Operating Software Expenses (3 months)	$1,586	As incurred	Monthly after opening	Suppliers
Telephone and Internet Services (3 months)	$400 to $1,200	As incurred	Monthly after opening	Utility companies
Fitness Equipment Package [7]	$10,129 (financed) to $81,269 (paid in full)	Lump sum or as financed by 3rd party	Before opening	Affiliates
Shipping, Installation and Setup of Fitness Equipment Package and Other Equipment [8]	$6,500 to $8,850	Lump sum	Before opening	Affiliates and Suppliers
Initial Supply of Inventory [9]	$2,550 to $4,250	Lump sum	Before opening	Suppliers
AED and First Aid Kit	$1,350 to $2,100	Lump sum	Before opening	Suppliers
Uniforms	$600 to $1,000	Lump sum	Before opening	Suppliers
Pre-Opening Marketing and Advertising Plus Print Collateral Material [10]	$14,195 to $20,775	Lump sum	30 to 90 days before opening	Suppliers
Post-Opening Marketing and Advertising [11] (3 months)	$15,000 to $22,500	As incurred	3 months after opening	Suppliers
Business License	$250 to $500	As incurred	Before opening	Government agencies
Professional Fees	$2,620 to $5,240	Lump sum	Before opening	Lawyers & accountants
Insurance [12] (3-months' premium)	$800 to $1,500	Lump sum	Before opening	Insurance companies
Startup Payroll (3- months) [13]	$5,000 to $10,000	As incurred	As incurred	Employees
Additional Funds [14] (3 month period after opening)	$10,000 to $40,000	As incurred	As incurred	Suppliers and employees

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	**AMOUNT [1]**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Total Estimated Initial Investment	$136,009 to $348,693	(this estimate is for a single unit franchise only; if you sign an ADA, the estimated initial investment will increase by the initial franchise fees applicable to your 2nd and subsequent franchises to be established under ADA)		

NOTES:

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

2. See Item 5 for additional information about the Initial Training Fee and Multi-unit Operator Training Program Fee. You will pay the Initial Training Fee if you are signing a Franchise Agreement for your first location, and you will pay the Multi-unit Operator Training Program Fee if you are signing a Franchise Agreement for your second or subsequent location under an ADA.

3. These figures presume that you will be leasing your premises for your personal training studio. The expense of leasing will vary depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. We anticipate that most personal training studios will range in size from 800 to 2,000 square feet. We estimate the rent will range from $1,000 to $6,000 per month, although your actual rent may vary significantly above or below this range depending on your area and the local market conditions. Landlords typically require security deposits equal to 1 or 2 months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The total estimated initial investment shown in the chart above includes 1 months' security plus 3 month's rent. Some franchisees may prefer to own their facility. The costs of purchasing a facility vary so widely that we cannot reasonably estimate the cost.

4. The cost of leasehold improvements and build-out vary widely based upon a number of factors, including the size and condition of the premises, whether or not there are any existing leasehold improvements, market conditions, cost of labor, materials and supplies, and whether the landlord will contribute to the cost of the improvements.

5. The type and size of the signage you actually install will be based upon the zoning, property use requirements and any landlord-imposed restrictions. There could be an occasion where signage is not permitted because of zoning or use restrictions. The estimated cost in the table above includes both interior and exterior signage.

6. You must purchase or lease the computer hardware and software that we require.

7. See Item 5 for additional information about the purchase of your Equipment Package. The total purchase price for the Equipment package is $81,269. The low estimate in the table above assumes you will finance the purchase through a third party. The high estimate assumes you will directly pay our affiliates the full purchase price for the Equipment Package. Due to the ever-changing pricing of materials and/or labor, which is out of our immediate control, all exercise equipment pricing is subject to change without notice.

8. This includes the cost to ship, install and set up the proprietary fitness equipment and related software purchased from our affiliate as well as non-proprietary equipment purchased from third party suppliers. The amount does not include taxes, which vary significantly from state to state. You are responsible for payment

of these taxes if we or one of our affiliates must change you for these taxes. The shipping amount also varies depending on the distance of your facility from the point of shipment and our corporate headquarters. You will pay a portion of this amount to our affiliates (estimated to range from $6,500 to $8,850) and they may engage the services of third parties to provide the services. Our affiliates will not markup these costs.

9. This estimates your costs to purchase your initial inventory of office supplies, cleaning supplies, safety supplies and nutritional bars and supplements.

10. You must spend money to market and advertise your Business prior to opening. The total cost is estimated to range from $14,195 to $20,770 although some franchisees may choose to spend more. The estimate includes your initial business identity and print collateral material ($3,000) and various advertisings costs, including initial advertising, direct mail and other forms of marketing. You must spend at least the minimum amount within the range that is determined based on the number of qualified households in your territory as set forth in the table below:

Number of Qualified Households in Territory	Applicable Grand Opening Range
9,000 or fewer	$14,170 to $17,000
9,001 to 12,000	$15,800 to $19,250
12,001 to 15,000	$16,400 to $20,000
15,001 or more	$17,000 to $20,750

11. You must spend at least $15,000 on local marketing and advertising during the first 3 months after you open your Business. The high end assumes the franchisee will spend more than the minimum required amount. Your pre-opening and post-opening marketing expenditures may vary widely depending on the specific market in which your Business is located. For example, marketing costs can be higher in urban areas, such as New York City or Los Angeles, than in more rural markets.

12. The high estimate includes the cost to purchase pandemic insurance, which we recommend but do not require.

13. Prior to opening you will need to hire one or more coaches. The lower estimate assumes the wages for one coach for three months prior to opening plus associated payroll taxes and fees. The high estimate assumes the wages for two coaches for three months prior to opening plus associated payroll taxes and fees.

14. Before opening your Business, you must have sufficient working capital to cover the excess of your expenses over cash flow. The table above estimates your working capital during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you) and other miscellaneous expenses and required working capital. You must have sufficient personal resources to cover your living expenses during this period. Your initial 3 months of rent, internet and telephone expenses, technology fees, Local Marketing Commitments and software fees are separately stated in the table above. These figures are estimates based on the past experience of our affiliates and franchisees in establishing and operating Exercise Coach® personal training studios. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Business.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain "source restricted" goods and services for the development and ongoing operation of your Business. By "source restricted," we mean that the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive

designated supplier, which may be us or an affiliate). Our specifications and list of approved and designated suppliers are contained in the Manual. We will notify you within 30 days of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication.

Supplier Criteria

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

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

Current Source Restricted Items

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: the lease for your facility; fixtures, furnishings and décor; signage; computer and POS system; fitness equipment and associated software (and mobile applications); inventory; uniforms; marketing materials and services; social media services; and insurance policies. We estimate that nearly 50% of the total purchases and leases that will be required to establish your Business and 20% of your ongoing operating expenses will consist of source restricted goods or services.

Lease

If you will lease the premises for your Business, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as ATTACHMENT "D". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your Business. The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease.

You are required to hire a real estate attorney to review and negotiate the terms of your lease. We recommend that you use our recommended real estate attorney(s) who will provide this service for a flat fee of $3,000 (per lease agreement) and are experienced with Exercise Coach®-specific lease negotiations. Alternatively, you may hire a real estate attorney of your choosing (in which case we must review and approve the final terms of the lease).

Fixtures, Furnishings and Décor

All of your fixtures, furnishings and décor must meet our standards and specifications. Some of these items must be purchased from approved or designated suppliers while others may be purchased from suppliers of your choosing.

Signage

All of your exterior signage must meet our standards and specifications and must be purchased from a designated or approved supplier.

Computer and POS System

Your computer system and POS system must meet our standards and specifications. You may purchase your computer system from any supplier of your choosing. You must purchase your POS system and license our associated business management and scheduling system software from a designated third party.

Fitness Equipment

You must purchase the proprietary fitness equipment and related software that we designate exclusively from our affiliates. The exercise equipment that we require is not operational without proprietary software owned and licensed by our affiliate, and the software may not be transferred without the consent of our affiliate. Therefore, if your franchise terminates or expires, you may not be able to use your fitness equipment or sell it to third parties. You must also purchase other non-proprietary fitness equipment that meets our standards and specifications. Our non-proprietary fitness equipment must be purchased from approved or designated suppliers along with all related apps and software. You may not utilize any software or apps that we have not approved for use.

Inventory

All of your inventory must meet our standards and specifications. We may require that you only offer the inventory items that we designate, such as approved supplements. You must purchase certain inventory items only from approved or designated suppliers (such as bars and powder) while other inventory items may be purchased from any supplier of your choosing (such as cleaning supplies). You may not utilize any inventory items that we have not approved.

Uniforms

Your employees must wear the uniforms that we specify. You must purchase these uniforms from a designated or approved supplier.

Marketing Materials and Services

All of your marketing materials must comply with our standards and requirements. We must approve all of your marketing materials before you use them. You must purchase all branded marketing materials only from us or other suppliers that we designate or approve. You must use marketing companies that we designate or approve to conduct marketing and advertising activities on your behalf.

Social Media Services

You must exclusively use our designated supplier for social media services. You must strictly comply with our social media policy, which we may change from time to time.

Insurance Policies

You must obtain the insurance coverage that we require from time to time (whether in the Franchise Agreement or in the Manual). The required coverage currently includes: “all risk” property insurance; business interruption insurance for 12 months; comprehensive general liability insurance in the minimum amount of $2,000,000 per occurrence and $4,000,000 in the aggregate (if you choose to purchase umbrella coverage with at least $1,000,000

coverage, then your minimum coverage limits for general liability insurance will be reduced to $1,000,000 per occurrence and $2,000,000 in the aggregate); automobile liability insurance in the minimum amount of $1,000,000 per occurrence; professional liability insurance with the same minimum coverage amounts as your general liability insurance; employer's liability insurance; worker's compensation insurance; and any other limits and coverage that we periodically require. Note that occasionally some landlords may require you to obtain higher limits which may affect the premiums you must pay. We also recommend, but do not require, that you attempt to obtain epidemic and pandemic insurance coverage if you are able to afford it. The required coverage and policies are subject to change. Currently, we require that you purchase all of the above insurance policies (other than your worker's compensation insurance) from a supplier that we designate. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. All coverage must be primary/non-contributory and must be on an occurrence basis.

Purchase Agreements

We will try to negotiate relationships with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices. If we succeed, you will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us). At this time, we have negotiated purchase agreements with suppliers (including price terms) for the following categories of goods and services: filtration lease; exercise equipment, uniforms, marketing supplies, digital marketing services, public relations services, business management and operating software, mobile health technology, and safety and sanitation equipment/supplies.

We have negotiated an arrangement with a real estate attorney to review and negotiate leases for our franchisees for a flat fee of $3,000 (per lease).

We reserve the right to purchase the items in bulk and resell them to you at our cost plus a reasonable markup (your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power). There are no purchasing cooperatives, although we reserve the right to establish one or more purchasing cooperatives in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate.

Franchisor Revenues from Source Restricted Purchases

Although we are not currently an approved supplier for any source restricted items, we reserve the right to designate ourselves as an approved or designated supplier in the future. Our affiliate, Gymbot, is currently the exclusive designated supplier for the proprietary exercise equipment. Gymbot is also currently the exclusive designated licensor of certain software and technology that must be utilized with the proprietary exercise equipment. Our officers, Brian Cygan and Brad Bundy, each own an interest in Gymbot. There are no other approved or designated suppliers in which any of our officers owns an interest. No other persons affiliated with us are currently an approved (or the only approved) supplier.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. However, our current intention is to use these funds for general support of our franchise system. In most cases, we would anticipate the rebate to range from 2% to 15% of the cost of the item purchased. We currently receive the following rebates from suppliers:

Vendor	Commission/ Rebate	Per Unit Commission or % Rebate
Exercise & Leisure	Commission	$700/machine
SciFit	Commission	Recumbent Bike: $1,626/machine Elliptical: $1,861/machine Pro-Sport Total Body: $1,616/machine
Designs for Health (Nutritional Supplements)	Rebate	15% of purchases
MicroShield	Rebate	$50/unit
Zogics (cleaning wipes)	Rebate	$2% of purchases made

Our total revenue during the fiscal year ended December 31, 2022 was $6,501,393. During the fiscal year ended December 31, 2022, we received a total of $173,124 in revenue from franchisee purchases and leases from designated or approved suppliers, which represents 2.66% of our total revenues.

During the fiscal year ended December 31, 2022, our affiliate Gymbot received a total of $3,245,422 in revenue from franchisee purchases and leases.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA), Participation Agreement (PA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: Section 7.1 & 7.3	Item 7 & Item 11
	ADA: Section 4.2	
	PA: Not Applicable	
b. Pre-opening purchases/leases	FA: Section 7.4, 12.5 & 16.1	Item 5, Item 7, Item 8 & Item 11
	ADA: Not Applicable	
	PA: Article III	
c. Site development and other pre-opening requirements	FA: Section 7.4 & 7.5	Item 6, Item 7 & Item 11
	ADA: Section 4.2	
	PA: Not Applicable	
d. Initial and ongoing training	FA: Section 5	Item 6 & Item 11
	ADA: Not Applicable	
	PA: Not Applicable	
e. Opening	FA: Section 7.5	Item 11
	ADA: Section 4.1	
	PA: Not Applicable	
f. Fees	FA: Section 4.2, 5, 8.5, 11.1, 11.4, 12.5, 12.7, 12.13, 14, 16.1, 17.2, 21.2 & 24	Item 5 & Item 6

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
	ADA: Section 5 & 7.2	
	PA: Article III	
g. Compliance with standards and policies/Brand Standards Manual	FA: Section 6.1, 7.1, 7.4, 11.3, 12 & 18.1	Item 11
	ADA: Section 4.2	
	PA: Article II, Section 2	
h. Trademarks and proprietary information	FA: Section 18	Item 13 & Item 14
	ADA: Section 2	
	PA: Article II, Section 1, Article IV & Article V	
i. Restrictions on products/services offered	FA: Section 12.3	Item 16
	ADA: Not Applicable	
	PA: Article II, Section 2(b) and 2(c) & Article IV	
j. Warranty and client service requirements	FA: Section 12.12	Not Applicable
	ADA: Not Applicable	
	PA: Not Applicable	
k. Territorial development and sales quotas	FA: Not Applicable	Item 12
	ADA: Section 4.1	
	PA: Not Applicable	
l. Ongoing product/service purchases	FA: Section 12.5	Item 8
	ADA: Not Applicable	
	PA: Not Applicable	
m. Maintenance, appearance and remodeling requirements	FA: Section 12.6 & 12.8	Item 11
	ADA: Not Applicable	
	PA: Not Applicable	
n. Insurance	FA: Section 16.1	Item 6 & Item 7 & Item 8
	ADA: Not Applicable	
	PA: Not Applicable	
o. Advertising	FA: Section 11	Item 6, Item 7 & Item 11
	ADA: Not Applicable	
	PA: Not Applicable	
p. Indemnification	FA: Section 19	Item 6
	ADA: Not Applicable	
	PA: Article VIII	
q. Owner's participation/	FA: Section 8	Item 11 & Item 15

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
management/staffing	ADA: Not Applicable	
	PA: Not Applicable	
r. Records/reports	FA: Section 16.2 & 16.3	Item 6
	ADA: Not Applicable	
	PA: Not Applicable	
s. Inspections/audits	FA: Section 17	Item 6 & Item 11
	ADA: Not Applicable	
	PA: Not Applicable	
t. Transfer	FA: Section 21	Item 17
	ADA: Section 7	
	PA: Article XI, Section 6	
u. Renewal	FA: Section 4	Item 17
	ADA: Section 4.4	
	PA: Not Applicable	
v. Post termination obligations	FA: Section 23	Item 17
	ADA: Not Applicable	
	PA: Article IX, Section 4	
w. Non-competition covenants	FA: Section 15	Item 17
	ADA: Not Applicable	
	PA: Not Applicable	
x. Dispute resolution	FA: Section 24	Item 17
	ADA: Section 9	
	PA: Article XI, Section 1 and Section 3.	
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: ATTACHMENT "E"	Item 15
	ADA: Not Applicable	
	PA: Not Applicable	

ITEM 10 FINANCING

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

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

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

Before you open your Business, we will:

1. License you the Marks necessary to begin operating your Business. (Section 2)

2. Approve the location, build-out and design of your personal training studio. See Section below entitled "Site Development" for additional information. (Sections 7.1, 7.4 & 7.5)

3. Provide you with access to our Manual, which will help you establish and operate your Business. See Section below entitled "Manual" for additional information. (Section 6.1)

4. Cause our affiliates to sell and deliver to you the Equipment Package consisting of the proprietary exercise equipment and associated software. Our affiliates will arrange for the shipment and installation of this exercise equipment. We will also provide you with written specifications for the goods and services you must purchase to establish your Business, as well as a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. We do not deliver or install any of the items that you are required to purchase, other than arranging for the shipment and installment of the equipment included within the Equipment Package. (Section 6.2 & 12.2)

5. Provide an initial training program. See Section below entitled "Training Program" for additional information. (Section 5)

6. Provide you with your own local webpage for your Business. See Section below entitled "Computer System" for additional information. (Section 6.5)

<u>During the operation of your Business, we will:</u>

1. Give you ongoing guidance and recommendations on ways to improve the marketing and operation of your Business. (Section 6.3)

2. Provide periodic training programs. See Section below entitled "Training Program" for additional information. (Section 5)

3. Maintain our corporate website that will include a list of all of the Exercise Coach® franchisees that are in good standing with us. We may modify the content of and/or discontinue this website at any time in our sole discretion. (Section 6.5 & 11.3(e))

<u>During the operation of your Business, we may, but need not:</u>

1. Continue to administer the brand and system development fund. See Section below entitled "Brand and System Development Fund" for additional information. (Section 11.1)

2. Develop new good and services for sale by Exercise Coach® franchisees. (Section 6.7)

3. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. (Section 6.6)

4. Hold periodic national or regional conferences to discuss business and operational issues affecting Exercise Coach® franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. (Section 5)

5. Create a franchise advisory council. See Section below entitled "Advisory Council" for additional information. (Section 13)

6. Upon your request, provide additional training or assistance (either at our headquarters or at your facility). See Section below entitled "Training Program" for additional information. (Section 5)

7. Provide you with suggested pricing for the products and services that you sell. (Section 12.4)

We do not provide area developers with any support under their ADA.

Training Program (Section 5 & 22.2(i))

Overview

We will provide an initial training program for the Managing Owner (defined in Item 15) and your initial managers and exercise coaches. These individuals must successfully complete the initial training program to our satisfaction at least 1 week before you open your Business. However, there is no specific period of time after signing or before opening that training must be completed. You may send other owners and employees to initial training, but it is not required. The initial training program includes approximately 5 days of training at our corporate training center (which is also our headquarters) located in Lake Zurich, Illinois (or at any other location we designate). Currently, we intend to offer the initial training program at least monthly assuming sufficient demand.

Training Topics

The initial training program consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Overview--Exercise Coach® Personal Training Studios	1	0	Lake Zurich, IL and Remote
Leadership	1-3	0	Lake Zurich, IL and Remote
Anatomy/Physiology/Bio mechanics	4	0	Lake Zurich, IL and Remote
Exercise Theory	4	0	Lake Zurich, IL and Remote
Sales/Marketing	8	0	Lake Zurich, IL and Remote
Exercise Application and Equipment Operation	8	0	Lake Zurich, IL and Remote
Customer Experience/Service	4	0	Lake Zurich, IL and Remote
Daily Operations-General Business Practices	6	0	Lake Zurich, IL and Remote
Exercise Coach Certification	2	0	Lake Zurich, IL and Remote
In Store Training	16 - 40	0	Lake Zurich, IL and Remote
Total	54 - 80	0	

In addition to the franchise ownership and management training program described above, we provide an Exercise

Coach® fitness certification program for all individuals who will serve as coaches at your facility. This certification program includes access to the learning management platform, evaluating written tests, and reviewing practical exams for compliance with our methods. Your initial coaches will be trained by us as part of the initial training program. You or your existing certified coaches may train your new coaches in conjunction with our online certification training program. We reserve the right to modify our training and certification program at any time and at our sole discretion.

Training Materials

For the classroom training, the training materials will consist of the Manual, exercise equipment and LMS (our online learning management system). You will not be charged an additional fee for any of the training materials (beyond the initial training fee).

Instructors

Our current instructors include Brian Cygan, Gerianne M. Cygan, TJ Lux, Kevin McKee, John Suazo, Rebekah Walrod, Bill Sharkey, and Brad Bundy. We may utilize substitute or additional instructors from time to time, but all instructors will have a minimum 1 year of experience in the relevant field.

Brian Cygan is Founder and CEO. He has 20 years of experience in the personal training industry and has been operating successful personal training businesses for the same amount of time. Brian previously operated Strength for Life for the past 20 years. He has developed all of the training systems and protocols used in the system as well as office procedures.

Gerianne Cygan has been a co-owner Strength for Life for the past 21 years. She has been instrumental in developing the procedures for operating and managing the internal processes for the Exercise Coach Franchise. She has a total of 22 years of experience in the personal training industry.

TJ Lux is a Franchise Support Manager and has owned and operated several Exercise Coach franchised studios since 2007 (15 years). TJ assists in developing exercise protocols, researches the scientific support for The Exercise Coach® training philosophy and assists franchisees with ongoing training of the owners and coaches. He has a total of 16 years of experience in the personal training industry.

Kevin McKee has served as one of our Franchise Support Managers since 2016 and has owned and operated an Exercise Coach franchised studio since 2003. Kevin holds a Bachelor's of Science in Human Biology, and a Masters of Science in Exercise Science. He is an ACSM Certified Exercise Physiologist and a Certified Health Coach, and has a total of 24 years of experience in the personal training industry.

John Suazo has served as one of our Franchise Support Mangers since 2019 and has owned and operated an Exercise Coach franchised studio since 2015. He is an advanced-trained and Certified Exercise Coach with a total of 9 years of experience in the personal training industry.

Rebekah Walrod joined The Exercise Coach corporate team as an Associate Support Manager in 2021 and previously served as the General Manager for The Exercise Coach in Colorado Springs, CO for 4 years. She has a total of 8 years of experience in the personal training industry.

Bill Sharkey joined The Exercise Coach corporate team as Director of Multi-Unit Development in 2021 and has owned and operated an Exercise Coach franchised studio since 2019. He has a total of 5 years of experience in the personal training industry.

Brad Bundy is our Chief Operating Officer. He has trained franchisees in operational processes including client management, marketing and staffing matters and ongoing studio operations since 2014 (9 years). He has a total

of 10 years of experience in the personal training industry.

Multi-unit Operator Training Program

Under the ADA, our Multi-unit Operator Training Program begins shortly after the signing of your second and each subsequent franchise agreement and continues for the first six months after opening each new location. The focus of this training program is to provide the area developer with the tools and guidance to that will prepare them for multi-unit operations. The course places an emphasis on team member development, including behavioral analysis where key employees will participate in both an assessment and team debrief. The program also covers culture building, healthy business habits, and maximizing economies. This training program is delivered remotely by our Director of Multi-unit Development and includes a minimum of 5 hours of classroom training via Zoom and 20 hours of on the job training.

Ongoing Training

From time to time, we may require that your Managing Owner and managers attend system-wide refresher or additional training courses. If you appoint a new Managing Owner or manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Business.

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

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

Training Fees and Costs

We will provide the initial training program for up to 3 people in exchange for the $2,500 initial training fee. You must pay us a training fee of up to $500 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners or managers); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; (iv) each person to whom we provide additional training that you request; and (v) each person who attends any system-wide or additional training that we conduct. You must also pay us a training fee of up to $250 per person per certification for all new coaches that attend our online certification programs for initial training and TEC Mobile (if your location is authorized to provide this service). If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses.

Manual (Section 6.1, 12.2 & 26.8)

We will provide you with access to our Manual in text or electronic form for the term of your Franchise Agreement. The Manual may include, among other things, (i) a description of the authorized goods and services that you may offer at your Business; (ii) mandatory and suggested specifications, operating procedures, exercise protocols and quality standards for products, services and procedures that we prescribe from time to time for Exercise Coach® franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your facility; (v) forms and waivers for use with clients; (vi) policies and procedures pertaining to any gift card program or membership program that we establish; and (vii) a written list of goods and services (or specifications for goods and services) you must purchase for the development and operation of your Business and a list of any designated or approved suppliers for these goods or services. The Brand Standards Manual is

designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time and you are required to stay up-to-date with the changes. All mandatory provisions contained in the Manual are binding on you. The Manual is confidential and remains our property. We may modify the Manual upon 30 days' prior notice, but the modification(s) will not alter your status or fundamental rights under the Franchise Agreement. The Manual contains approximately 456 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "E".

Site Development (Section 7.1, 7.3, 7.4, 7.6 & 12.8)

A Exercise Coach® personal training studio typically ranges in size from 800 to 2,000 square feet. Our personal training studios may be located in commercial retail space such as a shopping center or mixed use development, anchored by large grocery stores, or a professional office building or development. Regardless, the location should be easily accessible to the public.

We do not typically own the premises and then lease it to the franchisee. We must approve the premises from which you will operate your Business. The premises must be located within the Site Selection Area identified in Part B of ATTACHMENT "B" to the Franchise Agreement and must conform to our minimum site selection criteria. It may not be located within any territory that is operated by us or another franchisee. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site.

You must submit your first proposed site within 60 days after signing the Franchise Agreement. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. In reviewing a proposed site, we will consider factors such as parking, size, traffic counts, general location, existence and location of competitive businesses, tenant mix in the building or shopping center, ease of access, general character of the neighborhood and various economic indicators. If you fail to obtain our approval of your site in the required period of time, we may terminate your Franchise Agreement.

You must obtain our approval of your site no later than 120 days after signing the Franchise Agreement. Otherwise we may terminate your Franchise Agreement. However, if you have made diligent and good faith efforts to find an approved site throughout the 120-day period but are unable to secure an approved site for reasons outside of your control, then we may, in our reasonable discretion, grant you 1 or more 30-day extension periods in which to find an approved site.

If your site has been approved prior to signing the Franchise Agreement, then the address of your approved site will be listed in Part C of ATTACHMENT "B" to the Franchise Agreement. If your site has not been approved prior to signing the Franchise Agreement, then within 30 business days after you submit to us a fully executed copy of your lease or purchase agreement for the Business premises, we will send you a Site Approval Notice in the form attached to the Franchise Agreement as ATTACHMENT "C" (the "Site Approval Notice"). The Site Approval Notice will list the address of your approved location and will identify your Territory.

We do not review the terms of your lease. However, if you will lease the premises for your Business facility, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as ATTACHMENT "D". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your Business facility. You and the landlord must sign the lease and Lease Addendum within 120 days after you sign the Franchise Agreement (subject to any approved extension periods we grant for site approval as discussed above).

After you purchase or lease your approved site, you must construct and equip the premises to the specifications contained in the Manual. You must also install the equipment, fixtures, signs and other items that we require. Before you open, we must approve the build-out and layout of your Business facility. You must remodel and make

all improvements and alterations to your facility that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. There are no limitations on the cost or frequency of these remodeling obligations. You may not remodel or significantly alter your premises without our prior approval.

If you sign an ADA, we must approve the location of each franchise to be developed under our then-current site selection criteria.

Computer System (Section 12.5, 12.6, 12.7, 16.3 & 17.1)

You must purchase and use all Technology Systems (as defined in Note 8 in Item 6) that we designate from time to time. One component of our Technology Systems is your "computer system", which consists of the following items:

- 2 Computer stations which may be desktops or laptops with reasonably current Windows operating systems, Microsoft Office, a credit card reader, and Internet connectability, 1 All-in-one printer/scanner/copier/fax; 2 HD flat screen television (Estimated Cost - $700 to $1,600);
- 1 Point of Sale System requires a newer model computer (either laptop or desktop) and a credit card swipe device (Estimated Cost - $500 to $1,500, price includes computer); and
- 1 to 2 telephones for the desktop (Estimated Cost - $50 to $400).

We estimate the total cost for your computer system equipment to range from $1,250 to $3,500.

The computer system will generally be used to implement your business management and scheduling software and applications (which comprise your POS system). The POS system and associated business management and scheduling system costs $248 per month ($2,976 per year). As part of this fee, the licensor (or its designated agent or representative) will provide all required ongoing maintenance, repairs, upgrades and updates. You are required to sign a separate agreement with the licensor for these services.

In addition to your POS system and business management and scheduling system, you must pay the following monthly software fees to third parties (which may change from time to time):

- Coach Connect – sales pipeline management and business text messaging software (estimated to be $140 per month, or $1,680 per year)
- Coach Hub – business intelligence platform ($29 per month, or $348 per year)

You will use your computer system for general business purposes such as client lead management, client enrollment, processing payment transactions, booking clients, scheduling sessions, recording client information, preparing operational and financial reports and communicating with us and your clients via email. You will also use your computer system browser to access the proprietary software associated with the designated exercise equipment. You must sign the Participation Agreement attached to this Disclosure Document as EXHIBIT "K" for the license and use of this software.

Your computer system will collect and store various types of data, including client contact information, payment and credit card information, information on potential clients (i.e., leads), client attendance records and sales data. We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access. However, we will not disclose any data regarding your clients that is specifically attributable or identifiable to that particular person (we may disclose data in summary or statistical formats). We and our affiliates will own this data.

Except as otherwise disclosed above: (i) neither we nor any other party has any obligation to provide ongoing

maintenance, repairs, upgrades or updates to your computer system; and (ii) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

You must maintain the computer system in good working order at your cost. During the term of your franchise, you may be required to upgrade or update your computer hardware and/or software to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades.

We may change the components of the Technology Systems from time to time, including your computer system. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The "technology fee" includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems. As of the issuance date of this Disclosure Document, we charge a technology fee is $518 per month ($6,216 per year), which is paid to our affiliate for certain technical services associated with the proprietary equipment and software, including database management, data backup services, asset management and equipment maintenance.

Brand and System Development Fund (Section 11.1)

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

You must contribute to the fund the amount we specify from time to time (not to exceed 1% of Adjusted Gross Revenue). We will deposit into the fund all: (i) fund contributions paid by you and other franchisees; and (ii) fines paid by you and other franchisees. Any company-owned Exercise Coach® business will not be required to contribute to the fund on the same basis as our franchisees. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area.

All monies deposited into the fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. During the fiscal year ended December 31, 2022, we spent 0% of the monies in the fund on production, 0% on media placement, 0% on administrative expenses, and 100% on "other." "Other" includes marketing software and professional fees.

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

Local Advertising (Section 11.2 & 11.3)

You must spend an amount ranging from $14,170 to $20,750 on your pre-opening marketing activities and collateral material and $15,000 to $20,000 in your first 3 months after opening, including digital marketing and public relations activities, distributing mailers to high income households and conducting radio and other advertising in accordance with the Manual. We may also require that you hold an open house for business and community leaders. The specific minimum range for your grand opening expenditure requirement is determined based on the number of qualified households in your territory as set forth in the table below:

Number of Qualified Households in Territory	Applicable Grand Opening Range
9,000 or fewer	$14,170 to $17,000
9,001 to 12,000	$15,800 to $19,250
12,001 to 15,000	$16,400 to $20,000
15,001 or more	$17,000 to $20,750

In addition to your pre-opening marketing obligations discussed above, you must spend a minimum monthly amount equal to your Local Marketing Commitment on local advertising and marketing, which also varies depending on the number of qualified households in your territory as set forth in the table below:

Number of Qualified Households in Territory	Applicable Local Marketing Commitment
9,000 or fewer	$2,000 per month
9,001 to 12,000	$2,300 per month
12,001 to 15,000	$2,400 per month
15,001 or more	$2,500 per month

This minimum expenditure begins after your grand opening period (the grand opening period expires 3 months after opening of your Business). We will measure your compliance with this requirement on a rolling 6-month basis, meaning that as long as your average monthly expenditure on local advertising over the 6-month period equals or exceeds your Local Marketing Commitment, you will be deemed in compliance even if your expenditure in any given month is less than the minimum Local Marketing Commitment. You must participate at your own expense in all advertising, promotional and marketing programs that we require.

We may create and make available to you advertising and marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis.

You will also have an opportunity to create advertising for your own use, provided we approve it in advance. You may not use any advertising materials that have not been approved by us. You must submit to us any advertising materials that you prepare or modify and we will have 15 days to review and either approve or reject the materials. Our failure to disapprove any advertising materials within the 15-day period will constitute our approval of the materials. We also reserve the right to require that you comply with any minimum advertised pricing policy that we establish from time to time.

We will own all social media accounts and control all social media posts relating to Exercise Coach® businesses. You may propose content for posting, which must be approved by us in the same manner as other advertising that you propose. You will be granted limited access rights to the social media accounts pertaining to your Business but we retain administrator rights to all such accounts at all times. At all times you must comply with any social media policy that we develop. We may require you to remove, or we may unilaterally remove, content from your social media pages that we deem to be out of compliance with our social media policy.

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

Advertising Cooperative (Section 11.4)

We may, but need not, form one or more advertising cooperatives for the benefit of all franchisees located within a particular region. If your franchise is located within a region subject to an advertising cooperative, you will be required to pay a cooperative advertising fee equal to the amount that we specify (not to exceed $2,000 per month). Any Exercise Coach® businesses owned by us or our affiliates that are located within the cooperative would contribute on the same basis as other franchisees. All cooperative advertising fees that you pay will be credited against your Local Marketing Commitment. We have the right to determine the composition of all geographic territories and market areas for the implementation of each advertising cooperative. Generally, the boundaries of an advertising cooperative will coincide with metropolitan statistical areas or designated marketing areas.

If we implement an advertising cooperative in a particular region, we have the right to establish an advertising council to self-administer the cooperative. You must participate in the council according to the council's rules and procedures and you agree to abide by the council's decisions. Alternatively, we may administer the cooperative ourselves. Advertising cooperatives are not required to operate from written governing documents or prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to franchisees within the advertising cooperative upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

Advisory Council (Section 13)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. The advisory council could also recommend the implementation of additional fees to be used for marketing and/or to improve the franchise brand. We would consider all suggestions from the advisory council in good faith, but we would not be bound by any such suggestions. The advisory council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council to communicate with us on matters raised by the advisory council. You would have the right to

be a member of the advisory council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Exercise Coach® business operated by us or our affiliates would also be a member of the Advisory Council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We may establish procedures for electing franchisees to become members of the advisory council. We would have the power to form, change or dissolve the advisory council in our discretion.

Opening Requirements (Section 7.5)

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

We anticipate that a typical Exercise Coach® franchisee will open his or her Exercise Coach® business in less than 300 days after signing the Franchise Agreement. Some of the factors that may affect this time are identification of a suitable location, financing, the extent to which an existing location must be upgraded or remodeled, delayed installation of equipment and fixtures, completion of training, obtaining insurance, and complying with local laws and regulations. Unless we agree to the contrary, your Business must be opened within 120 days after you sign the lease or purchase agreement for your premises. Your failure to open within the 120-day period constitutes an event of default under your Franchise Agreement. However, if you have made diligent and good faith efforts to open within the required period of time but are unable to do so for reasons outside of your control, then we may, in our reasonable discretion, grant you 1 or more 30-day extension periods in which to open your Business.

ITEM 12 TERRITORY

Location of Your Business

Each Franchise Agreement grants you the right to operate a single Exercise Coach® business at a single location that must be approved by us in advance. You will be required to identify a location for your Exercise Coach® facility within the Site Selection Area described in Part B of ATTACHMENT "B" to your Franchise Agreement.

For a period of time commencing with the date you sign the Franchise Agreement and expiring upon the earlier to occur of (i) 30 days after the effective date of the Franchise Agreement or (ii) the date that we identify the boundaries of the territory, we will not establish and operate, or grant rights to any third party to establish and operate, an Exercise Coach® personal training studio within the Site Selection Area. Upon the earlier to occur of (i) the expiration of the 30-day period after the effective date of the Franchise Agreement or (ii) the date that we identify the boundaries of your territory, we will have the unrestricted right to establish and operate, or grant rights to one or more third parties to establish and operate, Exercise Coach® personal training studios anywhere within the Site Selection Area (other than within your territory). If your site has been approved and your territory identified before you sign the Franchise Agreement, then the restrictions described in this paragraph will not apply and we may establish and operate, or grant rights to one or more third parties to establish and operate, Exercise Coach® personal training studios anywhere within the Site Selection Area (other than within your territory) including during the 30 day period after the effective date of the Franchise Agreement.

You may relocate your Business facility with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i)locate your new facility within the Site Selection Area described in ATTACHMENT "B" to your Franchise Agreement; (ii) comply with all of our then-current site selection and development requirements; and (iii) open your new Business facility and resume operations within 30 days after closing your prior facility.

Your Territory (Franchise Agreement)

We will identify the boundaries of your territory. If the site for your Business premises is approved before you sign the Franchise Agreement, then your territory will be identified in Part D of ATTACHMENT "B" to your Franchise Agreement. If the site for your Business premises is not approved before you sign the Franchise Agreement, then your territory will be identified in the Site Approval Notice that we send to you. Your territory will include a minimum of 5,000 households that have household income of at least $120,000 (referred to as a "qualified household").

Your territory will be exclusive. During the term of your Franchise Agreement, we will not operate or authorize a third party to operate an Exercise Coach® personal training studio using our Marks that is physically located within your territory.

Your Development Territory (ADA)

If you sign an ADA, we will grant you an exclusive development territory. All Exercise Coach® personal training studios that you open under the ADA must be located within your development territory. A development territory will typically consist of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a development territory. In determining the size of your development territory, we primarily consider the number of franchises we believe your development territory can sustain.

Your development territory will be exclusive. During the term of your ADA, we will not establish or grant rights to other persons to establish another Exercise Coach® personal training studio in your development territory, except for any Exercise Coach® personal training studios that are located within your development territory as of the date you sign the ADA (either open, under construction or for which a Franchise Agreement has been signed).

You must sign a separate Franchise Agreement for each franchise that you establish under the ADA and you may only operate from the locations approved by us under the Franchise Agreements. We must approve the location of each franchise to be developed under our then-current site selection criteria. We identify your development territory, the development fee and the development schedule in the ADA before you sign it.

Alternative Channels of Distribution

We reserve the right to sell or license others to sell competitive or identical goods or services (whether under the Marks or under different trademarks) through Alternative Channels of Distribution. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales made to clients while present at an Exercise Coach® personal training studio. Examples of Alternative Channels of Distribution include: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as exercise stores or department stores; (iii) sales made at wholesale; and (iv) the provision of services through an App or other mobile device. We may sell or license a third party to sell competitive or identical goods or services through Alternative Channels of Distribution (whether under the Marks or different trademarks) anywhere within your territory and development territory, if applicable. For purposes of clarity, you understand that we and our affiliates have the unrestricted right to sell the proprietary fitness equipment and related software to anyone regardless of where they are located provided that they do not operate a competitive business and do not operate under the Marks. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution. For the avoidance of doubt, reserving the right to sell through Alternative Channels of Distribution does not include establishing any company or affiliate-owned The Exercise Coach® locations within your territory.

Restrictions on Your Sales and Marketing Activities

All of your marketing activities must be primarily directed towards clients within your territory. Other Exercise Coach® franchisees may advertise within your territory, although their advertising must be primarily directed

towards clients within their territory. You understand that certain types of advertising conducted by other franchisees (such as Internet, radio and television advertising) may circulate and be viewed within your territory.

You are not permitted to market or sell through Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your territory or development territory, if applicable. However, with our prior written approval, we may allow you to direct marketing into areas outside of your territory or development territory, if applicable, that are not assigned to or served by any other Exercise Coach® business. We may condition our approval on any grounds we deem appropriate, including transitioning customers to any new Exercise Coach® business that subsequently acquires or begins servicing the area. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled "Local Advertising." There are no other restrictions on your right to solicit clients, whether from inside or outside of your territory or development territory, if applicable.

Minimum Performance Requirements

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

If you sign an ADA and fail to satisfy your development schedule by establishing the minimum number of Exercise Coach® businesses within the required period of time, we may terminate your ADA and you will lose the territorial exclusivity associated with your development territory.

Additional Franchises and Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises, other than your right and obligation to develop multiple Exercise Coach® businesses within your development territory if you sign an ADA.

Competitive Businesses Under Different Marks

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

Our affiliates also have the unrestricted right to sell their proprietary equipment and software to third parties except as otherwise prohibited under the terms of the Participation Agreement you will sign (the form of Participation Agreement is attached to this Disclosure Document as EXHIBIT "K"). Under the Participation Agreement, our affiliate, Gymbot, agrees not to sell the Exerbotics equipment commonly known as: (i) Exerbotics Chestpress/Row, (ii) Exerbotics Nucleus, (iii) Exerbotics CrossFire, (iv) Exerbotics Shoulder Press/Pulldown, (v) Exerbotics Seated Leg Curl, and (vi) Exerbotics Leg Press, to "Commercial Fitness Retailers" located within your territory (under your Franchise Agreement) or your development territory (under your Area Development Agreement, if applicable) during the term of the Participation Agreement. A "Commercial Fitness Retailer" is defined as a fitness facility that derives over half of its annual gross revenue from (a) offering to the general public, the use of a facility and its exercise equipment, and/or (b) personal (exercise) training services, including one-on-one, small group, and large group training formats. However, the services described in (a) and (b) in the preceding sentence do not include any services that are required in any manner whatsoever to be overseen, supervised or delivered by a licensed or otherwise credentialed healthcare professional who specializes in the prevention, diagnosis or treatment of diseases, injuries, or other disorders. Further, for purposes of clarity, facilities that are expressly excluded from the definition of Commercial Fitness Retailer include physical therapy clinics, medical facilities, senior living communities, corporate wellness centers, research institutions and other similar types of establishments.

ITEM 13 TRADEMARKS

We own the following trademarks registered on the United States Patent and Trademark Office principal register:

MARK	REGISTRATION NUMBER	REGISTRATION DATE (RENEWAL DATE)
The Exercise Coach	3484221	August 12, 2008 (September 30, 2017)
Strength Changes Everything	6,205,846	December 20, 2019 (December 20, 2029)

All required affidavits have been filed.

We grant you the right to operate a franchise under the name "Exercise Coach®" and logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your Exercise Coach® franchise or the products or services sold at your Business. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item). If this happens, you must change to the new trademark at your expense (except we will reimburse you for your costs of changing your primary signage).

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

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

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

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

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Our affiliate, Gymbot, has filed an application for and obtained a provisional patent on its proprietary strength scoring methodology, Strength Index, which allows for the normalization of isokinetic strength training performance and prescription, as delivered through its Exerbotics machines. Although we have not filed an application for copyright registration for the Manual, our website, our affiliate's proprietary software (related to the proprietary equipment) or our marketing materials, we do claim a copyright to these items. During the term of your Franchise Agreement, we will allow you to use our proprietary information relating to the development, marketing and operation of an Exercise Coach® business, including, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual. All ideas,

improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Business will be owned by us.

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

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

The Franchise Agreement requires that you designate an owner who will be primarily responsible for the daily management and supervision of the Business (the "Managing Owner"). We must approve the owner that you appoint to serve as the Managing Owner. The Managing Owner must dedicate his or her full time efforts to your Business unless you delegate management functions to a manager. We recommend that the Managing Owner or third-party manager, if applicable, also serve as a trainer / coach at your facility. Any new Managing Owner must successfully complete the initial training program before becoming involved with the supervision, management or operation of the Business. The Managing Owner must also complete any mandatory refresher or advanced training courses that we require.

You may hire a manager to assume responsibility for the daily on-site management and supervision of your Business, but only if: (i) the manager successfully completes the initial training program (and you pay us the associated training fee for training that takes place after opening); (ii) the manager signs a Brand Protection Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT "G" (a "Brand Protection Agreement"); and (iii) the Managing Owner agrees to assume responsibility for the supervision and operation of your Business if the manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager. We do not require that the manager own any equity interest in the franchise.

All of your certified Exercise Coach coaches must sign a Brand Protection Agreement. All of your employees and other agents or representatives who may have access to our confidential information must sign a Brand Protection Agreement and a copy must be submitted to the Franchisor. If you are an entity, each owner (i.e., each person holding an ownership interest in you) and the spouse of each owner must sign a Franchise Owner Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT "E".

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

We will provide you with our suggested retail pricing. To the extent permitted by applicable law, we may also set maximum or minimum prices on the goods and services you offer.

We may require that you participate in a gift card or other customer loyalty program (including utilization of a "membership" model) in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. If we establish a gift card or loyalty program, we have the right to determine how the

proceeds from the sale of gift cards or membership fees will be divided or otherwise accounted for, whether redeemed or unredeemed, between Exercise Coach Businesses . You must follow all of our policies regarding any gift card or loyalty program that we establish.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
a. Length of the franchise term	FA: Section 4.1	Term is equal to 10 years.
	ADA: Section 2	Term expires on opening of last franchise to be developed under development schedule.
b. Renewal or extension of the term	FA: Section 4.1 & 4.2	If you meet our conditions for renewal, you can enter into an unlimited number of consecutive successor franchise agreements for as long as we continue to operate our franchise system and grant new franchises. Each renewal term will be 5 years.
	ADA: Section 4.4	No renewal rights.
c. Requirements for you to renew or extend	FA: Section 4.1 & 4.2	You must: not be in default; not have made 2 or more late payments in any 3-year period; give us timely notice; sign our then-current form of franchise agreement and related documents (e.g., Franchise Owner Agreement, Brand Protection Agreement, etc.); sign a general release (subject to state law); pay the renewal fee; remodel or upgrade your facility to comply with our then-current standards and specifications; and maintain possession of your facility under your lease. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: Section 4.4	You may not renew or extend the term of the ADA.
d. Termination by you	FA: Section 22.1	You can terminate only if we fail to cure a material default within the cure period.
	ADA: Section 8	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: Section 22.4	We can terminate without cause if you and we mutually agree to terminate. The termination of an ADA due to your default is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: Not Applicable	Not applicable
f. Termination by us with cause	FA: Section 22.2 & 22.3	We can terminate if you default. The termination of an ADA due to your default is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: Section 8	We can terminate if you default. Any termination of a franchise agreement is a default under the ADA allowing us to terminate without cure period.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
g. "Cause" defined - curable defaults	FA: Section 22.2 & 22.3	You have 10 days to cure any monetary default. You have 30 days to cure any other default (other than defaults described below under "non-curable defaults"). The termination of an ADA due to your default is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: Section 8	You have 30 days to cure any default, other than defaults described below under "non-curable defaults." Any termination of a franchise agreement is a default under the ADA allowing us to terminate without cure period.
h. "Cause" defined - non-curable defaults	FA: Section 22.2	The following defaults cannot be cured: failure to successfully complete training; failure to find approved site, secure lease or open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment of franchise; failure to maintain required license or permit; failure to allow inspection; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2nd underreporting of any amount due by at least 3%; unauthorized transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement by owner or spouse; termination of your lease due to your default; 3 breaches in 12-month period; or termination of any other agreement between you and us or an affiliate due to your default. However, the termination of an ADA due to your default is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: Section 8	You cannot cure any default relating to the termination of a franchise agreement based on your default. Any termination of a franchise agreement is a default under the ADA allowing us to terminate without cure period.
i. Your obligations on termination/non-renewal	FA: Section 23.1	Obligations include: complete de-identification; cease use of intellectual property; return of Manuals and all branded materials; assignment of telephone numbers, listings and domain names; assignment of client information and accounts; cancellation of fictitious names; and payment of amounts due (also see "r", below).
	ADA: Not Applicable	The ADA does not impose any specific obligations on you after it is terminated or expires.
j. Assignment of contract by us	FA: Section 21.1	No restriction on our right to assign.
	ADA: Section 7.1	No restriction on our right to assign.
k. "Transfer" by you – definition	FA: Section 21.2 & Attachment A (definition of "Transfer")	Includes transfer of contract or assets, or ownership change.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
	ADA: Section 1 (definition of "Transfer") & 7.2	Includes transfer of contract or assets, or ownership change.
l. Our approval of transfer by you	FA: Section 21.2, 21.3 & Attachment A (definition of "Permitted Transfer")	If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval.
	ADA: Section 1 (definition of "Permitted Transfer"), 7.2 & 7.3	If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	FA: Section 21.2	Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; agree in writing to assume all of your obligations under any agreements relating to the Business; and sign a new franchise agreement for the remainder of the term (or at our option, take assignment of existing franchise agreement). You must: be in compliance with Franchise Agreement; assign your lease, if applicable; remodel the facility to current standards (or get a commitment from transferee to do so); pay us the transfer fee; and sign a general release (subject to state law). We must notify you that we do not intend to exercise our right of first refusal. You may not transfer your franchise rights prior to opening.
	ADA: Section 7.2	Transferee must meet our qualifications, successfully complete training (or commit to do so) and sign a new area development agreement for the remainder of the term (or at our option, take assignment of existing ADA). You must be in compliance with all Franchise Agreements and ADA, assign all Franchise Agreements to same purchaser unless we agree to contract (or at our option, purchaser must sign our then current form of franchise agreement), comply with transfer provisions under Franchise Agreements, pay us the transfer fee and sign a general release (subject to state law). We must notify you that we do not intend to exercise our right of first refusal.
n. Our right of first refusal to acquire your business	FA: Section 21.5	We have the right to match any bona fide, arms-length offer for your business.
	ADA: Section 7.5	We have the right to match any bona fide, arms-length offer for your area development rights.
o. Our option to purchase your business	FA: Section 23.2	We have the option to purchase your Business at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	We do not have a right to purchase your area development rights unless you attempt to transfer your rights to a third party purchaser.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
p. Your death or disability	FA: Section 21.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate manager to operate the Business prior to transfer.
	ADA: Section 7.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers.
q. Non-competition covenants during the term of the franchise	FA: Section 15.2 & 15.3	No involvement in competing business; comply with non-disclosure covenants.
	ADA: Not Applicable	The ADA does not impose any noncompetitive covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: Section 15.2, 15.4 & 23.1	No involvement for 2 years in competing business within 10 miles of your Business facility (including at your facility); comply with non-disclosure covenants; cease use of intellectual property.
	ADA: Not Applicable	The ADA does not impose any noncompetitive covenants.
s. Modification of the agreement	FA: Section 26.3 & 26.8	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
	ADA: Section 11.6	Requires writing signed by both parties. Other modifications primarily to comply with various states laws.
t. Integration/merger clause	FA: Section 26.8	Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
	ADA: Section 11.6	Only the terms of the ADA and attachments to ADA are binding (subject to state law). Any representations or promises made outside the Disclosure Document and ADA may not be enforceable. Nothing in the ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. 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.
u. Dispute resolution by arbitration or mediation	FA: Section 24	Subject to state law, all disputes must be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
	ADA: Section 9	Subject to state law, all disputes must be mediated and then arbitrated before litigation.
v. Choice of forum	FA: Section 24	Subject to state law, all mediation and litigation must take place in Montgomery County, Texas.
	ADA: Section 9	Subject to state law, all mediation and litigation must take place in Montgomery County, Texas.
w. Choice of law	FA: Section 26.1	Subject to state law, Texas law governs the Franchise Agreement.
	ADA: Section 11.1	Subject to state law, Texas law governs the ADA.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

As of December 31, 2022, we had 168 franchised Exercise Coach Businesses ("Franchised Locations") in operation. The tables below provide information on the 131 Franchised Locations that were in operation at least 12 months as of the fiscal year end ("Reporting Group"). The Reporting Group consists of 81 retail Franchised Locations and 50 non-retail Franchised Locations. The Reporting Group includes 2 outlets that were previously operated as affiliate-owned locations and were sold as franchises in 2022.

We have excluded the following Exercise Coach Businesses:

- 38 Franchised Locations that opened after January 1, 2022; and
- 1 Franchised Location that ceased operations and was terminated during the 2022 calendar year.

The information in the table below is a historical financial performance representation for the Reporting Group for the 2022 calendar year ("Reporting Period"). The financial information was prepared from internal accounting records and reports. The Exercise Coach Businesses included in this financial performance representation offer similar services and face a similar degree of competition anticipated for the Exercise Coach Businesses offered under this Franchise Disclosure Document.

Table 1

The information provided in Table 1 below consists of the actual performance of the Franchised Locations in the Reporting Group during the Reporting Period. In Table 1A, we have divided the 131 Franchised Locations into 4 quartiles. Quartile 1 represents the 33 highest performing Franchised Locations; Quartile 2 represents the 33 second highest performing Franchise Locations; Quartile 3 represents the 33 third highest performing Franchised Location; and Quartile 4 represents the 32 lowest performing Franchised Locations. In Table 1B, we have divided the 131 Franchise Locations between retail and non-retail Franchised Locations (see Note 2).

Table 1A - Adjusted Gross Revenue for the Reporting Group During the Reporting Period

Adjusted Gross Revenue	Quartile 1 33 Franchised Locations	Quartile 2 33 Franchised Locations	Quartile 3 33 Franchised Locations	Quartile 4 32 Franchised Locations
High	$568,210	$324,979	$257,024	$210,294
Low	$329,780	$259,235	$210,945	$46,987
Average (# and % Attaining)	$405,535 14 of 33 (42%)	$292,815 16 of 33 (48%)	$231,784 17 of 33 (52%)	$168,941 15 of 32 (47%)
Median (# and % Attaining)	$393,564 17 of 33 (52%)	$290,189 17 of 33 (52%)	$231,948 17 of 33 (52%)	$165,924 15 of 32 (47%)

Table 1B - Adjusted Gross Revenue for the Reporting Group During the Reporting Period

Adjusted Gross Revenue	All Retail 81 Franchised Locations	All Non-Retail 50 Franchised Locations
High	$568,210	$515,315
Low	$46,987	$144,080
Average (# and % Attaining)	$280,594 41 out of 81 (51%)	$267,448 25 of 50 (50%)

Median (# and % Attaining)	$267,955 41 out of 81 (51%)	$235,136 25 of 50 (50%)

Notes to Table 1:

1. "Adjusted Gross Revenue" means (for purposes of this Item 19) all gross sums collected from all goods and services that sold by the outlet (including all membership, class package and supplement revenue) plus all other sums collected by the outlet from the operation of the franchised business, including the proceeds of any business interruption insurance. "Adjusted Gross Revenue" does not include sales or use taxes.

2. Our personal training studios may be located in commercial retail space such as a shopping center or mixed use development, anchored by large grocery stores, or a professional office building or development.

Table 2

The information provided in Table 2 below consists of the actual performance of the Franchised Locations in the Reporting Group during the Reporting Period. We have provided selected monthly operating expenses for all Franchised Locations in the Reporting Group, separated between retail and non-retail Franchised Locations.

Table 2
Selected Monthly Operating Expenses for the Reporting Group
During the 2022 Calendar Year

Selected Expenses	Retail Locations 2022	Non-retail Locations 2022
Monthly Rent		
Low	$1,500	$1,280
High	$5,660	$4,458
Average (# and % Attaining)	$3,080 19 of 40 (48%)	$2,751 17 of 36 (47%)
Median (# and % Attaining)	$2,984 20 of 40 (50%)	$2,560 18 of 36 (50%)
Monthly Marketing and Promotion		
Low	$115	$215
High	$10,252	$7,725
Average (# and % Attaining)	$3,286 14 of 40 (35%)	$3,684 15 of 36 (42%)
Median (# and % Attaining)	$5,405 20 of 40 (50%)	$3,440 18 of 36 (50%)
Monthly Utilities, Phone, ISP		

Low	$185	$0
High	$1,018	$950
Average (# and % Attaining)	$465 15 of 40 (38%)	$292 14 of 36 (39%)
Median (# and % Attaining)	$433 20 of 40 (50%)	$218 18 of 36 (50%)
Monthly Payroll		
Low	$1,805	$3,200
High	$18,900	$16,239
Average (# and % Attaining)	$8,720 18 of 40 (45%)	$8,828 14 of 36 (39%)
Median (# and % Attaining)	$7,664 20 of 40 (50%)	$8,171 18 of 36 (50%)

Notes to Table 2:

1. "Adjusted Gross Revenue" is defined in Table 1, Note 1.

2. "Rent" includes base rent plus any associated property taxes, property insurance premiums and maintenance costs (i.e., triple net expenses).

3. "Marketing and Promotion" includes Facebook, Google and other digital marketing; magazines, periodical and TV advertisements; direct mail; networking events and miscellaneous promotion.

4. "Utilities, Phone, ISP" includes phone, electric, water, gas and internet service.

5. "Payroll" includes all payroll taxes and processing fees, but excludes owner's wages.

6. It is important to note that this figure does not include (a) every single item that could be considered an operating cost or (b) all the costs of goods you will incur relating to the operation of a new franchised personal training studio. Specifically, among those operating costs/expenses that are not included under "Selected Operating Expenses" are those related to:

- salary, draw or other compensation for the owner of each studio;
- meals and expenses incurred by the owner relating while promoting the studio;
- automobile/vehicle expenses;
- certain taxes, including state-specific payroll and property taxes;
- fees that might be charged by a third-party provider for payroll processing;
- bank service fees;
- fees for your water filtration lease, which we estimate to be $720 per year based on the national rate we negotiated with our required vendor;
- general supplies, such as cleaning supplies and office consumables;
- professional fees;
- costs for repairs and maintenance,
- miscellaneous costs such as travel expenses and/or uniform expenses;
- royalty and credit card fees, both of which are based on gross revenue;

- insurance premiums, which are estimated to be approximately $3,500 per year if you purchase only our minimum required insurance policies; or
- software fees, which are estimated to be approximately $6,344 per year for fees paid to third-party licensors and $6,216 per year for fees paid to our affiliate for the Exerbotics technology fee.

Notes to All Tables:

1. The financial performance representations do not reflect all the costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

2. The expense information disclosed in this FPR is based on the historical results from the Exercise Coach® personal training studios described above.

* * *

Some Exercise Coach Businesses have earned this amount. Your individual results may differ. There is no assurance you will earn as much.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr. Brian Cygan, President/CEO, Exercise Coach USA, LLC, 531 Telser Rd., Lake Zurich, IL, 60084, phone: (847) 847-7563, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	68	93	+25
	2021	93	130	+37
	2022	130	168	+38
Company-Owned	2020	2	2	0
	2021	2	2	0
	2022	2	0	-2
Total Outlets	2020	70	95	+25
	2021	95	132	+37
	2022	132	168	+36

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022

State	Year	Number of Transfers
Arizona	2020	0

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022		
State	**Year**	**Number of Transfers**
	2021	3
	2022	0
Florida	2020	0
	2021	0
	2022	1
Michigan	2020	0
	2021	1
	2022	1
New Jersey	2020	1
	2021	0
	2022	0
Tennessee	2020	0
	2021	0
	2022	1
Texas	2020	0
	2021	1
	2022	0
Total	2020	1
	2021	5
	2022	3

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
Alabama	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arizona	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	2	0	0	0	0	7
Arkansas	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
California	2020	0	0	0	0	0	0	0
	2021	0	7	0	0	0	0	7
	2022	7	6	0	0	0	0	13
Colorado	2020	1	2	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Connecticut	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
District of Columbia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Florida	2020	5	6	1	0	0	0	10
	2021	10	3	0	0	0	0	13
	2022	13	3	1	0	0	0	15
Georgia	2020	2	1	0	0	0	0	3

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
	2021	3	2	1	0	0	0	4
	2022	4	2	0	0	0	0	6
Idaho	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	2020	8	0	0	0	0	0	8
	2021	8	2	0	0	0	0	10
	2022	10	4	0	0	0	0	14
Indiana	2020	4	0	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Iowa	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Kansas	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Kentucky	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Maine	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Massachusetts	2020	1	2	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Michigan	2020	4	0	0	0	0	0	4
	2021	4	2	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Minnesota	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Missouri	2020	3	1	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	2	0	0	0	0	7
Nebraska	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
New Jersey	2020	2	3	0	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	1	0	0	0	0	7
North Carolina	2020	3	1	0	0	0	0	4
	2021	4	2	0	0	0	0	6
	2022	6	1	0	0	0	0	7
Ohio	2020	5	0	0	0	0	0	5
	2021	5	3	0	0	0	0	8

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
	2022	8	1	0	0	0	0	9
Oklahoma	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Oregon	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	3	0	0	0	0	0	3
	2021	3	2	0	0	0	0	5
	2022	5	1	0	0	0	0	6
South Carolina	2020	0	1	0	0	0	0	1
	2021	1	3	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Tennessee	2020	2	2	1	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	2	0	0	0	0	6
Texas	2020	10	0	0	0	0	0	10
	2021	10	3	0	0	0	0	13
	2022	13	5	0	0	0	0	18
Utah	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Wisconsin	2020	1	2	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Totals	2020	68	27	2	0	0	0	93
	2021	93	39	2	0	0	0	130
	2022	130	39	1	0	0	0	168

Notes:

1. During 2021, the Franchise Agreements for 2 Illinois outlets were mutually terminated, and reopened by the new owner during the same year.

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Illinois	2020	2*	0	0	0	0	2*
	2021	2*	0	0	0	0	2*
	2022	2*	0	0	0	2*	0
Totals	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	2*	0

* Each of these company-owned outlets is owned by our CEO, Brian Cygan, through an entity he created.

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2022			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
Alabama	1	1	0
Arizona	0	3	0
California	10	16	0
Colorado	2	5	0
Florida	6	10	0
Georgia	1	3	0
Illinois	0	0	0
Kansas	0	1	0
Massachusetts	0	1	0
Michigan	1	1	0
Minnesota	1	1	0
Missouri	2	2	0
Nevada	2	2	0
New Jersey	0	2	0
New Mexico	1	1	0
North Carolina	0	2	0
Ohio	0	2	0
Pennsylvania	1	5	0
Tennessee	1	2	0
Texas	1	5	0
Virginia	3	4	0
TOTALS	33	69	0

Our fiscal year ends on December 31st. A list of all current Exercise Coach® franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2022 In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign 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.

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

ITEM 21 FINANCIAL STATEMENTS

Audited financial statements of Exercise Coach USA, LLC for the fiscal years ended December 31, 2020, December 31, 2021 and December 31, 2022 are attached to this Disclosure Document as EXHIBIT "G". Our fiscal year end is December 31st.

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are

copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "H"	Franchisee Disclosure Questionnaire – May Not Be Used in Registration States
EXHIBIT "I"	General Release
EXHIBIT "J"	Multi-State Addenda
EXHIBIT "K"	Participation Agreement
EXHIBIT "L"	Electronic Mail and Communications Platform Acknowledgement and Release

Attachments to Franchise Agreement

ATTACHMENT "C"	Form of Site Approval Notice
ATTACHMENT "D"	Lease Addendum
ATTACHMENT "E"	Franchise Owner Agreement
ATTACHMENT "F"	ACH Authorization Form
ATTACHMENT "G"	Brand Protection Agreement
ATTACHMENT "H"	Multi-State Addenda

Attachments to ADA

ATTACHMENT "B"	Multi-State Addenda

ITEM 23 RECEIPT

EXHIBIT "N" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS

CALIFORNIA
Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677

HAWAII
Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722
Agents for Service of Process:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
Chief, Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Secretary of State
Securities Division
Room E-018
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

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

MICHIGAN
Franchise Section
Consumer Protection Division
525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
(517) 335-7567

MINNESOTA
Commissioner of Commerce
Director of Registration
85 Seventh Place East, #280
St. Paul, Minnesota 55101-3165
(651) 539-1500

NEW YORK
New York Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street
New York, NY 10005
(212) 416-8222
Agents for Service of Process:
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231

NORTH DAKOTA
North Dakota Securities Department
State Capitol, 5th Floor, Dept 414
600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

RHODE ISLAND
Department of Franchise Regulation
1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA
Department of Labor and Regulation
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 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051
Agents for Service of Process:
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

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

WISCONSIN
Department of Financial Institutions
Division of Securities
201 W Washington Avenue, Suite 500, Madison, WI 53703
(608) 261-9555

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

GLENN A. BROWNE
300 Saunders Road, Suite 100
Riverwoods, Illinois 60015

In states listed in EXHIBIT "A", the additional agent
for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]

FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____

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EXERCISE COACH® FRANCHISE AGREEMENT

This Exercise Coach® Franchise Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between Exercise Coach USA, LLC, an Illinois limited liability company ("we" or "us") and _____, a(n) _____ ("you").

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

2. GRANT OF FRANCHISE. We hereby grant you a license to own and operate an Exercise Coach® personal training studio (your "Business") using our Intellectual Property from a single location that we approve. As an Exercise Coach® franchisee, you will operate a business that provides a comprehensive system of personal training using proprietary equipment, protocols and methods under the name The Exercise Coach®. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHTS AND LIMITATIONS. We will grant you an exclusive territory (your "Territory") that includes a minimum of 5,000 qualified households according to the most recent demographic data compiled by any demographic analytics service of our choosing. For purposes of the preceding sentence, a "qualified household" means a household with a minimum household income of at least $100,000. If we have approved the site for your Business premises prior to execution of this Agreement, then Part D of ATTACHMENT "B" shall identify the geographic area that comprises your Territory and list the total number of qualified households associated with your Territory as of the date of its determination. If we have not approved the site for your Business premises prior to execution of this Agreement, then within 30 business days after you submit to us a fully executed copy of your lease or purchase agreement for the Business premises, we will send you a written notice in the form attached hereto as ATTACHMENT "C" (the "Site Approval Notice") that will: (i) identify the approved location for your Business premises; and (ii) identify the geographic area that comprises your Territory, as determined by us in our sole discretion, and list the total number of qualified households associated with your Territory as of the date of its determination. Your Territory will be "exclusive," meaning that we will not operate, or grant a franchise or license to a third party to operate, an Exercise Coach® business operating under the Marks that is physically located within your Territory during the Term. We reserve the right to sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Territory. Our affiliates have the unrestricted right to sell their proprietary equipment and software to third parties except as specifically prohibited under the terms of the Participation Agreement that you will sign with our affiliates.

4. TERM AND RENEWAL.

4.1. Generally. The term of this Agreement will begin on the Effective Date and expire 10 years thereafter (the "Term"). Upon the expiration of the Term, you may enter into an unlimited number of successor franchise agreements (each, a "Successor Agreement") as long as you meet the conditions for renewal specified below. You may not renew if we have ceased to offer and sell franchises. The Successor Agreement shall be the current form of franchise agreement that we use in granting Exercise Coach® franchises as of the expiration of the Term or renewal term, as applicable. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement. Each renewal term will be five (5) years. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 360 days before the expiration of the Term or renewal term, as applicable; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) not have made more than two (2) late payments of any

amounts owed to us within any three (3) year period; sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) pay us a renewal fee equal to 20% of our then-current initial franchise fee; (vi) remodel the facility for your Business to comply with our then-current standards and specifications; (vii) have the right under your lease to maintain possession of your premises for the duration of the renewal term; and (viii) take any additional action that we reasonably require.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

4.3. Interim Term. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

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

5. TRAINING AND CONFERENCES

5.1. Initial Training Program. The Managing Owner and all of your initial managers and coaches/trainers must attend and successfully complete our initial training program at least seven (7) days before your open your Business.

5.2. Initial Training For New Owners/Managers. If you hire a new manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program.

5.3. Coach Certification Training. We provide an Exercise Coach® fitness certification program for all individuals who will serve as coaches at your facility. This certification program includes access to the learning management platform, evaluating written tests, and reviewing practical exams for compliance with our methods. All testing and exams are done online. Your initial coaches will be trained by us as part of the initial training program. You or your existing certified coaches may train your new coaches in conjunction with our online certification training program. All of your coaches must pass our certification testing and evaluation prior to working with clients at your facility.

5.4. Periodic Training. We may offer periodic refresher or additional training courses for your Owners, managers and coaches/trainers. Attendance at these training programs is mandatory.

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

5.6. Remedial Training. If we conduct an inspection of your Business and determine that you are not operating in compliance with this Agreement and/or the Manual, we may, at our option, require that your

Managing Owner and management personnel attend remedial training that is relevant to your operational deficiencies.

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

5.8. Waivers. Prior to attending any training that involves exercise or physical training, you and your trainees must sign our then-current form of waiver and release of liability relating to any injuries, damages or harm that may be sustained while training.

5.9. Training Fees and Expenses. Upon execution of this Agreement, you must pay us a $2,500 initial training fee for the pre-opening initial training program we conduct for the Managing Owner and up to two (2) other individuals. You must pay us a training fee of up to $500 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners or managers); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; (iv) each person to whom you request that we provide additional training or assistance; and (v) each person who attends any system-wide or additional training that we conduct. We may charge you a conference registration fee of up to $500 per person per day for each conference you attend or are required to attend (regardless of whether you actually attend). You must also pay us a training fee of up to $250 per person per certification for all new coaches that attend our online certification programs for initial training and TEC Mobile (if your Business is authorized to provide this service).If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs that your trainees incur for training or attending conferences, including wages, travel and living expenses. All training fees and expense reimbursements are due 10 days after invoicing.

5.10. Multi-unit Operator Training Program. If you sign an ADA, upon opening your second and each subsequent location under the ADA, you agree to pay us $2,500 in exchange for the multi-unit operator training program for up to 3 people. You acknowledge and agree that this fee is due at the time you sign your franchise agreement for each subsequent unit franchise agreement(s) and is not refundable under any circumstances.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. Manual. During the Term, we will provide you with access to our confidential Business Operations Guide and Brand Standards Manual (the "Manual") in text or electronic form. The Manual will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval. The Manual shall be broadly construed to include all information that we provide you regarding the development and operation of your Business, including all information found within our Business Operations Guide, Sharefile and official corporate correspondence. It also includes information conveyed through any written medium as well as information communicated online or through other digital platforms such as online training module within our learning management system.

6.2. Equipment Package. Prior to opening, you must purchase proprietary exercise equipment and related software from our affiliates. You must execute any related agreements required by our affiliates related thereto. The purchase price is due upon invoicing. In addition, you must reimburse our affiliates for all costs they incur for shipping, installation and setup. Our affiliates will invoice you for the estimated amount of these expenses. If the actual cost exceeds the estimated cost, a supplemental invoice will be issued. Payment of these costs is due upon receipt of the invoice. Our required exercise equipment is not operational without proprietary software owned and licensed by our affiliate. The software is not transferable without the consent of our affiliate, which consent may be withheld in its sole discretion. Therefore, if your franchise terminates or expires, you may not be able to use your fitness equipment or sell it to third parties.

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

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

6.5. Website. We will maintain a website for all Exercise Coach® personal training studios that will include the information about your Business that we deem appropriate. We may modify the content of and/or discontinue the website at any time in our sole discretion. Throughout the Term, we will also provide you with your own local webpage that will be linked to our main website. Your webpage will include localized information about your Business, such as contact information and hours of operation. We must approve all content on your webpage. We will own the website (including your webpage) and domain name at all times. If we receive a lead on our office phone number or through our website, we will make reasonable efforts to refer the lead to the Exercise Coach® business that is most convenient for the prospective client.

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

6.7. Development of New Goods and Services. We may, but need not, develop new or supplemental goods or services to be offered at Exercise Coach® facilities. If we develop any of these products or services, you agree to offer them for sale at your Business facility.

7. ESTABLISHING YOUR FACILITY

7.1. Site Selection. You agree to locate and obtain our approval of the premises from which you will operate your Business. The premises must be located within the Site Selection Area identified in Part B of ATTACHMENT "B" (the "Site Selection Area") and must conform to our minimum site selection criteria. It may not be located within any part of the Site Selection Area that consists of a territory operated by us or another franchisee. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. You must submit your first proposed site within 60 days after the Effective Date. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. If you fail to obtain our approval of your site within 120 days after the Effective Date, we may terminate this Agreement; provided, however, if you have made diligent and good faith efforts to find an approved site throughout the 120-day period but are unable to secure an approved site for reasons outside of your control, then we may, in our reasonable discretion, grant you one (1) or more 30-day extension periods in which to obtain our approval of your site. If we have approved the site for your Business premises prior to execution of this Agreement, then the address of the approved site will be listed in Part C of ATTACHMENT "B". If we have not approved your site for your Business premises prior to execution of this Agreement, then within 30 business days after you submit to us a fully executed copy of your lease or purchase agreement for the Business premises, we will send you the Site Approval Notice that will: (i) identify the approved site for your Business premises; and (ii) identify the geographic area that comprises your Territory, as determined by us in our sole discretion, and list the total number of qualified households associated with your Territory as of the date of its determination. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section of the Site Approval Notice and send us a copy for our records. Our approval of the site, and our designation of your Territory, in the Site Approval Notice shall be deemed immediately effective and binding on you at the time we issue such notice, regardless of whether you sign

and/or send us the signed acknowledgment. Our approval of the site indicates only that we believe the site meets our minimum criteria. It does not constitute a representation or warranty that the site will be profitable or will meet your expectations.

7.2. Limited Site Selection Area Protection. For a period of time commencing with the Effective Date and expiring 120 days after the Effective Date, we will not establish and operate, or grant rights to any third party to establish and operate, an Exercise Coach® personal training studio within the Site Selection Area. Upon the expiration of the 120-day period after the Effective Date, we shall have the unrestricted right to establish and operate, or grant rights to one or more third parties to establish and operate, an Exercise Coach® personal training studio anywhere within the Site Selection Area (other than within the Territory defined in Part D of ATTACHMENT "B").

7.3. Lease. If you will lease the premises for your Business facility, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to this Agreement as ATTACHMENT "D". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement, we have the right to disapprove of your lease in our commercially reasonable judgment, in which case you must find a new site for your Business. You and the landlord must sign the lease and Lease Addendum within 120 days after the Effective Date. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records. You are required to engage the services of a real estate attorney to review and negotiate your lease. You may utilize our recommended real estate attorney who will provide this service for a flat fee of $2,500 or you may hire another attorney of your choosing (in which case our designated attorney must review and approve the final lease terms before you sign it).

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

7.5. Opening. You must open your Business to the public within 120 days after you sign the lease or purchase agreement for your facility. If you own the property prior to signing this Agreement, you must open your Business to the public within 120 days after the Effective Date. However, if you have made diligent and good faith efforts to open within the required period of time but are unable to do so for reasons outside of your control, then we may, in our reasonable discretion, grant you one (1) or more 30-day extension periods in which to open your Business. You may not open your Business before: (i) successful completion of the initial training program by your Managing Owner, initial management personnel and at least one certified coach; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; and (iv) we provide our written approval of the construction, build-out and layout of your Business facility. You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a pre-opening inspection of your facility and you agree to make any changes we require before opening. BY VIRTUE OF OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

7.6. Relocation. You may relocate your Business facility with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new facility within the Site Selection Area (or within another area we approve) but outside of any territory operated by us or another franchisee; (ii) comply with Sections 7.1 through Section 7.5 of this Agreement with respect to your new facility (excluding the 120-day opening period); and (iii) open your new Business facility and resume operations within 30 days after closing your prior facility.

8. MANAGEMENT AND STAFFING.

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

8.2. Managers. You may hire a manager to assume responsibility for the daily on-site management and supervision of your Business, but only if: (i) the manager successfully completes the initial training program (and you pay the associated training fee); (ii) the manager signs a Brand Protection Agreement; and (iii) the Managing Owner agrees to assume responsibility for the on-site management and supervision of your Business if the manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager.

8.3. Coaches / Trainers. All individuals who provide personal training at your facility must be certified by us as Certified Coaches. We recommend, but do not require, that your Managing Owner or manager (if applicable) serve as a Certified Coach. All of these individuals must: (i) successfully complete our certification training program and periodic recertification as specified by us; and (ii) sign a Brand Protection Agreement (or any similar agreement that we designate from time to time).

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

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

9. FRANCHISEE AS ENTITY. If you are an Entity, you represent that Part A of ATTACHMENT "B"

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

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

11. ADVERTISING & MARKETING.

11.1. Brand and System Development Fund.

(a) Administration. We have established and administer a brand and system development fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our sole discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. A financial accounting of the operations of the fund, including deposits into and disbursements from the marketing fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or equivalent to the fund contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their fund contributions. We reserve the right to terminate the brand and system development fund at any time, in which case we will utilize all remaining funds for the purposes authorized above.

(b) Contributions. On or before the seventh (7^{th}) day of each month, you must pay us a brand and system development fund fee equal to 1% of your Adjusted Gross Revenue for the prior month's operations. We will provide you with 30 days prior notice before we establish and implement the fund. We will deposit into the fund all: (i) fund contributions paid by you and other franchisees; and (ii) fines paid by you and other franchisees (but only fines collected after we establish the fund).

11.2. Marketing Assistance From Us. We may create and make available to you advertising and other marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

11.3. Your Marketing Activities.

(a) Generally. In addition to your required contribution to the brand and system development fund and your pre-opening expenditure requirement discussed below, you must spend, on a monthly basis, at least

the minimum amount we specify (your "Local Marketing Commitment") on local advertising to promote your Business. The specific minimum amount of your Local Marketing Commitment will be determined as follows depending on the number of qualified households in your Territory as of the date your Territory is determined (as listed in Part D of ATTACHMENT "B"): (i) $2,000 per month if your Territory includes 9,000 or fewer qualified households; (ii) $2,300 per month if your Territory includes between 9,001 and 12,000 qualified households; (iii) $2,400 per month if your Territory includes between 12,001 and 15,000 qualified households; and (iv) $2,500 per month if your Territory includes more than 15,000 qualified households. The Local Marketing Commitment shall commence four (4) months after the opening of your Business. Any amounts you spend on your pre-opening marketing discussed in Section 11.3(b) below shall not be credited against your monthly Local Marketing Commitment. We will measure your compliance with this requirement on a rolling six-month basis, meaning that as long as your average monthly expenditure on local advertising over the six-month period equals or exceeds the minimum monthly Local Marketing Commitment, you will be deemed in compliance even if your expenditure in any given month is less than the Local Marketing Commitment. We must approve all such advertising in accordance with Section 11.3(d). You agree to participate at your own expense in all advertising, promotional and marketing programs that we require, including any advertising cooperative that we establish pursuant to Section 11.4.

(b) Grand Opening Marketing. Prior to opening your Business, you must spend an amount ranging from $14,170 to $20,750 on pre-opening print collateral material and marketing activities, including, distributing mailers to high income households and conducting radio and other advertising in accordance with the Manual. The specific minimum amount you must spend will vary as follows depending on the number of qualified households in your Territory as of the date your Territory is determined (as listed in Part D of ATTACHMENT "B"): (i) $14,170 to $17,000 if your Territory includes 9,000 or fewer qualified households; (ii) $15,800 to $19,250 if your Territory includes between 9,001 and 12,000 qualified households; (iii) $16,400 to $20,000 if your Territory includes between 12,001 and 15,000 qualified households; and (iv) $17,000 to $20,750 if your Territory includes more than 15,000 qualified households. We may also require that you hold an open house for business and community leaders. During the first three (3) months after opening you must spend an additional $15,000 to $25,000 on digital marketing, public relations and other approved marketing activities. We must approve all such advertising in accordance with Section 11.3(d).

(c) Standards for Advertising. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others. All of your advertisements and promotions must be directed towards clients within your Territory, although some advertising (such as radio, television and Internet advertising) may extend outside of your Territory. Similarly, other franchisees may not direct advertisements and promotional materials within your Territory, although some of their advertising (such as radio, television and Internet advertising) may circulate or be seen inside of your Territory. Notwithstanding the foregoing, with our prior written approval, we may allow you to direct marketing into areas outside of your Territory that are not assigned to or served by any other Exercise Coach® business. We may condition our approval on any grounds we deem appropriate, including transitioning customers to any new Exercise Coach® business that subsequently acquires or begins servicing the area. We reserve the right to require that you comply with any minimum advertised pricing policy that we establish from time to time.

(d) Approval of Advertising. Before you use them, we must approve all advertising and promotional materials (including social media posts and digital marketing content) that we did not prepare or previously approve (including materials that we prepared or approved and you modify). We will be deemed to have approved the materials if we fail to issue our disapproval within 15 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove).

(e) Internet and Websites. We will own all social media accounts and control all social media posts relating to Exercise Coach® businesses. You may propose content for posting, which must be approved by

us in the same manner as other advertising that you propose. You will be granted limited access rights to the social media accounts pertaining to your Business but we will retain administrator rights to all such accounts at all times. At all times you must comply with any social media policy that we develop. We may require you to remove, or we may unilaterally remove, content from your social media pages that we deem to be out of compliance with our social media policy. At this time, we do not allow our franchisees to maintain their own websites (other than the localized webpage that we provide) or market their Exercise Coach® businesses on the Internet (other than through approved social media outlets). Accordingly, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your Business. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to this Agreement that will govern your ability to maintain a website and/or market on the Internet.

11.4. Advertising Cooperative. We have the right, but not the obligation, to create one or more advertising cooperatives for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. We have the right to: (i) determine the composition of all geographic territories and market areas for each advertising cooperative; and (ii) require that you participate in any advertising cooperative if and when established by us. If we implement an advertising cooperative, we may establish an advertising council to self-administer the advertising cooperative. You must participate in the council according to the council's rules and procedures and you must abide by the council's decisions. Alternatively, we may administer the advertising cooperative ourselves. You must pay the monthly cooperative advertising fee established by us or the council, as applicable (not to exceed $2,000 per month). All cooperative advertising fees that you pay will be credited against your Local Marketing Commitment set forth in Section 11.3(a). If we or an affiliate of ours operate a majority of the Exercise Coach® facilities within the advertising cooperative, we will increase the cooperative advertising fee (up to the $2,000 per month maximum) only with the consent of a majority of all third-party franchisees within the advertising cooperative. We will collect all cooperative advertising fees and pay them to the applicable advertising cooperative unless we administer the advertising cooperative ourselves. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion.

12. OPERATING STANDARDS.

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

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

12.3. Authorized Goods and Services. You agree to offer all goods and services that we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services at your Business without our prior written permission. You may not use your Business facility or permit your Business facility to be used for any purpose other than offering the goods and services that we authorize. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice

from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of the franchise or this Agreement. We are currently developing The Exercise Coach Mobile Health Platform™, a new innovation within The Exercise Coach System that will provide an ongoing data stream of outcomes from the Exerbotics equipment to Exercise Coach clients via mobile and web-based applications. These applications also support asynchronous communication, health tracking and social interaction with clients through the use of mobile and web-based applications and other technologies (together termed "TEC Mobile"). For the purpose of clarity, TEC Mobile shall not be construed to mean or encompass any form of virtual, online, on-demand exercise training or instruction delivered live through a web-based video service such as Zoom or FaceTime.

12.4. Pricing. We will provide you with our suggested retail pricing for the goods and services that you offer. To the extent permitted by law, we may set minimum and/or maximum prices for the goods and services that you sell and you agree to comply with such pricing restrictions.

12.5. Suppliers and Purchasing. You agree to purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you agree to purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate). You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of Exercise Coach® businesses, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based upon franchisee purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If you want us to approve a supplier that you propose, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information that we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 30-day period. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier within 10 days after invoicing.

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

12.7. Technology Systems.

(a) Generally. You must acquire and utilize all information and communication technology systems that we specify from time to time, including, without limitation, computer systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems (collectively referred to as the "Technology Systems"). The Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, customer information, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose that we deem appropriate. We may require that you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, upon reasonable prior notice.

(b) Use and Access. You must utilize your Technology Systems in accordance with the Manual. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure that your employees are adequately trained in the use of the Technology Systems. You agree to take

all steps necessary to enable us to have independent and unlimited access to the operational data collected through your Technology Systems, including information regarding your Gross Revenue for purposes of calculating fees owed. Upon our request, you agree to provide us with the user IDs and passwords for your Technology Systems, including upon termination or expiration of this Agreement.

(c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon our request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

(d) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs: (i) you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon our request, you agree to enter into a license agreement with us (or our affiliate) in a form that we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The "technology fee" includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems. The technology fee is due 10 days after invoicing or as otherwise specified by us from time to time. Our technology fee as of April 1, 2019 is $518 per month and is paid to our affiliates for certain technical services they provide relating to the proprietary fitness equipment and associated software, including database management, data backup services, asset management and equipment maintenance. The technology fee referenced in this section does not cover any fees associated with software or technology licensed or purchased from unaffiliated third-party suppliers. You understand and agree that certain software, technology, web based forms and other tools and equipment that must be used in the Business are neither owned nor maintained by us or our affiliates. Therefore you agree that neither we nor any of our affiliates shall have any liability to you for any damages caused by any software, technology, web based forms, or other tools or equipment that are not properly functioning. You hereby waive any and all claims against us and our affiliates with respect to any such potential claims or liabilities. Your sole recourse shall be against the owner or licensor of the item that is not functioning properly. You hereby acknowledge that at all times during the course of the franchise relationship, we will have independent unlimited access to all data entered into your computer system, including through your point-of-sale system and other software, apps and other programs. We will also own all data entered into your computer system pertaining to your clients and all such data shall be deemed part of our Know-how for purposes of this Agreement.

12.8. Remodeling and Maintenance. You agree to remodel and make all improvements and alterations to your Business facility that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. There are no limitations on the cost or frequency of these remodeling obligations. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current specifications, standards or image requirements. You agree to maintain your facility in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting, redecorating of the interior and exterior of the facility at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and

(ii) interior and exterior repair of the facility as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time.

12.9. Membership and Loyalty Programs. We may require that you participate in a gift card or other client loyalty program (including utilization of a "membership" model) in accordance with our policies and procedures. In order to participate, you may be required to purchase and utilize additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or membership fees will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You agree to comply with all policies and procedures that we specify from time to time relating to clients who purchase a membership or gift card at one Exercise Coach® business and redeem products or services from one or more other Exercise Coach® businesses. We may implement new software and/or Apps to monitor sales and allocate payments to the Exercise Coach® business where goods or services are redeemed (either in whole or on a percentage basis), in which case we may require that the client pay us for membership fees or that the proceeds from gift card sales be deposited into a trust account that we control. You agree to comply with all policies and procedures that we specify and we may modify these policies and procedures at any time.

12.10. Warranties and Claims. You may not make any warranties, guarantees or claims to current or prospective clients as to the quality or results they may achieve as a result of any product or service offered at your Business unless we have specifically authorized such warranty, guarantee or claim in writing.

12.11. Hours of Operation. You must keep your Business open to the public during the minimum days and hours of operation set forth in the Manual. You must establish specific hours of operation and submit those hours to us for approval.

12.12. Client Satisfaction. We reserve the right to contact your clients and assess their satisfaction with your Business through completion of interviews, surveys, questionnaires or other methods that we deem appropriate. If you fail to achieve an acceptable score on a client satisfaction survey, we may require that you attend remedial training in accordance with Section 5.6 of this Agreement. If you receive a client complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.

12.13. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our standards or operating procedures and you fail to correct the non-compliance within the period of time that we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to $500 per occurrence. All fines that we collect will be deposited into the brand and system development fund (unless we do not administer the brand and system development fund at the time we collect the fine).

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

14. FEES

14.1. Initial Franchise Fee. You agree to pay us a $49,500 initial franchise fee in one lump sum at the time you sign this Agreement. If you sign an area development agreement and this is your second or subsequent franchise that you are developing pursuant to the area development agreement, you will not be required to pay any initial franchise fee beyond the development fee paid under the area development agreement. The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed.

14.2. Royalty Fee. On or before the seventh (7th) day of each month, you agree to pay us a royalty fee equal to the greater of 6% of your Adjusted Gross Revenue or $1,000. We will waive your applicable royalty fee during your first full or partial calendar month of operation. Your royalty fee period commences on the first (1st) day of the second (2nd) month after you open your Business, meaning that on or before the seventh (7th) day of your third (3rd) month after you open, you must pay a royalty equal to the greater of 6% of your Adjusted Gross Revenue collected during your second (2nd) month of operation or $1,000.

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

14.4. Late Fee. If any sums due under this Agreement have not been received by us when due (or there are insufficient funds in your Account to cover any sums owed to us when due) then, in addition to those sums, you must pay us interest on the amounts past due at the rate equal to the lesser of 18% per annum (pro-rated on a daily basis), or the highest rate permitted by your State's law. If no due date has been specified by us, then interest begins to run 10 days after we bill you. We will not impose a late fee for any amounts paid pursuant to Section 14.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payments at the time the payments became due and payable. However, we may impose a late fee for any amounts that we are unable to reasonably determine due to your failure to furnish us with a report required by Section 16.3 within the required period of time or record sales in a timely manner, in which case we may assess a late fee on the entire amount that was due and payable. You acknowledge that this Section 14.4 shall not constitute our agreement to accept the late payments after same are due, or a commitment by us to extend credit to or otherwise finance the operation of your Business.

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

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

14.7. Security Interest. In order to secure payment of all amounts owed under this Agreement, you hereby grant us a first priority, unsubordinated security interest in all trade fixtures, equipment, inventory, accounts receivable and proceeds of same possessed by you or your assigns in connection with the Business. You agree to execute all documents necessary to perfect our security interest, including Uniform Commercial Code financing statements used in the jurisdiction in which your Business is located.

15. BRAND PROTECTION COVENANTS.

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

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

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

15.4. Unfair Competition After Term. During the Post-Term Restricted Period, you and your Owners agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, you and your Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within, and does not provide competitive goods or services to customers who are located within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

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

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

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

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

16. YOUR OTHER RESPONSIBILITIES

16.1. Insurance. For your protection and ours, you agree to maintain the following insurance policies: (i) "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Business, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost; (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business, containing minimum liability protection of $2,000,000 combined single limit per occurrence, and $4,000,000 in the aggregate (provided, however, that if you elect to purchase commercial umbrella coverage with at least $1,000,000 minimum liability protection, then the required minimum coverage amounts for your general liability insurance will be reduced to $1,000,000 combined single limit per occurrence, and $2,000,000 in the aggregate); (iii) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased, or used by you, or your officers, directors, employees, partners or agents, in the operation of your Business, containing minimum liability protection of $1,000,000; (iv) professional liability insurance, containing minimum liability protection in the same minimum amounts set forth above for your general liability insurance; (v) worker's compensation insurance and employer's liability insurance as required by law; and (vi) any other insurance that we specify in the Manual from time to time. Note that occasionally some landlords may require you to obtain higher limits, which may affect the premiums you must pay. You agree to provide us with proof of coverage prior to opening, within 10 days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Business. We may require that you purchase some or all of these policies from a supplier that we designate. All coverage must be primary/non-contributory and must be on an occurrence basis. All insurance policies must endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet this criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon 10 days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of

special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within 30 days after invoicing, all costs and premiums that we incur.

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

16.3. Reports. Upon our request, you agree to prepare and provide to us monthly statements of: (i) your Adjusted Gross Revenue and expenses for the prior month's operations; and/or (ii) your expenditures on local advertising required by Section 11.3 that were incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports that we require in the form and manner that we require and deliver them to us on or before the date we specify. You agree to send us a copy of any report required by this Section upon request. If we require that you purchase a computer and/or automated cash management system that allows us to electronically retrieve information concerning your sales transactions, you agree that we will have the right to electronically poll your computer and/or automated cash management system to retrieve and compile information regarding the operation of your Business. Similarly, at all times during the term of the franchise relationship, we will have independent access and unlimited rights to view and monitor any other data regarding your Business that is entered into your computer system via other software or other apps.

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

16.5. Legal Compliance. You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Business and operate and manage your Business in full compliance with all applicable laws, ordinances, rules and regulations. You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

17. INSPECTION AND AUDIT

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

your operation, you agree to cure such deficiencies within the period of time prescribed in the report.

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

18. INTELLECTUAL PROPERTY

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

18.2. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days at your expense. However, we will reimburse you for all reasonable costs that you incur to change your primary signage to reflect the new Marks. We will not be liable to you for any other expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

18.3. Use of Marks. You agree to use the Marks as the sole identification of your Business; provided, however that you must identify yourself as the independent owner of your Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

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

18.5. Improvements. If you conceive of or develop any improvements or additions to the marketing,

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

18.6. Non-Disparagement. Except as may be required by applicable law, you may not make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written) to any person other than us, that disparages us, our affiliates, our owners, our management team, the System or the Marks, or is likely in any way to harm the business or reputation of us, our affiliates, our owners, our management team or our franchisees.

18.7. Photo Release. You and your owners hereby grant us permission to take pictures and/or videos of your Business facility, training sessions, the franchise owners and your employees and to use, display and/or publish these photographs and/or videos in any manner that we deem appropriate in our sole discretion. You must ensure that all of your employees sign a similar consent to enable us to take pictures and/or videos of the employees and use, display and/or publish such photographs and/or videos in any manner that we deem appropriate in our sole discretion. We shall not be obligated to pay any consideration to you or your owners or employees for the rights to use, display and/or publish any such pictures and/or videos.

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

19. INDEMNITY. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following:

(i) the marketing, use or operation of your Business;

(ii) the breach of this Agreement or any related agreement by you or any of your Owners or affiliates;

(iii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement;

(iv) libel, slander or disparaging comments made by you or any of your Owners, officers, employees or independent contractors;

(v) any labor, employment or similar type of Claim pertaining to your employees, including claims alleging we are a joint employer of your employees;

(vi) any actions, investigations, rulings or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission and the National Labor Relations Board; and

(vii) any labor, employment or similar type of Claim pertaining to our relationship with you or your Owners, including claims alleging we are an employer of you and/or any of your Owners.

You and your Owners agree to give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within 10 days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees.

21. TRANSFERS

21.1. **By Us**. This Agreement and the franchise is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement. Upon our request, you agree to complete, execute and deliver to us an estoppel certificate in the form we prescribe relating to an anticipated transfer or financing.

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

(i) your Business has opened to the public prior to the effective date of the Transfer;

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

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

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

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

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

(vii) the transferee signs an agreement, in a form satisfactory to us, agreeing to discharge and guaranty all of your obligations under this Agreement and any other agreement relating to the Business, including, without limitation, client contracts and supplier contracts;

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

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

(x) you or the transferee pay us a $15,000 transfer fee (reduced to $7,500 if the buyer is an existing Exercise Coach® franchisee) to defray expenses that we incur in connection with the Transfer (for transfers between existing Exercise Coach® franchisees, a single $7,500 fee is charged for any number of simultaneous transfers);

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

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

(xiii) we do not elect to exercise our right of first refusal described in Section 21.5; and

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

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

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

21.4. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 21.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

21.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 21.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right

of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

22. TERMINATION

22.1. **By You**. You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 90 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 23 and all other obligations that survive the expiration or termination of this Agreement.

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

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

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

(iii) if you fail to secure a fully executed lease and Lease Addendum within the time period required by Section 7.3;

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

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

(vi) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within five (5) days of the levy;

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

(viii) if you refuse to allow us or our representative to inspect your Business;

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

(x) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material federal, state or local law or regulation applicable to your Business;

(xi) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;

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

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

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

(xv) if you underreport any amount owed to us by at least three percent (3%), after having already committed a similar breach that had been cured in accordance with Section 22.3;

(xvi) if you make an unauthorized Transfer;

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

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

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

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

(xxi) if you commit three (3) or more breaches during any 12-month period, even if such breaches were cured; or

(xxii) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your default (other than an area development agreement).

22.3. Additional Conditions of Termination. In addition to our termination rights in Section 22.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we deliver a notice of default to you pursuant to this Section 22.3, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

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

23. POST-TERM OBLIGATIONS.

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

(i) immediately cease to use the Intellectual Property;

(ii) pay us all amounts that you owe us;

(iii) comply with all covenants described in Section 15 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

(iv) return all copies of the Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights or other identification relating to an Exercise Coach® business, unless we allow you to transfer such items to an approved transferee;

(v) take such action as may be required to cancel all fictitious or assumed names or equivalent

registrations relating to your use of any of the Marks;

(vi) provide us with a list of all of your current, former and prospective clients;

(vii) assign all client contracts to us (unless we allow you to transfer those contracts to an approved transferee);

(viii) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Business;

(ix) notify all telephone companies, listing agencies and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(x) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

23.2. Right to Purchase Facility and Assets.

(a) Generally. Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your facility and/or its assets at fair market value as ascertained by an independent business appraiser. We may, in our discretion, exercise our purchase option only with respect to the limited assets we specify (for example, your Exerbotics equipment). If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the "Appraisal Date"). We will notify you of the specific items that we wish to purchase (the "Acquired Assets"). We may also require that you assign your lease to us at no additional charge. If you have financed the purchase of any fitness equipment, then you authorize us to contact the leasing company to discuss a potential assumption of the financing arrangement or the transfer of the financing arrangement (and the underlying equipment) to us or to another franchisee that we designate.

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

(c) Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three (3) years (or the period of time that you have operated your Business, if less than three (3) years), together with the work papers and other financial information or other documents or information that the Qualified Appraisers may request. The Qualified

Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

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

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

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

24. DISPUTE RESOLUTION. The parties agree to submit any claim, dispute or disagreement, including any matter pertaining to the validity, enforcement or interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a "Dispute") to mediation before a mutually-agreeable mediator prior to litigation, unless the Dispute involves an alleged breach of Section 15 or Section 18. Any mediation shall take place in Montgomery County, Texas. If the Dispute is not successfully resolved by mediation within 90 days after either party makes a demand for mediation or the Dispute involves an alleged breach of Section 15 or Section 18, either party may file a lawsuit in any state or federal court of general jurisdiction in Montgomery County, Texas and we and you irrevocably submit to the jurisdiction of such courts and waive any objection either of us may have to either the jurisdiction or venue of such courts. If we or you must enforce this Agreement in a judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you breach any term of this Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF SECTION 15 OR SECTION 18) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES. IN ANY BREACH OF CONTRACT CLAIM YOU BRING AGAINST US, YOUR MONETARY DAMAGES SHALL IN NO EVENT EXCEED THE SUM OF THE INITIAL FRANCHISE FEE PLUS ALL ROYALTY FEES PAID BY YOU UNDER THIS AGREEMENT.

25. YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT:

(i) YOU RECEIVED: (A) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS, WITH ALL MATERIAL TERMS FILLED IN, AT LEAST SEVEN (7) CALENDAR DAYS BEFORE YOU SIGNED THIS AGREEMENT; AND (B) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (i) 14 CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (ii) SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY;

(ii) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; AND

(iii) WE MAY NEGOTIATE TERMS OR OFFER CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW.

26. GENERAL PROVISIONS

26.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the State of Texas (without reference to its principles of conflicts of law), but any law of the State of Texas that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

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

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

26.4. Waivers. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any

failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other Exercise Coach® franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

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

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

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

26.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 26.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of the Site Approval Notice attached hereto as ATTACHMENT "C" shall be deemed to amend this Agreement to identify the approved site and Territory for your Exercise Coach® personal training studio, regardless of whether you countersign and/or return the Site Approval Notice. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in the Franchise Agreement or any related agreements is intended to disclaim: (a) any of the representations we made in this Disclosure Document; or (b) any representations that we (or our personnel or agents) made to you prior to the Effective Date. 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.

26.9. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant,

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

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

26.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, Section 14, Section 15, Section 17, Section 19, Section 23, Section 24 and Section 26.

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

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

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

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

YOU:	As set forth in Part A of ATTACHMENT "B"
US:	Exercise Coach USA, LLC 531 Telser Rd. Lake Zurich, Illinois 60084

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

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

FRANCHISOR:

Exercise Coach USA, LLC, an Illinois limited liability company

By:_____
Name:_____
Its:_____

YOU (If you are an entity):

_____,
a(n)_____

By:_____
Name:_____
Its:_____

YOU (If you are not an entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

_____
Name: _____

ATTACHMENT "A"

TO FRANCHISE AGREEMENT

DEFINITIONS

"Account" is defined in Section 14.5.

"Acquired Assets" is defined in Section 23.2.

"Adjusted Gross Revenue" means all gross sums collected by you from all goods and services sold in connection with your Business, together with any other revenue or monies derived in connection with your Business, including the proceeds of any business interruption insurance. "Adjusted Gross Revenue" does not include any sales or use taxes that you pay to a government agency. From time to time, we may establish policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Adjusted Gross Revenue. Similarly, if we implement a membership model that allows clients to redeem goods or services associated with the membership from multiple Exercise Coach® businesses, we may establish policies governing the manner in which the monthly membership dues are allocated between the Exercise Coach® business that sold the membership and the Exercise Coach® business or businesses where the goods or services are redeemed.

"Agencies" is defined in Section 23.1(ix).

"Agreement" is defined in the Introductory Paragraph.

"Alternative Channels of Distribution" means any channel of distribution other than retail sales made to customers while present at an Exercise Coach® personal training studio, including, but not limited to: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as exercise stores or department stores; (iii) sales made at wholesale; and (iv) the provision of services through an App or other mobile device.

"Appraisal Date" is defined in Section 23.2.

"Appraised Value" is defined in Section 23.2.

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

"Business" is defined in Section 2.

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

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees): (i) that specializes in offering personal fitness training that uses technology to enhance results; and (ii) for which the majority of the customers are 50 years of age or older.

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

"Dispute" is defined in Section 24.

"Effective Date" is defined in the Introductory Paragraph.

"Entity" means a corporation, partnership, limited liability company or other form of association.

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

"Improvements" is defined in Section 18.5.

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

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

"Interim Manager" is defined in Section 8.5.

"Interim Term" is defined in Section 4.3.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of an Exercise Coach® business, including, but not limited to, methods, techniques, specifications, procedures, policies, client data, vendor information and pricing, marketing strategies and information comprising the System and the Manual.

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

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

"Manual" is defined in Section 6.1.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Exercise Coach® personal training studio, including "The Exercise Coach®" and related logo, and any other trademarks, service marks or trade names that we designate for use in an Exercise Coach® business. The term "Marks" also includes any distinctive trade dress used to identify an Exercise Coach® personal training studio, whether now in existence or hereafter created.

"Marketing Campaign" is defined in Section 11.1(a).

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

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

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

"Prohibited Activities" is defined in Section 15.3.

"Qualified Appraiser" is defined in Section 23.2.

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

"Site Approval Notice" is defined in Sections 7.1.

"Site Selection Area" is defined in Sections 7.1.

"Successor Agreement" is defined in Section 4.1.

"System" means our unique system for the operation of an Exercise Coach® business, the distinctive characteristics of which include the Marks, training, marketing and advertising strategies, proprietary fitness equipment, protocols, methods, technology and operating system.

"TEC Mobile" is defined in Section 12.3.

"Technology Systems" is defined in Section 12.7.

"Term" is defined in Section 4.1.

"Territory" is defined in Section 3.

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

"We" or "us" is defined in the Introductory Paragraph.

"You" is defined in the Introductory Paragraph.

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

DEAL TERMS

A. Franchisee Details.

Name of Franchisee: [_____]

Is the franchisee one or more natural persons signing in their individual capacity? **Yes**: _____ **No**: _____

Type of Entity and State of Formation* (if applicable): [_____]

** If the franchisee is a business entity, each natural person holding a direct or indirect ownership interest in the business entity, and spouse of each such person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each natural person holding a direct or indirect ownership interest in the franchise (or the franchisee business entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, include description of nature of interest)

Notice Address: [_____]

B. Site Selection Area.

The Site Selection Area referenced in the Franchise Agreement shall consist of the geographic area within a three (3) mile radius of the following address or intersection:

[_____]

The Site Selection Area is not your territory and there are no protections associated with this area except for the limited protections described in Section 7.2 of the Franchise Agreement.

C. Approved Site.

We hereby approve the site listed below for the operation of your Exercise Coach® personal training studio.

Approved Address: [_____]

** If the site for your Exercise Coach® personal training studio has not been approved by us at the time the Franchise Agreement is signed, then we will send you a Site Approval Notice in accordance with Section 7.1 listing the address of your approved site.*

D. Territory.

The Territory referenced in the Franchise Agreement shall consist of the following geographic area (as further depicted on the map attached on the following page):

[_____]

Your Territory includes a total of [_____] qualified households as of the date of its determination.

If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date and depicted on the map on the following page.

** If the site for your Exercise Coach® personal training studio has not been approved by us at the time this Agreement is signed, then we will send you a Site Approval Notice in accordance with Section 3 that will identify the geographic area that comprises your Territory and list the total number of qualified households included within your Territory (as of the date that the Territory is determined).*

Territory Map

[Insert map below]

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

FORM OF SITE APPROVAL NOTICE

[See Attached]

SITE APPROVAL NOTICE

On _____, 202____, Exercise Coach USA, LLC ("we" or "us") entered into a The Exercise Coach® Franchise Agreement with _____ ("you") (the "Franchise Agreement").

Approved address:

Pursuant to Section 7.1 of the Franchise Agreement, we hereby approve the site listed below for the operation of your Exercise Coach® personal training studio:

_____
_____
_____

Territory:

Pursuant to Section 3 of the Franchise Agreement, we hereby designate the following geographic area as your "Territory" under the Franchise Agreement (as further depicted on the map attached on the following page):

[_____]

Your Territory includes [_____] qualified households as of the date of its determination.

If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date and depicted on the map on the following page.

* * *

By signing below, you and we agree that the address and Territory identified above shall be deemed your approved site and Territory for your Exercise Coach® personal training studio established and operated pursuant to the Franchise Agreement. You acknowledge and agree that our acceptance of the site you have proposed is in no way a representation by us that your site will be successful. Rather, our acceptance of the site you propose merely indicates that the site meets our minimum standards and requirements. You are solely responsible for the success or failure of the site you select.

We request that you sign below and send us an executed copy of this Site Approval Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Territory. Our designation of your approved site and Territory, as set forth in this Site Approval Notice, shall be binding upon you effective as of the date we issue this Site Approval Notice to you.

Franchisor	Franchisee
Exercise Coach USA, LLC	_____
By:_____	By:_____
Name:_____	Name:_____
Its:_____	Its:_____
Date: _____	Date: _____

Territory Map

[Insert map below]

ATTACHMENT "D"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

Lease Addendum

THIS AGREEMENT dated this ___ day of _____, 202__ among Exercise Coach USA, LLC, an Illinois limited liability company, with principal offices at 531 Telser Rd., Lake Zurich, Illinois 60084 (the "Franchisor"), _____, a(n)_____, with principal offices located at _____ (the "Landlord"), and _____, a(n)_____, with principal offices located at _____ (the "Tenant/Franchisee").

Introduction

A. On _____, 202____, the Tenant/Franchisee and the Franchisor entered an Exercise Coach®, Franchise Agreement (the "Franchise Agreement"). Under the Franchise Agreement, the Franchisor granted the Tenant/Franchisee the right, and the Tenant/Franchisee undertook the duty, to operate an Exercise Coach® franchised business (the "Franchised Business") at the Premises (defined below).

B. Simultaneously with entering this Agreement, the Landlord and the Tenant/Franchisee are entering a lease agreement (the "Lease"). Under the Lease, the Tenant/Franchisee leases the premises described in Exhibit "A" (the "Premises").

C. To provide Franchisor with the opportunity to cure Tenant/Franchisee's defaults under the Lease and to protect certain rights of Franchisor under the Franchise Agreement, the Landlord and Franchisor each agree to the terms set forth below.

Agreement

The parties, therefore, agree as follows:

1. Notices. At the same time such notices are sent to the Tenant/Franchisee, the Landlord shall provide the Franchisor with copies of all written notices of default that it sends to the Tenant/Franchisee. The Landlord agrees to send such copies by first-class mail, postage prepaid, to the Franchisor at its address set forth above or such other address as the Franchisor may notify the Landlord in writing.

2. Right to Cure. If the Tenant/Franchisee defaults under the Lease, the Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. Furthermore, in such event, the Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining the Landlord's or Franchisee's consent. The Franchisor may thereafter assign the Lease to another Exercise Coach® franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

3. Right to Assign. At any time (including, without limitation, upon the expiration or sooner termination of the Franchise Agreement) without the Landlord's prior consent, the Tenant/Franchisee may assign the Lease to the Franchisor. In such event, the Franchisor may thereafter assign the Lease to another Exercise Coach® franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

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

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

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

7. Computerized Exercise Equipment. The Landlord agrees that (i) in the event of a default by Tenant/Franchisee and (ii) upon the expiration or termination of the Franchise Agreement, the Franchisor shall have the option to purchase Tenant/Franchisee's computerized exercise equipment and related equipment, including, without limitation, all Exerbotics equipment and any related server (collectively, the "Computerized Exercise Equipment"). The Computerized Exercise Equipment requires an active software license to function that is not commercially available. As a result, the Computerized Exercise Equipment has no market value to anyone other than a franchisee. Without Franchisor's prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion, the Landlord shall not acquire any ownership rights in, and may not impose or assert any lien or other encumbrance with respect to, any Computerized Exercise Equipment located at the Premises. Landlord acknowledges Franchisor's right to enter the Premises and take possession of the Computerized Exercise Equipment upon the expiration or termination of the Franchise Agreement without being guilty of trespass or any other tort or crime.

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

9. Miscellaneous.

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

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

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

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

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

FRANCHISOR:

Exercise Coach USA, LLC, an Illinois limited liability company

By:_____
Name:_____
Its:_____

LANDLORD:

_____, (a)n _____
_____

By:_____
Name:_____
Its:_____

TENANT/FRANCHISEE:

_____, (a)n _____
_____

By:_____
Name:_____
Its:_____

EXHIBIT "A" TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

_____

_____

_____

ATTACHMENT "E"

TO FRANCHISE AGREEMENT

FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

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

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

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees): (i) that specializes in offering personal fitness training that uses technology to enhance results; and (ii) for which the majority of the customers are 50 years of age or older.

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

"Franchise Agreement" means the Exercise Coach® Franchise Agreement executed by Franchisee with an effective date of _____, 202___.

"Franchised Business" means the Exercise Coach® personal training studio operated by Franchisee pursuant to the Franchise Agreement.

"Franchisee" means _____.

"Improvements" means any additions, modifications or improvements to (i) the goods or services offered at an Exercise Coach® personal training studio (ii) the method of operation of an Exercise Coach® personal training studio or (iii) any marketing or promotional ideas relating to an Exercise Coach® personal training studio, whether developed by you, Franchisee or any other person.

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

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of an Exercise Coach® business, including, but not limited to, methods, techniques, specifications, procedures, policies, client data, vendor information and pricing, marketing strategies and information comprising the System and the Manual.

"Manual" means our confidential brand standards manual for the operation of an Exercise Coach® personal training studio.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Exercise Coach® personal training studio, including "The Exercise Coach®" and related logo, and any other trademarks, service marks or trade names that we designate for use in an Exercise Coach® business. The term "Marks" also includes any distinctive trade dress used to identify an Exercise Coach® personal training studio, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); (iii) inducing any client of ours (or of one of our affiliates or franchisees) to transfer their business to a competitor; or (iv) providing consulting services that include any reference to or use of our Know-how or other Intellectual Property.

"Restricted Period" means the two (2) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect

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

"Restricted Territory" means the geographic area within: (i) a 10 mile radius from Franchisee's Exercise Coach® facility (and including the facility itself); and (ii) a 10 mile radius from all other Exercise Coach® facilities that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 10 mile radius from Franchisee's Exercise Coach® facility (and including the facility itself).

"System" means our unique system for the operation of an Exercise Coach® business, the distinctive characteristics of which include the Marks, training, marketing and advertising strategies, proprietary fitness equipment, protocols, methods, technology and operating system.

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

3. Brand Protection Covenants.

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

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

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

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

(e) Non-Disparagement. Except as may be required by applicable law, you may not make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written) to any person other than us, that disparages us, our affiliates, our owners, our management team, the System or the Marks, or is likely in any way to harm the business or reputation of us, our affiliates, our owners, our management team or our franchisees.

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

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

4. Transfer Restrictions. If you are an owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in Franchisee except in accordance with the terms and conditions set forth in Section 21.2 of the Franchise Agreement.

5. Financial Security. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreement; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for

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

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

7. Miscellaneous.

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

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

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

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

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

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

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "F"

TO FRANCHISE AGREEMENT

COPY OF ACH AUTHORIZATION FORM

[See Attached]

TheExerciseCoach

Please fill out and print a copy for your records

Automated Clearing House (ACH) Authorization

Pursuant to your Franchise Agreement, Franchisee ("You") must sign and complete this form to authorize Exercise Coach USA, LLC ("us" or we") to process ACH transactions to pay for any current or future invoices initiated by the methods checked below (see Individual Transaction Authorization Methods on this page below).

This Agreement governs ACH transactions initiated by Exercise Coach USA, LLC to credit or charge the Franchisee indicated below.

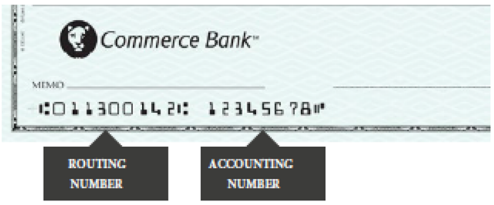
This Agreement provides authorization for business to business ACH transactions to be initiated by Exercise Coach USA, LLC when authorized using the methods designated below. This Agreement will remain in effect until canceled in writing. Both parties agree that this Agreement in conjunction with any of the designated methods constitutes authorization to debit your business bank account(s), and You agree not to dispute any debits with Your bank provided the transaction(s) correspond to the terms indicated in this Agreement.

Please complete the information below & include copy of voided check on page 2:

I _____ authorize Exercise Coach USA to charge the Franchisee's bank account indicated below for invoices due for placed orders, contractual obligations, all other approved transactions, as well as any necessary payment adjustments for any transactions credited/debited in error.

Name of Franchisee (Use Company Name if Owned by an Entity)			
Billing Address		Phone#	
City, State, Zip		Email	

Account Type	☐ Business Checking ☐ Business Savings
Name on Acct	
Bank Name	
Bank Routing #	
Account Number	
Bank City/State	



***** PLEASE INCLUDE COPY OF VOIDED CHECK ON PAGE 2 *****

Individual Transaction Authorization Methods (check all that apply)						
	✓ Phone, Fax, and Email Orders	✓ Online Form (Goods and/or Services)	✓ Third-Party Vendor Orders Facilitated by Franchisor	✓ Royalties and Other Fees Prescribed w/in Franchise Agreement	✓ Required Software Subscriptions and Conference Fees	✓ Advertising / Marketing Programs (Opt-In & System Mandated)

Authorization: You hereby authorize Exercise Coach USA, LCC to initiate debit entries to Your account with the Bank listed above, and You authorize the Bank to accept and to debit the amount of such entries to Your account. Each debit shall be made from time to time in an amount sufficient to cover any fees, advances and costs payable to us pursuant to the Franchise Agreement and/or any other agreement between You and us.

You agree to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until we have received written notification from You of Your termination in such time and in such manner as to afford us and the Bank a reasonable opportunity to act on it. You shall notify us of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature	_____	Date	
Name		Title	

Continued...

TheExerciseCoach

Authorized Representative: I certify that I am an authorized representative of the Franchisee indicated above and that I have the authority to enter into this Agreement on the Franchisee's behalf.

Electronic Transactions: Franchisee understands that because these are electronic transactions, these funds may be withdrawn from its account as soon as the date an individual transaction is authorized, and that it will have limited time to report errors.

Non-Sufficient Funds: In the case of an ACH Transaction being rejected for Non-Sufficient Funds (NSF), Franchisee understands that Exercise Coach USA, LLC may attempt to process the charge again within 10 days and agrees to an additional $25 charge for each instance an NSF is returned (e.g., $50 for two NSF's on a single invoice).

_____ INITIAL

COPY OF VOIDED CHECK

Exercise Coach USA, LLC requires that You also provide a copy or scan of a voided check from the account from which you wish to pay. Our team uses this voided check for an additional verification step before we process the ACH transaction.

The best way to provide a voided check is to write "VOID" on the check, tape it to the area indicated below, then scan the page to your computer.

Alternatively, you can submit the voided check as a separate scanned image attached to the same form submission as this completed authorization.

IMPORTANT: Please make sure that below voided check matches bank routing number & account number information that was provided on the first page.

ATTACH VOIDED CHECK HERE

PLEASE SUBMIT THIS COMPLETED and SCANNED FORM via:

exercisecoach.com/support -OR- exercisecoach.com/launch

ATTACHMENT "G"

TO FRANCHISE AGREEMENT

BRAND PROTECTION AGREEMENT

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Exercise Coach USA, LLC, an Illinois limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

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

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees): (i) that specializes in offering personal fitness training that uses technology to enhance results; and (ii) for which the majority of the customers are 50 years of age or older.

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

"Franchisee" means the Exercise Coach® franchisee for whom you are an officer, director, employee or independent contractor.

"Improvements" means any additions, modifications or improvements to (i) the goods or services offered at an Exercise Coach® personal training studio, (ii) the method of operation of an Exercise Coach® personal training studio or (iii) any marketing or promotional ideals relating to an Exercise Coach® personal training studio, whether developed by you, Franchisee or any other person.

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

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of an Exercise Coach® business, including, but not limited to, methods, techniques, specifications, procedures, policies, client data, vendor information and pricing, marketing strategies and information comprising the System and the Manual.

"Manual" means our confidential brand standards manual for the operation of an Exercise Coach® personal training studio.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Exercise Coach® personal training studio, including "The Exercise Coach®" and related logo, and any other trademarks, service marks or trade names that we designate for use in an Exercise Coach® business. The term "Marks" also includes any distinctive trade dress used to identify an Exercise Coach® personal training studio, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); (iii) inducing any client of ours (or of one of our affiliates or franchisees) to transfer their business to a competitor; or (iv) providing consulting services that include any reference to or use of our Know-how or other Intellectual Property.

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

"Restricted Territory" means the geographic area within: (i) a 10 mile radius from Franchisee's Exercise Coach® facility (and including the facility itself); and (ii) a 10 mile radius from all other Exercise Coach® facilities that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent

jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 10 mile radius from Franchisee's Exercise Coach® facility (and including the facility itself).

"System" means our unique system for the operation of an Exercise Coach® business, the distinctive characteristics of which include the Marks, training, marketing and advertising strategies, proprietary fitness equipment, protocols, methods, technology and operating system.

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

3. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Exercise Coach® personal training studio operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

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

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

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

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

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Exercise Coach® franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further

and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

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

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

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

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

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

By: _____

Name: _____

Date: _____

ATTACHMENT "H"

TO FRANCHISE AGREEMENT

MULTI-STATE ADDENDA

[See Attached]

MULTI-STATE ADDENDA

The following are additional disclosures for the Franchise Agreement of Exercise Coach USA, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

FOR THE STATE OF CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the disclosure document.
2. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
3. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
4. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
5. 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.
6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
7. The franchise agreement requires binding arbitration. The arbitration will occur at Montgomery County, Texas with the costs being borne by the franchisee.
8. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
9. The franchise agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.
10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
11. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 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).
12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT http://www.dfpi.ca.gov.

FOR THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for Exercise Coach USA, LLC is amended as follows:

A. You must sign a general release in order to renew or transfer your franchise. Any such release must comply with the provisions of the Illinois Franchise Disclosure Act (the "Act").

B. In accordance with Section 4 of the Act, and Section 200.608 of the regulations promulgated under the Act, the governing law, jurisdiction and venue shall be the State of Texas. However, any arbitration proceeding may be brought in Montgomery County, Texas in accordance with Section 24 of the Franchise Agreement.

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

D. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

See the last page of this ATTACHMENT "H" for your signature.

FOR THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement for Exercise Coach USA, LLC is amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, the other agreements or Texas law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document and the Franchise Agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

"Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee's right to a trial on any of the above matters."

4. No release language set forth in the Disclosure Document or Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. The Franchise Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.

6. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

FOR THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law"), the Franchise Agreement for Exercise Coach USA, LLC is amended as follows:

(a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(b) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

(c) You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

(d) The Franchise Questionnaire that you completed in connection with your application for the franchise requires you, as a prospective franchisee, to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law as a condition to your purchase of the franchise. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.

(e) Any acknowledgements or representations of you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.

FOR THE 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 document relating to a franchise:

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

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision

of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

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

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

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

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

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

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

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

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

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

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

If the franchisor’s most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

FOR THE STATE OF MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

A. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.

B. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

C. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statues, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J) which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond if required.

D. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g) which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

E. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

FOR THE STATE OF NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Franchise Agreement for Exercise Coach USA, LLC is amended as follows:

1. We will not require that you prospectively assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability imposed by the New York Franchise Law.

2. We will not place any condition, stipulation, or provision in the Franchise Agreement that requires you to waive compliance with any provision of the New York Franchise Law.

3. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.

4. Notwithstanding the transfer provision in the Franchise Agreement, we will not assign the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

FOR THE STATE OF NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the "North Dakota Franchise Law"), the Franchise Agreement for Exercise Coach USA, LLC is amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota

Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.

10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

FOR THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Franchise Agreement for Exercise Coach USA, LLC is amended as follows:

(a) We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.

(b) If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.

(c) We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.

(d) Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

FOR THE STATE OF VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act (the "Virginia Franchise Law"), the Franchise Agreement for Exercise Coach USA, LLC is amended as follows:

(a) We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Franchise Law. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Franchise Law.

(b) Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Franchise Law.

(c) Pursuant to Section 13.1-564 of the Virginia Franchise Law, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Franchise Law or the laws of Virginia, that provision may not be enforceable.

FOR THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, the Franchise Agreement for Exercise Coach USA, LLC is amended as follows:

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

[Signature Page Follows]

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____, 202___, and of the Franchise Disclosure Document but only state law as of the date above, prior to or at the time of execution.

DATED this _____ day of _____, 20____.

FRANCHISOR:	**FRANCHISEE:**
Exercise Coach USA, LLC, an Illinois limited liability company	_____, a(n)_____
By:_____	By:_____
Name:_____	Name:_____
Its:_____	Its:_____
Date: _____	Date: _____

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

[See Attached]

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: _____
DATE: _____

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ATTACHMENTS

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between Exercise Coach USA, LLC, an Illinois limited liability company ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement shall have the meanings given to them below. Any capitalized term used in this Agreement that is not defined below shall have the meaning given to such term in the Initial Franchise Agreement (as defined below).

"Alternative Channels of Distribution" has the meaning given to such term in the Initial Franchise Agreement.

"Development Schedule" means the schedule described in Section 4.1 and Part D of ATTACHMENT "A" for the development of the Exercise Coach® businesses within the Development Territory.

"Development Territory" means the geographic area described in Part C of ATTACHMENT "A".

"Franchise Agreement" means an Exercise Coach® Franchise Agreement executed by us and you (or an affiliate of yours) for the establishment and operation of an Exercise Coach® personal training studio pursuant to this Agreement.

"Initial Franchise Agreement" means the Franchise Agreement executed by you concurrently with the execution of this Agreement for the first franchise to be established pursuant to this Agreement.

"Owner" or *"Owners"* means any individual who directly signs this Agreement or who owns a direct or indirect ownership interest in the area development rights or the entity that is the area developer under this Agreement. "Owner" includes both passive and active owners.

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

"Term" the period of time commencing with the Effective Date of this Agreement and expiring upon the date by which you are required to open the last Exercise Coach® facility under the Development Schedule.

"Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the area development rights (or any interest therein), the business conducted by you pursuant to this Agreement, or an ownership interest in an entity that is the area developer under this Agreement, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the entity that is the area developer, or by operation of law, will or a trust upon the death of an Owner of the area developer entity (including the laws of intestate succession).

2. GRANT OF DEVELOPMENT RIGHTS. Subject to the terms and conditions of this Agreement, we hereby grant you the exclusive right and obligation to develop each of the Exercise Coach® facilities (each of which may either be a personal training studio) referred to in the Development Schedule. Each Exercise Coach® business that you develop pursuant to this Agreement must be located within the Development Territory and at a specific site that we approve in accordance with the terms of the applicable Franchise Agreement. This Agreement does not grant you any rights or licenses to use any of our Intellectual Property.

3. TERRITORIAL PROTECTIONS AND LIMITATIONS. Your Development Territory will be exclusive, meaning that for the duration of the Term, we will not operate, or grant a license to any third party to operate, an Exercise Coach® personal training studio that is physically located within the Development Territory, other than any Exercise Coach® personal training studio that is operating, under development, or for which a

franchise agreement has been executed, in each case as of the Effective Date, and that is located, or is to be located within, the Development Territory. We reserve the right to sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Development Territory.

4. DEVELOPMENT OBLIGATIONS

4.1. Development Schedule. You agree to open each Exercise Coach® business in strict accordance with time periods set forth in the Development Schedule. You must develop, open and operate each Exercise Coach® business in compliance with all of the terms of the applicable Franchise Agreement. We may, in our sole discretion, extend the time periods listed in the Development Schedule, but only if you can demonstrate to our reasonable satisfaction that you have used your best efforts to comply with your development obligations and the need for additional time is due to unforeseeable delays and not due to your neglect, misconduct or financial inability. You must open all of the Exercise Coach® businesses referred to in the Development Schedule.

4.2. Site Selection. You must select a specific location within the Development Territory for each Exercise Coach® business in accordance with our then-current guidelines for opening a new location as contained in the Manual and our then-current form of Franchise Agreement. Each site that you select is subject to our prior approval.

4.3. Franchise Agreements. You must sign a separate Franchise Agreement for each Exercise Coach® business. You must sign the Initial Franchise Agreement for your first Exercise Coach® business at the time you sign this Agreement. You will sign your Franchise Agreement for each additional location within 10 days after you receive the Franchise Agreement from us following our approval of the site for the applicable Exercise Coach® business. Each Franchise Agreement shall be our then-current form of Exercise Coach® Franchise Agreement, the terms and conditions of which may vary materially and substantially from the terms and conditions of the Franchise Agreement you sign for your first Exercise Coach® business. However, the royalty fee and brand fund contribution will not increase beyond that imposed under the Initial Franchise Agreement for your first Exercise Coach® business. You will have no right to construct or operate any Exercise Coach® business until you and we have executed the applicable Franchise Agreement and all ancillary agreements for that unit.

4.4. Additional Locations. You have no right to develop any Exercise Coach® business other than the Exercise Coach® businesses listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms and conditions that we specify, following your development of all Exercise Coach® businesses listed in the Development Schedule under this Agreement.

5. DEVELOPMENT FEE. At the time you sign this Agreement, you must pay us the full initial franchise fee for your first franchise in the amount set forth in Part B of ATTACHMENT "A". In addition, at the time you sign this Agreement, you must pay us a development fee in the amount set forth in Part B of ATTACHMENT "A". The development fee is fully earned and nonrefundable upon execution of this Agreement. The development fee is deemed to satisfy, in full, the initial franchise fees associated with each Exercise Coach® business you establish pursuant to this Agreement (other than the initial franchise fee for your first franchise, which is paid separately at the time you sign this Agreement and the Initial Franchise Agreement). Upon opening your second and each subsequent location under this Agreement, you agree to pay us $2,500 in exchange for the multi-unit operator training program for up to 3 people. You acknowledge and agree that this fee is due at the time you sign your franchise agreement for your subsequent unit franchise agreement(s) and is not refundable under any circumstances.

6. AREA DEVELOPER AS ENTITY. If you are an entity, you agree to provide us with a list of all of your Owners. Upon our request, you must provide us with a resolution of the entity authorizing the execution of

this Agreement, a copy of the entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the entity is duly formed and validly existing under the laws of the state of its formation or incorporation. You may form a separate entity to enter into each Franchise Agreement provided that: (i) the individuals holding the ownership interests (and their percentage interests) in each such entity must be the same individuals holding ownership interests (with the same percentage interests) in the entity that is the Area Developer under this Agreement; and (ii) each such entity guarantees the performance of all other entities formed under the authority of this Section 6. Notwithstanding the foregoing, with our approval, you may form a separate entity to enter into a Franchise Agreement that is owned by individuals who are not owners of the Area Developer entity provided that the owners of the Area Developer entity at all times own a controlling interest in such separate entity that is the franchisee under a Franchise Agreement.

7. TRANSFERS

7.1. **By Us**. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

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

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Exercise Coach® businesses that are to be developed under this Agreement and otherwise meets all of our then applicable standards for area developer franchisees;

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

(iii) all of the Owners of the transferee have successfully completed, or made arrangements to attend, the initial training program;

(iv) the transferee and its owners sign our then current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term remaining under this Agreement; (b) the transferee need not pay a separate development fee; and (c) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the transfer);

(v) you or the transferee pay us a $25,000 transfer fee, which covers the transfer fee for this Agreement and all Franchise Agreements being assigned in connection with the transfer of this Agreement;

(vi) you assign all of your Franchise Agreements to the transferee in accordance with all of the transfer terms and conditions applicable under each such Franchise Agreement (except you need not pay a separate transfer fee under each Franchise Agreement);

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

(viii) we do not elect to exercise our right of first refusal described in Section 7.5; and

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

You may not transfer less than your entire remaining area development rights under this Agreement (i.e., you may not retain the right to develop any Exercise Coach® business). You also may not transfer your area development rights to multiple transferees. We typically do not allow area development transfers that have not been at least partially developed (i.e., at least one operating location). Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

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

7.4. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the area development rights, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 7.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement for a continuous period of at least three (3) months.

7.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase your remaining area development rights and any Exercise Coach® businesses to be assigned, or the ownership interest in you, as applicable, for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 7.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

8. TERMINATION OF DEVELOPMENT RIGHTS

8.1. Reasonableness. You represent that you: (i) have conducted your own independent investigation and analysis of the prospects for the establishment of the Exercise Coach® businesses within the Development Territory; (ii) approve the Development Schedule as being reasonable and viable; (iii) have the financial means to achieve the results required by the Development Schedule separate and apart from the cash generated from your operation of the business, and (iv) recognize that your failure to achieve the results required by the Development Schedule will constitute a material breach of this Agreement.

8.2. **Termination of Development Rights**. If you fail to comply with any term of this Agreement, we may terminate this Agreement, effective 30 days after giving you written notice of the default, unless you have fully cured the default within such 30-day period. Any such termination will end all of your rights and future obligations under this Agreement, including without limitation, your interests in the Development Territory and right to open additional Exercise Coach® businesses. In the event of a termination, you will not be entitled to any refund of the development fee.

8.3. **Cross Default**. Our termination of any Franchise Agreement due to your default shall constitute a default under this Agreement permitting us to terminate this Agreement immediately upon notice to you.

9. **DISPUTE RESOLUTION**. Any dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions set forth in the Initial Franchise Agreement executed concurrently with this Agreement. All such dispute resolution provisions are incorporated herein by reference as if full set forth in this Agreement.

10. **YOUR REPRESENTATIONS.** YOU HEREBY REPRESENT THAT: (I) YOU HAVE NOT RECEIVED ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (II) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR REPRESENTATIVES ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (III) YOU RECEIVED (1) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT IS EXECUTED; AND (2) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (A) 14 CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (IV) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES AND AREA DEVELOPERS OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES AND AREA DEVELOPERS MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; AND (V) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

11. **GENERAL PROVISIONS**

11.1. **Governing Law.** This Agreement and the franchise relationship shall be governed by the laws of the State of Texas (without reference to its principles of conflicts of law), but any law of the State of Texas that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

11.2. **Severability** . Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable.

11.3. **Waivers.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other.

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

11.5. **Binding Effect.** This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

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

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

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

11.9. **Survival**. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in

full or by their nature expire.

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

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

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

11.13. Notice. All notices and statements to be given under this Agreement are to be provided in accordance with the Notice Provision of the Initial Franchise Agreement signed concurrently with this Agreement.

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

FRANCHISOR:

Exercise Coach USA, LLC, an Illinois limited liability company

By:_____
Name:_____
Its:_____

YOU (If you are an entity):

_____,
a(n)_____

By:_____
Name:_____
Its:_____

YOU (If you are not an entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

_____
Name: _____

ATTACHMENT "A"

TO AREA DEVELOPMENT AGREEMENT

DEAL TERMS

A. Area Developer Details.

Name of franchisee: [_____]

Is the franchisee one or more natural persons signing in their individual capacity? **Yes**: _____ **No**: _____

Type of Entity and State of Formation* (if applicable): [_____]

** If the franchisee is a business entity, each natural person holding a direct or indirect ownership interest in the business entity, and spouse of each such person, must sign a Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each natural person holding a direct or indirect ownership interest in the area developer franchise (or the franchisee business entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, include description of nature of interest)

Notice Address: [_____]

B. Fees.

- The initial franchise fee for the first Exercise Coach® business to be developed pursuant to this agreement shall be $49,500.
- The development fee shall be $[_____].

C. Development Territory.

The Development Territory shall include the following geographic area:

_____

_____

If the boundaries that define the Development Territory change during the term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date.

D. Development Schedule.

You agree to comply with the following minimum development obligations as specified in Section 4 of the Agreement:

DEVELOPMENT PERIOD ENDING	NUMBER OF FRANCHISES OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF FRANCHISES OPENED AND IN OPERATION
1 year after Effective Date		
2 years after Effective Date		
3 years after Effective Date		
4 years after Effective Date		
5 years after Effective Date		
6 years after Effective Date		
7 years after Effective Date		
8 years after Effective Date		
9 years after Effective Date		
10 years after Effective Date		
Total Number of Franchises to be Developed: [_____]		

ATTACHMENT "B"

TO AREA DEVELOPMENT AGREEMENT

MULTI-STATE ADDENDA

[See Attached]

MULTI-STATE ADDENDA

The following are additional disclosures for the Area Development Agreement of Exercise Coach USA, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

FOR THE STATE OF CALIFORNIA

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

2. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

4. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

5. 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.

6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

7. The franchise agreement requires binding arbitration. The arbitration will occur at Montgomery County, Texas with the costs being borne by the franchisee.

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

9. The franchise agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.

10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

11. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 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).

12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT http://www.dfpi.ca.gov.

FOR THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Area Development Agreement for Exercise Coach USA, LLC is amended as follows:

A. You must sign a general release in order to renew or transfer your franchise. Any such release must comply with the provisions of the Illinois Franchise Disclosure Act (the "Act").

B. In accordance with Section 4 of the Act, and Section 200.608 of the regulations promulgated under the Act, the governing law, jurisdiction and venue shall be the State of Texas. However, any arbitration proceeding may be brought in Montgomery County, Texas in accordance with Section 8 of the Area Development Agreement.

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

D. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

See the last page of this ATTACHMENT "B" for your signature.

FOR THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Area Development Agreement for Exercise Coach USA, LLC is amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Area Development Agreement, the other agreements or Texas law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Area Development Agreement, shall supersede the provisions of the Area Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document and the Area Development Agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

"Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Area Development Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Area Development Agreement on the part of the Franchisee for the unexpired Term of the Area Development Agreement.

At the time of such termination of the Area Development Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Area Development Agreement. This Agreement does not constitute a waiver of the Franchisee's right to a trial on any of the above matters."

4. No release language set forth in the Disclosure Document or Area Development Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. The Area Development Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.

6. Any provision in the Area Development Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Area Development Agreement issued in the State of Indiana.

FOR THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law"), the Area Development Agreement for Exercise Coach USA, LLC is amended as follows:

(a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(b) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

(c) You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

(d) The Franchise Questionnaire that you completed in connection with your application for the franchise requires you, as a prospective franchisee, to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law as a condition to your purchase of the franchise. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.

(e) Any acknowledgements or representations of you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.

FOR THE 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 document relating to a franchise:

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor’s most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate,

improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

FOR THE STATE OF MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Area Development Agreement agree as follows:

A. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.

B. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Area Development Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

C. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statues, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J) which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond if required.

D. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g) which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

E. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

FOR THE STATE OF NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Area Development Agreement for Exercise Coach USA, LLC is amended as follows:

1. We will not require that you prospectively assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability imposed by the New York Franchise Law.

2. We will not place any condition, stipulation, or provision in the Area Development Agreement that requires you to waive compliance with any provision of the New York Franchise Law.

3. Any provision in the Area Development Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.

4. Notwithstanding the transfer provision in the Area Development Agreement, we will not assign the Area Development Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Area Development Agreement.

FOR THE STATE OF NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the "North Dakota Franchise Law"), the Area Development Agreement for Exercise Coach USA, LLC is amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.

10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

FOR THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Area Development Agreement for Exercise Coach USA, LLC is amended as follows:

(a) We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.

(b) If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.

(c) We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.

(d) Any provision in the Area Development Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

FOR THE STATE OF VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act (the "Virginia Franchise Law"), the Area Development Agreement for Exercise Coach USA, LLC is amended as follows:

(a) We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Franchise Law. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Franchise Law.

(b) Any provision in the Area Development Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Franchise Law.

(c) Pursuant to Section 13.1-564 of the Virginia Franchise Law, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement and/or Area Development Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Franchise Law or the laws of Virginia, that provision may not be enforceable.

FOR THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, the Area Development Agreement for Exercise Coach USA, LLC is amended as follows:

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

[Signature Page Follows]

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Area Development Agreement dated the _____ day of _____, 202___, and of the Franchise Disclosure Document but only state law as of the date above, prior to or at the time of execution.

DATED this _____ day of _____, 20____.

FRANCHISOR:	**FRANCHISEE:**
Exercise Coach USA, LLC, an Illinois limited liability company	_____, a(n)_____
By:_____	By:_____
Name:_____	Name:_____
Its:_____	Its:_____
Date: _____	Date: _____

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

EXHIBIT "F"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists our franchisees that were open as of December 31, 2022.

Outlets That Were Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Alabama	Madison	7169 Hwy 72 W, Suite E Madison, Wisconsin 35758	256-464-2553	Tom Palmisano
Arizona	Gilbert	1166 S Gilbert Road, Suite #104 Gilbert, Arizona 85296	480-550-8383	Dwight Lavender
Arizona	Glendale	20229 N 67th Ave Suite C-7 Glendale Arizona 85308	623-227-0080	Mike and Tom Hayman
Arizona	Mesa	4711 E. Falcon Drive, Suite #122 Mesa, Arizona 85215	480-716-6080	Cheryl Campbell
Arizona	Phoenix	5040 East Shea Blvd, Suite #156 Phoenix, Arizona 85254	480-590-4845	Bill Cherry [1]
Arizona	Phoenix	4626 N 16th Street, Suite #103 Phoenix, Arizona 85016	602-926-2996	Julie Moeller & Timo Moeller
Arizona	Scottsdale	10101 E. Bell Road, Suite A-113 Scottsdale, Arizona 85260	480-473-5764	Danielle Munson [1]
Arizona	Scottsdale	8320 North Hayden Road, Suite C114 Scottsdale, Arizona 85258	480-625-3662	Danielle Munson [1]
Arkansas	Bentonville	812 SW Raintree, Suite #22 Bentonville, Arkansas 72712	479-319-3539	Valerie Gunsaulis
Arkansas	Little Rock	1400 Kirk Road, Suite #130 Little Rock, Arkansas 72223	501-500-6880	David Johnson, Jr.
California	Claremont	578 East Baseline Claremont, California 91711	626-788-2360	Jennifer Smith [1]
California	Encinitas	1343 Encinitas Blvd Encinitas, California 92024	760-274-8095	Dave Liu & Alex Liu
California	Glendora	1395 S. Grand Ave., Suite #130 Glendora, California 91740	626-788-1015	Jennifer Smith [1]
California	La Jolla	7580 Fay Ave., Suite #100 La Jolla, California 92037	619-713-9090	David Fernandez Sanchez [1]
California	Los Angeles	4333 Lankershim Blvd. Los Angeles, California 91602	323-968-0305	Peter Young [1]
California	Newport Beach	2 Corporate Plaza, Suite #230 Newport Beach, California 92660	949-994-9001	Izabela Webber
California	Pleasanton	3958 Valley Ave., Suite A Pleasanton, California 94566	925-621-8511	Michelle Setchell [1]

Outlets That Were Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California	San Diego	16935 W. Bernardo Dr., Suite #135 San Diego, California 92127	858-217-5644	David Fernandez Sanchez [1]
California	San Diego	9820 Willow Creek Rd., Suite #103 San Diego, CA 92131	858-673-1777	Tracy Ashcraft
California	San Jose	6055 Meridian Ave. Suite #60 San Jose, California 95120	408-212-7878	Fariba Beheshti & Masoud Fattahi
California	San Juan Capistrano	31401 Rancho Viejo Rd., Suite #102 San Juan Capistrano, California 92675	509-999-5900	Andrea and Edwin Gow
California	San Marino	2650 Mission St., Suite #105 San Marino, California 91108	626-514-2420	Peter Young [1]
California	San Ramon	3180 Crow Canyon Pl., Suite 3105 San Ramon, CA 94583	925-378-5941	Jennifer Ringenberg
Colorado	Broomfield	3700 W. 144th Ave., Suite #D700 Broomfield, Colorado	720-902-5900	Jeff and Jenn Jorgensen
Colorado	Colorado Springs	9475 Briar Village Point, Ste. 110 Colorado Springs, Colorado 80920	719-418-3142	Johnathon Suazo [1]
Colorado	Highland Ranch	6654 Timberline Road, Suite B Highland Ranch, Colorado 80130	303-536-6866	Daniel Gleason[1]
Colorado	Littleton	6901 S. Pierce Street, Suite #301 Littleton, Colorado 80128	720-828-7353	Kyle Gardiner
Colorado	Parker	19878 E. Hilltop Rd., Suite #103 Parker, Colorado 80134	720-399-0788	Mark and Shelli Sifrit[1]
Connecticut	Cos Cob	237 East Putnam Ave. Cos Cob, Connecticut 06807	203-604-0600	Stephan Rigopoulos
Connecticut	Groton	428 Long Hill Rd., Suite #205 Groton, Connecticut 06340	860-785-6450	David Roden
District of Columbia	Washington	3333 Connecticut Ave., Suite #105 Washington, DC 20008	202-792-2886	Kirsten Denny
Florida	Boca Raton	600 South Dixie Highway, Suite 202 Boca Raton, Florida 33432	561-288-8788	Bill & Mary Ann Sharkey [1]
Florida	Coral Springs	1945 N. University Drive Coral Springs, FL 33071	754-732-1818	Alex Duran [1]
Florida	Davie	5609 South University Drive Davie, Florida 33328	754-732-1818	Liliane London and Pedro Faraco
Florida	Dunedin	924 Curlew Road, Unit 101 Dunedin, Florida 34698	727-228-0470	Kristina Kovarik
Florida	Fort Lauderdale	1125 East Sunrise Fort Lauderdale, Florida 33304	954-516-7236	Wendy Freda-Oliver [1]
Florida	Jupiter	615 N. Orange Ave., Suite #3 Jupiter, Florida 33458	561-295-1616	Bill and Mary Ann Sharkey[1]
Florida	Lake Mary	809 Rinehart Rd. Lake Mary, Florida 32746	407-794-7338	Kerry Brown[1]
Florida	Naples	9331 Tamiami Trail N., Suite 21 Naples, Florida 34108	239-592-6224	Thomas Wooden [1]

Outlets That Were Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Florida	North Palm Beach	1220 US Hwy 1, Unit D North Palm Beach, Florida	561-272-6111	Bill and Mary Ann Sharkey[1]
Florida	Pembroke Pines	18450 Pines Blvd., Suite #101 Pembroke Pines, Florida 33029	954-320-6034	Alex Duran [1]
Florida	Sarasota	4333 S. Tamiani Trail, Suite E Sarasota, Florida 34231	941-259-4863	Chrystal Pruitt
Florida	Seminole	8215 113th St. North Seminole, Florida 33772	727-551-4442	Stephanie Kesselring
Florida	St. Petersburg	5409 16th Street North St. Petersburg, Florida 33703	727-498-5400	Jak Plihal
Florida	Tampa	12950 Race Track Rd., Suite #105 Tampa, Florida 33626	813-961-0001	Kevin and Thuy Furbish[1]
Florida	Weston	16678 Saddle Clube Road Weston, Florida	954-678-5622	Alex Duran [1]
Georgia	Alpharetta	735 North Main St., Suite #800 Alpharetta, Georgia 30009	770-870-1750	Eric Roberts
Georgia	Marietta	1513 Johnson Ferry Rd. Marietta, Georgia 30062	678-935-9550	Robin Jones [1]
Georgia	Marietta	3894 Due West Road, Suite #270 Marietta, Georgia 30064	470-227-0150	Jennifer Irvin [1]
Georgia	Peachtree Corners	5005 Peachtree Parkway, Suite #840 Peachtree Corners, Georgia 30092	470-563-1313	Marshall & Pam Millikan [1]
Georgia	Sandy Springs	5252 Roswell Road, Suite #200 Sandy Springs, Georgia 30342	678-3854422	Jim & Jennifer Irvin [1]
Georgia	Sandy Springs	2090 Dunwoody Club Dr., Suite #119 Sandy Springs, Georgia 30350	770-727-6797	Marshall and Pam Millikan [1]
Idaho	Eagle	125 N. Stierman Way Eagle, Idaho 83616	208-807-2668	Scott Gerratt
Illinois	Arlington Heights	281 N. Dunton Avenue Arlington Heights, Illinois 60004	847-818-0822	Michael Kupperman [1]
Illinois	Bannockburn	2517 Waukegan Rd Bannockburn, Illinois 60015	847-948-8000	Woody and Joyce Bedell
Illinois	Buffalo Grove	775 S. Buffalo Grove Road Buffalo Grove, Illinois 60089	847-279-0059	Bruno Streich & Scott DeGraeve [1]
Illinois	Edwardsville	1181 South State Route 157, Suite #1C Edwardsville, Illinois 60025	618-248-8545	Wendy & Steven Grich
Illinois	Gurnee	5101 Washington St., Unit 13 Gurnee, Illinois 60031	224-399-9331	Andrew Aswad
Illinois	Lake Zurich	500 S. Rand Road Lake Zurich, Illinois 60047	847-726-3785	Bruno Streich & Scott DeGraeve [1]
Illinois	Libertyville	862 S. Milwaukee Avenue Libertyville, Illinois 60048	847-680-3761	Kevin and Carol Coleman [1]

Outlets That Were Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Illinois	Naperville	1220 Iroquois Ave. Suite 180 Naperville, Illinois 60563	630-470-9268	Luke Davidson [1]
Illinois	Naperville	24115 W 103rd Street, Suite A Naperville, Illinois 60564	331-472-8788	John and Heather Ward
Illinois	Northbrook	1300 Meadow Rd., Suite #200 Northbrook, Illinois 60062	224-479-0830	Matt McDonnell
Illinois	Palatine	303 E. Northwest Hwy. Palatine, Illinois 60067	847-221-5980	Kevin and Carol Coleman [1]
Illinois	Park Ridge	946 N. Northwest Hwy., Suite C Park Ridge, Illinois 60068	847-823-0035	Michael Kupperman [1]
Illinois	Schaumburg	109 E. Schaumburg Road Schaumburg, Illinois 60194	847-301-3000	Kathy Fascenda
Illinois	Villa Park	100 E. Roosevelt Rd., Suite #43 Villa Park, Illinois 60181	630-686-8845	Luke Davidson & Matt Davidson [1]
Indiana	Carmel	110 W. Main St., Suite 180 Carmel, Indiana 46032	317-759-1194	Trevor Junga and Phil Gordon [1]
Indiana	Crown Point	11313 Broadway Crown Point, Indiana 46307	219-661-1661	T.J. Lux [1]
Indiana	Dyer	2105 Northwinds Dr. Dyer, Indiana 46311	219-237-8935	T.J. Lux & Dave Biggs [1]
Indiana	Fishers	11488 Lakeridge Dr. Fishers, Indiana 46307	317-759-1194	Trevor Junga and Phil Gordon [1]
Indiana	Indianapolis	1430 Broad Ripple Ave., Suite #5 Indianapolis, Indiana 46220	317-324-1042	Andrea Hiner
Iowa	Bettendorf	3420 Towne Pointe Drive Bettendorf, Iowa 52722	563-551-3220	Eddie Marquez
Iowa	West Des Moines	4800 Mills Civic Pkwy., Suite 107 West Des Moines, Iowa 50265	515-330-1299	David Gray and Brian Stodola [1]
Kansas	Overland Park	9157 W. 133rd Street Overland Park, Kansas 66213	913-359-8279	Patricia Meyers and Brian Pfeffer
Kansas	Wichita	10096 E. 13th, Suite 114 Wichita, Kansas 67206	316-200-7232	Jeremy Stallbaumer and Leah Brantley
Kentucky	Louisville	12340-A Shelbyvilled Road Louisville, Kentucky 40243	502-805-6481	Kendrick Porter
Louisiana	Metairie	2701 Airline Drive, Suite J Metairie, Louisiana 70001	504-313-1013	Theresa Hayes
Maine	Portland	118 Marginal Way, Suite #B Portland, Maine 04101	207-544-6884	Louis Kaucic

Outlets That Were Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Massachusetts	Belmont	385 Concord Ave., Suite #201-A Belmont, Massachusetts 02478	617-665-7262	Scott E. Hall
Massachusetts	Dedham	105 Eastern Ave., Suite #209 Dedham, Massachusetts 02026	781-471-5016	Jason Boucher & Mike Dagdigian [1]
Massachusetts	North Andover	800 Turnpike Street, Suite #103 North Andover, Massachusetts 01845	978-735-1511	Valarmathi Lingasami
Massachusetts	North Pembroke	31 Schoosett St., Suite #200 Pembroke, Massachusetts 02359	781-451-3721	Carla Vale
Massachusetts	Wellesley	41 Grove Street Wellesley, Massachusetts 02482	617-564-4234	Jeffrey Cotter [1]
Michigan	Commerce Charter Twp.	4813 Carroll Lake Road Commerce Charter Twp., Michigan 48382	248-301-5065	Edward & Stacy Leick [1]
Michigan	Grand Rapids	820 Forest Hill Ave. SE, Suite A Grand Rapids, Michigan	616-600-4572	Tom Shrader
Michigan	Northville	20440 Haggerty Road Northville, Michigan 48167	734-338-2626	Edward & Stacy Leick[1]
Michigan	Royal Oak	32839 Woodward Ave Royal Oak, Michigan 48073	248-291-5365	Randy LaBelle
Michigan	Shelby Township	13464 24 Mile Road Shelby Township, Michigan	313-574-0377	Henry Christian [1]
Michigan	West Bloomfield	6245 Orchard Lake Road West Bloomfield, Michigan, 48322	248-847-3923	Jeff Goldman [1]
Minnesota	Eden Prairie	574 Prairie Center Dr #110 Eden Prairie, Minnesota 55344	612-360-2960	Amy and Jesse Hudson [1]
Minnesota	Minneapolis	4956 Xerxes Ave. S, Suite #104 Minneapolis, Minnesota 55410	612-416-7600	Amy and Jesse Hudson [1]
Minnesota	Minnetonka	13911 Ridgedale Drive, Suite 125 Minnetonka, Minnesota 55305	612-268-2788	Amy and Jesse Hudson [1]
Minnesota	Prior Lake	14162 Commerce Avenue NE, Suite #400 Prior Lake, Minnesota 55372	763-489-1607	Stephanie Hegstrom
Missouri	Clayton	8500 Maryland Ave. Clayton, Missouri 63105	314-720-1575	Don and Julie Eisenberg [1]
Missouri	Liberty	Westowne Building 6, Suite #602-603 Liberty, Missouri 64068	816-792-5800	Sabrina Denny
Missouri	O'Fallon	121 OFallon Commons Drive O'Fallon, Missouri 63368	636-542-8938	Eric Anderson
Missouri	St. Peters	1281 Jungermann Road St. Peters, Missouri 63376	636-443-7200	Sheryl Peterson
Missouri	Town & Country	13456 Clayton Rd. Town & Country, Missouri 63131	314-548-2178	Don and Julie Eisenberg [1]
Missouri	Webster Groves	235 West Lockwood Avenue Webster Groves, Missouri 63119	314-764-2451	Don and Julie Eisenberg [1]

Outlets That Were Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Missouri	Wildwood	101 Plaza Drive, Suite #101 Wildwood, Missouri 63040	636-235-4848	Don and Julie Eisenberg [1]
Nebraska	Omaha	8716 Countryside Plaza Omaha, Nebraska 68114	402-252-5944	Sommer and Ryan Hahn [1]
Nebraska	Omaha	18023 Oak Street, Suite B Omaha, Nebraska 68130	402-875-6596	Sommer and Ryan Hahn [1]
Nebraska	Omaha	8716 Countryside Plaza Omaha, Nebraska 68114	402-252-5944	Sommer and Ryan Hahn [1]
New Jersey	Brielle	707 Union Ave, Suite #102 Brielle, New Jersey 08730	7323209444	Felice and Nicole Logrippo [1]
New Jersey	Cherry Hill	1871 Rt. 70 East, Suite #10 Cherry Hill, New Jersey 08003	856-306-5612	Felice and Nicole Logrippo [1]
New Jersey	Fair Haven	740 River Road, Suite 102 Fair Haven, New Jersey 07704	732-440-7294	Peter Dunphy [1]
New Jersey	Florham Park	186 Columbia Turnpike Florham Park, New Jersey 07932	973-241-5556	Franklyn Greenwaldt
New Jersey	Hillsdale	100 Park Avenue, Suite #7 Hillsdale, New Jersey 07642	551-223-1101	Richard Edelstein & Elaine Vakalopoulos [1]
New Jersey	Midland Park	666 Godwin Ave., Suite #130 Midland Park, New Jersey 07432	551-223-1103	Richard Edelstein & Elaine Vakalopoulos [1]
New Jersey	Skillman	46 Vreeland Rd., Suite #6 Skillman, New Jersey 08558	609-677-6070	Tom & Kim Swietek
North Carolina	Charlotte	6230 Fairview Road, Suite 290 Charlotte, North Carolina 28210	704-548-7747	Christopher & Jenafer Carelli [1]
North Carolina	Charlotte	11914 Elm Lane, Suite #150 Charlotte, North Carolina 28277	980-890-7779	Christopher & Jenafer Carelli [1]
North Carolina	Durham	7080 NC Highway 751, Suite 105 Durham, North Carolina 27707	919-300-7474	James Butler [1]
North Carolina	Huntersville	8600 Sam Furr Road, Suite #280 Huntersville, North Carolina 28078	704-659-0099	Jerry and Gail Branner
North Carolina	Morrisville	4063 Davis Dr. Morrisville, North Carolina 27560	919-893-4545	Barbara Blair
North Carolina	Raleigh	3739 National Drive, Suite #110 Raleigh, North Carolina 27612	919-670-2267	Dan and Elizabeth Girouard
North Carolina	Waxhaw	1526 Providence Road S, Suite #160 Waxhaw, North Carolina	704-271-9550	Justin & Tracy Morris
Ohio	Cincinnati	9797 Montgomery Road, Suite 5 Cincinnati, Ohio 45242	513-273-0383	Halley & Jason Cowden [1]
Ohio	Cincinnati	2701 Observatory Avenue Cincinnati, Ohio 45208	513-993-3100	Halley & Jason Cowden [1]
Ohio	Fairlawn	3045 Smith Road, Suite 700 Fairlawn, Ohio 44333	330-333-0055	William Holmes [1]

Outlets That Were Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Ohio	Perrysburg	580 Craig Drive, Suite 2 Perrysburg, Ohio 43551	567-336-6044	Steven Hopingardner [1]
Ohio	Toledo	7113 W. Central Avenue Toledo, Ohio 43617	419-731-5951	Steven Hopingardner [1]
Ohio	Upper Arlington	3040 Riverside Dr., Suite #215 Upper Arlington, Ohio 43221	614-825-3025	Matthew Bootwala [1]
Ohio	West Chester Township	8104 Beckett Center Drive West Chester Township, Ohio 45069	513-906-8641	Veronica Sterling and William Cottle
Ohio	Westerville	580 Office Pkwy., Suite 120 Westerville, Ohio 43082	614-427-2023	Michelle Lyell [1]
Ohio	Worthington	7227 N. High Street, Suite 87 Worthington, Ohio 43085	614-427-1942	Matthew Bootwala [1]
Oklahoma	Edmond	130 NE 150th, Suite 300 Edmond, Oklahoma 73013	405-562-9800	Valero Aquino
Oklahoma	Tulsa	8917 S. Yale, Suite #100 Tulsa, Oklahoma 74137	918-98296024	Cannizzaro, Chris & Sally
Oregon	Bend	2735 NW Crossing Drive, Suite 102 Bend, Oregon 97703	541-797-7611	Sheryl Arapov
Pennsylvania	Cranberry Township	20120 Route 19, Suite 203 Cranberry Township, Pennsylvania 16066	724-638-8585	Lisa Oldach
Pennsylvania	Langhorne	1717 Newtown Langhorne Rd., Suite #202 Langhorne, Pennsylvania 19047	267-535-2686	Pat and Julie Cappucci
Pennsylvania	Pittsburgh	5433 Walnut Street Pittsburgh, Pennsylvania 15232	412-437-2313	David Work [1]
Pennsylvania	Pittsburgh	300 Mt. Lebanon Blvd., Suite 8 Pittsburgh, Pennsylvania 15234	412-437-2021	David Work [1]
Pennsylvania	Wayne	985 Old Eagle School Road, Suite 515 Wayne Pennsylvania 19087	484-580-6557	Laura Austin
Pennsylvania	West Chester	709 E. Gay Street, Suite #7 West Chester, Pennsylvania 19380	484-881-3770	Milton & Devon Linn [1]

Outlets That Were Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
South Carolina	Hilton Head Island	1517B Main Street Hilton Head Island, South Carolina 29926	803-830-5599	Alastair and Janice Douglas
South Carolina	Mt. Pleasant	528 Johnnie Dodds Blvd., Suite #101 Mount Pleasant, South Carolina 29464	843-972-3995	Nikki and Will Weirs & Ken and Kathi Yacobozzi,
South Carolina	Simpsonville	117 Batesville Road, Suite #103 Simpsonville, South Carolina 29681	864-565-8636	Alex Farquharson
South Carolina	Tega Cay	1157 Stonecrest Blvd., Suite #102 Tega Cay, South Carolina 29708	803-832-1989	Fara, Timothy
Tennessee	Collierville	255 Schilling Blvd., Suite #104 Collierville, Tennessee 38017	901-850-3313	Rick Frembgen[1]
Tennessee	Franklin	1909 Mallory Lane, Suite #106 Franklin, Tennessee 37067	615-58-7923	Roshan Patel [1]
Tennessee	Germantown	1941 S. Germantown Rd., Suite 102 Germantown, Tennessee 38138	901-614-2534	Luke Eickmeier
Tennessee	Knoxville	156 West End Ave. Knoxville, Tennessee 37934	865-244-2899	Steven Barnard
Tennessee	Lakeland	9852 Market Green Place North, Suite #103 Lakeland, Tennessee 38002	901-616-6082	Rick Frembgen[1]
Tennessee	Murfreesboro	520 Highland Terrace, Suite G Murfreesboro, Tennessee 37130	615-550-1706	Roshan Patel
Texas	Alamo Heights	4900 Broadway, Suite #100 Alamo Heights, Texas 78209	210-796-0329	Anne Kilpatrick
Texas	Austin	10510 W. Parmer Ln., Suite 106 Austin, Texas 78717	512-377-1430	Alejandro Alderete [1]
Texas	Colleyville	55 Main Street, Suite #110 Colleyville, Texas	817-778-9412	Mike & Andrea Sims [1]
Texas	Dallas	6757 Arapaho Road, Suite 711 Dallas, Texas 75248	972-716-9530	Jim & Michele Montgomery
Texas	Dallas	4235 W. Northwest Highway, Suite 500 Dallas, Texas 75220	214-353-0811	Patrick and Mary Sculley [1]
Texas	Dallas	5600 W. Lovers Lane, Suite 210 Dallas, Texas 75209	469-265-4466	Patrick and Mary Sculley [1]
Texas	Flower Mound	400 Flower Mound Rd., Suite #120 Flower Mound, Texas 75028	469-678-8303	Mark & Danica Alexander
Texas	Fort Worth	2745 S. Hulen Street Fort Worth, Texas 76109	817-841-8888	Luis Rodriguez Jr.
Texas	Friendswood	331 E. Parkwood Dr. Friendswood, Texas 77546	281-978-2131	Kenneth and Lisa Collins
Texas	Houston	4060 Bissonnet Street Houston, Texas 77005	844-20COACH	Brad Bundy and David Pittman [1]
Texas	Houston	7880 San Felipe, Suite 200 Houston, Texas 77063	888-758-0807	Brad Bundy and David Pittman [1]

Outlets That Were Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Texas	Houston	2323 South Shepherd Dr., Suite 100 Houston, Texas 77019	888-758-0807	Brad Bundy and David Pittman [1]
Texas	Katy	24124 S. Shepherd Dr., Suite #300 Katy, Texas 77494	281-903-5691	Brad Bundy and David Pittman [1]
Texas	Lakeway	3503 Wild Cherry Drive Bldg. 15B Lakeway, Texas 78738	737-587-4899	Alejandro Alderete [1]
Texas	McKinney	1890 N. Stonebridge Dr., 300 – Bldg. 3 McKinney, Texas 75071	469-626-7039	David Bass Jr.
Texas	Pearland	9330 Broadway St., Suite B-308 Pearland, Texas 77584	832-787-0201	Jan Ross
Texas	Plano	2309 Coit Road, Suite B Plano, Texas 75075	469-609-0097	Kevin Hemphill [1]
Texas	Southlake	1500 N. Kimball Ave., Suite 140 Southlake, Texas 76092	817-764-3431	Mike Sims [1]
Utah	Sandy	9730 S. 700 E., Suite #110 Sandy, Utah 84070	801-623-6766	Jennifer & JP Whiting,
Wisconsin	Appleton	1901 E. Capitol Drive, Ste. A Appleton, Wisconsin 54911	920-731-2348	Kevin McKee [1]
Wisconsin	Brookfield	18900 W. Bluemound Rd., Suite #214 Brookfield, Wisconsin 53045	262-290-5947	Kristine Staral [1]
Wisconsin	Shorewood	3565 N. Oakland Ave. Shorewood, Wisconsin 53211	414-930-4044	Kevin McKee [1]

1. These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

The following table lists our franchisees with signed franchise agreements that were not open as of December 31, 2022.

Franchise Agreements Signed But Outlets Not Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Alabama	Trussville	3918 Montclair Rd., Suite 207 Mountain Brook, Alabama 35213	205-541-2535	Kendall Gadie
California	Beverly Hills	9182 Olympic Blvd Beverly Hills, California 90212	310-266-1404	Peter Hennessy [1]
California	Eastvale	1825 Hamner Ave., Suite Q Norco, California 92860	714-365-4817	Gaurav Gombar
California	Folsom	To Be Determined	216-688-5256	Prakash Eswaran
California	Fremont	To Be Determined	213-379-3716	Siddhartha Dayal
California	Hacienda Heights	To Be Determined	323-683-2301	Adam Herrera[1]
California	Lincoln	To Be Determined	714-310-1432	Rowena Houston
California	Livermore	To Be Determined	925-890-3005	Michelle Setchell
California	San Diego	To Be Determined	858-472-0207	Dacqrin Stewart
California	To Be Determined	To Be Determined	626-590-4108	Tamara Argueta[1]
California	Vacaville	To Be Determined	510-701-8986	Patrick Chan
Colorado	Aurora	To Be Determined	303-917-9909	Nathan Cleveringa
Colorado	Lafayette	To Be Determined	303-550-6970	Leo V. Rodriguez
Florida	Doral	To Be Determined	786-405-7483	Pablo Esperon
Florida	Naples	2669 David Blvd., Suite 2 Naples, Florida 34104	239-592-6224	Thomas Wooden [1]
Florida	Pensacola	To Be Determined	949-370-0563	Tracey Forbes
Florida	Riverview	To Be Determined	813-458-8858	Nicasio Jones
Florida	Treasure Island	To Be Determined	727-424-7716	Michael Busjahn
Florida	Weston	To Be Determined	954-410-3988	Liliane London Faraco
Georgia	Buford	To Be Determined	678-634-6870	Shane Sieracki
Michigan	Shelby Township	To Be Determined	313-574-0377	Henry Christian
Minnesota	North Oaks	To Be Determined	650-996-6758	Kevin Quattrin
Missouri	Columbia	To Be Determined	417-459-5775	Jeff Walker
Missouri	Fenton	To Be Determined	314-756-7484	Ron Kilgore
Nevada	Las Vegas	To Be Determined	505-554-7080	Molly Nestor
Nevada	Reno	To Be Determined	713-480-7318	Jeff Heinemann
New Mexico	Albuquerque	To Be Determined	505-913-0072	Beverlee McClure Shaw
Pennsylvania	Newtown Square	To Be Determined	610-246-0190	Scott Satell
Tennessee	Chattanooga	To Be Determined	202-746-5120	Ken Meyer
Texas	Dallas	To Be Determined	214-668-0105	Anthony Kachiros
Virginia	Chesapeake	To Be Determined	973-897-5544	Bryan Bach
Virginia	Richmond	To Be Determined	770-377-3376	India Morgan
Virginia	Woodbridge	To Be Determined	808-292-4692	Jonathan Mead

1. These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

<u>Part B</u> (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
Florida	Boca Raton	787-633-9044	Amy Lang
Florida	Orlando	689-207-2469	Paula de Almeida Guido and Marcelo Santos
Michigan	West Bloomfield	248-867-8880	Adam LaBelle
Tennessee	Franklin	480-532-4590	Wil Soles

1. This franchisee terminated prior to opening.

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

EXHIBIT "G"

TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

[See Attached]

EXERCISE COACH USA, LLC.

Audited Financial Statements

For the Years Ended December 31, 2022 and 2021

EXERCISE COACH USA, LLC.

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CYGANHAYES Ltd.
Certified Public Accountants and Consultants

Glenn A. Cygan, CPA
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INDEPENDENT AUDITORS' REPORT

To Members of Exercise Coach USA, LLC

Opinion

We have audited the accompanying financial statements of Exercise Coach USA, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Exercise Coach USA LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Exercise Coach USA LLC's ability to continue as a going concern for a reasonable period of time.

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

CYGAN HAYES, LTD.
Certified Public Accountants

Frankfort, Illinois
March 27, 2023

Exercise Coach USA, LLC.
Balance Sheets
For the years ended December 31, 2022 and 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	$ 2,086,379	$ 1,425,383
Accounts receivable	363,460	277,283
Deferred contract costs	691,250	506,415
Prepaid expenses	48,896	7,765
Other receivable	2,716	696
Total Current Assets	3,192,701	2,217,542
FIXED ASSETS		
Computers and equipment	67,124	65,188
Training equipment	80,408	-
Leasehold improvements	14,572	14,572
Software	24,000	-
Less: Accumulated depreciation	(63,495)	(42,973)
Total Fixed Assets	122,609	36,787
OTHER ASSETS		
Right of use assets for operating leases (Note 5)	233,791	-
Deferred tax assets, net	130	3,700
Total Other Assets	233,921	3,700
Total Assets	$ 3,549,231	$ 2,258,029

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 181,037	$ 143,813
Deferred revenue	965,700	707,450
Short term lease liability for operating leases (Note 5)	64,054	-
Taxes payable	5,135	2,716
Accrued interest	-	7,000
Total Current Liabilities	1,215,926	860,979
LONG-TERM LIABILITIES		
Long term lease liability for operating leases (Note 5)	169,737	-
Total Long-Term Liabilities	169,737	-
MEMBERS' EQUITY	2,163,568	1,397,050
Total Liabilities and Members' Equity	$ 3,549,231	$ 2,258,029

Exercise Coach USA, LLC.
Statements of Income
For the years ended December 31, 2022 and 2021

	2022	2021
REVENUES		
Franchise fee revenue	$ 1,771,026	$ 1,601,078
Royalty revenue	2,556,754	1,845,139
Ad fund revenue	383,810	257,892
Franchise support services	536,743	375,969
Printing services	303,670	272,022
Marketing revenue	516,207	182,535
Commissions	155,657	110,375
Miscellaneous income	277,526	50,432
Total Revenue	6,501,393	4,695,442
OPERATING COSTS AND EXPENSES (Schedule 1)	5,160,868	3,743,149
Operating Income (Loss)	1,340,525	952,293
OTHER INCOME (EXPENSE)		
Gain on forgiveness of loans	-	220,202
Interest income	277	1,326
Loss on sale of assets	(14,500)	-
Total Other Income (Expense)	(14,223)	221,528
Net Income Before Taxes	1,326,302	1,173,821
TAX EXPENSE		
International taxes	44,832	52,176
Replacement tax expense	2,419	2,732
Deferred tax expense (benefit)	3,570	300
Total Tax Expense	50,821	55,208
Net Income (Loss)	$ 1,275,481	$ 1,118,613

Exercise Coach USA, LLC.
Statements of Changes in Members' Equity
For the years ended December 31, 2022 and 2021

	Strength for Life LLC	9th & James Investments LLC	Hudson 2011 Declaration of Trust	Atita, LLC	Dunbar 1994 Living Trust	Total
Balance at January 1, 2021	$ (252,453)	$ 352,790	$ 113,746	$ 141,480	$ (77,126)	$ 278,437
Capital Distributions	-	-	-	-	-	-
Net Income/(Loss)	563,737	167,792	86,625	114,546	185,913	1,118,613
Balance at December 31, 2021	$ 311,284	$ 520,582	$ 200,371	$ 256,026	$ 108,787	$ 1,397,050
Capital Distributions	(251,980)	(79,252)	(38,720)	(51,200)	(87,811)	(508,963)
Net Income/(Loss)	642,792	191,322	98,773	130,609	211,985	1,275,481
Balance at December 31, 2022	$ 702,096	$ 632,652	$ 260,424	$ 335,435	$ 232,961	$ 2,163,568

Exercise Coach USA, LLC.
Statements of Cash Flows
December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ 1,275,481	$ 1,118,613
Adjustments to reconcile net income (loss) to		
net cash provided by operating activities:		
Provision (benefit) for deferred taxes	3,570	300
Depreciation and amortization	20,522	7,586
Loss on sale of capital assets	14,500	-
Gain on forgiveness of loans	-	(220,202)
(Increase) decrease in assets:		
Accounts receivable	(86,176)	(163,597)
Deferred contract costs	(184,835)	155,745
Other receivable	(2,020)	(696)
Prepaid expenses	(41,131)	9,168
Increase (decrease) in liabilities:		
Accounts payable	37,223	79,685
Deferred revenue	258,250	(118,900)
Taxes payable	2,419	2,716
Accrued interest	(7,000)	(2,835)
Net Cash Provided (Used) by Operating Activities	1,290,803	867,583
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(121,344)	(17,826)
Proceeds from sale of capital assets	500	-
Net Cash Provided (Used) by Investing Activities	(120,844)	(17,826)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable - PPP Loan	-	110,102
Principal payments on long-term debt	-	(150,000)
Capital distributions	(508,963)	-
Net Cash Provided (Used) by Financing Activities	(508,963)	(39,898)
Net Increase (Decrease) in Cash and Cash Equivalents	660,996	809,859
Cash and Cash Equivalents – Beginning of Year	1,425,383	615,524
Cash and Cash Equivalents – End of Year	$ 2,086,379	$ 1,425,383
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	$ -	$ 4,863
Noncash Operating Transactions		
Operating lease assets	$ 296,832	
Operating lease liabilities	$ 296,832	

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company is engaged in the franchising of a proprietary system of personalized fitness training throughout the country in states for which legal compliances for franchising have been met.

Revenue Recognition

The Company's revenue is derived primarily from initial franchise fees and royalties from existing franchisees. Initial franchise fees are paid by new franchisees and cover services provided for initial development and support of each franchise location. These services contain multiple performance obligations, which are satisfied over time. Typically, these services are provided over a period of ten months after an agreement is signed to the opening of a location and this forms the basis of time for these fees to be recognized. Until such time that performance obligations are completed, and fees are fully recognized, the Company recognizes a liability for deferred revenue. As services are performed each month, the liability is reversed, and revenue is recognized. The fees collected for these services are nonrefundable. See Note 3 for deferred revenue contract balance details.

As franchise locations open for business, monthly royalties are collected from each franchisee. These fees are subject to a minimum amount stated in each franchise agreement, with a variable component based on monthly sales. Royalties provide for monthly access to the franchise license and use of the Company's marks and intellectual property. These fees are recognized each month.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective ownership percentage. Therefore, no provision or liability for current income taxes has been included in the financial statements. In certain instances, however, the Company may be required under applicable state laws to remit directly to state tax authorities amounts otherwise due to members. Such payments on behalf of the members are deemed distributions to them. The Company is required to pay the State of Illinois replacement tax (currently 1.5% of state income). For the years ended December 31, 2022 and 2021, state replacement tax expense was $2,419 and $2,732, respectively.

Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences related primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes) and other differences between assets and liabilities as a result of different accounting methods used for the financial statements and taxes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses that are available to offset future taxable income.

The Company has several international franchise locations. There are related international foreign taxes the Company is required to report. The foreign franchise locations reimburse the Company for the tax expense each year, and the Company reports these receipts as franchise and royalty revenue and reports the related expense. For the years ended December 31, 2022 and 2021, the total international tax was $44,832 and $52,176, respectively.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company considers all demand deposits, money market funds, and securities with original maturities of three months or less to be cash equivalents. The Company maintains its cash in bank accounts which, at times, may exceed federally insurance limits as guaranteed by the Federal Deposit Insurance Corporation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment, Depreciation and Amortization

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. For the years ended December 31, 2022 and 2021, depreciation and amortization expense relating to property and equipment was included in operating costs in the amount of $20,522 and $7,586, respectively.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $489,588 and $254,539 for the years ended December 31, 2022 and 2021, respectively. Monthly amounts are also received from franchisees, equal to a portion of monthly sales to fund a brand development fund ("ad fund"). The Company uses the ad fund for additional advertising, marketing and brand development to promote public awareness of the brand and improve systems. These receipts are treated as revenue, recognized each month, and expenses are recorded when incurred.

Use of Estimates

The preparation of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain items were reclassified from the prior year to conform to the current financial statement presentation. Such reclassifications had no effect on the previously reported net income for the year ended December 31, 2021.

NOTE 2: CONTRACT LIABILITIES AND ASSETS

Contract liabilities from contracts with customers for initial franchise fees that relate to deferred revenue consist of the following at December 31, 2022 and 2021:

	2022	2021
Beginning of Year	$ 707,450	$ 826,350
End of Year	$ 965,700	$ 707,450

The Company often incurs incremental contract costs in the form of broker commissions to third parties when a new franchisee is acquired. These incremental contract costs are recognized over the same period as the initial franchise fee revenues. A deferred contract cost asset is recorded when commissions are paid, and as the revenues are recognized each month as performance obligations are completed, a proportional amount of the asset is reversed and the expense is recognized. Contract cost assets for these commissions consist of the following at December 31, 2022 and 2021:

NOTE 2: CONTRACT LIABILITIES AND ASSETS (CONTINUED)

	2022	2021
Beginning of Year	$ 506,415	$ 662,160
End of Year	$ 691,250	$ 506,415

The full amount of the prior year liabilities has been recognized as revenues and the prior year contract assets have been recognized as expense in the current year due to the time over which these revenues and expenses are recognized, see Note 1.

NOTE 3: MEMBERS' EQUITY

As of December 31, 2022 and 2021, ownership and income percentages are as follows:

Strength For Life, LLC	50 %
Hudson Declaration Trust	8 %
Atita, LLC	10 %
W. Kent Dunbar 1994 Living Trust	17 %
9th & James Investments, LLC	15 %

NOTE 4: INCOME TAXES

As of December 31, 2022 and 2021, the deferred tax liabilities recognized for taxable temporary differences total $6,410 and $3,820, respectively. Deferred tax assets recognized for deductible temporary differences and operating loss carryforwards total $6,540 and $7,520, respectively. The net deferred tax asset of $130 and $3,700 is reported on the accompanying balance sheets for the years ended December 31, 2022 and 2021, respectively.

The Company has adopted the revised provisions of FASB ASC 740, relating to uncertain tax positions. These standards require management to perform an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Company's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. This evaluation is required to be performed for all open tax years, as defined by the various statues of limitations, for federal and state purposes.

The Company is required to file federal and state income tax returns. The Company's tax returns are subject to possible examination by the taxing authorities. For federal and state income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns. Management has performed its evaluation of all other income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax provisions in the accompanying financial statements.

NOTE 5: RELATED PARTY LEASES & OTHER LEASING ARRANGEMENTS

The Company subleased facilities from Strength for Life, a related party through common members and additional facilities owned by the Company's CEO. One of these leases expired in the current year, while the other lease is paid monthly and is set to expire June 30, 2024. Total rent expense for these arrangements for the years ended December 31, 2022 and 2021 was $8,539 and $35,715, respectively.

NOTE 5: RELATED PARTY LEASES & OTHER LEASING ARRANGEMENTS (CONTINUED)

The Company also leased a facility to serve as a training center for new franchisee owners. The lease term is effective December 1, 2018 through November 30, 2023, with an option to extend the term up to two additional years, which is expected to be exercised. The lease calls for monthly payments of $1,958.58 but may be modified depending on use of space. For the year ended December 31, 2022, rent was only charged at 50% of the monthly amount per the agreement. In subsequent years, unless otherwise agreed upon, rent will continue to be charged at 50% of the monthly payment per the agreement. Total rent expense for the years ended December 31, 2022 and 2021 was $11,751 each year.

The Company signed a new lease agreement for an additional training center for new franchisee owners. This lease term is effective January 1, 2022 through December 31, 2026. The lease calls for monthly payments of $4,100. Total rent expense for this lease was $49,200 for the year ended December 31, 2022.

The practical expedient election has been made to use the risk-free rate as the discount rate for all operating leases.

Supplemental balance sheet information related to leases were as follows:

	2022
Operating lease right-of-use assets	$ 233,791
Operating lease obligations - current	64,054
Operating lease obligations - non current	169,737
Total operating lease obligations	$ 233,791
Discount rate for operating leases ending before December 30, 2026	1.04 %
Discount rate for operating lease ending on December 30, 2026	1.37 %

Future lease payments for all leases

	2022
January 1, 2023 - December 31, 2023	$ 66,651
January 1, 2024 - December 31, 2024	63,801
January 1, 2025 - December 31, 2025	59,972
January 1, 2026 - December 31, 2026	49,200
Total undiscounted minimum lease payments	239,624
Less: Present value discount	(5,833)
Operating lease liability	$ 233,791

NOTE 6: EMPLOYEE BENEFIT PLAN

The Company has established an elective deferral SIMPLE IRA plan covering all eligible employees. The Company matches the contributions made by employees, up to a maximum of 3% of the employee's income. The Company's matching contributions for the years ended December 31, 2022 and 2021, was $31,786 and $26,742, respectively.

NOTE 7: RECENTLY ISSUED ACCOUNTING STANDARDS UPDATES

This note discusses Accounting Standards Updates ("ASUs") issued by the FASB that have had an impact on financial reporting.

Standard	ASU 2016-02, Leases (Topic 842)
Effective date	Fiscal period beginning after December 15, 2021
Description	ASU 2016-02 increases the transparency and comparability of organizations by requiring the capitalization of substantially all leases on the balance sheet and disclosure of key information about leasing arrangements. Under this new guidance, at the lease commencement date, a lease recognized as a right-of-use asset and a lease liability, which is initially measured at the present value of the future lease payments. For income statement purposes, a dual model was retained for leases, requiring leases to be classified as either operating or finance leases. Under the operating model, lease expense is recognized on a straight-line basis over the lease term.
Date adopted and effective	This standard was adopted January 2022, effective January 2022
Method of Application	The Company adopted this new accounting standard using the optional transition method and applied the new standard to all leases through a cumulative-effect adjustment. As a result, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company elected a package of practical expedients permitted under the transition guidance, which among other things, allows the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Company also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.
Impact	Application of this standard did not affect the reporting of the financial position and results of operations.

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated the events that have occurred through March 27, 2023, the date the financial statements were available to be issued.

NOTE 9: COVID-19

The COVID-19 virus pandemic was ongoing during the current fiscal year. This pandemic could have a significant impact on the Company's financial condition, results of operations, and cash flows. Specifically, the spread of the virus could adversely affect the ability to acquire new franchisees and revenues generated from royalties based on monthly sales, though this appears to have had minimal impact in the current year. The economic uncertainty caused by the virus has not been fully determined, and the financial statements do not reflect any adjustments as a result of the increase in economic uncertainty.

SUPPLEMENTAL FINANCIAL INFORMATION

Exercise Coach USA, LLC.
Schedule 1
Schedule of Operating Costs and Expenses
For the years ended December 31, 2022 and 2021

	2022	2021
OPERATING COSTS AND EXPENSES		
Advertising and promotion	489,588	254,539
Salaries	1,525,236	1,016,325
Payroll taxes	88,213	76,822
Professional fees	173,690	155,877
Franchise development	1,470,268	1,293,346
Ad fund expenses	243,607	152,920
Commission expense	42,500	-
Dues and subscriptions	3,319	3,533
Designer fees	18,970	14,864
Insurance	89,353	81,972
Rent	69,451	47,466
Website and computers	469,207	300,013
Automobile	14,072	15,657
Office supplies	11,241	5,477
Cleaning and sanitization	-	6,010
Printing and postage	266,166	204,906
Repairs and maintenance	2,197	4,023
Travel	14,404	8,957
Telephone and utilities	8,387	10,127
License and fees	267	177
Education	88,504	29,170
Depreciation	13,189	7,586
Amortization	7,333	-
Meals & entertainment	12,928	14,066
401 K expense	31,786	26,742
Interest expense	-	4,863
Bank fees	6,678	7,393
Sales tax expense	314	318
Total Operating Costs and Expenses	5,160,868	3,743,149

EXERCISE COACH USA, LLC.

Audited Financial Statements

For the Years Ended December 31, 2021 and 2020

EXERCISE COACH USA, LLC.

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CYGANHAYES Ltd.
Certified Public Accountants and Consultants

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INDEPENDENT AUDITORS' REPORT

To Members of Exercise Coach USA, LLC

Opinion

We have audited the accompanying financial statements of Exercise Coach USA, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Exercise Coach USA LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Exercise Coach USA LLC's ability to continue as a going concern for a reasonable period of time.

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

CYGAN HAYES, LTD.
Certified Public Accountants

Frankfort, Illinois
March 18, 2022

Exercise Coach USA, LLC.
Balance Sheets
For the years ended December 31, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 1,425,383	$ 615,524
Accounts receivable	277,283	113,686
Deferred contract costs	506,415	662,160
Other receivable	696	-
Total Current Assets	2,209,777	1,391,370
FIXED ASSETS		
Computers and equipment	65,188	47,362
Leasehold improvements	14,572	14,572
Less: Accumulated depreciation	(42,973)	(35,387)
Total Fixed Assets	36,787	26,547
OTHER ASSETS		
Prepaid expenses	7,765	16,933
Deferred tax assets, net	3,700	4,000
Intangible asset	-	-
Total Other Assets	11,465	20,933
Total Assets	$ 2,258,029	$ 1,438,850

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 143,813	$ 64,128
Deferred revenue	707,450	826,350
Taxes payable	2,716	-
Accrued interest	7,000	9,835
Total Current Liabilities	860,979	900,313
LONG TERM DEBT	-	260,100
MEMBERS' EQUITY	1,397,050	278,437
Total Liabilities and Members' Equity	$ 2,258,029	$ 1,438,850

See accompanying notes to financial statements.

Exercise Coach USA, LLC.
Statement of Income
For the years ended December 31, 2021 and 2020

	2021	2020
REVENUES		
Franchise fee revenue	$ 1,601,078	$ 2,721,193
Royalty revenue	1,845,139	992,003
Ad fund revenue	257,892	112,302
Franchise support services	293,840	173,504
Printing services	272,022	134,664
Marketing and contest revenue	264,664	47,346
Commissions	110,375	14,130
Miscellaneous income	50,432	38,283
Total Revenue	4,695,442	4,233,425
OPERATING COSTS AND EXPENSES		
Advertising and promotion	254,539	38,943
Salaries	1,016,325	921,013
Payroll taxes	76,822	60,966
Professional fees	155,877	144,024
Franchise development	1,293,346	2,306,610
Ad fund expenses	152,920	125,725
Consulting and commissions	3,533	3,832
Designer fees	14,864	3,710
Insurance	81,972	63,229
Rent	47,466	45,557
Website and computers	300,013	195,315
Automobile	15,657	8,682
Office supplies	5,477	9,142
Cleaning and sanitization	6,010	27,300
Printing and postage	204,906	108,559
Repairs and maintenance	4,023	1,732
Travel	8,957	4,835
Telephone and utilities	10,127	7,140
License and fees	177	177
Education	29,170	11,217
Equipment	-	8,395
Depreciation	7,586	5,680
Amortization of equipment rights	-	786
Meals & entertainment	14,066	8,825
401 K expense	26,742	23,513
Interest expense	4,863	2,835
Bank fees	7,393	8,698
Sales tax expense	318	241
Total Operation Costs and Expenses	3,743,149	4,146,681

See accompanying notes to financial statements.

Exercise Coach USA, LLC.
Statement of Income
For the years ended December 31, 2021 and 2020

Operating Income (Loss)	952,293	86,744
OTHER INCOME		
Gain on forgiveness of loans	220,202	-
Interest income	1,326	1,077
Total Other Income	221,528	1,077
Net Income Before Taxes	1,173,821	87,821
TAX EXPENSE		
International taxes	52,176	48,643
Replacement tax expense	2,732	
Deferred tax expense (benefit)	300	(800)
Total Tax Expense	55,208	47,843
Net Income (Loss)	$ 1,118,613	$ 39,978

See accompanying notes to financial statements.

Exercise Coach USA, LLC.
Statements of Changes in Members' Equity (Deficit)
For the years ended December 31, 2021 and 2020

	Strength for Life LLC	9th & James Investments LLC	Hudson 2011 Declaration of Trust	Atita, LLC	Dunbar 1994 Living Trust	Total
Balance at January 1, 2020	$ (222,204)	$ 363,621	$ 118,394	$ 147,626	$ (65,125)	$ 342,312
Capital Distributions	(50,396)	(16,828)	(7,744)	(10,240)	(18,645)	(103,853)
Net Income/(Loss)	20,147	5,997	3,096	4,094	6,644	39,978
Balance at December 31, 2020	$ (252,453)	$ 352,790	$ 113,746	$ 141,480	$ (77,126)	$ 278,437
Capital Distributions	-	-	-	-	-	-
Net Income/(Loss)	563,737	167,792	86,625	114,546	185,913	1,118,613
Balance at December 31, 2021	$ 311,284	$ 520,582	$ 200,371	$ 256,026	$ 108,787	$ 1,397,050

See accompanying notes to financial statements.

Exercise Coach USA, LLC.
Statements of Cash Flows
For the years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ 1,118,613	$ 39,978
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision (benefit) for deferred taxes	300	(800)
Depreciation and amortization	7,586	6,466
Gain on forgiveness of loans	(220,202)	-
(Increase) decrease in assets:		
Accounts receivable	(163,597)	(22,184)
Deferred contract costs	155,745	401,120
Other receivable	(696)	3,000
Prepaid expenses	9,168	(6,481)
Increase (decrease) in liabilities:		
Accounts payable	79,685	5,173
Deferred revenue	(118,900)	(509,750)
Taxes payable	2,716	-
Accrued interest	(2,835)	2,835
Net Cash Provided (Used) by Operating Activities	867,583	(80,643)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(17,826)	(6,846)
Net Cash Provided (Used) by Investing Activities	(17,826)	(6,846)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable - PPP loan	110,102	110,100
Proceeds from note payable - EIDL loan	-	150,000
Principal payments on long-term debt	(150,000)	-
Capital distributions	-	(103,853)
Net Cash Provided (Used) by Financing Activities	(39,898)	156,247
Net Increase (Decrease) in Cash and Cash Equivalents	809,859	68,758
Cash and Cash Equivalents – Beginning of Year	615,524	546,766
Cash and Cash Equivalents – End of Year	$ 1,425,383	$ 615,524
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	$ 4,863	$ 2,835

See accompanying notes to financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company is engaged in the franchising of a proprietary system of personalized fitness training throughout the country in states for which legal compliances for franchising have been met.

Revenue Recognition

The Company's revenue is derived primarily from initial franchise fees and royalties from existing franchisees. Initial franchise fees are paid by new franchisees and cover services provided for initial development and support of each franchise location. These services contain multiple performance obligations, which are satisfied over time. Typically, these services are provided over a period of ten months after an agreement is signed to the opening of a location and this forms the basis of time for these fees to be recognized. Until such time that performance obligations are completed, and fees are fully recognized, the Company recognizes a liability for deferred revenue. As services are performed each month, the liability is reversed, and revenue is recognized. The fees collected for these services are nonrefundable. See Note 3 for deferred revenue contract balance details.

As franchise locations open for business, monthly royalties are collected from each franchisee. These fees are subject to a minimum amount stated in each franchise agreement, with a variable component based on monthly sales. Royalties provide for monthly access to the franchise license and use of the Company's marks and intellectual property. These fees are recognized each month.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective ownership percentage. Therefore, no provision or liability for current income taxes has been included in the financial statements. In certain instances, however, the Company may be required under applicable state laws to remit directly to state tax authorities amounts otherwise due to members. Such payments on behalf of the members are deemed distributions to them. The Company is required to pay the State of Illinois replacement tax (currently 1.5% of state income). For the years ended December 31, 2021 and 2020, state replacement tax expense was $2,732 and $0, respectively.

Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences related primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes) and other differences between assets and liabilities as a result of different accounting methods used for the financial statements and taxes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses that are available to offset future taxable income.

The Company has several international franchise locations. There are related international foreign taxes the Company is required to report. The foreign franchise locations reimburse the Company for the tax expense each year, and the Company reports these receipts as franchise and royalty revenue and reports the related expense. For the years ended December 31, 2021 and 2020, the total international tax was $52,176 and $48,643, respectively.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company considers all demand deposits, money market funds, and securities with original maturities of three months or less to be cash equivalents. The Company maintains its cash in bank accounts which, at times, may exceed federally insurance limits as guaranteed by the Federal Deposit Insurance Corporation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment, and Depreciation

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. For the years ended December 31, 2021 and 2020, depreciation expense relating to property and equipment was included in operating costs in the amount of $7,586 and $5,680, respectively.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $254,539 and $38,943 for the years ended December 31, 2021 and 2020, respectively. Monthly amounts are also received from franchisees, equal to a portion of monthly sales to fund a brand development fund ("ad fund"). The Company uses the ad fund for additional advertising, marketing and brand development to promote public awareness of the brand and improve systems. These receipts are treated as revenue, recognized each month, and expenses are recorded when incurred.

Use of Estimates

The preparation of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain items were reclassified from the prior year to conform to the current financial statement presentation. Such reclassifications had no effect on the previously reported net income for the year ended December 31, 2020.

NOTE 2: EQUIPMENT RIGHTS

The Company was granted conditional equipment rights on November 2, 2009, to market and utilize patent-pending computerized robotic fitness equipment manufactured by Exerbotics, LLC, in exchange for an ownership interest in the Company. On October 29, 2014, Exerbotics, LLC's ownership interests in the Company were transferred to W. Kent Dunbar 1994 Living Trust. All intellectual property of Exerbotics, LLC has been acquired by Gymbot, LLC. Gymbot, LLC now has full ownership and rights to manufacture and distribute the fitness equipment formerly manufactured by Exerbotics, LLC. The Company maintains the equipment rights to utilize the equipment as part of its franchise offering and to produce the equipment for its customers utilizing Gymbot, LLC's intellectual property in the event that Gymbot, LLC becomes insolvent. These rights are amortized over the life of the agreement and are shown at the net remaining value on the balance sheets.

NOTE 3: CONTRACT LIABILITIES AND ASSETS

Contract liabilities from contracts with customers for initial franchise fees that relate to deferred revenue consist of the following at December 31, 2021 and 2020:

	2021	2020
Beginning of Year	$ 826,350	$ 1,336,100
End of Year	$ 707,450	$ 826,350

NOTE 3: CONTRACT LIABILITIES AND ASSETS (CONTINUED)

The Company often incurs incremental contract costs in the form of broker commissions to third parties when a new franchisee is acquired. These incremental contract costs are recognized over the same period as the initial franchise fee revenues. A deferred contract cost asset is recorded when commissions are paid, and as the revenues are recognized each month as performance obligations are completed, a proportional amount of the asset is reversed and the expense is recognized. Contract cost assets for these commissions consist of the following at December 31, 2021 and 2020:

	2021	2020
Beginning of Year	$ 662,160	$ 1,063,280
End of Year	$ 506,415	$ 662,160

The full amount of the prior year liabilities has been recognized as revenues and the prior year contract assets have been recognized as expense in the current year due to the time over which these revenues and expenses are recognized, see Note 1.

NOTE 4: DEBT

Economic Injury Disaster Loan

On June 6, 2020, the Company executed a secured loan with the U.S. Small Business Administration (SBA) under the Economic Injury Disaster Loan (EIDL) program in the amount of $150,000. The loan was secured by all tangible and intangible assets of the Company and payable over 30 years at an interest rate of 3.75% per annum. The Company decided to pay off the full balance of the loan during the current fiscal year. There is no remaining balance due for the EIDL loan as of December 31, 2021.

Paycheck Protection Program Loan

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures established the Paycheck Protection Program (PPP) to provide small business loans. On May 6, 2020, the Company obtained a PPP loan for $110,100, which was included in the Company's long-term debt at December 31, 2020. The Company used all of the proceeds from the note for qualifying expenses and received approval of its application for the loan to be forgiven during the current fiscal year.

The Company also obtained a second draw PPP loan in the current year on January 30, 2021 for $110,102. The proceeds from this note were also used fully for qualifying expenses, and the Company's application for loan forgiveness was approved during the current fiscal year.

The amount of the forgiven loans has been recognized on the financial statements as gain on forgiveness of loans for a total of $220,202.

NOTE 5: MEMBERS' EQUITY

As of December 31, 2021 and 2020, ownership and income percentages are as follows:

Strength For Life, LLC	50 %
Hudson Declaration Trust	8 %
Atita, LLC	10 %
W. Kent Dunbar 1994 Living Trust	17 %
9th & James Investments, LLC	15 %

NOTE 6: INCOME TAXES

As of December 31, 2021 and 2020, the deferred tax liabilities recognized for taxable temporary differences total $3,820 and $3,800, respectively. Deferred tax assets recognized for deductible temporary differences and operating loss carryforwards total $7,520 and $7,800, respectively. The net deferred tax asset of $3,700 and $4,000 is reported on the accompanying balance sheets for the years ended December 31, 2021 and 2020, respectively.

The Company has adopted the revised provisions of FASB ASC 740, relating to uncertain tax positions. These standards require management to perform an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Company's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. This evaluation is required to be performed for all open tax years, as defined by the various statues of limitations, for federal and state purposes.

The Company is required to file federal and state income tax returns. The Company's tax returns are subject to possible examination by the taxing authorities. For federal and state income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns. Management has performed its evaluation of all other income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax provisions in the accompanying financial statements.

NOTE 7: RELATED PARTIES / LEASING ARRANGEMENTS

The Company subleased facilities from Strength for Life, a related party through common members and additional facilities owned by the Company's CEO. These leases are month to month and no future minimum rentals existed as of December 31, 2021 or 2020. Total rent expense for these arrangements for the years ended December 31, 2021 and 2020 was $35,715 and $35,764, respectively.

The Company also leased a facility to serve as a training center for new franchisee owners. The lease term is effective December 1, 2018 through November 30, 2023, with an option to extend the term up to two additional years. The lease calls for monthly payments of $1,958.58, but may be modified depending on use of space. For the year ended December 31, 2021, rent was only charged at 50% of the monthly amount per the agreement. In subsequent years, unless otherwise agreed upon, rent will continue to be charged at 50% of the monthly payment per the agreement. Total rent expense for the years ended December 31, 2021 and 2020 was $11,751 and $9,793, respectively.

The following is a schedule of future minimum lease payments required:

2022	11,751
2023	10,772
2024	-
	$ 22,523

NOTE 8: EMPLOYEE BENEFIT PLAN

The Company has established an elective deferral SIMPLE IRA plan covering all eligible employees. The Company matches the contributions made by employees, up to a maximum of 3% of the employee's income. The Company's matching contributions for the years ended December 31, 2021 and 2020, was $26,742 and $23,513, respectively.

NOTE 9: SUBSEQUENT EVENTS

Management has evaluated the events that have occurred through March 18, 2022, the date the financial statements were available to be issued.

NOTE 10: COVID-19

The outbreak and spread of the COVID-19 virus was classified as a pandemic by the World Health Organization during the prior fiscal year, and has continued on into the current fiscal year. This pandemic could have a significant impact on the Company's financial condition, results of operations, and cash flows. Specifically, the spread of the virus could adversely affect the ability to acquire new franchisees and revenues generated from royalties based on monthly sales. The economic uncertainty caused by the virus has not been fully determined, and the financial statements do not reflect any adjustments as a result of the increase in economic uncertainty.

EXERCISE COACH USA, LLC.

Audited Financial Statements

For the Years Ended December 31, 2020 and 2019

EXERCISE COACH USA, LLC.

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CYGANHAYES Ltd.
Certified Public Accountants and Consultants

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INDEPENDENT AUDITORS' REPORT

To Members of Exercise Coach USA, LLC

Opinion

We have audited the accompanying financial statements of Exercise Coach USA, LLC, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Exercise Coach USA, LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Exercise Coach USA LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Exercise Coach USA LLC's ability to continue as a going concern for a reasonable period of time.

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

CYGAN HAYES, LTD.
Certified Public Accountants

Frankfort, Illinois
April 15, 2021

Exercise Coach USA, LLC.
Balance Sheets
For the years ended December 31, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	$ 615,524	$ 546,766
Accounts receivable	113,686	91,502
Deferred contract costs	662,160	1,063,280
Other receivable	-	3,000
Total Current Assets	1,391,370	1,704,548
FIXED ASSETS		
Computers and equipment	47,362	40,516
Leasehold improvements	14,572	14,572
Less: Accumulated depreciation	(35,387)	(29,707)
Total Fixed Assets	26,547	25,381
OTHER ASSETS		
Prepaid expenses	16,933	10,452
Deferred tax assets, net	4,000	3,200
Intangible asset	-	786
Total Other Assets	20,933	14,438
Total Assets	$ 1,438,850	$ 1,744,367

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 64,128	$ 58,955
Deferred revenue	826,350	1,336,100
Accrued interest	9,835	7,000
Total Current Liabilities	900,313	1,402,055
LONG TERM DEBT	260,100	-
MEMBERS' EQUITY	278,437	342,312
Total Liabilities and Members' Equity	$ 1,438,850	$ 1,744,367

See accompanying notes to financial statements.

Exercise Coach USA, LLC.
Statement of Income
For the years ended December 31, 2020 and 2019

	2020	2019
REVENUES		
Franchise revenue	$ 2,721,193	$ 4,060,649
Royalty revenue	992,003	626,480
Ad fund revenue	112,302	-
Marketing and contest revenue	47,346	52,605
Franchisee printing services	55,513	80,178
Miscellaneous income	305,068	237,104
Total Revenue	4,233,425	5,057,016
OPERATING COSTS AND EXPENSES		
Advertising and promotion	38,943	87,533
Salaries	921,013	740,962
Payroll taxes	60,966	49,711
Professional fees	144,024	93,696
Franchise development	2,306,610	3,454,428
Ad fund expenses	125,725	-
Consulting and commissions	3,832	1,782
Designer fees	3,710	11,649
Insurance	63,229	7,322
Rent	45,557	49,571
Website and computers	195,315	157,504
Automobile	8,682	10,441
Office supplies	9,142	18,389
Cleaning and sanitization	27,300	-
Printing and postage	108,559	110,401
Repairs and maintenance	1,732	5,886
Travel	4,835	13,308
Telephone and utilities	7,140	8,954
License and fees	177	900
Education	11,217	49,264
Equipment	8,395	-
Depreciation	5,680	5,484
Amortization of equipment rights	786	795
Meals & entertainment	8,825	14,902
401 K expense	23,513	12,765
Interest expense	2,835	-
Bank fees	8,698	6,358
Sales tax expense	241	-
Total Operation Costs and Expenses	4,146,681	4,912,005
Operating Income (Loss)	86,744	145,011

See accompanying notes to financial statements.

Exercise Coach USA, LLC.
Statement of Income
For the years ended December 31, 2020 and 2019

OTHER INCOME		
Interest income	1,077	3,073
Net Income Before Taxes	87,821	148,084
TAX EXPENSE		
International taxes	48,643	30,615
Deferred tax expense (benefit)	(800)	(3,200)
Total Tax Expense	47,843	27,415
Net Income (Loss)	$ 39,978	$ 120,669

See accompanying notes to financial statements.

Exercise Coach USA, LLC.
Statements of Changes in Members' Equity (Deficit)
For the years ended December 31, 2020 and 2019

	Strength for Life LLC	9th & James Investments LLC	Hudson 2011 Declaration of Trust	Atita, LLC	Dunbar 1994 Living Trust	Total
Balance at January 1, 2019	$ (283,016)	$ (53,908)	$ 109,049	$ 135,269	$ (84,176)	$ (176,782)
Capital Contributions		400,000				400,000
Capital Distributions		(571)			(1,004)	(1,575)
Net Income/(Loss)	60,812	18,100	9,345	12,357	20,055	120,669
Balance at December 31, 2019	$ (222,204)	$ 363,621	$ 118,394	$ 147,626	$ (65,125)	$ 342,312
Capital Distributions	(50,396)	(16,828)	(7,744)	(10,240)	(18,645)	(103,853)
Net Income/(Loss)	20,147	5,997	3,096	4,094	6,644	39,978
Balance at December 31, 2020	$ (252,453)	$ 352,790	$ 113,746	$ 141,480	$ (77,126)	$ 278,437

See accompanying notes to financial statements.

Exercise Coach USA, LLC.
Statements of Cash Flows
For the years ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ 39,978	$ 120,669
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision (benefit) for deferred taxes	(800)	(3,200)
Depreciation and amortization	6,466	6,279
(Increase) decrease in assets:		
Accounts receivable	(22,184)	76,658
Deferred contract costs	401,120	160,501
Other receivable	3,000	(3,000)
Note receivable	-	62,852
Prepaid expenses	(6,481)	(10,452)
Increase (decrease) in liabilities:		
Accounts payable	5,173	3,877
Deferred revenue	(509,750)	(180,125)
Payroll tax liability	-	(6,994)
Accrued interest	2,835	-
Short-term notes	-	(400,000)
Long-term debt	260,100	-
Net Cash Provided (Used) by Operating Activities	179,457	(172,935)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(6,846)	(10,724)
Net Cash Provided (Used) by Investing Activities	(6,846)	(10,724)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Contributions	-	400,000
Capital Distributions	(103,853)	(1,575)
Net Cash Provided (Used) by Financing Activities	(103,853)	398,425
Net Increase (Decrease) in Cash and Cash Equivalents	68,758	214,766
Cash and Cash Equivalents – Beginning of Year	546,766	332,000
Cash and Cash Equivalents – End of Year	$ 615,524	$ 546,766

See accompanying notes to financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company is engaged in the franchising of a proprietary system of personalized fitness training throughout the country in states for which legal compliances for franchising have been met.

Revenue Recognition

The Company's revenue is derived primarily from initial franchise fees and royalties from existing franchisees. Initial franchise fees are paid by new franchisees and cover services provided for initial development and support of each franchise location. These services contain multiple performance obligations, which are satisfied over time. Typically, these services are provided over a period of ten months after an agreement is signed to the opening of a location and this forms the basis of time for these fees to be recognized. Until such time that performance obligations are completed, and fees are fully recognized, the Company recognizes a liability for deferred revenue. As services are performed each month, the liability is reversed, and revenue is recognized. The fees collected for these services are nonrefundable. See Note 3 for deferred revenue contract balance details.

As franchise locations open for business, monthly royalties are collected from each franchisee. These fees are subject to a minimum amount stated in each franchise agreement, with a variable component based on monthly sales. Royalties provide for monthly access to the franchise license and use of the Company's marks and intellectual property. These fees are recognized each month.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective ownership percentage. Therefore, no provision or liability for current income taxes has been included in the financial statements. In certain instances, however, the Company may be required under applicable state laws to remit directly to state tax authorities amounts otherwise due to members. Such payments on behalf of the members are deemed distributions to them. The Company is required to pay the State of Illinois replacement tax (currently 1.5% of state income). There was no state replacement tax expense for the years ended December 31, 2020 and 2019.

Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences related primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes) and other differences between assets and liabilities as a result of different accounting methods used for the financial statements and taxes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses that are available to offset future taxable income.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company considers all demand deposits, money market funds, and securities with original maturities of three months or less to be cash equivalents. The Company maintains its cash in bank accounts which, at times, may exceed federally insurance limits as guaranteed by the Federal Deposit Insurance Corporation.

Property, Equipment, and Depreciation

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. For the years ended December 31, 2020 and 2019, depreciation expense relating to property and equipment was included in operating costs in the amount of $5,680 and $5,484, respectively.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $38,943 and $87,533 for the years ended December 31, 2020 and 2019, respectively. Monthly amounts are also received from franchisees, equal to a portion of monthly sales to fund a brand development fund ("ad fund"). The Company uses the ad fund for additional advertising, marketing and brand development to promote public awareness of the brand and improve systems. These receipts are treated as revenue, recognized each month, and expenses are recorded when incurred.

Use of Estimates

The preparation of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: EQUIPMENT RIGHTS

The Company was granted conditional equipment rights on November 2, 2009, to market and utilize patent-pending computerized robotic fitness equipment manufactured by Exerbotics, LLC, in exchange for an ownership interest in the Company. On October 29, 2014, Exerbotics, LLC's ownership interests in the Company were transferred to W. Kent Dunbar 1994 Living Trust. All intellectual property of Exerbotics, LLC has been acquired by Gymbot, LLC. Gymbot, LLC now has full ownership and rights to manufacture and distribute the fitness equipment formerly manufactured by Exerbotics, LLC. The Company maintains the equipment rights to utilize the equipment as part of its franchise offering and to produce the equipment for its customers utilizing Gymbot, LLC's intellectual property in the event that Gymbot, LLC becomes insolvent. These rights are amortized over the life of the agreement and are shown at the net remaining value on the balance sheets.

NOTE 3: CONTRACT LIABILITIES AND ASSETS

Contract liabilities from contracts with customers for initial franchise fees that relate to deferred revenue consist of the following at December 31, 2020 and 2019:

	2020	2019
Beginning of Year	$ 1,336,100	$ 1,516,225
End of Year	$ 826,350	$ 1,336,100

The Company often incurs incremental contract costs in the form of broker commissions to third parties when a new franchisee is acquired. These incremental contract costs are recognized over the same period as the initial franchise fee revenues. A deferred contract cost asset is recorded when commissions are paid, and as the revenues are recognized each month as performance obligations are completed, a proportional amount of the asset is reversed and the expense is recognized. Contract cost assets for these commissions consist of the following at December 31, 2020 and 2019:

	2020	2019
Beginning of Year	$ 1,063,280	$ 1,223,781
End of Year	$ 662,160	$ 1,063,280

NOTE 3: CONTRACT LIABILITIES AND ASSETS (CONTINUED)

The full amount of the prior year liabilities has been recognized as revenues and the prior year contract assets have been recognized as expense in the current year due to the time over which these revenues and expenses are recognized, see Note 1.

NOTE 4: DEBT

The Company's long-term debt at December 31, 2020 consists of the following:

Note payable to SBA under EIDL, payable in monthly installments of $731 starting June 2022, 3.75% interest, due June 2050	$	150,000
Note payable to SBA under Paycheck Protection Program		110,100
Total long-term debt	$	260,100

Economic Injury Disaster Loan

On June 6, 2020, the Company executed a secured loan with the U.S. Small Business Administration (SBA) under the Economic Injury Disaster Loan (EIDL) program in the amount of $150,000. The loan is secured by all tangible and intangible assets of the Company and payable over 30 years at an interest rate of 3.75% per annum. Installment payments, including principal and interest, were set to begin on June 6, 2021. However, an extension of the deferred payment period was issued for all EIDL loans for an additional year. Payments will now begin on June 6, 2022.

Paycheck Protection Program Loan

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures established the Paycheck Protection Program (PPP) to provide small business loans. On May 6, 2020, the Company obtained a PPP loan for $110,100, which is included in the Company's long-term debt at December 31, 2020. The Company believes it used all of the proceeds from the note for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven in the future, at which time the Company will recognize a gain on forgiveness of the loan.

NOTE 5: MEMBERS' EQUITY

As of December 31, 2020 and 2019, ownership and income percentages are as follows:

Strength For Life, LLC	50 %
Hudson Declaration Trust	8 %
Atita, LLC	10 %
W. Kent Dunbar 1994 Living Trust	17 %
9th & James Investments, LLC	15 %

NOTE 6: INCOME TAXES

As of December 31, 2020 and 2019, the deferred tax liabilities recognized for taxable temporary differences total $3,800 and $477, respectively. Deferred tax assets recognized for deductible temporary differences and operating loss carryforwards total $7,800 and $3,677, respectively. The net deferred tax asset of $4,000 and $3,200 is reported on the accompanying balance sheets for the years ended December 31, 2020 and 2019, respectively.

NOTE 6: INCOME TAXES (CONTINUED)

The Company has adopted the revised provisions of FASB ASC 740, relating to uncertain tax positions. These standards require management to perform an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Company's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. This evaluation is required to be performed for all open tax years, as defined by the various statues of limitations, for federal and state purposes.

The Company is required to file federal and state income tax returns. The Company's tax returns are subject to possible examination by the taxing authorities. For federal and state income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns. Management has performed its evaluation of all other income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax provisions in the accompanying financial statements.

NOTE 7: RELATED PARTIES / LEASING ARRANGEMENTS

The Company subleased facilities leased by Strength for Life, a related party through common members and additional facilities owned by the Company's CEO. These leases are month to month and no future minimum rentals existed as of December 31, 2020 or 2019.

The Company also leased a facility to serve as a training center for new franchisee owners. The lease term is effective December 1, 2018 through November 30, 2023, with an option to extend the term up to two additional years. The lease calls for monthly payments of $1,958.58, but may be modified depending on use of space. For the year ended December 31, 2020, rent was only charged at 50% of the monthly amount per the agreement. In subsequent years, unless otherwise agreed upon, rent will continue to be charged at 50% of the monthly payment per the agreement. Total rent expense for the years ended December 31, 2020 and 2019 was $45,557 and $49,571, respectively.

The following is a schedule of future minimum lease payments required:

2021	$ 11,751
2022	11,751
2023	10,772
2024	-
	$ 34,274

NOTE 8: EMPLOYEE BENEFIT PLAN

The Company has established an elective deferral SIMPLE IRA plan covering all eligible employees. The Company matches the contributions made by employees, up to a maximum of 3% of the employee's income. The Company's matching contributions for the years ended December 31, 2020 and 2019, was $23,513 and $12,765, respectively.

NOTE 9: CHANGE IN ACCOUNTING PRINCIPLE – ADOPTION OF NEW REVENUE RECOGNITION

This note discusses Accounting Standards Updates ("ASUs") issued by the FASB and the related change in accounting principle that have had an impact on financial reporting.

Standard	ASU 2014-09, Revenue from Contracts with Customers (Topic 606), as modified by ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date and ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842).
Effective date	Originally, per ASU 2014-09 – Fiscal year 2018, with adoption permitted as early as fiscal year 2017. Modified, per ASU 2015-14 – Fiscal year 2019, with adoption permitted as early as fiscal year 2017. Modified, per ASU 2020-05 – Fiscal year 2020, with adoption permitted as early as fiscal year 2017.
Description	ASU 2014-09 is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance under GAAP. The standard's core principle is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
Date adopted and effective	This standard was adopted January 2020, effective January 2019
Method of application	This standard was adopted for 2020 and 2019 using full retroactive application. A practical expedient was applied for revenue contracts that began and ended in the same year. Though these contracts were not restated, the effect of applying this expedient was not significant to the financial statements.
Impact	The impact of the implementation of the new revenue recognition can be seen below. This new standard will be used for all future franchise fee revenue contracts.

The adoption of the new guidance for revenue recognition resulted in the following changes to equity as of January 1, 2019:

	As Previously Reported	Revenue Recognition Adjustment	As Adjusted
Members' Equity	$ 115,662	$ (292,444)	$ (176,782)

NOTE 9: CHANGE IN ACCOUNTING PRINCIPLE – ADOPTION OF NEW REVENUE RECOGNITION (CONTINUED)

The Company adjusted its 2019 financial statements from amounts previously reported to adopt the new revenue recognition and financial statements guidance. The following line items in the balance sheet changed from what was previously reported as of December 31, 2019:

	As Previously Reported	Revenue Recognition Adjustment	As Adjusted
Assets:			
Deferred contract costs	$ -	$ 1,063,280	$ 1,063,280
Liabilities:			
Deferred revenue	-	1,336,100	1,336,100
Equity:			
Members' equity	$ 615,132	$ (272,820)	$ 342,312

The impact of adopting the new revenue recognition guidance was an increase to the Company's 2019 revenue of $180,125 and an increase to the Company's expenses of $160,501. These increases are the result of the Company's recognition of revenue for initial franchise fees. Previously, the Company recognized revenue for these fees at the time the franchisee paid. See the Company's accounting policies in Note 1 under revenue recognition. The following line items in the statement of income and the statement of cash flows changed from what was previously reported for the year ended December 31, 2019:

	As Previously Reported	Revenue Recognition Adjustment	As Adjusted
Revenues:			
Franchise revenue	$ 3,880,524	$ 180,125	$ 4,060,649
Total Revenue	4,876,891	180,125	5,057,016
Expenses:			
Franchise development	3,293,927	160,501	3,454,428
Total Operation Costs and Expenses	4,751,504	160,501	4,912,005
Net Income:	101,045	19,624	120,669
Cash Flows:			
Net income	101,045	19,624	120,669
Deferred contract costs	-	160,501	160,501
Deferred revenue	$ -	$ (180,125)	$ (180,125)

NOTE 10: SUBSEQUENT EVENTS

Management has evaluated the events that have occurred through April 15, 2021, the date the financial statements were available to be issued.

NOTE 11: COVID-19

The outbreak and spread of the COVID-19 virus was classified as a pandemic by the World Health Organization during the current fiscal year. This pandemic could have a significant impact on the Company's financial condition, results of operations, and cash flows. Specifically, the spread of the virus could adversely affect the ability to acquire new franchisees and revenues generated from royalties based on monthly sales. The economic uncertainty caused by the virus has not been fully determined, and the financial statements do not reflect any adjustments as a result of the increase in economic uncertainty.

EXHIBIT "H"

TO DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

[See Attached]

MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN, A FRANCHISE REGISTRATION STATE[1]

FRANCHISEE DISCLOSURE QUESTIONNAIRE

You are preparing to enter into a franchise agreement with Exercise Coach USA, LLC ("Franchisor") for the establishment and operation of a The Exercise Coach personal training studio ("Franchised Business"). As you know, Franchise FastLane, Inc. ("FastLane") is a franchise seller for the Franchisor and does not represent you. FastLane is not authorized to make offers to prospective franchisees or accept franchises on behalf of Franchisor without its express written consent. FastLane is not an owner, shareholder, member, partner, or otherwise affiliated with Franchisor in any way and will not participate in the operation of the franchise system following the execution of the franchise agreement.

Each of Franchisor and FastLane take very seriously their responsibilities to comply with federal, state and local laws, particularly those relating to the offer and sale of franchises. The purpose of this Certification is to determine whether any statements or promises were made to you that have not been authorized by Franchisor or Fastlane and that may be untrue, inaccurate or misleading. Please review each of the following statements carefully and only sign this Certification if each statement is true. If any statement(s) are not true, please provide details as to the inaccuracy of the statement(s) in Number 26 below.

1. The first meeting with one of FastLane or Franchisor's representatives was on_____.

2. I understand that FastLane is a franchise seller for Franchisor and that FastLane will not participate in the operation of The Exercise Coach franchise system in any capacity following the execution of the franchise agreement.

3. I understand that FastLane does not represent my legal, business or other interests and that FastLane is compensated by Franchisor upon the execution of the franchise agreement.

4. I have received and personally reviewed Franchisor's Franchise Disclosure Document ("FDD") that was provided to me.

5. I have signed a receipt for the FDD indicating the date I received it. I agree that I received the FDD more than 14 days before signing any agreement relating to the franchise (other than a non-disclosure agreement) or paying any money relating to the franchise. If I am a New York resident or my Franchised Business will be located in New York, then I also confirm that I received the FDD at, or prior to, my first personal meeting with a representative of Fastlane or Franchisor (as applicable) to discuss the franchise opportunity.

6. I understand all the information contained in the FDD and any state-specific Addendum to the FDD.

7. I have received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it. I agree that I received a fully completed execution copy of the Franchise Agreement, with all material terms included, at least seven (7) days before signing any agreement relating to the franchise (other than

[1] Franchise registration states include California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

a non-disclosure agreement), If my Franchise Agreement does not include a territory description at the time of signing, I acknowledge that the Franchise Agreement I received at least seven (7) days before signing included a description of how my territory would be determined and the minimum size of my territory in terms of population.

8. I understand all the information contained in the Franchise Agreement and each Addendum and related agreement provided to me.

9. I understand that the Franchise Agreement contains several provisions that may affect my legal rights, including required mediation and arbitration, designated locations or states for arbitration and any judicial proceedings, a waiver of a jury trial, a waiver of punitive or exemplary damages, limitations on when claims may be filed, and other waivers and limitations.

10. I have been informed that I should seek independent representation and (i) have discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating the Franchised Business or (ii) choose to not speak to these professional advisors despite being urged to do so.

11. I understand that the success or failure of the Franchised Business operated by me will depend in large part upon my dedication, skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors.

12. I confirm that no employee or other person speaking for Franchisor or FastLane made any statement or promises to me (or, to the best of my knowledge, information and belief, to any person or entity) concerning the actual or possible revenues, profits or operating costs of a The Exercise Coach franchise operated by me or any of Franchisor's franchisees, that is contrary to, or different from, the information contained in the FDD.

13. I confirm that no employee or other person speaking for Franchisor or FastLane made any statement or promise to me (or, to the best of my knowledge, information and belief, to any person or entity) regarding the amount of money I may earn in operating a The Exercise Coach, that is contrary to, or different from, the information contained in the FDD.

14. I confirm that no employee or other person speaking for Franchisor or FastLane made any statement or promise to me (or, to the best of my knowledge, information and belief, to any person or entity) concerning the total amount of revenue a The Exercise Coach franchise operated by me will or may generate, that is contrary to, or different from, the information contained in the FDD.

15. I confirm that no employee or other person speaking for Franchisor or FastLane made any statement or promise to me (or, to the best of your knowledge, information and belief, to any person or entity) regarding the costs I may incur in operating a The Exercise Coach franchise that is contrary to or different from, the information contained in the FDD.

16. I confirm that I received a Unit Economic Workbook that included information from Item 7 and Item 19 of the FDD as well as a "Budget Tools" tab that consisted of a blank pro forma for my own personal use. I confirm that no employee or other person speaking for Franchisor or FastLane (i) provided me with any data to populate the pro forma; or (ii) received, reviewed or otherwise assisted me with, or commented on, the data that I used to populate the pro forma. I confirm that I was instructed that no employee or other person speaking for Franchisor or FastLane could assist me with completion of the blank pro forma but that I could contact other franchisees for this purpose. I also confirm that the only financial performance information I received was either disclosed in the FDD or was provided to me by an existing The Exercise Coach franchisee.

17. I confirm that no employee or other person speaking for Franchisor or FastLane made any statement or promise to me (or, to the best of my knowledge, information and belief, to any person or entity) concerning the likelihood of success that I should or might expect to achieve from operating a The Exercise Coach franchise.

18. I confirm that no employee or other person speaking for Franchisor or FastLane made any statement, agreement or promise to me (or, to the best of your knowledge, information and belief, to any person or entity) concerning the advertising, marketing, training, support service or assistance that Franchisor will furnish to me that is contrary to, or different from, the information contained in the FDD.

19. If I discussed The Exercise Coach franchise opportunity with any person or persons other than a representative of FastLane or Franchisor or another The Exercise Coach franchisee (such as another franchise broker), I confirm that any such person or persons did not make any of the statements referenced in Numbers 12 through 18 above.

20. I have not entered into any binding agreement with Franchisor or FastLane concerning the purchase of a The Exercise Coach franchise before today.

21. I have not paid any money to Franchisor or FastLane concerning the purchase of this franchise before today.

22. I understand that the Franchise Agreement contains the entire agreement between me and Franchisor concerning the franchise of a The Exercise Coach, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding.

23. I acknowledge the Franchisor and FastLane may publish a franchise announcement concerning my purchase of a The Exercise Coach franchise in all medias, including, without limitation Social Media, email, etc. If you would like to opt out, please check no. Yes____No____

24. During my negotiations and evaluations leading up to my decision to buy a The Exercise Coach franchise, I communicated with the following individuals from Franchisor, FastLane, or their affiliates.

Name

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

25. I signed (or intend to sign if it has yet to happen) the Franchise Agreement and Addendum (if any) on____,

and acknowledge that no Agreement or Addendum is effective until signed and dated by Franchisor.

26. If any of the above representations are not true, please describe the inaccurate representations in the space provided below and reference the number of this Franchisee Compliance Certification to which they relate:

_____
_____
_____

I UNDERSTAND THAT THIS CERTIFICATION IS IMPORTANT TO FRANCHISOR AND FASTLANE AND THAT THEY WILL RELY ON THE CERTIFICATION. BY SIGNING THIS CERTIFICATION, I AM REPRESENTING THAT I HAVE CONSIDERED EACH ITEM CAREFULLY AND THAT EACH ITEM IS ACCURATE.

FRANCHISE APPLICANTS

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

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

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

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

EXHIBIT "I"

TO DISCLOSURE DOCUMENT

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this "Agreement") is made as of _____, 202__ (the "Effective Date") by _____, a(n) _____ ("you") and each individual holding a direct or indirect ownership interest in you (collectively "Owner") in favor of Exercise Coach USA, LLC, an Illinois limited liability company ("us," and together with you and Owner, the "Parties").

WHEREAS, we signed a Franchise Agreement with you, dated _____, 202____ (the "Franchise Agreement") pursuant to which we granted you the right to own and operate an Exercise Coach® business;

WHEREAS, you have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, **[enter into a successor franchise agreement]** and we have consented to such transfer **[agreed to enter into a successor franchise agreement]**; and

WHEREAS, as a condition to our consent to the transfer **[your ability to enter into a successor franchise agreement]**, you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.

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

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the "Franchisee Parties"), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the "Franchisor Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.

2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive Section 1542 of the California Civil Code, which provides the following:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of

statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

4. Representations and Warranties. You and Owner each represent and warrant that: (i) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (ii) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (iii) you and Owner have not and shall not (a) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (b) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (iv) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

5. Miscellaneous.

(a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.

(b) This Agreement shall be construed and governed by the laws of the State of Texas.

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

(d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.

(e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.

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

(g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

(h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

_____

By: _____
Name: _____
Its: _____

FRANCHISE OWNERS:

_____
Name: _____

_____
Name: _____

_____
Name: _____

EXHIBIT "J"

TO DISCLOSURE DOCUMENT

MULTI-STATE ADDENDA

[See Attached]

MULTI-STATE ADDENDA

The following are additional disclosures for the Disclosure Document of Exercise Coach USA, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

FOR THE STATE OF CALIFORNIA

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

2. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

4. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

5. 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.

6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

7. The franchise agreement requires binding arbitration. The arbitration will occur at Montgomery County, Texas with the costs being borne by the franchisee.

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

9. The franchise agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.

10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

11. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 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).

12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT http://www.dfpi.ca.gov.

FOR THE STATE OF HAWAII

A. The states in which this filing is effective include the following: None

B. The states in which this filing is or will be shortly on file include the following: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

C. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: None

D. The states, if any, which have revoked or suspended the right to offer these franchises include the following: None

E. The states, if any, in which the filing of these franchises has been withdrawn include the following: None

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

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

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

FOR THE STATE OF ILLINOIS

A. You must sign a general release in order to renew or transfer your franchise. Any such release must comply with the provisions of the Illinois Franchise Disclosure Act (the "Act").

B. In accordance with Section 4 of the Act, and Section 200.608 of the regulations promulgated under the Act, the governing law, jurisdiction and venue shall be the State of Texas. However, any arbitration proceeding may be brought in Montgomery County, Texas in accordance with Section 24 of the Franchise Agreement and Section 8 of the Area Development Agreement.

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

D. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

FOR THE STATE OF INDIANA

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, the other agreements or Texas law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document and the Franchise Agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

"Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee's right to a trial on any of the above matters."

4. No release language set forth in the Disclosure Document or Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. The Franchise Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.

6. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

FOR THE STATE OF MARYLAND

1. ITEM 17 of the Disclosure Document is amended to add the following:

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

The Franchise Agreement and Area Development Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

2. The Franchise Disclosure Questionnaire, which is attached to the Disclosure Document as Exhibit H, is amended as follows:

All representations requiring prospective franchisees to assent to the release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FOR THE 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 document relating to a franchise:

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

FOR THE STATE OF MINNESOTA

A. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.

B. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and

180 days notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

C. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statues, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J) which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond if required.

D. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g) which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

E. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

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 is 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. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.

10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

FOR THE STATE OF RHODE ISLAND

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

* Also, see the Rhode Island Addendum that is attached to the franchise agreement for additional information.

FOR THE STATE OF VIRGINIA

ITEM 17 of the Disclosure Document is amended to add the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

If any provision of the Franchise Agreement or Area Development Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, 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 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.

EXHIBIT "K"

TO DISCLOSURE DOCUMENT

PARTICIPATION AGREEMENT

[See Attached]

FRANCHISEE PARTICIPATION AND SOFTWARE LICENSE AGREEMENT

This FRANCHISEE PARTICIPATION AND SOFTWARE LICENSE AGREEMENT ("**Agreement**") is entered into as of the date set forth on the signature page to this Agreement ("Effective Date") by and between GYMBOT, LLC ("**GYMBOT**"), the parent company that manufactures Exerbotics equipment, and the undersigned business or individual ("**Franchisee**" or "**you**" or "**your**" as grammatically appropriate). GYMBOT and you are sometimes referred to in this Agreement individually as a "**Party**" and collectively as the "**Parties**".

PLEASE CAREFULLY READ THIS AGREEMENT. YOUR USE OF THE GYMBOT SERVICES (AS DEFINED BELOW) IS CONDITIONED UPON YOUR ACCEPTANCE OF THIS AGREEMENT WITHOUT MODIFICATION. IF YOU DO NOT AGREE TO THE TERMS SET FORTH IN THIS AGREEMENT, YOU MAY NOT ACCESS OR USE THE GYMBOT SERVICES AND YOUR EXERBOTICS EQUIPMENT WILL NOT FUNCTION.

GYMBOT EXPRESSLY DISCLAIMS ANY RESPONSIBILITY TO PROVIDE OR MAINTAIN SERVICES FOR EXERBOTICS EQUIPMENT IN LOCATIONS THAT ARE NOT COVERED BY THIS AGREEMENT OR FOR OWNERS, OPERATORS, OR LIENHOLDERS THAT ARE NOT PARTY TO THIS AGREEMENT.

BACKGROUND

A. The GYMBOT Services include a software suite and computer hardware that enable the operation of Exerbotics strength training equipment.

B. The Exercise Coach USA, LLC ("Franchisor") has identified you as one of its franchisees or affiliates that is authorized to receive products and/or services from GYMBOT (together with the eIP System, the "GYMBOT Services") pursuant to a separate agreement between Franchisor and GYMBOT (the "Master Agreement"). For purposes of this Agreement, if you are an approved subscriber to the optional GYMBOT Tablet (as defined below) program, its system and attendant services shall be deemed a part of "GYMBOT Services" for the duration of such subscription.

C. Your eligibility to access and use the GYMBOT Services is expressly conditioned on your acceptance and ongoing compliance with the terms and conditions of: (i) this Agreement and (ii) any and all other agreements entered into by and between you and the Franchisor or any affiliate of the Franchisor.

AGREEMENT

NOW THEREFORE for good and valuable consideration the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I. Definitions

For the purposes of this Agreement, the following capitalized terms shall have the meanings set forth for each of them below:

1. "**Aggregated Data**" means anonymized, aggregated data derived by or through the operation of the GYMBOT Services that is created by or on behalf of GYMBOT and that does not reveal any personally

identifying information.

2. "Confidential Information" means (a) any software utilized by GYMBOT in the provision of the GYMBOT Services and its respective source code and (b) each Party's business or technical information, including but not limited to the Documentation (as defined below), information relating to software plans, designs, costs, prices and names, business opportunities, personnel, research, development or know-how that is designated by the disclosing Party as "confidential" or "proprietary" or the receiving Party knows or should reasonably know is confidential or proprietary.

3. "Documentation" means GYMBOT's online user guides, documentation, software specifications, and help and training materials, as may be updated by GYMBOT from time to time, and any other materials provided by GYMBOT as part of the GYMBOT Services.

4. "**End User**" means an individual or business that schedules services or purchases products and/or services from you using your GYMBOT Services account or otherwise interacts with you utilizing your GYMBOT Services account.

5. "**End User Data**" means data about an End User that is provided to GYMBOT through use of your GYMBOT Services account, whether through data importation or direct entry. End User Data includes cardholder data and such portions of Service Data that relate to a specific End User.

6. "**Effective Date**" means the date on which this Agreement becomes effective, as specified in Section 1 of Article IX below.

7. "**HIPAA**" means the United States Health Insurance Portability and Accountability Act.

8. "**GYMBOT Data**" means any data or information collected by GYMBOT independently and without access to, reference to or use of any of Service Data, including, without limitation, any data or information GYMBOT obtains about End Users through the future development of a mobile app (whether the same as Service Data or otherwise).

9. "**Privacy Policy**" means the GYMBOT Privacy Policy, as may be updated by GYMBOT from time to time.

10."**Service Data**" means all data entered or stored by you on GYMBOT's host computer system using the GYMBOT Services. Service Data also includes End User data, such as demographic information and statistics derived from the use of the Exerbotics strength training equipment.

11. "**Support Services**" means remote tech support for your eIP System and Exerbotics strength equipment.

12."**Third Party Offerings**" means any third-party products, applications, websites, implementations or services, including loyalty programs, that the GYMBOT Services link to, or that interoperate with or are used in conjunction with the GYMBOT Services.

ARTICLE II. Service Data

1. Service Data.

a. Ownership. GYMBOT owns all Service Data. You acknowledge that your right to access, use, copy, modify and/or delete the Service Data is ***expressly conditioned*** upon your acceptance and ongoing compliance with the terms and conditions of: (i) this Agreement, and (ii) any and all other agreements entered into between you and the Franchisor or any affiliate of Franchisor. You acknowledge that the revocation of the Service Data will cause your Exerbotics equipment to be non-operational. You further acknowledge and agree that Franchisor may access, use, copy, modify and/or delete the Service Data, at its sole discretion and without notice to you. You must obtain permission from Franchisor in writing prior to granting any third-party access to the Service Data or providing any copies of the Service Data to any third party. You are solely responsible for resolving any dispute regarding ownership of Service Data between you and any third party, including Franchisor, and agree that GYMBOT shall have no obligation to be involved in any such dispute.

b. Unauthorized Disclosure. If either Party believes that there has been a disclosure of Service Data in a manner not authorized under this Agreement, such Party shall promptly notify the other Party. Additionally, each Party will reasonably assist the other Party in investigating, remediating, or mitigating any potential damage, including any notification which should be sent to individuals impacted or potentially impacted by such unauthorized disclosure.

2. GYMBOT Services.

a. Overview. Gymbot, LLC will provide, and when necessary, service or replace the necessary server hardware and software, (collectively, the "eIP System") required to operate the Exerbotics strength equipment. This does not include the internet service or hardware that is required to provide internet connectivity to your facility, which you shall solely be responsible for maintaining yourself. GYMBOT will at all times maintain ownership and title of the entire eIP System at your location and reserves the right to access, update, and copy data at any time, and you expressly grant us the right to enter upon your Franchisee location during normal business hours for such purpose. The eIP System shall not be relocated by you and is not transferable without the prior express written consent of GYMBOT, which may be withheld in its sole and absolute discretion. The eIP System shall be immediately surrendered by you and returned to GYMBOT's possession upon any termination or earlier cancellation of this Agreement or the Master Agreement for any reason. The eIP System will back up the End User's database on a regular basis and will update the software under the current platform. Our obligations under this Agreement are limited to the GYMBOT Services and eIP System and do not cover the parts or electronics of the Exerbotics strength equipment itself.

b. **Support Services**. During the term of this Agreement GYMBOT will provide tiered remote support for all Exerbotics strength equipment. Tier 0 Support consists of help materials that we have established to help you find solutions on your own without contacting one of our technical support representatives. Tier 1 Support consists of you working remotely with a Tier 1 specialist to resolve basic issues. Tier 2 Support consists of you working remotely with a Tier 2 specialist to diagnose and correct more complex technical challenges. Tier 3 Support consists of you working remotely with a Tier 3 specialist on issues that have yet to be encountered and may require you having to ship certain parts to us for replacement. All Support Services may require you to open the electronic component cover(s) and perform various forms of testing at the direction of the remote technician, which may include some guided mechanical work on your part. GYMBOT

does not offer any form of on-site tech support services that do not require your participation.

You are responsible for providing support to your customers and prospective customers with their use of our software, website, and mobile apps. If questions or issues arise that you, your employees, or staff cannot solve with our help materials, you may submit a Support Ticket via the instructions found within our help materials.

c. Your Obligations. You are solely responsible for your use of the GYMBOT Services and compliance with this Agreement. Without limiting the foregoing, you shall: (i) have sole responsibility for the accuracy, quality, and legality of the Service Data and your collection and use of the Service Data; (ii) keep the Service Data confidential and not use it for any purpose other than to provide individualized advice and services to end-users of Exerbotics strength training equipment (iii) prevent unauthorized access to, or use of, the GYMBOT Services, and notify GYMBOT promptly of any such unauthorized access or use; (iv) comply with all applicable laws when using the GYMBOT Services, including those related to data privacy and transmission of personal data, (v) have sole responsibility for obtaining, maintaining and paying for any hardware, telecommunications, Internet and other services needed to use the GYMBOT Services, (vi) comply with the Restrictions on Use set forth in subsection "d" below; (vii) ensure that every individual who uses the Exerbotics strength equipment has first executed (a) a Release Agreement in a form previously approved by the Franchisor and (b) an End-User License Agreement (EULA) and Terms of Service (ToS) acknowledgement, which may be amended from time to time at the sole discretion of GYMBOT; (viii) ensure your Exerbotics strength equipment remains in good working order by performing all necessary routine maintenance, procuring and installing any supplemental or ancillary hardware, and working with our technical support to troubleshoot and resolve any and all problems with functionality as described in subsection "b" above; and (ix maintain for the mutual benefit of Franchisee, Franchisor, and GYMBOT, comprehensive liability insurance against claims for personal injury, bodily injury, death and property damage occurring upon, in or about each of Franchisee's locations for the duration of this Agreement and in the amount prescribed by the Franchisor. A current certificate (in the form prescribed by Franchisor) of such insurance shall be furnished to GYMBOT and/or Franchisor at any time upon either party's request.

d. Data Restrictions . In addition to the License Restrictions contained in Article IV of this Agreement, you will not and will not allow any of your employees or staff to: (i) submit any infringing, obscene, defamatory, threatening, or otherwise unlawful or tortious material to the GYMBOT Services, including material that violates privacy rights; (ii) interfere with or disrupt the integrity or performance of the GYMBOT Services or the data contained therein; (iii) attempt to gain access to the GYMBOT Services or related systems or networks in a manner not permitted by this Agreement; (iv) post, transmit or otherwise make available through or in connection with the GYMBOT Services any virus, worm, Trojan horse, Easter egg, time bomb, spyware or other harmful computer code, files, scripts agents or programs; (v) restrict or inhibit any other person or entity from using the GYMBOT Services, except as expressly allowed elsewhere in this Agreement; (vi) remove any copyright, trademark or other proprietary rights notice from the GYMBOT Services; (vii) frame or mirror any portion of the GYMBOT Services, or otherwise incorporate any portion of the GYMBOT Services into any product or service; (viii) systematically download and store GYMBOT Services content; (ix) use any robot, spider, site search/retrieval application or other manual or automatic device to retrieve, index, "scrape," "data mine" or otherwise gather GYMBOT Services content, or reproduce or circumvent the navigational structure or presentation of the GYMBOT Services.

e. Use Restrictions. In addition to the Data Restrictions above you will not and will not allow any

of your employees or staff to: (i) use GYMBOT Services to deliver or allow exercise routines that deviate from Franchisor's brand standards; (ii) deliver or allow exercise routines in a manner that does not conform to Franchisor's standards; (iii) deliver or allow exercise routines to anyone other than with Exercise Coach clients, prospective clients, guests and employees (collectively, the "End Users"); (iv) coach End Users who have not met the requirements of the Franchisor, including but not limited to intake requirements, any required medical clearance forms, age requirements, etc.; (v) coach using the GYMBOT Services unless they are certified by the Franchisor (or in the process of becoming certified and working alongside a fully certified coach); (vi) allow End Users to use the Exerbotics equipment unsupervised by a certified coach or unauthorized, meaning prior to having completed and signed the aforementioned waivers and EULA; (vii) charge End Users any fees associated with their use of Gymbot Services (including any functionality within mobile applications) other than those charges expressly allowed by Franchisor. You acknowledge that violations of Use Restrictions may result in temporary suspension of the GYMBOT Services and more than three (3) violations in any 12-month period shall be cause for termination of this Agreement without a cure period.

f. HIPAA. HIPAA imposes rules to protect certain personal health information or "PHI" as that term is defined under HIPAA. If you are subject to HIPAA, or if you become aware that you are subject to HIPPA during the term of this Agreement, you must notify GYMBOT and enter into a Business Associate Agreement ("**BAA**") in the form provided by GYMBOT, prior to accessing or using the Services. You are solely responsible for determining whether you are subject to HIPAA.

g. Modifications to the GYMBOT Services. GYMBOT may modify, add, or remove features, applications or functions to or from the GYMBOT Services, or to provide programming fixes, enhancements, updates and upgrades, to the software supporting delivery of the GYMBOT Services, with or without notice to you.

h. Personal Information. The Privacy Policy governs how GYMBOT collects and uses personal information that is submitted through the GYMBOT Services. By accessing or using the GYMBOT Services, you agree to that you have read and accept the current Privacy Policy.

i. Third Party Offerings. Although the GYMBOT Services may allow you to access or use Third Party Offerings, they are not "GYMBOT Services" under this Agreement and are not subject to any of the warranties, service commitments or other obligations with respect to GYMBOT Services **hereunder**. The availability of any Third Party Offerings through the GYMBOT Services does not imply GYMBOT's endorsement of or affiliation with the provider. GYMBOT does not control Third Party Offerings and will have no liability to you in connection with any Third Party Offerings. GYMBOT has no obligation to monitor or maintain Third Party Offerings, and may disable or restrict access to any Third Party Offerings at any time at its sole discretion. By using or enabling any Third Party Offering, you are expressly permitting GYMBOT to disclose Service Data or other information to the extent necessary to utilize the Third Party Offering. YOUR USE OF THIRD PARTY OFFERINGS IS AT YOUR OWN RISK AND IS SUBJECT TO ANY ADDITIONAL TERMS, CONDITIONS AND POLICIES APPLICABLE TO SUCH THIRD PARTY OFFERINGS (SUCH AS TERMS OF SERVICE OR PRIVACY POLICIES OF THE PROVIDERS OF SUCH THIRD PARTY OFFERINGS).

j. GYMBOT Tablet; Additional Obligations and Restrictions. In addition to the Franchisee obligations and restrictions regarding GYMBOT Services contained in subsections 2(c) and 2(d) above, if you are a Franchisee who has subscribed and been approved for the GYMBOT Tablet program enabling your location's qualified coaches to remotely operate your Exerbotics

equipment (together with the GYMBOT-approved tablet device, related software and any firmware, the "GYMBOT Tablet"), you hereby agree to (i) restrict access to and use of the GYMBOT Tablet to staff members who have been certified and approved to use the GYMBOT Tablet by Franchisor, (ii) ensure that any of your coaches operating a GYMBOT Tablet to access GYMBOT Services do so only when such device is physically connected to a stand or other fixed connection point supplied or previously approved by Franchisor, and (iii) use your best efforts to ensure that any coaches accessing or operating the GYMBOT Tablet do so only (x) while physically in the same room as the client(s) being coached, (y) while in direct, line-of-sight with the client(s) being coached and free of visual obstruction, and (z) while actively and exclusively engaged in the coaching session with the client(s) being coached and free of distractions (e.g., cell phone calls, texting, etc.).

As part of your subscription and participation in the GYMBOT Tablet program, you further agree that you will not and will not allow any of your employees or staff to: (1) at any time allow any GYMBOT Tablet to be used or operated detached from its Franchisor-supplied or pre-approved stand or fixed connection point; (2) at any time allow any GYMBOT Tablet to copy, replicate, recreate, remove, port or transfer any part of the GYMBOT Tablet, GYMBOT Services, their software programs, or any portion of their source code from a GYMBOT Tablet to any other device or storage medium without the prior written consent of GYMBOT; or (3) without the prior written consent of GYMBOT, download, transfer, or install any third-party mobile applications, software programs, source code, content, or material onto a GYMBOT Tablet.

THE ADDITIONAL OBLIGATIONS AND RESTRICTIONS CONTAINED IN THIS SUBSECTION I ARE IMPERATIVE TO THE SAFETY AND EFFICACY OF THE GYMBOT TABLET PROGRAM AND THEREFORE ANY VIOLATION IS SUBJECT TO IMMEDIATE REVOCATION OF YOUR LICENSE TO USE THE GYMBOT TABLET TECHNOLOGY AND PARTICIPATE IN THE GYMBOT TABLET PROGRAM.

GYMBOT RESERVES THE RIGHT TO TERMINATE THE TABLET PROGRAM AT ANY TIME. IN SUCH AN EVENT, ALL OTHER PROVISIONS WITHIN THIS AGREEMENT SHALL SURVIVE.

k. GYMBOT Tablet Opt-Out. If you are a Franchisee participating in the GYMBOT Tablet program, you may voluntarily terminate your participation by providing Franchisor and GYMBOT with at least ninety (90) days written request by e-mail addressed to: support@exercisecoach.com.

Acceptance of your opt-out request by GYMBOT is not guaranteed and is conditioned upon Franchisor's prior approval.

Article III. Fees and Payment

1. Gymbot Services Fees. Fees for the subscribed GYMBOT Services (the "GYMBOT Services Fees") shall be $518.00 per month per Franchisee location, and shall commence upon the date you receive the GYMBOT Services at your franchised location. In the event that GYMBOT and the Franchisor negotiate a different rate in the future, you will be notified no less than 90 days before the new amount takes effect. Franchisees subscribing to and approved for the GYMBOT Tablet program will not incur any additional GYMBOT Services Fees for use of the GYMBOT Tablet through calendar year 2023. However, as a subscribing Franchisee, you acknowledge and agree that an additional fee of not greater than $49.00 per month may be added to and thereafter included as part of the monthly GYMBOT Services Fees beginning on January 1, 2024 through the duration of your GYMBOT Tablet program subscription. Should GYMBOT choose to discontinue the Tablet Program, Service Fees will be adjusted accordingly.

2. Payment Terms. All payment obligations under this Agreement are non-cancelable and all fees paid are non-refundable. You will provide GYMBOT with a valid and updated ACH Form or another form of payment acceptable to GYMBOT. If you provide banking information, you represent that you are authorized to use the account and you authorize GYMBOT to charge the account for all payments hereunder. By submitting payment information, you authorize GYMBOT to provide that information to third parties for purposes of facilitating payment. You agree to verify any information requested by GYMBOT for purposes of acknowledging or completing any payment.

3. Overdue Charges. Any amounts not received by the applicable due date may accrue late interest at 1.5% of the outstanding balance per month, or the maximum interest permitted by applicable law, whichever is less, plus costs of collection. Any amount not received by GYMBOT within thirty (30) days after the applicable due date will be deemed a material default under this Agreement, and GYMBOT will be entitled to either suspend the GYMBOT Services or terminate the Agreement.

4. Payment Errors. If you believe a payment has been processed in error, you must provide written notice to GYMBOT within thirty (30) days after the date of payment specifying the nature of the error and the amount in dispute. If notice is not received by GYMBOT within such thirty (30) day period, the payment will be deemed final.

5. Taxes. Fees do not include any taxes, levies, duties or similar governmental assessments of any nature, including, for example, value-added, sales, use or withholding taxes, assessable by any jurisdiction (collectively, "Taxes"). You are responsible for paying all Taxes associated with purchases and transactions under this Agreement, whether or not we collect them at the time of payment. If we are required to collect taxes for any applicable jurisdiction, you are required to pay us directly and we will remit to the appropriate taxing authority.

ARTICLE IV. Proprietary Rights

1. GYMBOT Intellectual Property. GYMBOT owns all right, title and interest in and to the GYMBOT Services, GYMBOT Data and Aggregated Data. Subject to the limited rights expressly granted hereunder, GYMBOT reserves all rights, title and interest in and to the GYMBOT Services and Documentation, including all related intellectual property rights.

2. Limited License Grant. Provided that you are not in breach of any of the terms of this

Agreement or Master Agreement, GYMBOT hereby grants you a limited, revocable, non-exclusive, non-transferable, non-sublicenseable, right to use the GYMBOT Services and Documentation, within the Protected Territory (as defined below) only, and solely for your internal business purposes during the term of this Agreement, and subject to your continued performance under its terms (the "Software License").

3. License Restrictions. You will not, directly or indirectly: (a) modify, copy or create any derivative works based on the GYMBOT Services; (b) license, sublicense, sell, resell, rent, lease, transfer, assign, distribute, time share, offer in a service bureau, or otherwise make the GYMBOT Services available to any third party, other than End Users as permitted herein; (c) reverse engineer or decompile any portion of the GYMBOT Services, including but not limited to, any software or source code utilized by GYMBOT in the provision of the GYMBOT Services; (d) access or use (or allow a third party to access or use) the GYMBOT Services for competitive analysis or to build any competing products or services; (e) copy any features, functions, integrations, interfaces or graphics of the GYMBOT Services; or (f) otherwise use or exploit the GYMBOT Services in any manner not expressly permitted by this Agreement.

ARTICLE V. Confidential Information

A Party will not disclose or use any Confidential Information of the other Party except: (a) as reasonably necessary to perform its obligations or exercise any rights granted pursuant to this Agreement; (b) with the other Party's prior written permission; or (c) to the extent required by law or order of a court or other governmental authority or regulation. Each Party agrees to protect the other Party's Confidential Information in the same manner that it protects its own Confidential Information of like kind, but in no event using less than a commercially reasonable standard of care. Confidential Information will not include any information that: (a) is or becomes generally known to the public without breach of any obligation owed to the disclosing Party; (b) was known to a Party prior to its disclosure by the other Party without breach of any obligation owed to the other Party; (c) was independently developed by a Party without breach of any obligation owed to the other Party; or (d) was or is received from a third party without breach of any obligation owed to the other Party. For clarity, nothing in this Section will restrict GYMBOT with respect to GYMBOT Data or Aggregated Data.

ARTICLE VI. Disclaimer of Warranties

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, GYMBOT MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE GYMBOT SERVICES AND/OR RELATED DOCUMENTATION. GYMBOT DOES NOT WARRANT THAT YOUR USE OF THE GYMBOT SERVICES WILL BE SECURE, TIMELY, ERROR-FREE OR UNINTERRUPTED, OR THAT THE GYMBOT SERVICES ARE OR WILL REMAIN UPDATED, COMPLETE OR CORRECT, OR THAT THE GYMBOT SERVICES WILL MEET YOUR REQUIREMENTS OR THAT THE SYSTEMS THAT MAKE THE GYMBOT SERVICES AVAILABLE (INCLUDING WITHOUT LIMITATION THE INTERNET, OTHER TRANSMISSION NETWORKS, AND YOUR LOCAL NETWORK AND EQUIPMENT) WILL BE UNINTERRUPTED OR FREE FROM VIRUSES OR OTHER HARMFUL COMPONENTS. THE GYMBOT SERVICES AND ANY OTHER PRODUCTS AND THIRD PARTY MATERIALS ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS AND

SOLELY FOR YOUR USE IN ACCORDANCE WITH THIS AGREEMENT. ALL DISCLAIMERS OF ANY KIND (INCLUDING IN THIS SECTION AND ELSEWHERE IN THIS AGREEMENT) ARE MADE ON BEHALF OF BOTH GYMBOT AND ITS AFFILIATES AND THEIR RESPECTIVE SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, AFFILIATES, AGENTS, REPRESENTATIVES, CONTRACTORS, LICENSORS, SUPPLIERS AND SERVICE PROVIDERS (COLLECTIVELY, THE "**GYMBOT PARTIES**").

ARTICLE VII. Limitation of Liability

TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT WILL THE GYMBOT PARTIES' AGGREGATE LIABILITY, COLLECTIVELY, FOR ALL CLAIMS ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE, EXCEED THE SUBSCRIPTION FEES ACTUALLY PAID BY YOU APPLICABLE TO YOUR GYMBOT SERIVCES ACCOUNT DURING THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE DATE OF THE INCIDENT. ALL LIMITATIONS OF LIABILITY OF ANY KIND (INCLUDING IN THIS SECTION AND ELSEWHERE IN THIS AGREEMENT) APPLY WITH RESPECT TO BOTH GYMBOT AND THE GYMBOT PARTIES.

IN NO EVENT WILL ANY GYMBOT PARTIES HAVE ANY LIABILITY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, HOWEVER CAUSED, OR FOR ANY LOST PROFITS, LOSS OF USE, DATA OR OPPORTUNITIES, COST OF DATA RECONSTRUCTION, COST OR PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, WHETHER IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF, OR IN ANY WAY CONNECTED WITH THE SERVICES OR THIRD PARTY OFFERINGS, INCLUDING BUT NOT LIMITED TO THE USE OR INABILITY TO USE THE SERVICES, ANY INTERRUPTION, INACCURACY, ERROR OR OMISSION, EVEN IF GYMBOT, THE GYMBOT PARTIES, THEIR LICENSORS OR SUBCONTRACTORS HAVE BEEN PREVIOUSLY ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGES.

THE FOREGOING EXCLUSIONS OR LIMITATIONS MAY NOT APPLY TO THE EXTENT PROHIBITED BY APPLICABLE LAW.

ARTICLE VIII. Indemnification.

You agree to indemnify, defend, and hold harmless Franchisor and the GYMBOT Parties from and against any and all third party claims alleged or asserted against any of them, and all related charges, injury, damages, losses, liabilities, and expenses (including, but not limited to, reasonable attorneys' fees and costs) arising from or relating to: (a) any actual or alleged breach by you or any End User of any provisions of this Agreement; (b) any actual or alleged violation by you or any End User of the intellectual property, privacy or other rights of a third party; (c) any dispute between you and any other party, including without limitation Franchisor, regarding ownership of or access to the Service Data, and (d) any claims arising out a the use of Exerbotics strength equipment, including without limitation claims of any kind for or relating to personal injury, wrongful death, or property damage or loss.

ARTICLE IX. Term and Termination

1. Effective Date. If you are a first-time user of the GYMBOT Services, the Effective Date shall be the date on which you accept this Agreement (either digitally or by signing and delivering a

copy of this Agreement to GYMBOT). If you have been provided with access to and/or use of the GYMBOT Services prior to the date on which this Agreement is presented to you for your review and acceptance, then by accepting this Agreement, you are also agreeing that the Effective Date shall be deemed to be the date on which you first accessed or used the GYMBOT Services.

2. Term. The term of this Agreement shall commence on the Effective Date, and continue until the earlier of: (a) the expiration or termination of the franchise agreement between you and the Franchisor; (b) the termination of any other agreement between you and the Franchisor or the termination of any agreement between you and an affiliate of the Franchisor; (c) the expiration or termination of the Master Agreement; or (d) the date that either Party terminates this Agreement for cause in accordance with Section 3 of this Article.

3. Termination for Cause. In the event of a material breach of this Agreement by either Party, the other Party shall have the right to terminate this Agreement, if the breaching Party fails to remedy such breach within thirty (30) days of its receipt of written notice of such breach from the other Party. Without limiting the foregoing, or any other remedies, GYMBOT may immediately limit, suspend, or terminate your use of the GYMBOT Services immediately and without notice to you, (a) upon Franchisor's instruction, (b) if GYMBOT believes that you are breaching any provision of this Agreement, including without limitation Franchisee's obligations under Section 2(c through e) , (c) if GYMBOT is required to do so by applicable law, or (d) if GYMBOT or Franchisor, at their sole discretion, believes there to be a safety or security concern at your location.

4. Survival The Parties' rights and obligations pertaining to Service Data, Proprietary Rights, Confidential Information, Disclaimer of Warranties, Limitation of Liability, Indemnification, Term and Termination and all of Article XI shall survive any expiration or termination of this Agreement, howsoever occurring.

ARTICLE X. Negative Covenants/Exclusivity.

a. Overview. During the Term of this Agreement, GYMBOT agrees that it shall not sell any Exclusive Isokinetic Equipment to a Commercial Fitness Retailer within the Protected Territory as each are defined below. The restrictions and covenants imposed on GMYBOT under this Article X shall not apply with respect to the sale of any Exclusive Isokinetic Equipment:

(i) to a Commercial Fitness Retailer, regardless of the location of such Commercial Fitness Retailer's facility, that takes place prior to our determination of the boundaries of the "Territory" under your Exercise Coach Franchise Agreement or the boundaries of the "Development Territory" under your Exercise Coach Area Development Agreement, as applicable; or

(ii) to a Commercial Fitness Retailer for a facility that (a) is located outside of the original Territory under your Exercise Coach Franchise Agreement and (b) is located within the boundaries of any modified Territory that Franchisor grants to you under your Exercise Coach Franchise Agreement as a result of an approved relocation of your Exercise Coach personal training studio or personal training suite.

b. Exclusive Isokinetic Equipment. Exclusive Isokenitic Equipment is strictly limited to the Exerbotics equipment line and commonly known as: (i) Exerbotics Chestpress/Row, (ii) Exerbotics Nucleus, (iii) Exerbotics CrossFire, (iv) Exerbotics Shoulder Press/Pulldown, (v) Exerbotics Seated Leg Curl, and (vi) Exerbotics Leg Press.

c. Commercial Fitness Retailer. For the purposes of this Agreement, a "Commercial Fitness

Retailer" is defined as a fitness facility that derives over half of its annual gross revenue from (a) offering to the general public, the use of a facility and its exercise equipment, and/or (b) personal (exercise) training services, including one-on-one, small group, and large group training formats. Notwithstanding the foregoing, under no circumstances shall "personal (exercise) training" include exercise services that are required in any manner whatsoever to be overseen, supervised or delivered by a licensed or otherwise credentialed healthcare professional who specializes in the prevention, diagnosis or treatment of diseases, injuries, or other disorders and does not otherwise meet the criteria of subsections "a" and "b" described herein. Further, for purposes of clarity, facilities that are expressly excluded from the definition of Commercial Fitness Retailer include, but are not limited to physical therapy clinics, medical facilities, senior living communities, corporate wellness centers, and other similar types of establishments.

d. Protected Territory. For the purpose of this Agreement, "Protected Territory" shall mean, as applicable: (a) the Territory granted to you pursuant to the Exercise Coach Franchise Agreement between you and the Franchisor for the establishment of your Exercise Coach location; and/or (b) the Development Territory granted to you pursuant to any Exercise Coach® Area Development Agreement between you and the Franchisor for the development and operation of multiple Exercise Coach® franchised locations.

ARTICLE XI. Miscellaneous

1. Mandatory Informal Dispute Resolution. If you have any dispute with GYMBOT arising out of or relating to this Agreement, you agree to notify GYMBOT in writing with a brief, written description of the dispute and your contact information, and GYMBOT will have thirty (30) days from the date of receipt within which to attempt resolve the dispute to your reasonable satisfaction. If the Parties are unable to resolve the dispute through good faith negotiations over such thirty (30) day period under this informal process, either Party may pursue resolution of the dispute in accordance with the arbitration agreement below.

2. Governing Law. This Agreement will be governed by and interpreted in accordance with the internal laws of the State of Texas without regard to conflicts of laws principles. The U.N. Convention on the International Sale of Goods will not apply.

3. Arbitration Agreement. ALL DISPUTES ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY ASPECT OF THE RELATIONSHIP BETWEEN YOU AND GYMBOT, WHETHER BASED IN CONTRACT, TORT, STATUTE, FRAUD, MISREPRESENTATION OR ANY OTHER LEGAL THEORY, THAT ARE NOT RESOLVED PURSUANT TO SUBSECTION 1 ABOVE WILL BE RESOLVED THROUGH FINAL AND BINDING ARBITRATION BEFORE A NEUTRAL ARBITRATOR INSTEAD OF IN A COURT BY A JUDGE OR JURY, AND GYMBOT AND YOU EACH HEREBY WAIVE THE RIGHT TO TRIAL BY A JURY. YOU AGREE THAT ANY ARBITRATION UNDER THIS AGREEMENT WILL TAKE PLACE ON AN INDIVIDUAL BASIS; CLASS ARBITRATIONS AND CLASS ACTIONS ARE NOT PERMITTED AND YOU ARE AGREEING TO GIVE UP THE ABILITY TO PARTICIPATE IN A CLASS ACTION. The arbitration will be administered by the American Arbitration Association under its Commercial Arbitration Rules and Mediation Procedures (currently accessible at www.adr.org/aaa/faces/rules/searchrules/rulesdetail?doc=ADRSTG_004130) as amended by this Agreement. Any arbitration hearing will be held in Montgomery County, TX. The applicable governing law will be as set forth in Article XI, Section 2 above (provided that with respect to arbitrability issues, federal arbitration law will govern). The arbitrator's decision will follow the terms of this Agreement and will be final and binding. The arbitrator will have authority to award

temporary, interim or permanent injunctive relief or relief providing for specific performance of this Agreement, but only to the extent necessary to provide relief warranted by the individual claim before the arbitrator. The award rendered by the arbitrator may be confirmed and enforced in any court having jurisdiction thereof.

4. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to its subject matter, and supersedes all prior and contemporaneous agreements, proposals or representations, written or oral, concerning its subject matter. Without limiting the foregoing, you acknowledge that you are not a party to or intended beneficiary of the Master Agreement and have no rights under that agreement.

5. Waiver and Severability. No waiver of any provision of this Agreement by GYMBOT will be effective unless in writing and signed by GYMBOT. No waiver by either Party of any breach or default hereunder will be deemed to be a waiver of any preceding or subsequent breach or default. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law, the provision will be modified by the court and interpreted so as best to accomplish the objectives of the original provision to the fullest extent permitted by law, and the remaining provisions of this Agreement will remain in effect.

6. Assignment. GYMBOT may assign, delegate, or transfer this Agreement, in whole or in part, in its sole discretion, without your notice or consent. You may not assign, delegate or transfer this Agreement in whole or in part, without GYMBOT's prior written consent.

7. Relationship. The Parties are independent contractors. Nothing in this Agreement shall constitute a joint venture, partnership, or agency relationship between GYMBOT and you, or authorize either Party to make any representation on behalf of or in any way to bind the other Party to any obligation of any kind, express or implied, to any third party, or to incur any liability on behalf of the other Party.

8. Amendments. GYMBOT may, in its sole discretion, supplement or modify this Agreement upon written notice to you. Any new or modified version of this Agreement will be effective upon the earlier of your acceptance of those terms or your continued use of the GYMBOT Services following delivery of notification of such change. If you do not agree to be bound by any such changes to this Agreement, your sole and exclusive remedy is to immediately stop all use of the GYMBOT Services. Any other modifications to this Agreement must be in writing and executed by duly authorized representatives of each of the Parties. Notwithstanding the foregoing, Franchisees currently participating in the GYMBOT Tablet program who do not accept or are otherwise unable to fully comply with any amendment or modification to Article II, Section 2(h) of this Agreement, shall (a) within five (5) days of receiving notice of the new or modified version of Article II, Section 2(h) notify Franchisor in writing of their non-acceptance or inability to comply with such version, and (b) immediately cease all access, use, or operation of any GYMBOT Tablet and related equipment in the control and possession of Franchisee. Notwithstanding, amendments and modifications to the EULA and ToS may be made at our sole discretion without written notice.

9. Force Majeure. Neither Party will be liable for any failure or delay in performance under this Agreement (other than for delay in your obligation to make payment of money due and payable under the terms of this Agreement) for causes beyond that Party's reasonable control and occurring without that Party's fault or negligence, including, but not limited to, acts of God, acts of government, flood, fire, civil unrest, acts of terror, strikes or other labor problems (other than those involving GYMBOT or your employees, respectively), computer attacks (by

government/nation entities or otherwise) or malicious acts, such as attacks on or through the Internet, any Internet service provider, telecommunications or hosting facility. Dates by which performance obligations are scheduled to be met will be extended for a period of time equal to the time lost due to any delay so caused.

WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Date.

Franchisee	**GYMBOT, LLC**
Signature	Signature
Printed Name	Printed Name
Title	Title
Effective Date	

Facility Address

EXHIBIT "L"

TO DISCLOSURE DOCUMENT

ELECTRONIC MAIL & COMMUNICATIONS PLATFORM ACKNOWLEDGEMENT AND RELEASE

FRANCHISEE AND ASSOCIATE

[See Attached]

ELECTRONIC MAIL & COMMUNICATIONS PLATFORM ACKNOWLEDGEMENT AND RELEASE (FRANCHISEE)

This Electronic Mail Acknowledgement and Release (the "**Release**") is made between the end user ("**Franchisee**", "**you**" or "**your**", as grammatically appropriate) and EXERCISE COACH USA LLC, an Illinois limited liability TEC (the "**TEC**,", "**us**", "**we**", or "**our**") and supplements and shall be considered a part of the Franchise Agreement between Franchisee and TEC.

As a necessary condition of and in consideration of the TEC's provision and activation of a Microsoft electronic mail ("**e-mail**") and communications platform (the "**Service**") to Franchisee (including each of Franchisee's individual staff members and associates (collectively, "**Staff**")), Franchisee and the TEC each agree as follows:

1. E-mail and Communications Platform Policy; Covenants and Representations.

A. E-mail and Communications Platform Policy. TEC is providing the Service to Franchisee to support both the Franchisee and TEC's business objectives. Franchisee and its Staff are expected to use the Service responsibly and productively and as strictly necessary for legitimate business interests of Franchisee.

i. No Confidentiality or Expectation of Privacy. Neither Franchisee nor any member of its Staff should have any expectation of privacy for messages or other data stored in, submitted to, transmitted or received through the Service. This includes any e-mails or files labeled "private", "confidential" or similar language, which may be inaccessible to most users but remain available to TEC.

ii. Right to Monitor/Inspect. You acknowledge that TEC reserves the right to inspect and monitor any data, information, or material stored, generated, or transmitted by or from the Service, including specific e-mails or other communications belonging to a specific account, at any time, without notice to you or any Staff.

iii. E-mail Deletion. You acknowledge that TEC reserves the right to delete any of Franchisee's or its Staff's e-mails or other communication for an actual or potential violation of this Release at any time and without notice to you or the specific Staff member.

iv. Personal Files. The downloading, opening, or sharing of personal, non-business related files (e.g., images, audio, videos, gifs, etc.) through the Service that have not been specifically provided by TEC should be avoided. This practice risks the introduction of a computer virus and other malware into the system.

v. Service Credentials. Security procedures in the form of unique user sign-on identification and passwords have been provided to control access to the Service. Franchisee is responsible for safeguarding any passwords provided or selected by it or any of its Staff.

B. Service Use and Restrictions. Franchisee shall be responsible for ensuring that the following guidelines and restrictions on use of the Service are strictly followed by Franchisee and each of its Staff, without exception:

i. The Service shall not be used to store, create or transmit e-mail or other communication that is derogatory, defamatory, obscene or offensive, such as slurs, epithets or anything that might be construed as harassment or disparagement based on race, color, national origin, sex, sexual orientation, age, physical or mental disability, medical condition, marital status, or religious or political beliefs.

ii. The Service shall not be used to store, create or transmit e-mail or other communication that violates, or attempts to violate, any Federal, state, or local law or regulation, including computer piracy, phishing, cracking, extortion, blackmail, and copyright or other intellectual property infringement.

iii. The Service shall not be used to store, create or transmit e-mail or other communication that solicits or proselytizes others for commercial purposes, causes, outside organizations, chain messages, multi-level marketing, political campaigning, or other non-Franchisee related purposes.

iv. The Service shall not be used to store, create or transmit e-mail or other communication that includes or infringes upon any copyrighted or trademarked material, or other intellectual property belonging to third-parties, without the prior express consent of TEC.

v. Service e-mail accounts of a Staff user shall not be accessed or browsed by any other Staff member without a legitimate Franchisee-related reason to do so.

vi. Neither Franchisee nor its Staff shall make changes or modifications to the Service's technical configurations without the prior express permission of TEC.

vii. The Service shall not be used to attempt unauthorized access to, interference with, or use of any third-party's computer systems and/or data.

viii. Franchisee shall ensure that any Internet browsers or e-mail clients through which the Service is accessed are logged out and closed at the end of each business day or when Staff must leave their work area for an extended period of time.

ix. Franchisee shall regularly inform and train its Staff of the guidelines and restrictions on the part of Franchisee set forth in this Release, including that each Staff member's use of the Service is subject to monitoring and inspection by TEC.

x. No e-mail or other electronic communications may be sent using the Service that conceals the identity of the sender or deceptively represents the sender as someone else or subject matter of such e-mail. Franchisee shall at all times ensure that its Staff's use of the Service is in strict compliance with the Controlling the Assault of Non-Solicited Pornography and Marketing ("CAN-SPAM") Act of 2003, 15 U.S.C. §7701(a), as amended.

xi. Franchisee acknowledges and further represents that it is not relying upon any statements (oral or written) or delivery of the Service by TEC as any form of representation or legal conclusion as to the lawfulness of the Service in Franchisee's applicable state or jurisdiction. Rather, Franchisee has or will conduct its own investigation and consult with its own legal counsel as to the legal consequences of use of the Service prior to accessing or using the Service.

2. Waiver and Release.

A. Franchisee covenants not to sue and fully, finally and forever completely releases and forever discharges the TEC and its past and present officers, directors, agents, servants, employees and attorneys (collectively, the "**Released Parties**"), from any and all claims, actions, obligations, liabilities, governmental investigation and/or prosecution, demands and/or causes of action, of whatever kind or character, whether now known or unknown which Franchisee now has or might claim to have against the Released Parties for any and all injuries, harm, damages, costs, losses, expenses, attorneys' fees and/or liability, or other detriment, if any, whenever incurred or suffered by Franchisee arising from, relating to, or in any way connected with the provision or use of the Service to Franchisee and its Staff.

B. Franchisee hereby releases and forever discharges all Claims (as defined below) it may now have or hereafter accrue against the TEC and/or the Released Parties arising out of or relating in any way to (i) any technical or other issues experienced by Franchisee, its Staff, customers, or anyone associated with Franchisee with the Service, (ii) the unavailability of or loss of connection to the Service at any time, (iii) any damage or loss of Franchisee's internal equipment, connections, or its internet service, and (iv) any use of the Service by or on behalf of Franchisee, unless such Claims are solely the result of gross negligence or intentional misconduct of TEC or the Released Parties, respectively.

If Franchisee is located in California, you further waive any rights under Section 1542 of the Civil Code of the State of California or any similar state statute. Section 1542 states: "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 to him, must have materially affected his settlement with the debtor."

3. Liability Limitation; Indemnification.

A. Franchisee shall protect, indemnify, hold harmless and defend TEC and the Released Parties from and against any and all liabilities, losses, damages (including consequential damages), costs, expenses (including reasonable attorneys' fees and costs), causes of action, suits, claims, governmental inquiries or investigations, demands and judgments of any nature (collectively the "**Claims**") which in any way arise from or relate to the following (which will be collectively referred to as the "**Actions**"):

1. Invasion of privacy, loss of life, personal injury, death, or damage to property and brought by or on behalf of any third-party, including without limitation Franchisee's customers, Staff, contractors, agents, officers, directors, shareholders, or members; or

2. Franchisee's, its Staff's, or TEC's use of the Service.

B. Franchisee shall promptly give TEC written notice of all Claims, commenced, pending or threatened, by or before any court or governmental or regulatory agency affecting Franchisee and which arise out of or relate in any way to the Service or its usage.

4. General Provisions.

A. Modification in Writing. No oral agreement, statement, promise, commitment or representation shall alter or terminate the provisions of this Release. This Release cannot be changed or modified except by written agreement signed by the authorized representatives of the Franchisee and the TEC.

B. Arbitration and Attorneys' Fees and Costs. Any controversy involving the construction or application of any terms, covenants or conditions of this Release, or any claims arising out of or relating to this Release, or the breach of this Release, will be submitted to and settled by final and binding arbitration under the commercial arbitration rules of the American Arbitration Association (which can be found at http://www.adr.org) or any successor thereto.

C. No Admission. This Release does not constitute an admission of any unlawful acts or liability of any kind by the TEC, its affiliates, or anyone acting under their supervision or on their behalf. This Release may not be used or introduced as evidence in any legal proceeding, except to enforce or challenge its terms.

D. Successors; Binding Agreement. This Release shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees.

E. TEC reserves the right, at its sole and absolute discretion, to change, modify, add to, supplement, suspend, discontinue, or delete any of the terms and conditions of this Release (which may include specific charges to you and other Franchisees for TEC's delivery and costs of the Service, including the right to review, improve, modify or discontinue, temporarily or permanently, the Service or any content or information through the Service at any time. Any such changes shall become effective upon thirty (30) days written notice to Franchisee. If any future changes to this Release are unacceptable to Franchisee or cause it to no longer be in compliance with this Release (or any other agreement with TEC), Franchisee must immediately notify TEC in writing and deactivate and stop using the Service and return same back to TEC. Notwithstanding the foregoing, Franchisee's continued use of the Service following any changes to this Release shall constitute Franchisee's complete and irrevocable acceptance of any and all such changes, except where prohibited by any laws or regulations in your jurisdiction. TEC may further impose limits on certain features or restrict your access to part or all of the Service without notice to you or liability to the TEC.

F. Investigations; Cooperation with Law Enforcement. TEC reserves the right, without any limitation, to: (i) investigate any actual or suspected misuse of the Service, (ii) investigate any suspected breaches of this Release and specifically its e-mail policy and guidelines, (iii) investigate any information obtained by TEC in connection with reviewing law enforcement databases or complying with criminal laws, (iv) involve and cooperate with law enforcement authorities in investigating any of the foregoing matters, (v) prosecute violators of this Release, and (vi) discontinue the Service, suspend or terminate Franchisee's or any Staff's access to it, in whole or in part, including any e-mail accounts, at any time, without notice, for any reason and without any obligation to you, any Staff, or any third party. Any suspension or termination will not affect your obligations to TEC under this Release or any other agreements which you have with TEC. Upon suspension or termination of your or a Staff member's access to the Services, or upon notice from TEC, all rights granted to you under this Release will cease immediately, and you agree that you will immediately discontinue use of the Service.

On behalf of Franchisee, the authorized representative identified below, acknowledges and certifies that s/he:

a. is authorized to receive and has read and understood all of the terms of this Release and is not relying on any representation or statement, written or oral, not set forth in this Release; and

b. is fully authorized to accept and agree to this Release knowingly and voluntarily.

This Release shall become effective upon the date that you click Accept within the Service (the "**Effective Date**").

ELECTRONIC MAIL & COMMUNICATIONS PLATFORM ACKNOWLEDGEMENT AND RELEASE (ASSOCIATE)

This Electronic Mail Acknowledgement and Release (the "**Release**") is made by and between the end user ("**Franchisee Associate**", "**you**" or "**your**", as grammatically appropriate) and EXERCISE COACH USA LLC, an Illinois limited liability TEC (the "**TEC**,", "**us**", "**we**", or "**our**")..

As a necessary condition of and in consideration of the TEC's provision and activation of a Microsoft electronic mail ("**e-mail**") and communications platform (the "**Service**") to Franchisee Associate Franchisee Associate and the TEC each agree as follows:

1. E-mail and Communications Platform Policy; Covenants and Representations.

A. E-mail and Communications Platform Policy. TEC is providing the Service to you to support both the your and TEC's business objectives. You are expected to use the Service responsibly and productively and as strictly necessary for your legitimate business interests.

vi. No Confidentiality or Expectation of Privacy. You should have no expectation of privacy for messages or other data stored in, submitted to, transmitted or received through the Service. This includes any e-mails or files labeled "private", "confidential" or similar language, which may be inaccessible to most users but remain available to TEC.

vii. Right to Monitor/Inspect. You acknowledge that TEC reserves the right to inspect and monitor any data, information, or material stored, generated, or transmitted by or from the Service, including specific e-mails or other communications belonging to a specific account, at any time, without notice to you.

viii. E-mail Deletion. You acknowledge that TEC reserves the right to delete any of your e-mails or other communication for an actual or potential violation of this Release at any time and without notice to you.

ix. Personal Files. The downloading, opening, or sharing of personal, non-business related files (e.g., images, audio, videos, gifs, etc.) through the Service that have not been specifically provided by TEC should be avoided. This practice risks the introduction of a computer virus and other malware into the system.

x. Service Credentials. Security procedures in the form of unique user sign-on identification and passwords have been provided to control access to the Service. You are responsible for safeguarding any passwords provided or selected by you.

B. Service Use and Restrictions. You shall be responsible for ensuring that the following guidelines and restrictions on use of the Service are strictly followed, without exception:

xii. The Service shall not be used to store, create or transmit e-mail or other communication that is derogatory, defamatory, obscene or offensive, such as slurs, epithets or anything that might be construed as harassment or disparagement based on race, color, national origin, sex, sexual orientation, age, physical or mental disability, medical condition, marital status, or religious or political beliefs.

xiii. The Service shall not be used to store, create or transmit e-mail or other communication that violates, or attempts to violate, any Federal, state, or local law or regulation, including computer piracy, phishing, cracking, extortion, blackmail, and copyright or other intellectual property infringement.

xiv. The Service shall not be used to store, create or transmit e-mail or other communication that solicits or proselytizes others for commercial purposes, causes, outside organizations, chain messages, multi-level marketing, political campaigning, or other non-Franchise related purposes.

xv. The Service shall not be used to store, create or transmit e-mail or other communication that includes or infringes upon any copyrighted or trademarked material, or other intellectual property belonging to third-parties, without the prior express consent of TEC.

xvi. Your e-mail accounts shall not be accessed or browsed by any other person without a legitimate reason to do so.

xvii. You shall not make changes or modifications to the Service's technical configurations without the prior express permission of TEC.

xviii. The Service shall not be used to attempt unauthorized access to, interference with, or use of any third-party's computer systems and/or data.

xix. You shall ensure that any Internet browsers or e-mail clients through which the Service is accessed are logged out and closed at the end of each business day or when you must leave their work area for an extended period of time.

xx. No e-mail or other electronic communications may be sent using the Service that conceals the identity of the sender or deceptively represents the sender as someone else or subject matter of such e-mail. You shall ensure that your use of the Service is in strict compliance with the Controlling the Assault of Non-Solicited Pornography and Marketing ("CAN-SPAM") Act of 2003, 15 U.S.C. §7701(a), as amended.

2. Waiver and Release.

A. You covenants not to sue and fully, finally and forever completely releases and forever discharges the TEC and its past and present officers, directors, agents, servants, employees and attorneys (collectively, the "**Released Parties**"), from any and all claims, actions, obligations, liabilities, governmental investigation and/or prosecution, demands and/or causes of action, of whatever kind or character, whether now known or unknown which you now has or might claim to have against the Released Parties for any and all injuries, harm, damages, costs, losses, expenses, attorneys' fees and/or liability, or other detriment, if any, whenever incurred or suffered by you arising from, relating to, or in any way connected with the provision or use of the Service to you.

B. You hereby releases and forever discharges all Claims (as defined below) it may now have or hereafter accrue against the TEC and/or the Released Parties arising out of or relating in any way to (i) any technical or other issues experienced by you, (ii) the unavailability of or loss of connection to the Service at any time, (iii) any damage or loss your internal equipment, connections, or its internet service, and (iv) any use of the Service by or on behalf of you, unless such Claims are solely the result of gross negligence or intentional misconduct of TEC or the Released Parties, respectively.

If you are located in California, you further waive any rights under Section 1542 of the Civil Code of the State of California or any similar state statute. Section 1542 states: "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 to him, must have materially affected his settlement with the debtor."

3. General Provisions.

G. Modification in Writing. No oral agreement, statement, promise, commitment or representation shall alter or terminate the provisions of this Release. This Release cannot be changed or modified except by written agreement signed by the you and the TEC.

H. Arbitration and Attorneys' Fees and Costs. Any controversy involving the construction or application of any terms, covenants or conditions of this Release, or any claims arising out of or relating to this Release, or the breach of this Release, will be submitted to and settled by final and binding arbitration under the commercial arbitration rules of the American Arbitration Association (which can be found at http://www.adr.org) or any successor thereto.

I. No Admission. This Release does not constitute an admission of any unlawful acts or liability of any kind by the TEC, its affiliates, or anyone acting under their supervision or on their behalf. This Release may not be used or introduced as evidence in any legal proceeding, except to enforce or challenge its terms.

J. Successors; Binding Agreement. This Release shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees.

K. TEC reserves the right, at its sole and absolute discretion, to change, modify, add to, supplement, suspend, discontinue, or delete any of the terms and conditions of this Release (which may include specific charges to you for TEC's delivery and costs of the Service, including the right to review, improve, modify or discontinue, temporarily or permanently, the Service or any content or information through the Service at any time. Any such changes shall become effective upon thirty (30) days written notice to you. If any future changes to this Release are unacceptable to you or cause it to no longer be in compliance with this Release (or any other agreement with TEC), you must immediately notify TEC in writing and deactivate and stop using the Service and return same back to TEC. Notwithstanding the foregoing, your continued use of the Service following any changes to this Release shall constitute your complete and irrevocable acceptance of any and all such changes, except where prohibited by any laws or regulations in your jurisdiction. TEC may further impose limits on certain features or restrict your access to part or all of the Service without notice to you or liability to the TEC.

L. Investigations; Cooperation with Law Enforcement. TEC reserves the right, without any limitation, to: (i) investigate any actual or suspected misuse of the Service, (ii) investigate any suspected breaches of this Release and specifically its e-mail policy and guidelines, (iii) investigate any information obtained by TEC in connection with reviewing law enforcement databases or complying with criminal laws, (iv) involve and cooperate with law enforcement authorities in investigating any of the foregoing matters, (v) prosecute violators of this Release, and (vi) discontinue the Service, suspend or terminate your access to it, in whole or in part, including any e-mail accounts, at any time, without notice, for any reason and without any obligation to you, or any third party. Any suspension or termination will not affect your obligations to TEC under this Release or any other agreements which you have with TEC. Upon suspension or termination of your access to the Services, or upon notice from TEC, all rights granted to you under this Release will cease immediately, and you agree that you will immediately discontinue use of the Service.

Franchisee Associate acknowledges and certifies that s/he:

c. is authorized to receive and has read and understood all of the terms of this Release and is not relying on any representation or statement, written or oral, not set forth in this Release; and

d. is fully authorized to accept and agree to this Release knowingly and voluntarily.

This Release shall become effective upon the date that you click Accept within the Service (the "**Effective Date**").

EXHIBIT "M"

TO DISCLOSURE DOCUMENT

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	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	February 6, 2023 (amended April 20, 2023)
Minnesota	
New York	
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 "N"

TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language.

Read this Disclosure Document and all agreements carefully. If Exercise Coach USA, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Exercise Coach USA, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:
Brad Bundy; 531 Telser Rd., Lake Zurich, Illinois 60084; (847) 807-3256
Brian Cygan; 531 Telser Rd., Lake Zurich, Illinois 60084; (855) 202-6224
Matthew Essex; 531 Telser Rd., Lake Zurich, Illinois 60084; (855) 202-6224
John Suazo; 9475 Briar Village Point, #110, Colorado Springs, Colorado; (855) 202-6224
Kevin McKee; 531 Telser Rd., Lake Zurich, Illinois 60084; (847) 766-0267
Anthony Lux; 531 Telser Rd., Lake Zurich, Illinois 60084; (847) 202-6224
Paul Broeder; 11802 Owens Canyon Lane, Cypress, Texas 77433; (832) 388-0270
Jesse Hudson; 16934 Frances Street, #105, Omaha, Nebraska 68130; (531) 333-3278
Jennifer Cain; 16934 Frances Street, #105, Omaha, Nebraska 68130; (531) 333-3278
Alicia West; 16934 Frances Street, #105, Omaha, Nebraska 68130; (531) 333-3278

[Name]_____;[Address]_____; [Phone]_____

Issuance Date: April 20, 2023

Exercise Coach USA, LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	State Agencies and Administrators
EXHIBIT "A"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "F"	List of Franchisees
EXHIBIT "G"	Financial Statements of Exercise Coach USA, LLC
EXHIBIT "H"	Franchisee Disclosure Questionnaire
EXHIBIT "I"	General Release
EXHIBIT "J"	Multi-State Addenda
EXHIBIT "K"	Participation Agreement
EXHIBIT "L"	Electronic Mail and Communications Platform Acknowledgement and Release
EXHIBIT "M"	State Effective Dates
EXHIBIT "N"	Receipts

_____
Print Name

_____ _____
Date (Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Exercise Coach USA, LLC.)

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language.

Read this Disclosure Document and all agreements carefully. If Exercise Coach USA, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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