

# **PVOLVE**

**FRANCHISE DISCLOSURE DOCUMENT**

**PVOLVE DEVELOPMENT, LLC**

## FRANCHISE DISCLOSURE DOCUMENT

# PVOLVE

### Franchisor:

Pvolve Development, LLC  
A Delaware limited liability company  
730 W. Randolph Street  
Chicago, Illinois 60661  
630-452-3000  
franchise@pvolve.com  
www.pvolvefranchise.com

Pvolve Development, LLC offers franchises for the operation of health and fitness studios offering a training program that focuses on precise movements that activate hard-to-reach muscles (a “**Studio**”).

The total investment necessary to begin operation of a new Studio ranges from \$384,950 to \$779,500. This includes \$57,850 to \$60,350 that must be paid to the franchisor or its affiliates. If you enter into a Development Agreement, the total investment necessary to begin operation of one new Studio and to have the right to develop between a total of 3 and 5 Studios ranges from \$427,450 to \$862,000. This includes \$100,350 to \$142,850 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Alex Puccillo at franchise@pvolve.com (Tel. 708-601-6309).

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

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

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

This Disclosure Document was issued on April 26, 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:

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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 development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Illinois. 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 Illinois than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The Franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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

Pursuant to the provisions of the Michigan Franchise Investment Law, MCL 445.1501, et. seq., Pvolve Development, LLC provides the following notices and disclosures to potential franchisees in 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.**

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

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

**THE FACT 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 shall be directed to the Department of Attorney General, Consumer Protection Division, Attn: Franchise Section, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48933, (517) 335-7567.

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## EXHIBITS

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## ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

**General.** To simplify the language in this Disclosure Document, “**Pvolve**” or “**we**” means Pvolve Development, LLC, the franchisor. “**You**” or “**Franchisee**” means the person or entity who buys the franchise, including all equity owners of a corporation, general partnership, limited partnership, limited liability, or any other type of entity (an “**Entity**”). If you are an Entity, each individual with direct or indirect ownership interest shall be referred to as an “**Owner.**”

Pvolve is a Delaware limited liability company that was organized on October 10, 2019. Pvolve’s principal office is located at 730 W. Randolph Street, Chicago, Illinois 60661. To the extent that we have designated agents for service of process in other states, they are listed in Exhibit D. We conduct business under the name Pvolve. We began offering Pvolve franchises in December 2020. We have never offered any other franchises in any other line of business. We do not conduct any other business activities other than selling and supporting Pvolve franchises. We do not have any predecessors.

Our parent company, Pvolve LLC (“**PVLLC**”), a Michigan limited liability company organized on March 16, 2017 with a principal business address of 415 West Broadway, Suite 3S, New York, New York 10012, owns the Marks and intellectual property used in the Pvolve system, which it licenses to us under a license agreement. PVLLC operates businesses similar to the franchise offered under this Disclosure Document, which we refer to as “**Affiliate-Owned Studios**” in this Disclosure Document. PVLLC began operating Affiliate-Owned Studios in September 2019.

Our parent company, PVLLC, supplies franchisees with proprietary equipment, including the Opening Package (as defined below in Item 5). Other than PVLLC’s supply of certain proprietary equipment, none of our affiliates provide products or services to our franchisees. None of our affiliates offer or have offered franchises in any line of business.

**The Business and Franchises Offered.** We are offering, under the terms of this Disclosure Document, the opportunity to become a franchisee to develop and operate a Pvolve Studio. Studios offer instructor-led workouts that are designed to master precise movements that activate hard-to-reach muscles (the “**Pvolve Method**”). The Pvolve Method is designed to target any body shape and fitness level.

A Studio operates under the Pvolve mark and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos (collectively, the “**Marks**”). We may designate other trade names, service marks, and trademarks as Marks and may change the Marks at any time.

A Studio operates under a prescribed system of specifications and operating procedures that we have developed and will continue to develop (the “**System**”). The distinguishing characteristics of the System include, but are not limited to, our proprietary equipment, including the p.ball, p.band, and p.3 trainer; any fitness programs, routines, and classes that we have developed or may develop; our studio designs, layouts, and identification schemes (collectively, the “**Trade Dress**”); our specifications for equipment, inventory, and accessories; our website or series of websites for the Studios (the “**System Website**”); our relationships with vendors; our software and computer programs; our reservation procedures and system; the accumulated experience reflected in our training program, operating procedures, customer service standards methods, and marketing techniques; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements (“**System Standards**”) set out in our operations manuals (“**Manuals**”) and otherwise in writing. We may periodically change, improve, add to, and further develop the elements of the System.

You may purchase a Pvolve franchise (“**Franchise**”) to develop and operate one Studio at a mutually agreed upon site (the “**Site**”) within an area (“**Site Selection Area**”) that we will specify in the Franchise Agreement that we and you will execute (the “**Franchise Agreement**”). The Franchise may also be authorized to provide streaming (pre-recorded) content and live, virtual services online on third party platforms. Our current form of Franchise Agreement is included as **Exhibit A** to this Disclosure Document. You will have no obligation, nor any right, to open any additional studios or to use the Marks or the System at any location other than the Site.

You must designate an Owner with at least a 10% ownership interest in your Entity as the “**Operating Principal**.” The Operating Principal must have authority over all business decisions related to your Studio and must have the power to bind you in all dealings with us. In addition, you must appoint a trained manager (the “**Key Manager**”) to manage the day-to-day business of your Studio, who may also be the Operating Principal.

**Development Program.** In addition, for qualified franchisees who would like to develop multiple Studios within a designated territory (the “**Development Area**”), we also offer the opportunity to enter into a Development Agreement with us (the “**Development Agreement**”) to develop a mutually agreed upon number of Studios in accordance with a development schedule specified in the Development Agreement (the “**Development Schedule**”). Our current form of Development Agreement is included as **Exhibit B** to this Disclosure Document.

As each Studio is opened, you will sign our then-current form of Franchise Agreement for each Studio, which may include terms that are different from the form of Franchise Agreement included as Exhibit A to this Disclosure Document (including different fees). If you fail to open and continue to operate the required number of Studios in accordance with the mutually agreed upon Development Schedule, we will have the right to terminate the Development Agreement. If the Development Agreement is terminated, you will lose all of your rights to develop the Development Area and the initial fees paid for any Studios for which Franchise Agreements have not been signed. However, the Franchise Agreement for each Studio which has been opened will not be terminated solely by reason of the termination of the Development Agreement.

Unless you sign a Development Agreement, you have no obligation, nor any right, to open any additional studios.

**Competition.** The general market for exercise and fitness studios is well-established and competitive, but the market for boutique fitness studios continues to evolve and grow. Pvolve Studios will compete with national, regional, and local health clubs, gymnasiums, and other fitness and workout studios and programs, which may offer classes or exercise programs similar to Pvolve.

The success of your Studio will depend in large measure on the demographics of the residents of your Territory, the accessibility of your Studio to customers, the proximity of competitors and the nature of their businesses, the quality of your staff, local labor conditions and wage rates, the local costs of advertising, the availability of suitable facilities in convenient locations and at affordable rents, and your management, marketing, and selling skills and work ethic.

**Industry-Specific Regulations.** You will have to comply with laws and regulations that are applicable to business generally (such as workers’ compensation, OSHA, and Americans with Disabilities Act requirements). In addition, you will have to comply with laws and regulations applicable to fitness facilities, fitness instructors, health clubs, and child care, which may include laws and regulations requiring training to use and maintain safety equipment such as automated external defibrillators; requiring you to maintain licenses or permits pertaining to food at your Studio; requiring training and certification in cardio pulmonary resuscitation (CPR); requiring disclosures and health warnings for weight loss programs, medical claims related to nutritional products, and other FDA-

regulated products; requiring postings concerning steroids and other drug use; requiring certain medical equipment in the facility; requiring registration of the facility; limiting the supplements that facilities can sell; requiring bonds if a facility sells memberships valid for more than a specified time period; requiring facility owners to deposit into escrow certain amounts collected from members before the facility opens (so-called “presale” memberships); imposing other restrictions on memberships that facilities sell and related fees; requiring specific financial disclosures to customers; and requiring compliance with other consumer protection requirements.

Federal, state and local governmental laws, ordinances and regulations periodically change. It will be your responsibility to ascertain and comply with all federal, state and local governmental requirements in your jurisdiction. We do not assume any responsibility for advising you on these regulatory matters. You should consult with your attorney about laws and regulations that may affect your Studio.

## **ITEM 2. BUSINESS EXPERIENCE**

### **President and Manager – Julie Cartwright**

Julie has served as our Manager since April 2023 and our President since our inception in October 2019. She has also served as President of PVLLC since January 2018. Julie serves in her present capacities in Chicago, Illinois.

### **Financial Controller – Larissa Trivone**

Larissa has served as Financial Controller for us and PVLLC since February 2019. From March 2018 to February 2019, she was the Assistant Controller for Borah, Goldstein, Altschuler, Nahins & Goidel, P.C. in New York, New York. Larissa serves in her present capacities in New York, New York.

### **Head of Brand – Jill Brand**

Jill has served as PVLLC’s Head of Brand since February 2023. Before that, she served as PVLLC’s Executive Director, Brand, Content & Community from October 2021 until January 2023. From May 2020 to October 2021, she served as PVLLC’s Senior Director of Brand and Community. From April 2018 to May 2020, she served as Senior Director, Brand Experience & Partnerships at Equinox Fitness in New York, New York. Jill serves in her present capacities in New York, New York.

### **Member, Clinical Advisory Board – Dr. Amy Hoover**

Amy has served as a member of PVLLC’s Clinical Advisory Board since May 2019. She has been the owner and operator of APHysio LLC since June 2018, operating out of Medina, Ohio. Since September 2009, she has served as a staff physical therapist and health specialist at Cleveland Clinic Foundation in Cleveland, Ohio. Amy serves in her present capacities in Cleveland, Ohio.

### **Vice President of Franchise Operations – RJ Krone**

RJ has served as PVLLC’s Vice President of Franchise Operations since April 2020. From August 2016 to March 2020, he served as Vice President of Operations for Spring Green Enterprises in Naperville, Illinois. He serves in his present capacities in Chicago, Illinois.

### **Chief Training Officer – Antonietta Vicario**

Antonietta has served as PVLLC's Chief Training Officer since December 2022. Before that, she was PVLLC's Vice President of Training from November 2019 to December 2022. From January 2015 to November 2019, she was Director of Global Training for Physique 57 in New York, New York. She serves in her present capacities in New York, New York.

### **Executive Director of Studio Sales and Operations – Emily Ebsworth**

Emily has served as PVLLC's Executive Director of Studio Sales and Operations since February 2023. Before that, she was PVLLC's franchise business coach from July 2022 until January 2023. From May 2021 until June 2022, she was in between positions. From January 2018 to April 2021, she was a multi-unit franchisee of Orangetheory Fitness in Macon, Georgia. Emily serves in her present capacities in Atlanta, Georgia.

### **Director of Franchise Development - Alex Puccillo**

Alex has served as PVLLC's Director of Franchise Development since March 2021. Alex served as a Broker for McColly Real Estate in Bourbonnais, Illinois from September 2020 to December 2022. From March 2020 to March 2021, he served as Franchise Executive for F45 Training in Chicago, Illinois. From July 2017 to September 2020, Alex served as a Broker for D'Aprile Properties in Naperville, Illinois. From September 2009 to November 2019, he served in various roles as Director of Business Development, Director of Sales, and Regional Owner Operator for Charter Fitness in Chicago, Illinois and the surrounding area. He serves in his present capacities in Chicago, IL.

### **Director of Instructor Training, Studio & Franchise – Dani Coleman Leger**

Dani has served as PVLLC's Director of Instructor Training, Studio & Franchise since January 2022. She served as PVLLC's Lead Trainer at an Affiliate-Owned Studio in Los Angeles, California from January 2020 to January 2022. From April 2018 to January 2020, she was an instructor at Modelfit in Los Angeles, California. From April 2016 to December 2019, Dani was an instructor at Physique 57 in Beverly Hills, California. She serves in her present capacities in Los Angeles, California.

### **Director, Franchise Learning and Development – Nicole Petitto**

Nicole has served as PVLLC's Director, Franchise Learning and Development since January 2023. Before that, she served as Head of Engagement for WRKOUT from August 2022 to November 2022 in Denver, Colorado. From November 2021 to June 2022, she served as VP of Talent for Bande in Bozeman, Montana. From January 2021 to October 2021, she served as Director of Talent and Community for Salut Interactive in San Francisco, California. From January 2014 to November 2020, she served as Senior Programming Manager for Equinox in New York, New York. She serves in her present capacities in Denver, Colorado.

### **Manager, Studio and Franchise Marketing – Amanda Steckler**

Amanda has served as PVLLC's Manager, Studio and Franchise Marketing since February 2023. Before that, Amanda served as PVLLC's Franchise Marketing Coordinator from February 2022 until January 2023. From June 2020 to February 2022, she served as Founder and Content Creator for Amanda Works Out in Chicago, Illinois. From October 2018 to March 2019, she served as Marketing Communications Manager, in a contract capacity, with McKinsey & Company in Chicago, Illinois. From September 2017 to April 2018, she served as Global Brand Manager, in a

contract capacity, for Hyatt Hotels in Chicago, Illinois. From October 2015 to February 2017, she served as Regional Marketing Manager for Snap Kitchen in Chicago, Illinois. Amanda serves in her present capacities in Chicago, Illinois.

### **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**

The initial franchise fee (the “**Franchise Fee**”) for a single Studio is \$50,000 and is due upon execution of the Franchise Agreement. If we determine that you are financially and operationally qualified to develop multiple Studios, we may offer you the opportunity to enter into a Development Agreement, in which you will commit to develop a certain number of Studios that you and we determine to be appropriate. If you enter into a Development Agreement, the Franchise Fee for your second Studio will be 90% of the then-current Franchise Fee for a single Studio (the fee that is in effect when the Franchise Agreement for such Studio is signed). Currently, the fee for your second Studio is \$45,000 (90% of \$50,000) but this fee may change in the future. The fee for your third and each subsequent Studio will be 80% of the then-current Franchise Fee for a single Studio (the fee that is in effect when the Franchise Agreement for such Studio is signed). Currently, the fee for your third and each subsequent Studio is \$40,000 (80% of \$50,000) but this fee may change in the future.

We will discount the Franchise Fee for the first Studio by 20% for qualified military veterans.

If you enter into a Development Agreement, you must pay us a development fee equal to 100% of the Franchise Fee for the first Studio and 50% of the Franchise Fee due for each subsequent Studio (based on the Franchise Fees in effect at the time you execute the Development Agreement) (the “**Development Fee**”). Currently, the Development Fee will range between \$92,500 to \$132,500 if you commit to develop between three to five Studios (based on \$50,000 for the first Studio, 50% of \$45,000 for the second Studio and 50% of \$40,000 for each additional Studio). The Development Fee will be credited towards the Franchise Fee for each Studio developed under the Development Agreement (which will be based on the then-current Franchise Fee, which may be more than the current fees for additional Studios). If you qualify for the veteran discount, the Development Fee will range between \$82,500 to \$122,500.

In addition to the Franchise Fee, you must pay us an initial opening package fee of \$7,500 (the “**Opening Package Fee**”) for each Studio upon execution of the Franchise Agreement for the cost of providing an initial inventory of products and equipment for resale and use in your Studio that PVLLC will supply to you (the “**Opening Package**”). We will specify the items in your Opening Package, which currently includes fitness equipment and apparel. You may be required to purchase additional products or equipment from us, our affiliates, or our designated vendors prior to opening your Studio for an additional fee. We have no obligation to refund the Opening Package Fee, in whole or in part, for any reason.

You must pay to us, or to a third party that we designate, a technology fee for various technology services that we will provide or arrange for third parties to provide, which services are subject to change over time (a “**Technology Fee**”). The Technology Fee currently includes fees related to education, financial management, marketing, intranet, music, the Manuals, office software, and website maintenance. Currently, the Technology Fee is \$350 per month. We will begin collecting the Technology Fee from the date on which you begin receiving any technology products

or services from us. We reserve the right to increase the fee up to \$600 per month (a cap that shall increase by 10% per year) by providing you with written notice of any change at least 30 days prior to the implementation of the new fee amount.

If you request our approval to open your Studio more than 300 days after the effective date of the Franchise Agreement (the “**Opening Deadline**”) and we approve your request, you must pay us an opening deadline extension fee equal to \$2,500 for each month (or portion of a month) for which the Opening Deadline is extended. We may require you to execute a general release as a condition for us agreeing to such an extension.

The Franchise Fee, Development Fee, Opening Package Fee, and Technology Fee are not refundable under any circumstances, and, except as described above, are uniform for all franchisees and must be paid in a lump sum.

**ITEM 6. OTHER FEES**

**OTHER FEES (Note 1)**

Type of Fee	Amount	Due Date	Remarks
Royalty Fees (2)	7% of Gross Revenue	Currently due every Tuesday	See Note 2 for the definition of Gross Revenue.
Brand Fund Fee (2)	Up to 2% of your Gross Revenue.  Currently, none but the Brand Fund Fee will increase to 2% of your Gross Revenue beginning on January 1, 2024.	Currently due every Tuesday	The Brand Fund Fee will be contributed to the Pvolve Brand Fund (the “ <b>Brand Fund</b> ”). See Note 2 for the definition of Gross Revenue.
Minimum Marketing Spending Requirement	A minimum of \$3,000 per month	As incurred	In addition to your Brand Fund Fee, beginning in the first full month after the date the Studio opens, you must spend a minimum of \$3,000 per month on local advertising and promotional activities, which shall be payable directly to third party vendors. If you fail to pay the required amount in any quarter, we may require you to pay us the shortfall as an additional Brand Fund Fee or to pay us the shortfall for us to spend on local marketing for your Studio.

Type of Fee	Amount	Due Date	Remarks
Technology Fee	Currently, \$350 per month. We may change the fee at any time upon 30 days' written notice to you, but the fee shall not exceed \$600 per month (such cap shall increase by 10% per year).	Currently due the first Tuesday of every month	The Technology Fee currently includes fees related to education, financial management, marketing, intranet, music, the Manuals, office software, and website maintenance. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee. We will begin collecting the Technology Fee from the date that you begin receiving any technology products or services from us.
Streaming Content Fee	Up to \$6,000 per year	As incurred	We do not currently charge you for the streaming content that we create for customers to access as part of their memberships but we reserve the right to charge you a fee in the future to recoup our investment in content creation and distribution.
Successor Fee	\$5,000	Upon execution of successor franchise agreement	Payable if you sign a successor franchise agreement at the end of the initial term of your Franchise Agreement
Transfer Fee	<p>For any transfer resulting in a change of control: 75% of the then-current Franchise Fee if the transferee, its affiliates, or its Owners do not own another Studio or 50% of the then-current Franchise Fee if they do own another Studio.</p> <p>For non-control transfers and transfers to entities for the convenience of ownership: \$2,500 plus our administrative costs and expenses.</p>	Upon closing of such transfer, with a non-refundable \$5,000 deposit due upon requesting approval of a transfer resulting in a change of control.	No Transfer Fee is due for transfers upon death or incapacity.
Late fee and interest	18% per annum or maximum interest rate allowed by law (whichever is less) from due date to date of payment, plus \$100 for each week that a payment is paid after the due date for the payment specified	When amount owed becomes past due	Required whenever a payment to us is made after its due date. We may increase the late fee upon 60 days' prior written notice, but the fee will not be increased more than once in any 12-month period.

Type of Fee	Amount	Due Date	Remarks
Relocation Fee	Our reasonable costs incurred in your relocation, currently we estimate \$2,500 to \$10,000, but could increase if our costs increase	Upon demand	Payable upon our approval of your request to relocate your Studio from the Site to a new location
Initial Training fee for additional or replacement trainees	Currently, \$800 per trainee (subject to change without limitation by 60 days' written notice)	Within 10 days of receipt of an invoice	We will provide our initial training program (" <b>Initial Training</b> ") to 4 trainees as part of the Franchisee Fee. We reserve the right to charge a fee for training (i) more than 4 trainees, even if they attend the same training session, (ii) persons who are repeating the course or replacing a person who did not pass, and (iii) subsequent trainees who attend the course.
Additional training programs	Varies based on program	Within 10 days of receipt of an invoice	We may charge you a reasonable fee for optional or required training programs that we may provide.
Additional sales training	\$2,500	Within 10 days of receipt of an invoice	Payable if your grand opening advertising fails to achieve 125 members in the first 4 weeks of the grand opening advertising period and we choose to provide you additional sales training.
In-person consulting services	Currently, \$500 per employee or agent for each full or partial day, plus their travel and living expenses	Within 10 days of receipt of an invoice	Payable if we provide requested consulting services in person at a place other than our offices. We may change this fee periodically, without limitation, upon 60 days' written notice.
Management Fee	15% of the Studio's Gross Revenue during the period of management, plus our direct out-of-pocket costs related to such management (including the travel and living expenses of our representatives)	Within 10 days of receipt of an invoice	Payable if we exercise our right to manage your Studio if you do not have a trained manager, after a default, or after the death or incapacity of your Operating Principal.
Mandatory seminars, conventions or programs	Reasonable registration fee of up to \$800 fee for each attendee	Prior to attending the event	Payable for any of your representatives who attend any conventions, meetings, demonstrations, and teleconferences that we host. The cost may vary from event to event. You are responsible for the travel and living expenses of you and your employees. The number of events and the number of events that will require travel may vary from year to year.



Type of Fee	Amount	Due Date	Remarks
Non-Compliance Fee	Up to \$1,000 per notice of violation	10 days after notice of violation	We may assess a non-compliance fee for violations of the Franchise Agreement and/or the Manuals. We reserve all other rights and remedies.
Product, service, supplier, and service provider review	Our reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs	Upon demand	Payable if you wish to offer products or use any supplies, equipment, or services that we have not approved or wish to purchase from a supplier or service provider that we have not approved, whether or not we approve the item, service, supplier, or service provider.
Insurance Reimbursement	Cost of the premium plus a reasonable fee for our services in procuring the insurance (currently \$500)	Upon demand	Payable only if you fail to maintain the minimum insurance we require and we choose to procure the required insurance for you.
Mystery shopper program	Actual cost and expenses of engaging mystery shoppers, plus a reasonable fee, as defined in the Manuals, if we engage the mystery shoppers on your behalf (currently \$250 per occurrence)	Upon demand	We have the right to establish a mystery shopper-type program and to set reasonable fees associated with such program.
Audit	Our costs and expenses, including costs for an independent accountant and attorneys' fees and related travel and living expenses	Within 10 days of demand	Payable if audit or review shows an understatement of Gross Revenue for the audited or reviewed period of 2% or more.
Inspection	Our actual costs and expenses incurred in inspecting your business (ourselves, through our employees, or agents), including travel and living expenses, wages, and other expenses for our employees	Upon demand	Payable if inspection is necessitated by your repeated or continuing failure to comply with any provision of the Franchise Agreement.
Remedial expenses	Our actual costs and expenses incurred in correcting your operational deficiencies	Upon demand	Payable if we correct deficiencies that we have identified during a Site inspection and that you failed to correct within a reasonable time, not to exceed 30 days, after notice from us.

Type of Fee	Amount	Due Date	Remarks
Indemnification	Amount of our liabilities, fines, losses, damages, costs and expenses (including our attorneys' fees)	Upon demand.	Payable if we incur losses due to your breach of the Franchise Agreement or any other action or inaction by you or any other person relating to your Studio
Enforcement expenses	Our actual costs and expenses of de-identifying your Studio	Upon demand	Payable if your Franchise Agreement expires or is terminated, you fail to de-identify your Studio, and we take steps to do so.

**NOTES:**

- All of the fees in the table above are imposed by us, payable to us or our affiliates, non-refundable, and are uniformly imposed. You must use the payment methods we designate. You must furnish us and your bank with any necessary authorizations to make payment by the methods we require.
- “Gross Revenue”** means all revenue that you receive or otherwise derive from operating the Studio, whether from cash, check, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for the revenue. If you receive any proceeds from any business interruption insurance applicable to loss of revenue at the Studio, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers. Gross Revenue does not include (i) any bona fide returns and credits that are actually provided to customers and (ii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority. You may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation.

**ITEM 7. ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure <sup>(1)</sup>	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is Made
Franchise Fee <sup>(2)</sup>	\$50,000	\$50,000	Lump sum	On signing	Us
Lease, utility & security deposits <sup>(3)</sup>	\$10,000	\$36,000	As incurred	As incurred	Landlord or utility companies
Design & architectural fees <sup>(4)</sup>	\$12,000	\$30,000	As incurred	As incurred	Vendors, us, or affiliates
Net leasehold improvements <sup>(5)</sup>	\$128,000	\$345,000	As incurred	As incurred	Contractor
AED and first aid equipment/training <sup>(6)</sup>	\$1,500	\$2,000	Lump sum	As incurred	Outside suppliers
Furniture, fixtures & improvements <sup>(7)</sup>	\$75,000	\$90,000	As incurred	As incurred	Contractor or vendors

Type of Expenditure <sup>(1)</sup>	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is Made
Signage <sup>(8)</sup>	\$7,000	\$15,000	As incurred	As incurred	Vendors
Studio occupancy (3 months) <sup>(9)</sup>	\$0	\$50,000	As incurred	As incurred	Landlord
Technology System <sup>(10)</sup>	\$26,500	\$45,000	As incurred	As incurred	Vendors
Other equipment <sup>(11)</sup>	\$5,000	\$10,000	As incurred	As incurred	Vendors
Office equipment & supplies <sup>(12)</sup>	\$5,000	\$7,000	As incurred	As incurred	Vendors or us
Business licenses & permits <sup>(13)</sup>	\$500	\$1,500	As incurred	As incurred	Government agencies
Initial inventory <sup>(14)</sup>	\$3,000	\$4,000	As incurred	As incurred	Vendors or us
Opening Package <sup>(15)</sup>	\$7,500	\$7,500	Lump sum	On signing	Us
Insurance <sup>(16)</sup>	\$950	\$1,500	As incurred	As incurred	Vendors
Training expenses <sup>(17)</sup>	\$3,000	\$5,000	As incurred	As incurred	Airlines, hotels and salaries of your employees
Grand opening advertising <sup>(18)</sup>	\$25,000	\$35,000	As incurred	As incurred	Vendors
Additional funds (3 months) <sup>(19)</sup>	\$25,000	\$45,000	As incurred	As incurred	Vendors, landlord and employees
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b> <sup>(20)</sup>	<b>\$384,950</b>	<b>\$779,500</b>			

**Notes:**

1. Type of Expenditure. The amounts provided in this Item 7 include costs you will incur to start your business. These estimates are based upon our parent company's experience developing Affiliate-Owned Studios in Chicago, West Hollywood, and Manhattan. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.
2. Franchise Fee. See Item 5. If you are eligible for the veteran discount, the Franchise Fee for your first franchise is \$40,000, a 20% discount from the standard Franchise Fee. In addition, if you develop additional Studios pursuant to a Development Agreement, the Franchise Fee for your second Studio is \$45,000 (a 10% discount from the standard Franchise Fee) and \$40,000 for your third and each subsequent Studio (a 20% discount from the standard Franchise Fee).
3. Lease, Utility & Security Deposits. This estimate includes prepaid rent and deposits payable to the landlord and any deposits on utilities required to open the Studio. These amounts will vary based on your location, the terms of your lease, and your negotiations with the landlord.
4. Design & Architectural Fees. You must retain an architect to generate the design and construction plans for your Studio. We may, in our discretion, designate an architect that you must use. This estimate includes costs to engage a real estate project manager that we may designate to manage and lead real estate brokerage services and site selection counseling. This estimate also includes costs related to the drafting, shipping, and printing of such plans and costs related to graphics for your Studio. This estimate does not include site-specific structural, seismic, and acoustical engineering designs, plans and drawings. Your costs will vary depending upon the location of the Site, its condition, your negotiations with the architect and landlord, and the need for additional designs, plans, and drawings, if applicable.

5. Leasehold Improvements. Leasehold improvements include electrical, carpentry, floor covering, and painting materials and labor for a 2,500 square foot Studio. The cost of a general contractor may vary depending on the size and condition of the premises, whether or not there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements you desire over and above our minimum requirements, your landlord's contribution to the cost of tenant improvements (if any), and the local costs of material and labor. In certain major metropolitan markets, costs could be significantly higher than the estimates provided here due to local market rates for materials and labor.
6. AED and First Aid Equipment/Training. This estimate includes the cost of one automated external defibrillator ("**AED**") and training for CPR and AEDs, which every Studio must have.
7. Furniture, Fixtures & Improvements. This estimate includes the furniture, fixture, and equipment to be used in the Studio, including cabinetry, retail displays, lockers, benches, lighting systems, reception desk, and office furniture.
8. Signage. This estimate includes the cost of outdoor and indoor signage.
9. Studio Occupancy (3 months). This estimate includes rent for 3 months for a standard 2,500 square foot Studio. Your actual rent will depend on the square footage, location, visibility, accessibility, condition, and other physical characteristics of your Studio, as well as local market conditions and demand. In certain major metropolitan markets and in certain other high demand districts, prevailing market rents could be significantly higher than the high estimate. The low end of the range assumes that you receive rent abatement for the 3-month period before opening. You should consult with a local commercial real estate broker to get a more accurate estimate of costs in your market. If you choose to purchase rather than rent a site for the Studio, we cannot estimate your expenses, since numerous variables affect the value of a particular piece of real estate.
10. Technology System. This estimate includes the cost of acquiring and installing the Technology System, which is defined and described in greater detail in Item 11, as well as software license fees for 3 months.
11. Other Equipment. This estimate includes the cost of exercise equipment and accessories required to support your initial client base.
12. Office Equipment & Supplies. This estimate includes your telephone system, security system, video cameras, cleaning supplies, and other ancillary items used in the operation of the Studio.
13. Business Licenses & Permits. This estimate includes the cost of acquiring business licenses and permits, which will vary depending upon your Studio's location.
14. Initial Inventory. This estimate covers the cost of your initial inventory of merchandise which you must offer for sale to your customers, such as water and a mix of branded apparel.
15. Opening Package. This estimate covers the cost of your initial inventory of products and equipment for resale and use in your Studio that we will supply to you, including fitness equipment and apparel.
16. Insurance. You must secure and maintain insurance for your business. The required types and levels of insurance coverage are maintained in the Manuals. This estimate is for your insurance premium deposit and your first three months of insurance coverage, which may be paid prior to opening. You will need to check with your insurance carrier for actual premium

quotes and costs, as well as for the actual amount of the deposit. The cost of coverage will vary based upon the area in which your business will be located, your experience with the insurance carrier, the loss experience of the carrier, the amount of the deductibles and of coverage, and other factors beyond our control. See Item 8.

17. **Training Expenses.** Training expenses include the cost for your Operating Principal, Key Manager, and your lead trainer to attend our pre-opening training program at an approved training location, which will be at one our Affiliate-Owned Studios in Chicago, Illinois, West Hollywood, California or New York, New York. You are responsible for the travel and living expenses, wages, and other expenses incurred by your trainees during Initial Training. The actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices.
18. **Grand Opening Advertising.** You are required to spend a minimum of \$25,000 on marketing and advertising designed to promote your Studio beginning 90 to 120 days before, and ending upon, the opening of your Studio. A portion of these monies will be focused on the pre-sale of memberships prior to opening, social media, signage at the location as it is under construction, and other strategies that we approve. Your cost may be higher based on the length of time you wish to run opening promotions or any additional marketing spending you may choose to undertake.
19. **Additional Funds (3 months).** This estimates the additional funds you may need to cover expenses you will incur before your Studio opens and in its first 3 months of operation. These expenses may include employee salaries, wages, and benefits, payroll taxes (including payroll to cover the pre-opening training period for your staff), legal and accounting fees, Royalty Fees, Brand Fund Fees, Technology Fees, additional advertising expenses, additional inventory, miscellaneous supplies and equipment, bank charges, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items. This estimate does not include distributions to your owners. We have based these figures on our parent company's experience operating a Studio in New York, New York. You may incur other categories of expenses or expenses in excess of this estimate.
20. **Total Estimated Initial Investment.** You should review the figures carefully with a business advisor before making any decision to purchase the Franchise.

We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements. The availability and terms of financing obtained from third parties will depend upon such factors as the availability of financing, your credit worthiness, collateral which you may make available, or policies of local lending institutions with respect to the nature of the business.

### **YOUR ESTIMATED INITIAL INVESTMENT**

#### **(MULTIPLE STUDIOS DEVELOPED UNDER DEVELOPMENT AGREEMENT)**

Type of Expenditure	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is Made
Development Fee <sup>(1)</sup>	\$92,500	\$132,500	Lump sum	When sign Development Agreement	Us

Type of Expenditure	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is Made
Estimated initial investment for first Studio <sup>(2)</sup>	\$334,950	\$729,500	As incurred	As incurred	Us and third parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b> <sup>(3)</sup>	\$427,450	\$862,000			

**Notes:**

1. Development Fee. Upon signing the Development Agreement, you must pay us the Development Fee. The Development Fee varies based on the number of Studios you commit to develop. The example above assumes that you commit to develop a minimum of 3 Studios and a maximum of 5 Studios. The Development Fee will be credited towards the Franchise Fee for each Studio developed under the Development Agreement. The Development Fee is not refundable. See Item 5.
2. Estimated Initial Investment for First Studio. For each Studio that you develop under a Development Agreement, you will execute a Franchise Agreement and incur the initial investment expenses for the development of a single Studio as described in the first table of this Item 7. This estimate is based on the expenses described in the first table of this Item 7. The estimate does not include the Franchise Fee, since the Development Fee is credited towards the Franchise Fee for each Studio.
3. Total. We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements.

**ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

**Authorized Products and Services.** We have the right to require that furniture, fixtures, signs, and equipment (the “**Operating Assets**”) and products, supplies, and services that you purchase for resale or purchase or lease for use in your Studio: (i) meet specifications that we establish periodically; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates).

You may offer to customers only the products, services, and classes we approve in writing. In addition, you must offer the specific products, services, and classes that we require in the Manuals or otherwise in writing. We may change these specifications periodically, and we may designate specific products or services as optional or mandatory. You must offer all products or services that we designate as mandatory. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System Standards. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

Currently, we require you to exclusively purchase your Opening Package and subsequent fitness equipment and accessories from PVLLC. We require you to purchase water bottles from our approved supplier. None of our other affiliates are currently approved suppliers, though we reserve the right to require you to purchase additional items from us or our affiliates in the future.

When you develop your Studio, you must retain an architect to generate the design and construction plans for your Studio. We may, in our discretion, designate an architect that you must use. We may require you to engage at your own expense a real estate project manager (the “**Real Estate Project Manager**”) that we designate to manage and lead real estate brokerage services, site selection counseling, and other assistance that the Real Estate Project Manager considers necessary and appropriate. You may not engage real estate brokers other than any broker that we may provide without our written approval.

**Insurance.** You must obtain and maintain at all times the types of insurance and the minimum policy limits specified in the Manuals using insurance carriers that are rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). The insurance policy or policies must include, at a minimum (except as additional coverage and higher policy limits may reasonably be specified by us periodically), in accordance with our written standards and specifications, the following:

General Liability	\$1,000,000 each occurrence \$3,000,000 annual aggregate \$1,000,000 products-completed operations \$1,000,000 personal and advertising injury \$ 250,000 damage to premises rented to you
Professional Liability	\$1,000,000 each occurrence \$3,000,000 annual aggregate
Umbrella	\$5,000,000 aggregate
Hired and Non-Owned Auto	\$1,000,000 combined single limit
Workers’ Compensation	\$1,000,000 each accident \$1,000,000 each disease – policy limit \$1,000,000 each disease – each employee
Property	Full replacement cost on all business personal property

You are required to purchase most of the components of the Technology System that we specify from suppliers that we approve or designate. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements.

Our parent, PVLLC, is a required supplier of certain equipment and inventory. Our officers each own an interest in PVLLC.

**Approval Process.** If you would like to offer products or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier’s facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. Proposed suppliers may be required to come to our offices in Chicago, Illinois or

New York, New York in order for us to make an evaluation. You must pay us an amount not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. If we specify criteria for our approval of such goods, services, or vendors, we will publish them in the Manuals. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation (within 60 days). If you do not receive our approval within 60 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Studio may differ from those that we permit or require to be offered in other studios.

We reserve the right to re-inspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If we revoke approval of a previously-approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

**Issuance of Specifications and Standards.** To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manuals. We may, at any time, in our discretion, change, delete, or add to any of our specifications or quality standards. Such modifications, however, will generally be uniform for all franchisees. We will notify you of any changes to our Manuals, specifications, or standards in writing, which we may transmit to you electronically.

**Proportion of Purchases Subject to Specifications.** We estimate that the cost to purchase and lease all equipment, inventory and other items and services that we require you to obtain from us or our affiliates, from designated suppliers, or in accordance with our specifications ranges from 50% to 75% of the total cost to purchase and lease equipment, inventory, and other items necessary to establish a Studio and 30% to 40% of the total cost to purchase and lease equipment, inventory, and other items to operate a Studio.

**Revenue from Purchases.** We or our affiliates may, and intend to, receive revenues or profits or other material consideration from the purchases you make from us, our affiliates, or from other approved suppliers. We or our affiliates may retain any rebates or other payments we receive from suppliers without restriction.

As we had no franchisees in operation in 2022, we did not receive any revenue from required purchases by franchisees in the previous fiscal year.

**Cooperatives and Purchase Arrangements.** We are not involved in any purchasing or distribution cooperatives. We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of franchisees. As of the issuance date of this Disclosure Document, we have not negotiated any such arrangements.



**Material Benefits.** We do not provide any material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers.

**ITEM 9. FRANCHISEE’S OBLIGATIONS**

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

	<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a.	Project management and site acquisition/lease	FA: Sections 4.1, 4.2, and 4.4	Item 11
b.	Pre-opening purchases/leases	FA: Sections 4.4, 6.8, and 6.11	Items 6,7, 8 and 11
c.	Site development and other pre-opening requirements	FA: Sections 4.4 and 4.5	Items 7, 8 and 11
d.	Initial and ongoing training	FA: Section 5	Items 6, 7 and 11
e.	Opening	FA: Section 4.6 DA: Section 3	Items 6 and 11
f.	Fees	FA: Sections 3, 4.6, 4.7, 5.1, 5.3, 5.4, 5.6, 6.2, 6.10(b), 6.11(a), 6.14, 7.2(a), 7.3, 8.4, 8.5, 8.6, 13.4, 13.5, 13.6, 13.8, 14.2(b)(vii) and 15.1 DA: Section 2	Items 5, 6, 7 and 11
g.	Compliance with standards and policies/Operations Manual	FA: Sections 5.4, 5.5, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.10, 6.12, 7.3, 8.4, 8.6, 10.3, and 13.4	Items 7, 8, 11, 13, 14, 15 and 16
h.	Trademarks and proprietary information	FA: Sections 9 and 10 DA: Section 9	Items 13, 14 and 17
i.	Restrictions on products/services offered	FA: Sections 6.6, 6.8 and 6.9	Items 8 and 16
j.	Warranty and customer service requirements	FA: Section 6.12 and 8.6	Items 8 and 16
k.	Territorial development and sales quotas	FA: Section 4 DA: Section 3	Item 12
l.	Ongoing product/service purchases	FA: Section 6.8	Items 8 and 16
m.	Maintenance, appearance and remodeling requirements	Sections 4.5, 6.3, 6.4 and 6.5	Items 7, 8 and 11
n.	Insurance	FA: Section 6.14	Items 7 and 8
o.	Advertising	FA: Sections 3.4 and 7	Items 6, 7, 8 and 11
p.	Indemnification	FA: Section 11	Item 6
q.	Owner’s participation/management/staffing	FA: Sections 1.4, 1.5, and 6.2	Items 11 and 15
r.	Records and reports	FA: Section 8.1, 8.2, and 8.3	Items 6 and 17
s.	Inspections and audits	FA: Sections 8.4, 8.5, and 8.6	Items 6 and 11
t.	Transfer	FA: Section 13 DA: Section 7	Items 6 and 17
u.	Renewal	FA: Section 2.2	Item 17
v.	Post-termination obligations	FA: Section 15 DA: Section 8.2	Item 17

	Obligation	Section in Franchise Agreement	Disclosure Document Item
w.	Non-competition covenants	FA: Section 12 and 15.9 DA: Section 8	Item 17
x.	Dispute resolution	FA: Section 16 DA: Section 9	Item 17

**ITEM 10. FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

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

**Our Pre-Opening Obligations**

For all Franchise Agreements, whether executed pursuant to a Development Agreement or otherwise, before you begin operating your Studio:

**1. Designate Areas.** We will designate your Site Selection Area. (Franchise Agreement - Section 1.1).

**2. Real Estate Project Management Services.** We may designate a Real Estate Project Manager that you must contract with to manage and lead real estate brokerage services, site selection counseling, and other assistance that the Real Estate Project Manager considers necessary and appropriate, which may include, in the Real Estate Project Manager’s sole discretion, on-site evaluations. The Real Estate Project Manager may engage third-party real estate brokers to work on your behalf to identify sites for your Studio in the Site Selection Area. You may not engage other real estate brokers without our written approval. If you identify a site in the Site Selection Area on your own that is reasonably suited for the conduct of the Studio and is consistent with any site selection guidelines that we may provide, before entering into any lease or purchase agreement for the site, you must submit a site proposal package describing details about the proposed site and provide any other information that we reasonably require.

**a. Site Selection.** We will review each site that the Real Estate Project Manager, broker or you identify and determine whether to accept it using our proprietary site selection assistance criteria, which may include evaluations of the proposed site by third-party site selection assistance software. We will conduct such on-site evaluation as we consider necessary and appropriate as part of our evaluation. We are not required to complete our review within a certain period of time. In addition to certain demographic characteristics, we also consider the following factors in accepting a Studio location: traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed site’s size, appearance, and other physical characteristics.

While we will provide assistance and guidance, it is solely your responsibility to select a suitable site for the Studio.

You must secure a site that we have accepted by signing a site lease or purchase agreement within 120 days after the effective date of your Franchise Agreement (the “**Site Acquisition Deadline**”). We may extend this Site Acquisition Deadline in our sole discretion, and we may require

you to execute a general release as a condition of us agreeing to grant such extension. If you do not secure a site for your Studio that we accept by the Site Acquisition Deadline, we may terminate the Franchise Agreement. (Franchise Agreement - Sections 4.1, 4.2, and 4.4).

Under the Development Agreement, you must locate the Studios only at sites that we have accepted in accordance with the terms of the applicable franchise agreement. We will use our then-current standards for accepting sites and designating Protected Areas.

**b. Approval of Site Lease.** Before you make a binding commitment to purchase, lease, or sublease a site, we must approve in writing the proposed lease or purchase agreement or any letter of intent between you and the third-party seller or lessor. If you lease the site, unless we waive the requirement in writing, you must arrange for the execution of the Lease Rider in the form that is attached as Appendix D to the Franchise Agreement in Exhibit A of this Disclosure Document. We may require you to engage an attorney to review your lease or purchase agreement for the Site that we have accepted and to supply us with reasonable documentation in connection with such review, including a lease abstract and confirmation that the terms in the agreement reflect the terms in any letter of intent between you and the third-party seller or lessor. We will not provide you with any legal advice with respect to your lease or purchase of the site. Our review of the lease is for our benefit and is not intended to supplement or replace any review by a real estate attorney engaged on your behalf. You are strongly encouraged to engage competent legal counsel to assist in the review and negotiation of your site lease. (Franchise Agreement - Section 4.4).

**3. Architectural Services.** We may designate an architect that you must use at your own expense. We will make available to the architect a set of prototype plans and specifications (not for construction) for the Studio and for the exterior and interior design and layout. The architect will adapt for the Site our standard plans and specifications for the exterior and interior design and layout, fixtures, furnishings, signs, Trade Dress, and equipment for the Studio. We will review the architectural drawings and specifications for the construction of the Studio showing all leasehold improvements, interior designs, and elevations developed by the architect (collectively “Plans”), which we must approve prior to their submission for permitting. (Franchise Agreement - Section 4.5(a))

**4. Approval of Contractors.** You must provide us with written notice identifying your general contractor, and you must ensure that the contractor is duly licensed in your jurisdiction and adequately insured. You may not begin construction until we have given you written approval of the Plans and we have approved in writing your choice of general contractor. We may require you to use only general contractors that we have pre-approved, provided that one is available in your Site Selection Area. (Franchise Agreement - Sections 4.5(c))

**5. Initial Training.** We will provide Initial Training in the System and our policies and procedures to your Operating Principal, Key Manager, and your lead trainer. See “Training”, below in this Item. (Franchise Agreement - Section 5.1)

**6. Manuals.** We will provide you with electronic access to our Manuals, on loan for as long as this Agreement or a successor franchise agreement remains in effect. (Franchise Agreement - Section 6.1(a))

**7. Initial Product Purchases.** We will deliver to you your Opening Package. Other than the Opening Package, we do not provide any Operating Assets or other items for the Studio’s development directly or deliver or install items. We will provide the names of approved suppliers and/or specifications for some items. (Franchise Agreement - Section 3.2)

**8. Advice.** We will advise you as to development of class schedules and local marketing and networking efforts. We will provide you with templates for customer agreements, membership agreements, and/or related waivers for use in your Studio, which you must adapt to comply with applicable laws and regulations. We must approve any modified forms of such agreements or waivers. (Franchise Agreement – Sections 5.2 and 6.3)

**9. Opening Approval.** We will approve your Studio opening, provided (i) we have viewed the certificate of occupancy, (ii) confirmed that you have complied with the Plans, and (iii) confirmed that you have complied with the pre-opening obligations set forth in the Franchise Agreement and have done so in accordance with our System Standards as set forth in the Manuals. We estimate that the typical length of time between signing a Franchise Agreement and opening your Studio is approximately 240 days. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to locate a site that we approve; to obtain any financing you need; to obtain required permits and governmental agency approvals; to fulfill local ordinance requirements; to complete construction, remodeling, alteration, and improvement of the Studio, including the installation of fixtures, equipment, and signs; to complete our initial training program; and to complete the hiring and training of personnel. Inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors may cause delays in construction. You must open the Studio no later than 300 days after the effective date of the Franchise Agreement, within 180 days after we accept the site, and within 10 days after we approve your Studio opening. (Franchise Agreement - Section 4.6).

If you sign a Development Agreement, then before you begin operating your business under that agreement, we will also:

**1. Determine the Development Area.** We will determine the Development Area within which you will establish and operate Studios. (Development Agreement – Section 1)

**2. Determine the Number of Studios.** We will determine the number of Studios that you must open in the Development Area under the Development Schedule attached to the Development Agreement. (Development Agreement – Sections 1 and 3)

**3. Determine the Development Schedule.** We will determine the Development Schedule and the deadlines by which you must submit the Franchise Fee and Opening Package Fee, sign a franchise agreement for, and open and begin operating, each Studio to be developed under the Development Agreement. (Development Agreement – Section 3)

## **Ongoing Assistance**

During the operation of your Franchise:

**1. Review Advertising.** We will review any advertising or promotional programs or materials that you develop. (Franchise Agreement - Sections 7.3(b))

**2. Brand Fund Management.** We will manage the Brand Fund as described below in this Item. We will prepare an unaudited statement of contributions and expenditures for the Brand Fund and make it available within 60 days after the close of our fiscal year to franchisees who make a written request for a copy. (Franchise Agreement - Section 7.2(a))

**3. Requested Consulting Services.** We will provide to you additional consulting services with respect to the operation of the Studio upon your reasonable request and subject to the availability of our personnel at a mutually convenient time. We will make available to you information about new developments, techniques, and improvements in the areas of merchandising, advertising,

management, operations, and Studio design. We may provide such additional consulting services through the distribution of printed or filmed material, an intranet or other electronic forum, meetings or seminars, teleconferences, webinars, or in person. If such services are rendered in person other than at our offices, you must pay us a fee and our expenses. (Franchise Agreement - Section 5.6)

**4. Relocation Review.** We will evaluate sites to which you propose to relocate your Studio in accordance with our then-current real estate project management requirements. (Franchise Agreement - Section 4.7)

**5. Pricing.** If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing periodically. Otherwise, you are solely responsible for determining the prices that you charge customers and must provide us with your current price list upon our request. (Franchise Agreement - Section 6.7)

## **Advertising**

**Our Marketing.** We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We may make available for you to purchase approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared.

We have not conducted media advertising for the Pvolve concept. If we conduct media advertising, we may use direct mail, print, radio, Internet, or television, which may be local, regional, or national in scope. However, we expect that most of our advertising will be via social media and public relations campaigns. We may produce the marketing materials in-house or employ a local, regional, or national advertising agency. We are not obligated to conduct any advertising or marketing programs within your market.

**Local Marketing.** You must use your best efforts to promote the use of the Mark in your market area. You must spend at least \$3,000 per calendar month on local advertising and promotional activities (the “**Marketing Spending Requirement**”). Your Marketing Spending Requirement is in addition to your Brand Fund Fee. We have the right to designate in the Manuals the types of expenditures that will or will not count toward the Marketing Spending Requirement. At our request, you must submit appropriate documentation to verify compliance with the Marketing Spending Requirement. If you fail to spend (or prove that you spent) the Marketing Spending Requirement in any quarter, then we may, in addition to and without limiting our other rights and remedies, require you to pay us the shortfall as an additional Brand Fund Fee or to pay us the shortfall for us to spend on local marketing for your Studio.

You must participate in such advertising, promotional, and community outreach programs that we may specify periodically, at your own expense. You must ensure that all of your advertising, marketing, promotional, customer relationship management, public relations and other brand related programs and materials that you or your agents or representatives develop or implement relating to the Studio is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. Moreover, you must conduct all advertising in a dignified manner and in conformance with the standards and requirements we specify in the Manuals. There are no territorial restrictions from accepting business from members that reside or work or are otherwise based outside of your Protected Area, but, unless we agree otherwise in writing, you may not direct or target any marketing to prospective members who live or work outside of your Protected Area, unless you have an existing business relationship with such individuals. We reserve the right to

implement rules and restrictions in our Manuals or otherwise in writing regarding marketing to prospective members.

You must submit to us in writing for our prior approval all sales promotion materials and advertising that have not been prepared by or previously approved by us. If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved. We will have the final decision on all creative development of advertising and promotional messages. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

**Grand Opening Advertising.** In connection with the opening of the Studio, you must spend a minimum of \$25,000 for grand opening advertising and promotion in the 90 to 120 days prior to opening the Studio in accordance with a plan approved by us. We will provide you with an initial grand opening advertising plan template, which you may modify (subject to our final approval). Your grand opening expenditures may include monies focused on the pre-sale of memberships, approved social media promotions, and temporary signage while your Studio is under construction. Any amounts you spend on your grand opening will not be credited toward the Marketing Spending Requirement. You must provide us with supporting documentation evidencing these expenditures upon request.

If your grand opening advertising fails to achieve 125 members in the first 4 weeks of the grand opening advertising period, we may provide additional sales training at a cost of \$2,500 to you. If we choose to provide additional sales training to you, your Operating Principal and Key Manager must attend.

**Brand Fund.** We may, but are not obligated to, establish the Pvolve Brand Fund, a segregated or independent fund into which all Brand Fund Fees will be paid (the “**Brand Fund**”). We do not currently collect the Brand Fund Fee but we will begin collecting a Brand Fund Fee of 2% of your Gross Revenue on January 1, 2024. We will contribute the Brand Fund Fee to the Brand Fund. We may use monies in the Brand Fund and any earnings on the Brand Fund account for any costs associated with advertising (media and production), branding, marketing, public relations and/or promotional programs and materials, and any other activities we believe would benefit the Pvolve brand or the Studios generally, including advertising campaigns in various media; creation, maintenance, and optimization of the System Website or other websites; keyword or adword purchasing programs; conducting and managing social media activities; direct mail advertising; market research, including secret shoppers and customer satisfaction surveys; branding studies; employing advertising, social media marketing, and/or public relations agencies; developing or purchasing promotional items; conducting and administering promotions, contests, giveaways, public relations events, and community involvement activities; and providing promotional and other marketing materials and services to our franchisees. We have the right to direct all marketing programs, with the final decision over creative concepts, materials, and media used in the programs and their placement. We do not guarantee that you will benefit from the Brand Fund in proportion to your contributions to the Brand Fund. We have no obligation to spend any amount on advertising in your protected area.

We will make any sales and other materials produced with Brand Fund monies available to you without charge or at a reasonable cost.

We will not use the Brand Fund for anything whose sole purpose is the marketing of franchises; however, the Pvolve website, public relations activities, community involvement activities, and other activities supported by the Brand Fund may contain information about franchising opportunities.

We will not use any contributions to the Brand Fund to defray our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Brand Fund or the management of Brand Fund-supported programs (including the pro-rata amount of salaries of our personnel who devote time to Brand Fund activities and retainers and fees for outside agencies). We may use monies in the Brand Fund to pay for an independent audit of the Brand Fund, if we elect to have it audited.

In no event will we be deemed a fiduciary with respect to any Brand Fund Fees we receive or administer. We are not required to have an independent audit of the Brand Fund completed. We will prepare an unaudited statement of contributions and expenditures for the Brand Fund and make it available within 60 days after the close of our fiscal year to franchisees who make a written request for a copy.

All franchisees and Studios operated by us or our affiliates will contribute to the Brand Fund a uniform percentage of their Gross Revenue.

As of the issuance date of this Disclosure Document, we have not created a Brand Fund and, accordingly, there were no Brand Fund expenditures in our prior fiscal year. Any sums in the Brand Fund at the end of any year will be applied toward the following years' expenditures.

**Digital Marketing.** We may, in our sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "**Digital Marketing**") that are intended to promote the Marks, your Studio, and the entire network of studios. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Studio.

Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Studio or the network. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. If we permit your or your employees to conduct Digital Marketing, we will have the right to retain full control over all websites, social media accounts, mobile applications or other means of digital advertising that we have permitted you to use. We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time.

You are not authorized to have a website for your Studio or to have a webpage related to your Studio in any third-party website, including social networking sites. As part of our Digital Marketing, we or one of our designees will operate and maintain the Pvolve website, which will include basic information related to the Studio, the ability for customers to purchase classes at your Studio or sign up for a membership at your Studio, and access to the Studio's reservation system.

**Promotional Programs.** You must participate in all in-Studio promotional programs that we offer to franchisees. You will follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth periodically in the Manuals or otherwise in writing. You will not allow use of gift certificates, gift cards, or coupons (including Groupons and similar discounts) unless approved or offered by us.

**Advertising Cooperatives.** We currently do not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future. However, you must join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple studios, and you must abide by the bylaws, rules, and regulations duly required by such advertising cooperative, which we have the right to designate or approve if and when we form such cooperative. If you join an advertising cooperative, we or the advertising cooperative may require you to contribute up to 50% of your Marketing Spending Requirement to the Advertising Cooperative to enable it to implement marketing programs. If we or our affiliates operate any Studios within the area of an Advertising Cooperative, we or our affiliates will contribute to and participate in the Advertising Cooperative in the same manner as a franchised Studio. If we form an advertising cooperative, we will make any governing documents available to you for your review.

**Advertising Councils.** We currently do not have an advertising council composed of franchisees to advise us on our advertising policies. We may decide to implement a franchisee advisory council in the future, at which point we will set policies related to such council. If we form a franchisee advisory council, we may appoint members, allow franchisees to elect members, or have a mix of appointed and elected positions. The council may consist of both franchisees and our representatives. Any council will be advisory and will not have any decision-making authority. We will have the right to modify or dissolve any advisory council that we create.

**Technology System** You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify in the Manuals necessary to operate our point of sale system, the customer relationship management system, the online reservation system, and other technology systems that we designate (collectively, the “**Technology System**”). You must use the Technology System to (i) enter and track purchase orders and receipts, classes and attendance, and customer information, (ii) update inventory, (iii) enter and manage your customer’s contact information, (iv) generate sales reports and analysis relating to the Studio, and (iv) provide other services relating to the operation of the Studio.

The Technology System typically includes a laptop, iPad, printer, 2 televisions, speakers, microphones, security cameras, ethernet cables, wireless access points, and routers. Components of the Technology System must be connected to the Internet via a high-speed Internet connection. The Technology System will use third-party software from our approved vendors. For any proprietary software or third party software that we require you to use, you must execute and be responsible for the fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require. Currently, we require you to use Mariana Tek’s and Brand Bot’s management systems, which require a combined monthly subscription fee of \$599 per month.

We estimate that the Technology System will cost between \$26,500 to \$45,000, which includes the cost of the hardware, software licenses, related equipment, and network connections, including related installation costs. We, or our approved suppliers, will act as vendors or suppliers of some or all of the components of the Technology System.

You must maintain the Technology System at your expense and must purchase any hardware or software maintenance or technical support programs that we require. You must replace, upgrade, or update the Technology System as we may require periodically. We will establish reasonable deadlines for implementation of any changes to our Technology System requirements, but there are no contractual limitations on our right to require changes to the Technology System.



We currently do not require you to enter into, or expect that you will need to enter into, any maintenance, updating, upgrading, or support contracts related to the Technology System, other than any periodic upgrades provided as part of your monthly Mariana Tek and Brand Bot subscriptions. We, our affiliates, and third-party vendors are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates. Vendors may be able to offer optional maintenance, updating, upgrading, or support contracts to you, which we estimate will cost less than \$1,000 per year but you may incur additional hardware replacement costs during the term of the Franchise Agreement.

You, at all times, must give us and any third parties that we designate unrestricted and independent electronic access (including users IDs and passwords, if necessary) to the Technology System for the purposes of obtaining the information relating to the Studio, including accounting information from accounting software that we specify. You must permit us to download and transfer data via a high-speed Internet connection or such other connection that we specify on a real-time basis. We will have independent, unlimited remote access to all information, data and records in your Technology System. The Technology System will permit 24 hours per day, 7 days per week electronic communications between us and you. There are no contractual limitations on our right to access data stored in the Technology System.

You must dedicate your computer system for use as the Technology System only and use the Technology System in accordance with our policies and operational procedures. Your employees must complete any and all training programs we reasonably require for the proper operation and use of the Technology System. You may not use any other cash registers or computer systems in your Studio.

## **Manuals**

As of the issuance date of this Disclosure Document, the Manuals include 349 pages. The current Table of Contents of the Manuals is attached as **Exhibit E** to this Disclosure Document. We may amend, modify, or supplement the Manuals at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System. You must comply with revised standards and procedures within 30 days after we transmit the updates.

## **Training**

**Initial Training.** Your Operating Principal, your Key Manager, and your lead trainer (collectively, “**Required Trainees**”) must personally attend and satisfactorily complete our Initial Training before you open your Studio. Initial Training currently consists of: (i) 1 week of Initial Training for your Operating Principal and (ii) 2 weeks of training for your Key Manager and lead trainer. We will conduct Initial Training on an as needed basis. We will conduct training at one of our Affiliate-Owned Studios (as designated by us) and at your Studio. We reserve the right to modify the length, location, and timing of Initial Training. We may waive a portion of Initial Training or alter the training schedule if we determine that your Required Trainees have sufficient prior experience or training. We reserve the right, in our sole discretion, to offer portions or all of Initial Training via online “e-learning” modules through our learning management software system.

We will provide instructors, facilities, and materials for Initial Training for up to 4 of your representatives (including your Required Trainees) for the Franchise Fee provided that all of your trainees are trained during the same training session. We reserve the right to charge a training fee of \$800, which we may increase upon 60 days’ written notice to you, for (i) each person in excess of 4 trainees, (ii) each person who is repeating the course or replacing a person who did not pass, and (iii) each subsequent trainee who attend the course. You are responsible for any travel and living

expenses, wages, and other expenses incurred by your trainees during Initial Training or any other training programs.

Our Initial Training currently consists of the following:

**TRAINING PROGRAM FOR STUDIO LEAD TRAINERS**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Orientation	—	0.5	Our headquarters in Chicago, Illinois, your Studio, or another location we designate
Pvolve Foundational Moves	—	3	
Pre/Post Class Experience / Client Connection	—	2	
Benefits of Pvolve / Pvolve Method Principles	—	1	
Intro to Equipment – Do’s and Don’ts	—	2	
Ankle Weights, Ankle Bands and Hand Weights	—	2	
Music Training	—	1	
Building Progressive Sequencing	—	1	
P.ball, P.band and Gliders	—	3	
Class Structuring - Warm Up, Standing Blocks, Mat Blocks, Final Stretch	—	1	
Tools for Retaining Names	—	0.5	
Hands-On Training	—	2	
Step & Slant	—	3	
P.3	—	3	
Cardio Burn	—	4	
Anatomy Training	—	2	
Injuries / Modifications Training	—	3	
Prenatal Training	—	2	
Taking Class	—	10	
Teaching Practice	—	20	
Mock-Classes with Notes	—	15	
Adapting Choreography with New Equipment	—	10	
Co-Teaching with Notes	—	10	
<b>TOTALS:</b>	<b>0</b>	<b>101</b>	

## TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location	
<b>DAY ONE</b>				
Introductions	0.5	—	An Affiliate-Owned Studio we designate or your Studio	
The Brand	1.0	—		
Franchise Responsibilities, Roles, Expectations	1.5	—		
Tour of Pvolve Studio	0.75	—		
Building Your Team	3.0	—		
Training Your Team	1.5	—		
Cool Down & Wrap Up	0.75	—		
<b>DAY TWO</b>				
Questions	0.25	—		
Overview – Pre-Opening	1.5	—		
Overview – Marketing and Promotion	2.0	—		
Advertising Requirements	0.5	—		
Pvolve 360	1.25	—		
Selling Pvolve	3.0	—		
Cool Down & Wrap Up	0.75	—		
<b>DAY THREE</b>				
Questions	0.25	—		
Using Mariana Tek and Brand Bot	1.25	—		
Billing Procedures and Pricing Structure	1.0	—		
Inventory Management	1.0	—		
Management Reporting	1.25	—		
Franchise Reporting	0.75	—		
Daily Operations	1.5	—		
Tour (Stations)	1.0	—		
Cool Down & Wrap Up	0.75	—		
<b>DAY FOUR</b>				
Questions	0.25	—		
The Pvolve Experience	2.0	—		

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Establishing Class Schedules	1.25	—	
Managing Personnel	1.25	—	
Cleaning and Maintenance	1.5	—	
Overview – Safety and Security	1.5	—	
Cool Down & Wrap Up	0.75	—	
<b>DAY FIVE</b>			
Questions	0.25	—	
Customer Service	2.0	—	
Review	1.5	—	
Pvolve Franchisee Training Program Final Exam	1.0	—	
Discussion of On the Job Training and Schedule for Next 5 Days	0.25	—	
<b>DAY SIX</b>			
Questions	—	0.25	
On the Job Training - Observation	—	12.0	
Wrap-Up	—	0.25	
<b>DAY SEVEN</b>			
Questions	—	0.25	
On the Job Training – Assistance from Trainer	—	12.0	
Wrap Up	—	0.25	
<b>DAY EIGHT</b>			
Questions	—	0.25	
On the Job Training – Assistance from Trainer	—	12.0	
Wrap Up	—	0.25	
<b>DAY NINE</b>			
Questions	—	0.25	
On the Job Training – Franchisee Takes Control	—	12.0	
Wrap Up	—	0.25	
<b>DAY TEN</b>			
Questions	—	0.25	

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
On the Job Training – Franchisee Takes Control	—	12.0	
Wrap Up	—	0.25	
DAY ELEVEN			
Questions	—	0.25	
On the Job Training – Franchisee Takes Control	—	12.0	
Wrap Up	—	0.25	
<b>TOTALS:</b>	<b>40.5</b>	<b>75.0</b>	

### SALES AND MARKETING TRAINING

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Sales and Marketing	—	40	Your Studio or another location we designate
<b>TOTALS:</b>	<b>0</b>	<b>40</b>	

We use videos, handouts, and the Manuals as instructional materials in our training programs. Emily Ebsworth, PVLLC’s Executive Director of Studio Sales and Operations, will lead our training programs. Emily has been with our affiliate for nearly 1 year and has over 9 years of experience in the fitness industry.

Your Required Trainees must successfully complete Initial Training at least 30 days before the Opening Deadline. We will determine, in our discretion, what constitutes successful completion of the program. If your Required Trainees are unable to successfully complete, in our sole discretion, Initial Training for any reason, your Required Trainees must repeat Initial Training or you must send replacement Required Trainees to complete Initial Training. If your Required Trainees have not, in our sole discretion, successfully completed Initial Training ten days before the Opening Deadline, we may terminate the Franchise Agreement, in which case we will not refund any initial fees paid by you.

**Additional Training.** We may periodically conduct mandatory or optional training programs for your Required Trainees and/or your employees at our office or another location that we designate. We may charge you a reasonable fee for such mandatory or optional training programs. We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine.

If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manuals, we may, in addition to all of our other rights and remedies, assign trainers to the Studio to provide on-site training and restore service levels and/or require you or your employees to repeat Initial Training or attend additional training programs at a location that we designate. We may charge

a reasonable fee (currently, \$500 per day) for each trainer assigned to your Studio and any remedial training.

**Training by You.** Your Operating Principal and your Key Manager are responsible for training all of your other employees (and subsequent Key Managers) in accordance with our standards and training programs. If, in our sole judgment, you fail to properly train your employees in accordance with our standards, we may prohibit you from training additional employees and either require them to attend training at our headquarters or pay a fee for us to send one of our representatives to train them at your Studio.

**Delegation.** We may delegate the performance of any or all of our obligations under the Franchise Agreement to an affiliate, agent, independent contractor, or other third party.

## **ITEM 12. TERRITORY**

### **Franchise Program**

**Site.** If the Site for your Studio has not been agreed upon when you sign the Franchise Agreement, we will specify a non-exclusive Site Selection Area in which you may locate the Site. Your Site Selection Area is not exclusive and is only intended to give you a general indication of the area within which you may locate the Site for the Studio. If we accept your proposed Site and you secure it, the Site will be added to the Franchise Agreement.

**Territory.** Once you have secured the Site, we will designate an area in which you will have protected rights (the “**Protected Area**”). Your Protected Area will typically contain a population of at least 50,000 people, but the size of your Protected Area may vary based on the location and demographics surrounding your Studio. The boundaries of your Protected Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. The sources we use to determine the population within your Protected Area will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources). We may not alter your Protected Area or modify your territorial rights before your Franchise Agreement expires or is terminated. Continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency.

With the exception of online content, the Protected Area is an “exclusive” territory. “Exclusive” means that, during the term of the Franchise Agreement, provided you are not in default under the Franchise Agreement, we will not operate, or license others to operate, a Studio using the System and the Marks or marks similar to the Marks inside the Protected Area.

As long as you are in compliance with the Franchise Agreement, your rights in the Protected Area will not be modified for any reason during the initial term of your Franchise Agreement, except by mutual written agreement signed by both parties. If you enter into a successor term for the Franchise Agreement, we may modify the Protected Area in your successor Franchise Agreement.

**Reserved Rights.** Among other things, we and our affiliates have the right to (a) establish or license franchises and/or company-owned fitness studios, or other businesses offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks or marks similar to the Marks anywhere outside of the Protected Area or (ii) under names, symbols, or marks other than the Marks or marks similar to the Marks anywhere, including inside and outside of the Protected Area; (b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including through e-commerce, in retail stores, via recorded media, via online videos, or

via broadcast media, anywhere, including inside and outside of the Protected Area; (c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Protected Area; and (d) acquire, be acquired by, or merge with other companies with existing fitness facilities or businesses anywhere (including inside or outside of the Protected Area) and, even if such businesses are located in the Protected Area, (i) convert the other businesses to the Pvolve name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Studios to such other name.

Currently, we sell products and offer streaming and virtual classes using the Marks via the Internet throughout the United States. We will not compensate you for any of our activities in your Protected Area, even if they have an impact on your Studio. We do not currently charge you for the content that we create for customers to access as part of their memberships but we reserve the right to charge you a fee in the future to recoup our investment in content creation and distribution.

**Restriction on Rights.** You do not have the right to open additional Studios nor do you have any rights of first refusal on any other location. You do not have the right to use the Marks or the System at any location other than the Site or in any wholesale, e-commerce, or other channel of distribution besides the retail operation of the Studio at the Site. There are no territorial restrictions from accepting business from customers that reside or work or are otherwise based outside of your Protected Area, but unless we agree otherwise in writing, you may not direct or target any marketing to prospective members who live or work outside of your Protected Area, unless you have an existing business relationship with such individuals. You also do not have the right to operate online, virtual or streaming, without our prior approval, which we may modify or revoke at any time.

**Relocation of the Studio.** If you would like to relocate your Studio, you must receive our written consent. Our approval will not be unreasonably withheld, provided (i) the new location for the Studio is satisfactory to us and you comply with our then-current real estate project management requirements, (ii) your lease, if any, for the new location complies with our then-current requirements, (iii) you comply with our then-current requirements for constructing and furnishing the new location, (iv) the new location will not, as determined in our sole discretion, materially and adversely affect the Gross Revenue of any other studio, (v) you have fully performed and complied with each provision of the Franchise Agreement within the last 3 years prior to, and as of, the date we consent to such relocation (the “**Relocation Request Date**”), (vi) you are not in default, and no event exists which with the giving of notice and/or passage of time would constitute a default, exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements. If you lose your lease, you must secure our acceptance of another site and enter into a lease for the new accepted site within 90 days after the expiration or termination of your site lease. You must pay us a relocation fee as specified in Item 6.

### **Development Program**

**Development Area.** If you enter into a Development Agreement, you will have the right to develop a mutually agreed upon number of Studios in the Development Area in accordance with the Development Schedule. The total number of Studios to be opened in your Development Area, as well as the size of the Development Area, will be dependent upon a number of factors such as (i) the number of Studios we grant you the right to open and operate; and (ii) the location and demographics of the general area where we mutually agree you will be opening these locations. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Development Agreement.

You must execute our then-current Franchise Agreement for each Studio that you develop under a Development Agreement. You must select a site, and obtain our acceptance of such site, as

described above in this Item, at which point we will designate a Protected Area for the Studio. We will use our then-current standards for accepting sites and designating Protected Areas.

The Development Area is an exclusive territory. This means that while the Development Agreement is in effect, provided that you open and operate the Studios in accordance with the Development Schedule and the minimum number of Studios that you have open and operating in the Development Area at any given time is not less than the minimum required under the Development Schedule, we will not operate, or license any person other than you to operate, a Studio under the System and the Marks or marks similar to the Marks within the Development Area.

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your exclusive right to develop Studios within the Development Area. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties.

If a Studio is destroyed or damaged by any cause beyond your control such that it may no longer continue to be open for the operation of business (“**Destruction Event**”), you must diligently work to repair and restore the Studio to our approved plans and specifications as soon as possible at the same location or at a substitute site accepted by us within the Development Area. Under such circumstances, the Studio will continue to be deemed a “Studio in operation” for the purpose of this Agreement for up to 180 days after the occurrence. If a Studio (i) is closed in a manner other than those described in the Development Agreement or as otherwise agreed by us in writing or (ii) fails to reopen within 180 days after a Destruction Event, then we may terminate the Development Agreement and all of your exclusive territorial rights, if any, will be eliminated.

The Development Agreement and your exclusive right to develop Studios in the Development Area will expire on the last development deadline in the Development Schedule, unless the Development Agreement is terminated sooner. Upon the expiration or termination of the Development Agreement, your right to develop Studios within the Development Area will be terminated. However, Studios that you have opened will continue to operate under the terms of the applicable Franchise Agreements.

If we terminate your Development Agreement for any reason other than your failure to open and operate Studios in accordance with the Development Schedule, we may terminate any Franchise Agreement between you and us. If we terminate your Development Agreement solely due to your failure to comply with the Development Schedule, we will not terminate any previously executed Franchise Agreement.

**Reserved Rights.** Among other things, we reserve the right to: (a) establish or license franchises and/or company-owned fitness studios or other businesses offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks or marks that are similar to the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks or marks similar to the Marks anywhere, including inside and outside of the Development Area; (b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area; (c) advertise, or authorize others to advertise anywhere, using the Marks; (d) acquire, be acquired by, or merge with other companies with existing fitness facilities or businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the Pvolve name, (ii) permit the other



businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Studios to such other name; and (e) engage in any other activity, action or undertaking that we are not expressly prohibited from taking under the Development Agreement. We will not compensate you for any actions we take in your Development Area.

**Additional Disclosures**


We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that offer fitness studios or similar products or services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

**ITEM 13. TRADEMARKS**

We grant you the right to operate a business specializing in the operation of personal fitness studios under the Pvolve mark, and other trademarks, service marks, associated designs, artwork, and logos that we specify periodically. We may require you to use the Marks in conjunction with other words or symbols or in an abbreviated form.

All of the Marks are owned by PVLLC and licensed to us under a License Agreement, dated as of August 1, 2020 (the “**License Agreement**”). In the License Agreement, PVLLC authorized us to use the Marks in connection with the offer, sale, and support of franchised Studios. The License Agreement does not contain any significant limitations on our right to use or license the Marks to you and is perpetual in duration and may be terminated unilaterally by either party only upon a material breach of the License Agreement. Upon termination of the License Agreement, we must immediately discontinue the use of the Marks and assign to PVLLC all of our franchise agreements licensing the use of the Marks, and PVLLC has agreed to assume all obligations under such agreements arising from and after their assignment.

PVLLC has registered the following Marks, among others, with the Principal Register of the United States Patent and Trademark Office (“**USPTO**”) and has filed all required affidavits with respect to each of the Marks:

<b>Mark</b>	<b>Registration Number</b>	<b>Registration Date</b>
P.VOLVE	5,629,033	12/11/18
	5,768,622	6/04/19

As of the issuance date of this disclosure document, neither we nor PVLLC have filed an application for the “Pvolve” mark. We do not have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses

There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court; nor is there any pending infringement, opposition or cancellation proceedings, or material litigation, involving any of the Marks. We do not know of any superior prior rights or infringing uses that could materially affect your use of any of the Marks. There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed above in a manner material to the franchise.

You may also use certain other Marks owned by or licensed to us in the operation of your Studio. You must use the Marks only in strict accordance with the Franchise Agreement and Manuals. You must obtain our prior written approval before using materials bearing the Marks that we have not previously approved. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing. You must display the Marks in a manner that we specify on signage at the Studio and on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts, stationary, and other materials we designate. Upon receipt of notice from us, you must discontinue, alter or substitute any of the Marks as we direct.

You must display in a conspicuous location in or upon the Studio, or in a manner that we specify, a sign containing the following notice (or an alternative notice that we specify): "This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the trademark "Pvolve", which is a trademark owned by Pvolve LLC." You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationary, and other written materials we designate.

You must promptly notify us if any other person or Entity attempts to use any of the Marks or any colorable imitation of any of the Marks. You must immediately notify us of any infringement of or challenge to your use of any of the Marks. We will protect and defend you against any suit filed or demand made against you challenging the validity of the Marks (an "IP Claim"), and to defend and indemnify you against your loss, cost, or expense related to the IP Claim, except where the IP Claim arose because you used the Marks in violation of the Franchise Agreement. We will initiate, direct, and control any litigation or administrative proceeding relating to the Marks, including any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Marks.

If we decide that you should modify or discontinue using any of the Marks, or use one or more additional or substitute service marks or trademarks, you must comply with our directions in the time that we reasonably specify, and neither we nor any of its affiliates will have any obligation to reimburse you for the cost of complying with our directions.

#### **ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

We own no rights in, or licenses to, any patents or patent applications.

Except as provided below, we own no rights in, or licenses to, any copyrights. We have not registered any copyrights with the United States Copyright Office. However, we claim copyrights with respect to our advertising materials and Manuals, as well as other materials we may periodically develop. There are no determinations of the Copyright Office or any court regarding any of our copyrights. There are no agreements limiting the use of any copyrights by us.

Any copyrights used by you in the Studio belong solely to us or our affiliates. You agree to notify us in writing of any suspected infringement of our or our affiliates' copyrights. We and our affiliates have exclusive rights to bring an action for infringement and retain any amounts recovered with respect to such action, and to control any infringement proceeding whether brought by or against

us or you. We have no obligation to defend or otherwise protect you against any claims involving any copyright, including any copyright infringement claim, or to indemnify you for any losses you may incur as a result of our copyrights infringing the rights of any other copyright owner. If so requested by us, you will discontinue the use of the subject matter covered by any copyright used in connection with the Studio.

During the term of your Franchise Agreement, we or our affiliates may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, our business, our vendor relationships, our classes, or the construction, management, operation, or promotion of the Studio (collectively, “**Proprietary Information**”). You may not, nor may you permit any person or Entity to, use or disclose any Proprietary Information (including any portion of the Manuals) to any other person, except to the extent necessary for your employees to perform their functions in the operation of your Studio. You must take reasonable precautions necessary to protect Proprietary Information from unauthorized use or disclosure and must implement any systems, procedures, or training programs that we require. If we or our affiliates so request, you must obtain confidentiality agreements in a form satisfactory to us or our affiliates from anyone who may have access to the Proprietary Information. You will be responsible for any unauthorized disclosure of Proprietary Information by any person to whom you have disclosed Proprietary Information.

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

At all times that your Studio is open for business, it must be under the personal, on-premises supervision of either your Operating Principal, your Key Manager, or a trained trainer or receptionist. Your Operating Principal and Key Manager must be available at all times the Studio is open for business. Your Operating Principal and your Key Manager must successfully complete our training program and any other training programs that we may require. You may not permit your Studio to be operated, managed, directed, or controlled by any other person or entity without our prior written consent.

Your Operating Principal must have at least a 10% ownership interest in your Entity, have authority over all business decisions related to your Studio, have the power to bind you in all dealings with us, and be directly involved in the day-to-day operation and management of your Studio. In addition, you must appoint a Key Manager to manage the day-to-day business of your Studio, who may also be the Operating Principal. The Key Manager is not required to have an ownership interest in your Entity. You must provide us with written notice of your Operating Principal and Key Manager at least 60 days prior to opening. You may not change your Operating Principal and Key Manager without our prior approval.

If your Key Manager ceases to be employed by you, you must hire a new Key Manager and have them successfully complete Initial Training within 30 days after your former Key Manager’s employment at the Studio ends, during which period the Operating Principal must manage the Studio. If the departed Key Manager was also your Operating Principal, we may, in our sole discretion, provide for the Management Fee a Key Manager to work at your Studio temporarily until a new Key Manager is trained.

We may require you to obtain nondisclosure covenants from anyone who may have access to the Proprietary Information. We may also require you to obtain from your officers, directors, Key Managers, your Owner’s spouses, and other individuals that we may designate executed agreements containing nondisclosure and noncompete covenants in a form acceptable to us, such as the form attached as **Exhibit H**, which specifically identify us as having the independent right to enforce them.

Each Owner, including the Operating Principal, must sign the Payment and Performance Guarantee (the “**Guarantee**”) attached to the Franchise Agreement, assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement and agreeing to comply with the confidentiality, indemnification, covenant not to compete, and assignment provisions of the Franchise Agreement. If you are a party to a Development Agreement, each individual with a direct or indirect ownership interest in your Entity must sign the Guarantee attached to the Development Agreement.

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

You may offer for sale in the Studio only the products, services, and classes that we have approved in writing. In addition, you must offer the specific products, services, and classes that we require in the Manuals or otherwise in writing. We may designate specific products, services, or classes as optional or mandatory. You must offer all products, services, or classes that we designate as mandatory.

You may sell products and services only in the varieties, forms, and packages that we have approved. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

We may, without limitation, change the types, amounts, or specifications of the goods, services, or classes that you may offer. We may, without limitation and in our sole discretion, revoke approval of a previously-approved product or service that you have been selling, in which case, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

You must conduct all classes in accordance with the System. You may only offer classes and exercise programs at your Studio. You must in your classes any class structures or exercise routines that we specify. Any classes, programs, or exercise routines that you or your instructors develop must be consistent with the System Standards that we specify periodically. If we disapprove of any class, program, or exercise routine that you offer or develop, you must immediately discontinue or modify such class, program, or exercise routine in accordance with our instructions.

We impose no restriction on the members that you may serve at your Studio, but you may not make any sales of products or services outside of the Studio, conduct classes outside of the Studio, or use vendor relationships that you establish through your association with us or the Pvolve brand for any other purpose besides the operation of the Studio, unless we consent in writing. You agree to purchase products solely for resale to retail customers, and not for resale or redistribution to any other party, including other Pvolve franchisees.

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

**THE FRANCHISE RELATIONSHIP**

The table below lists certain important provisions of the Franchise Agreement. You should read these provisions in the form of Franchise Agreement attached to this Disclosure Document as Exhibit A.

**FRANCHISE AGREEMENT**

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 2.1	Begins on the Effective Date of your Franchise Agreement and continues for 10 years from that date.
b.	Renewal or extension of the term	Section 2.2	If you meet the conditions, you may enter into 3 successor 5-year terms.
c.	Requirements for franchisee to renew or extend	Section 2.2	You have notified us of your intent to renew at least 6 months in advance but no more than 12 months in advance; you have signed our then-current form of franchise agreement, which may have materially different terms and conditions than your original Franchise Agreement (including a modified fee structure and Protected Area); you have refurbished the Studio to our then-current specifications; you have executed a general release in favor of us and our affiliates; your Operating Principal and Key Manager have completed our then-current training requirements; you have secured from your landlord the right to continue operating at the Site; you have substantially and timely complied with the Franchise Agreement during the term; no Event of Default (as defined in the Franchise Agreement) or event which, with the giving of notice or passage of time or both, would become an Event of Default, exists; and you have paid us the Successor Fee.
d.	Termination by franchisee	Section 14.3	If we commit a material breach of the Franchise Agreement and we fail to cure the breach or take reasonable steps to begin curing the breach within 60 days after receiving notice from you, you may terminate the Franchise Agreement.
e.	Termination by us without cause	Not applicable	None.
f.	Termination by us with cause	Section 14.2	We can terminate only if you default under the Franchise Agreement, any other individual Franchise Agreement, the Development Agreement (except that we cannot terminate the Franchise Agreement if the default under the Development Agreement is only due to your failure to comply with the Development Schedule), or any other agreement between you and us (see (g) and (h) below).
g.	"Cause" defined – curable defaults	Section 14.1	You have 10 days to cure the non-payment of any amounts owed to us or our affiliates or your failure to make sufficient funds available to us; 24 hours to cure non-compliance with any law, regulation or ordinance which results in a threat to the public's health or safety; and 30 days to cure a failure to comply with any other provision of the Franchise Agreement not described above or in (h) below.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
h.	"Cause" defined – non-curable defaults	Section 14.1	You make a material misrepresentation to us; your Required Trainees fail to satisfactorily complete initial training; you fail to secure a site by the Site Acquisition Deadline; you fail to open on time; you fail to timely renovate your Studio; you fail to rebuild your Studio after its destruction; you suspend operations of the Studio for more than 5 days without our consent; you fail to communicate with us; your representatives miss 2 or more required meetings; you or any of your Owners or officers or directors is convicted or pleads nolo contendere to a crime involving moral turpitude or consumer fraud or any other crime or offense or engages in any activities which impairs the goodwill associated with the Marks; you misuse the Marks; you disclose Proprietary Information; you or your Owners make an improper transfer; you or your Owners violate the noncompete covenants of the Franchise Agreement; you become insolvent or bankrupt; you fail to pay suppliers and trade creditors an amount exceeding \$2,000 for more than 60 days; you fail to pay your taxes; you underreport Gross Revenue by more than 2% twice in a 2-year period or by 5% in any period; you fail to permit us to inspect or audit your books and records; you fail to timely file reports three times in 12 months; you or your affiliates default under any other agreement with us or our affiliates (including the Development Agreement) if such default would permit the termination of that agreement; or you are in default 3 or more times within any 18-month period. If any event of default occurs under the Development Agreement that would permit the termination of that agreement, we may terminate any previously executed Franchise Agreement (regardless of whether we exercise the right to terminate the Development Agreement); provided, however, that your failure to open and operate Studios in accordance with the Development Schedule will not constitute cause for us to terminate any previously executed Franchise Agreement.
i.	Franchisee's obligations on termination/non-renewal	Section 15	Pay all amounts due to us or our affiliates; discontinue use of the Marks and the System; return Proprietary Information, customer data, and Manuals; close vendor accounts; cancel assumed name registration; cancel or transfer telephone number, post office boxes, domain names, social media accounts, and directory listings; complete de-identification of the Site; reimburse customers; refrain from disclosing Proprietary Information; and comply with noncompete covenants (also see (o) and (r) below).
j.	Assignment of contract by us	Section 13.1	No restriction on our right to assign.

	Provision	Section in Franchise Agreement	Summary
k.	"Transfer" by franchisee – definition	Section 13.2	Includes transfer of the Franchise Agreement, any interest in the Franchise Agreement, the license to use the System and the Marks, the Studio or substantially all of the assets of the Studio, or an interest in the ownership of the Studio (if you are an Entity).
l.	Our approval of transfer by franchisee	Section 13.3	We have the right to approve all transfers.
m.	Conditions for our approval of transfer	Section 13.4	In addition to any other conditions that we reasonably specify, you pay us a non-refundable deposit to review the transfer; you pay us the Transfer Fee; all of your monetary obligations are satisfied; you are not in default; you and your Owners sign a general release; you and your Owners remain liable for obligations incurred or arising prior to transfer; you comply with noncompetition and confidentiality provisions; your landlord consents to the transfer of your lease; new franchisee agrees to discharge all of your obligations; new franchisee qualifies, meets training requirements, and signs then-current franchise agreement; new franchisee upgrades the Studio to our then-current specifications; new franchisee covenants to continue to operate the Studio under the Marks; new franchisee's owners execute our then-current form of personal guarantee; we determine purchase price and payment terms acceptable; and financing arrangements, if any, are subordinate to your obligation to pay all amounts due to us and our affiliates and otherwise to comply with the Franchise Agreement.
n.	Our right of first refusal to acquire franchisee's business	Section 13.9	We can match any offer for your Studio, the Studio's assets, or any ownership interest, except for certain transfers to spouse or children or upon death, incapacity, or bankruptcy.
o.	Our option to purchase your business	Section 15.5	After the Franchise Agreement terminates or expires, we can purchase any or all of the inventory, supplies, Operating Assets, and other assets related to the operation of your Studio for the fair market value of the assets, less any amounts then owing to us. We also may assume your lease or sublease or equipment leases.
p.	Death or disability of franchisee	Section 13.8	Executor or representative must transfer your interest to a third party approved by us within 120 days.
q.	Non-competition covenants during the term	Section 12.1	You and your Owners may not: (i) teach or lead, or train individuals to teach or lead, any resistance-based, low impact classes (" <b>Competitive Classes</b> ") at any location in the United States or via any alternative channels of distribution, such as the Internet, webinar, or other video services; (ii) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (a) any fitness studio or similar facility or business that generates 25% or more of its revenue from Competitive Classes or (b) any entity that grants franchises or licenses for any of these types of businesses (a " <b>Competitive Business</b> ") in the United States; (iii) divert or attempt to divert any business or

	Provision	Section in Franchise Agreement	Summary
			customer or potential business or customer of the Studio to any Competitive Classes or Competitive Business, by direct or indirect inducement or otherwise; (iv) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (v) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Studio.
r.	Non-competition covenants after the Franchise Agreement is terminated or expires	Section 12.2	For 2 years after the expiration, termination, or transfer of your Franchise Agreement, the restrictions in (p) shall apply, except the restrictions in (i) and (ii) shall be geographically limited to any location within a 10-mile radius of your former Studio or any other Studio that is operating or under development at the time of such event.
s.	Modification of the agreement	Section 17.2	Except for modifications to the Manuals, no modifications unless agreed to in writing by both parties.
t.	Integration/merger clause	Section 17.1	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises made outside of this Disclosure Document and the Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 16.1	Prior to filing most proceedings, a party must submit the dispute to non-binding mediation.
v.	Choice of forum	Section 16.2	Subject to applicable state laws, you and your Owners must, and we may, bring claims in federal or state courts located in Chicago, Illinois (or the city in which our principal place of business is then located, if we no longer have an office in Chicago)
w.	Choice of law	Section 16.3	Subject to applicable state laws, Illinois law applies, without regard to Illinois conflict-of-laws rules.

### **DEVELOPMENT AGREEMENT**

**The table below lists certain important provisions of the Development Agreement. You should read these provisions in the form of Development Agreement attached to this Disclosure Document as Exhibit B.**

	Provision	Section in Development Agreement	Summary
a.	Length of the franchise term	Section 5	The term expires upon the deadline to open the last Studio to be opened under the Development Schedule.
b.	Renewal or extension of the term	Not applicable	Not applicable.
c.	Requirements for franchisee to renew or extend	Not applicable	Not applicable.



	<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
d.	Termination by franchisee	Not applicable	Not applicable.
e.	Termination by us without cause	Not applicable	Not applicable.
f.	Termination by us with cause	Section 6.1	We can terminate only if you default (see (g) and (h) below) under the Development Agreement or any Franchise Agreement. If an event of default occurs which gives us the right to terminate any Franchise Agreement, we may terminate the Development Agreement (regardless of whether we exercise our right to terminate such Franchise Agreement).
g.	“Cause” defined – curable defaults	None	Not applicable.
h.	“Cause” defined – non-curable defaults	Section 6.1	You fail to timely execute a Franchise Agreement or fail to pay any initial franchise fee owed thereunder; you fail to have open and operating the minimum number of Studios specified in the Development Schedule at any deadline; any Franchise Agreement is in default; or you breach or otherwise fail to comply fully with any provision of the Development Agreement. If an event of default occurs which gives us the right to terminate any Franchise Agreement, we may terminate the Development Agreement (regardless of whether we exercise our right to terminate such Franchise Agreement).
i.	Your obligations on termination/non-renewal	Section 6.2	You will lose your right to develop additional Studios.
j.	Assignment of contract by us	Section 7	No restriction on our right to assign.
k.	“Transfer” by you – definition	Section 7	Includes transfer of the Development Agreement or any interest in the Development Agreement or the Entity.
l.	Our approval of transfer by franchisee	Section 7	We have the right to approve or not approve all transfers in our sole discretion.
m.	Conditions for our approval of transfer	Section 7	We have sole discretion in setting conditions for our approval of a transfer.
n.	Our right of first refusal to acquire franchisee’s business	Section 7	We have the first right of refusal on all transfers, exercisable within 30 days of receiving all documentation that we require.
o.	Our option to purchase your business	Not applicable	Not applicable.
p.	Death or disability of franchisee	Not applicable	We have the right to approve or disapprove any transfer in our sole discretion.
q.	Non-competition covenants during the term	Section 8.1	You and your Owners may not: teach Competitive Classes in the United States; be involved in any Competitive Business in the United States; divert customers or potential customers to any Competitive Business; do acts injurious to our goodwill; use vendor relationships established through your

	Provision	Section in Development Agreement	Summary
			associations with us for any other purpose besides the operation of your Studio; or solicit for employment individuals employed during the past 12 months by us, our affiliates, or our franchisees.
r.	Non-competition covenants after the Development Agreement is terminated or expires	Section 8.2	For 2 years after the expiration, termination, or transfer of your Franchise Agreement, the restrictions in (p) shall apply, except the restrictions in (i) and (ii) shall be geographically limited to any location within a 10-mile radius of your former Studio or any other Studio that is operating or under development at the time of such event.
s.	Modification of the agreement	Section 10	No modifications unless agreed to in writing by both parties.
t.	Integration/merger clause	Section 10	Only the terms of the Development Agreement and any Franchise Agreements are binding (subject to state law). Any other promises outside this Disclosure Document, the Development Agreement, and the Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 9	Prior to filing most proceedings, each party has the right to demand non-binding mediation.
v.	Choice of forum	Section 9	Subject to applicable state laws, you and your Owners must, and we may, bring claims in federal or state courts located in Chicago, Illinois (or the city in which our principal place of business is then located, if we no longer have an office in Chicago).
w.	Choice of law	Section 9	Subject to applicable state laws, Illinois law applies, without regard to Illinois conflict-of-laws rules.

#### ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote our Franchises, but may do so in the future.

#### ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

No franchisees operated any Studios as of December 31, 2022. Our affiliates operated 3 Studios during the 1-year period beginning April 1, 2022 and ending March 31, 2023 (the "**Covered Period**"). No Affiliate-Owned Studios were excluded from this financial performance representation.

The financial performance representation below provides the monthly Gross Revenue (defined below) during the Covered Period for the 3 Affiliate-Owned Studios that our affiliate operated for the entire Covered Period (the "**Covered Studios**"). There are no material financial or operational

characteristics of the Covered Studios that we reasonably anticipate to differ from future operational franchise outlets.

We define Gross Revenue in this Item 19 the same way we define it in Item 6. "Gross Revenue" means all revenue that the Studio receives or otherwise derives from operations, whether from cash, check, credit or debit card, gift card or gift certificate, or other credit transactions, including any implied or imputed Gross Revenue from any business interruption insurance and promotional allowances or rebates paid in connection with the Studio's purchase of products or supplies or the Studio's referral of customers. Gross Revenue does not include (i) any bona fide returns and credits that are actually provided to customers and (ii) any sales or other taxes that the Studio collects from customers and pays directly to the appropriate taxing authority. The Studio may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from its Gross Revenue calculation.

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**Monthly Gross Revenue During Covered Period**

	<b>April 2022</b>	<b>May 2022</b>	<b>June 2022</b>	<b>July 2022</b>	<b>Aug. 2022</b>	<b>Sept. 2022</b>	<b>Oct. 2022</b>	<b>Nov. 2022</b>	<b>Dec. 2022</b>	<b>Jan. 2023</b>	<b>Feb. 2023</b>	<b>March 2023</b>
<b>Monthly Average Gross Revenue</b>	\$44,615	\$46,349	\$48,480	\$46,632	\$48,429	\$47,668	\$44,228	\$43,131	\$37,865	\$55,596	\$56,921	\$62,246
<b>#/% Exceeding Average</b>	2 / 66.7%	2 / 66.7%	2 / 66.7%	2 / 66.7%	2 / 66.7%	2 / 66.7%	2 / 66.7%	2 / 66.7%	2 / 66.7%	2 / 66.7%	2 / 66.7%	2 / 66.7%
<b>Monthly Median Gross Revenue</b>	\$49,257	\$48,197	\$55,392	\$51,637	\$56,687	\$54,751	\$47,962	\$48,244	\$42,027	\$59,196	\$62,987	\$62,843
<b>Highest Monthly Gross Revenue</b>	\$54,343	\$62,228	\$61,211	\$57,709	\$58,204	\$58,198	\$56,764	\$52,614	\$45,332	\$70,657	\$74,689	\$82,345
<b>Lowest Monthly Gross Revenue</b>	\$30,246	\$28,621	\$28,835	\$30,550	\$30,395	\$30,056	\$27,957	\$28,534	\$26,236	\$36,936	\$33,088	\$41,551

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## **Notes to Tables**

1. **“Average Gross Revenue”** is determined by taking the sum of the Covered Studios’ Gross Revenue during the applicable month and dividing it by the number of Covered Studios.
2. **“Median Gross Revenue”** is determined by sorting the Covered Studios’ Gross Revenue during the applicable month in ascending order and identifying the point above and below which 50% of the data falls.
3. Each of the Affiliate-Owned Studios transitioned to a new membership software program in October 2022. The transition resulted in certain data collection and billing issues between October 2022 and February 2023. As a result, the Gross Revenue figures included in this financial performance representation for those months may not reflect all of the Gross Revenue that was or should have been received during that time period.
4. This financial performance representation does not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the Gross Revenue 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 Studio. Franchisees listed in this disclosure document may be one source of this information.

We calculated the figures in the table above using information that our affiliate provided. Upon your reasonable request, we will provide written substantiation for these financial performance representations.

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting RJ Krone at 730 W. Randolph Street, Chicago, Illinois 60661, 630-452-3000, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

All numbers appearing in Tables 1 through 5 below are as of December 31 in each year. Our affiliate operates the Studios listed as “company-owned.”

**Table No. 1  
Systemwide Studio Summary  
For years 2020 to 2022**

Studio Type	Year	Studios at the Start of the Year	Studios at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	1	3	+2
	2021	3	3	+0
	2022	3	3	+0
Total Studios	2020	1	3	+2
	2021	3	3	+0
	2022	3	3	+0

**Table No. 2  
Transfers of Studios from Franchisees to New Owners (other than to us)  
For years 2020 to 2022**

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

**Table No. 3  
Status of Franchised Studios  
For years 2020 to 2022**

State	Year	Studios at Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Studios at End of the Year
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

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

State	Year	Studios at Start of Year	Studios Opened	Studios Reacquired From Franchisee	Studios Closed	Studios Sold to Franchisee	Studios at End of the Year
CA	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
IL	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
NY	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	1	2	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3

**Table No. 5  
Projected Openings as of December 31, 2022  
For following 12-month Period**

State	Franchise Agreements Signed But Studio Not Opened	Projected New Franchised Studios in the Next Fiscal Year	Projected New Company-Owned Studios in the Next Fiscal Year
California	3	2	0
Illinois	1	0	0
New Jersey	1	1	0
South Carolina	0	1	0
Tennessee	1	1	0
Texas	1	1	0
<b>Total</b>	7	6	0

**Current and Former Franchisees.** Set forth on **Exhibit F** are: (i) the names of all current franchisees and the address and telephone number of each of their studios, and (ii) the names, city and state, and the current business telephone number, or, if unknown, the last known home telephone number of every franchisee who had a Studio terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under any Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of this Disclosure Document's issuance date.

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

**Confidentiality Agreements.** During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with the Pvolve system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

**Trademark-Specific Franchisee Organizations.** As of the issuance date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with our franchise system.

**ITEM 21. FINANCIAL STATEMENTS**

Attached as **Exhibit C** to this Disclosure Document are our audited financial statements: (i) as of December 31, 2022 and 2021; and (ii) for the years ended December 31, 2022, 2021, and 2020. The audited financial statements have been prepared in accordance with generally accepted United States accounting principles. Our fiscal year ends on December 31.

**ITEM 22. CONTRACTS**

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement	Exhibit A
Payment and Performance Guarantee	Appendix C to the Franchise Agreement
Lease Rider	Appendix D to the Franchise Agreement
Development Agreement	Exhibit B
General Release	Exhibit G
Nondisclosure and Noncompete Agreement	Exhibit H
State-Required Franchise Agreement Riders	Exhibit I
State-Required Development Agreement Riders	Exhibit I

**ITEM 23. RECEIPT**

Attached as the last 2 pages of this Disclosure Document are copies of the Receipt which you will be required to sign. One signed copy of the Receipt must be returned to us, as provided on the Receipt.



**EXHIBIT A  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**Franchise Agreement**

(attached)

# PVOLVE

**FRANCHISE AGREEMENT**

**between**

**Pvolve Development, LLC**

**and**

---

**Studio ID:** \_\_\_\_\_

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## PVOLVE FRANCHISE AGREEMENT

THIS AGREEMENT (this “**Agreement**”) is made and entered into as of the date set forth on Appendix A of this Agreement (the “**Effective Date**”) (Appendix A and all appendices and schedules attached to this Agreement are hereby incorporated by this reference) between Pvolve Development, LLC, a Delaware limited liability company with its principal place of business at 730 W. Randolph Street, Chicago, Illinois 60661 (“**Pvolve**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Agreement, “**we,**” “**us,**” and “**our**” refers to Pvolve. “**You**” and “**your**” refers to Franchisee.

### RECITALS

A. We and our affiliates have accumulated knowledge and experience in franchising in the personal fitness industry on the basis of which we have developed and will continue to develop a distinctive business format and set of specifications and operating procedures (collectively, the “**System**”) for the operation of health and fitness studios offering a training program that focuses on precise movements that activate hard-to-reach muscles.

B. The distinguishing characteristics of the System include, but are not limited to, our proprietary equipment, including the p.ball, p.band, and p.3 trainer; any fitness programs, routines, and classes that we have developed or may develop; our studio designs, layouts, and identification schemes (collectively, the “**Trade Dress**”); our specifications for equipment, inventory, and accessories; our website or series of websites for the Studios (the “**System Website**”); our relationships with vendors; our software and computer programs; our reservation procedures and system; the accumulated experience reflected in our training program, operating procedures, customer service standards methods, and marketing techniques; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements (“**System Standards**”) set out in our operations manuals (“**Manuals**”) and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

C. We identify the Studios operating under the System by means of the Pvolve mark and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos set forth on Appendix B (collectively, the “**Marks**”). We may designate for your use other trade names, service marks, and trademarks as Marks from time to time. These marks which will also be included in the term the “**Marks.**”

D. You are a corporation, limited liability company, partnership, or other entity (as applicable, an “**Entity**”). All of your owners of a legal and/or beneficial interest in the Entity (the “**Owners**”) are listed on Appendix A. The individual owner who you must appoint to have authority over all business decisions related to your business and to have the power to bind you in all dealings with us will be referred to as your “**Operating Principal.**”

E. You desire to open and operate a Pvolve studio using the Marks and the System (a “**Studio**”), and we are willing to grant to you a license to open and operate a Studio on the terms and conditions of this Agreement.

**NOW, THEREFORE,** for and in consideration of the foregoing promises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

## Section 1 Rights Granted.

1.1 Grant of Franchise. Upon the terms and conditions of this Agreement, we grant to you a non-exclusive license (the “**License**”) to operate one Studio using the Marks and the System. The Studio will be located at a site to be mutually agreed upon subsequent to the execution of this Agreement, pursuant to Section 4.2 (Site Selection) (the “**Site**”), within the area set forth on Appendix A (the “**Site Selection Area**”). We may also authorize you to provide streaming (pre-recorded) content and live, virtual services online on third party platforms; however, you have no right to operate online, virtual or streaming, without our prior approval, which we may modify or revoke at any time. You have no right to (i) sublicense the Marks or the System to any other person or Entity, (ii) use the Marks or the System at any location other than the Site, or (iii) to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution besides the operation of the Studio at the Site.

1.2 Acceptance of License. You hereby accept the License and agree to operate the Studio according to the provisions of this Agreement for the entire Term, as defined in Section 2.2 (Successor Term).

1.3 Limited Territorial Protection. Once you have selected and we have accepted a Site in the Site Selection Area in accordance with Section 4.2 (Site Selection), we will designate an area within the confines of the Site Selection Area as your protected Protected Area (the “**Protected Area**”). You do not have any territorial protection in your Site Selection Area, until we identify your Protected Area, as explained in Section 4.3 (Definition of the Protected Area). Except as provided in this Section 1.3, we and our affiliates will not open, or license a third party to open, a Studio using the Marks or marks similar to the Marks within your Protected Area. Except for the foregoing sentence, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Studio. For example, without limitation, we have the right to:

(a) establish or license franchises and/or company-owned fitness studios or businesses offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks or marks similar to the Marks anywhere outside of the Protected Area or (ii) under names, symbols, or marks other than the Marks or marks similar to the Marks anywhere, including inside and outside of the Protected Area;

(b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online content (streaming and virtual), via online videos, or via broadcast media, anywhere, including inside and outside of the Protected Area;

(c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Protected Area; and

(d) acquire, be acquired by, or merge with other companies with existing fitness facilities or businesses anywhere (including inside or outside of the Protected Area) and, even if such businesses are located in the Protected Area, (i) convert the other businesses to the Pvolve name, (ii) permit the other businesses to continue to operate under



another name, and/or (iii) permit the businesses to operate under another name and convert existing Studios to such other name.

1.4 Operating Principal and Key Manager. You must appoint an individual owner as your Operating Principal who must have authority over all business decisions related to your Studio and must have the power to bind you in all dealings with us. In addition, you must appoint a manager to manage the day-to-day business of your Studio (the “**Key Manager**”). Your Operating Principal may serve as your Key Manager, unless we believe that he or she does not have sufficient experience or qualifications. Your Operating Principal must have at least a 10% ownership interest in the Entity and must be directly involved in the day-to-day operation and management of your Studio, but your Key Manager is not required to have an ownership interest in the Entity. Your Operating Principal and Key Manager (if known at the time of signing) shall be listed on Appendix A. You must provide us with written notice of your Operating Principal and Key Manager(s) at least 60 days prior to opening and may not change your Operating Principal or Key Manager without our prior written approval.

1.5 Ownership and Guarantee.

(a) Owners of Equity. Each of your Owners must execute the “Payment and Performance Guarantee” that is attached to this Agreement in Appendix C (the “**Guarantee**”). By executing the Guarantee, each Owner will be bound by the provisions contained in this Agreement, including without limitation the restrictions set forth in Section 12 (Your Covenant Not to Compete). Further, a violation of any of the provisions of this Agreement, including the covenants contained in Section 12 (Your Covenant Not to Compete), by any Owner will also constitute a violation by you of your obligations under this Agreement. You represent that the individuals executing the Guarantee are your sole Owners.

(b) Governing Documents. Upon our request, you agree to furnish us with a list of holders of direct or indirect equity interests and their percentage interests, as well as copies of your governing documents and any other corporate documents, books, or records, including certificates of good standing from your state. The Owners may not enter into any shareholders’ agreement, management or operating agreement, voting trust, or other arrangement that gives a third party the power to direct and control your affairs without our prior written consent. During the Term, your governing documents must provide that no transfer of any ownership interest may be made, except in accordance with Section 13 (Transfer and Assignment) of this Agreement. Any securities that you issue must bear a conspicuous printed legend to that effect.

## **Section 2 Initial Term and Successor Term.**

2.1 Initial Term. The initial term (the “**Initial Term**”) of the License begins on the Effective Date and ends 10 years from the Effective Date, unless this Agreement is terminated sooner as provided in other sections of this Agreement.

2.2 Successor Term. Upon the expiration of the Initial Term, if you comply with this Section 2.2, you may, at your option, obtain three additional consecutive successor terms of five years each (each, a “**Successor Term**”). The Initial Term and Successor Terms are referred collectively in this Agreement as the “**Term**.” You may only exercise this right to obtain a Successor Term by:

(a) giving us written notice of your desire to obtain a successor License at least six, but no more than 12, months before the expiration of the then-current Initial Term or Successor Term;

(b) delivering to us a fully executed franchise agreement on our then-current form of franchise agreement, which you acknowledge may contain terms materially different than those contained in this Agreement, including, but not limited to, (i) higher rates of Royalty Fees and Brand Fund Fees (as herein defined) and other fees and charges and (ii) a modified Protected Area;

(c) refurbishing or renovating the Studio, at your expense, to conform the decor, color schemes, storefront, signage, and presentation of the Marks to our then-current image and, if necessary, in our sole opinion, to update and replace the equipment, furniture, signage, and fixtures to meet our then-current specifications;

(d) executing a general release, in a form we prescribe, of any and all claims against us, our affiliates, and our and their past, present, and future officers, directors, shareholders, and employees arising out of, or relating to, your Studio;

(e) completing, and having your Operating Principal and Key Manager complete, all of our then-current training requirements, including any additional training that we may require;

(f) securing the right from your landlord to continue operating at the Site for the remainder of such Successor Term;

(g) substantially and timely complying with each provision of this Agreement or any other agreement with us, our affiliates, or your landlord throughout the then-current term and having no Event of Default (as defined in Section 14.1 (Events of Default)), or event which with the giving of notice and/or passage of time would constitute an Event of Default, in existence as of the expiration of the then-current term; and

(h) paying to us the Successor Fee (as defined in Section 3.6 (Successor Fee)).

### **Section 3 Fees.**

3.1 Franchise Fee. You must pay us an initial franchise fee as set forth on Appendix A (the “**Franchise Fee**”) upon execution of this Agreement. The initial Franchise Fee is paid in consideration of the rights granted in Section 1 (Rights Granted) and will be deemed fully earned at the time paid. You acknowledge that we have no obligation to refund the Franchise Fee, in whole or in part, for any reason.

3.2 Opening Package Fee. You must pay us an opening package fee as set forth in Appendix A (the “**Opening Package Fee**”) upon your execution of this Agreement. The Opening Package Fee is paid in consideration of an initial inventory of products and equipment for resale and use in your Studio that we will supply to you. We will specify the items in your opening package. You may be required to purchase additional products or equipment from us, our affiliates, or our designated vendors prior to opening your Studio for an additional fee. You acknowledge that we have no obligation to refund the Opening Package Fee, in whole or in part, for any reason.

### 3.3 Royalty Fee.

(a) Amount of Royalty Fee. You must pay us a weekly royalty fee (the “**Royalty Fee**”) equal to 7% of your Gross Revenue (as defined in Section 3.3(b)). The Royalty Fee is non-refundable and is paid in consideration of the ongoing right to use the Marks and the System in accordance with this Agreement and not in exchange for services rendered by us.

(b) Gross Revenue. “**Gross Revenue**” means all revenue that you receive or otherwise derive from operating the Studio, whether from cash, check, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for the revenue. If you receive any proceeds from any business interruption insurance applicable to loss of revenue at the Studio, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers. Gross Revenue does not include (i) any bona fide returns and credits that are actually provided to customers and (ii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority. You may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation.

3.4 Brand Fund Fee. You must contribute an amount of 2% of your Gross Revenue (the “**Brand Fund Fee**”) to the Pvolve Brand Fund (the “**Brand Fund**”). We reserve the right to increase the fee at any time by providing you with written notice of any change at least 30 days prior to the implementation of the new fee amount.

3.5 Technology Fee. You must pay to us a technology fee for various technology products or services that we will provide or arrange for third parties to provide, which products or services are subject to change over time (a “**Technology Fee**”). Currently, the Technology Fee is \$350 per month. We reserve the right to increase the fee to up to \$600 per month (the “**Cap**”) by providing you with written notice of any change at least 30 days prior to the implementation of the new fee amount. The Cap shall increase annually by 10% each year. We will begin collecting the Technology Fee on the date that you begin receiving any technology products or services from us.

3.6 Non-Compliance Fee. If we determine that you have violated any of your obligations under this Agreement, including any failure to comply with any standards set forth in the Manuals, we may send you a notice of violation and assess you up to \$1,000 (the “**Non-Compliance Fee**”), which must be paid within 10 days from your receipt of our notice. The Non-Compliance Fee applies for each notice of violation that we send to you, even if the violation is of the same provision of this Agreement for which you previously received a notice of violation from us. We reserve all other rights and remedies available to us.

3.7 Successor Fee. Upon your execution of a successor franchise agreement pursuant to Section 2.2 (Successor Term), you will pay to us a successor fee equal to \$5,000 (the “**Successor Fee**”).

3.8 Transfer Fee. If a Control Transfer (as defined in Section 13.2 (Definition of Transfer)) occurs, you must pay us (i) 75% of the then-current Franchise Fee if the transferee, its affiliates, and its Owners do not own another Studio or (ii) 50% of the then-current Franchise Agreement if the transferee, its affiliate, or one of its Owners owns another Studio (the “**Transfer Fee**”). For any Transfer that does not result in a Control Transfer or any Transfer to an Entity that

you form for the convenience of ownership, the Transfer Fee shall be equal to \$2,500 plus our administrative costs in processing such Transfer, including any attorneys' fees and other third party costs that we incur.

3.9 Relocation Fee. If you relocate your Studio from the Site to a new location, we will charge you for the reasonable costs that we incur in connection with any proposed relocation (the "**Relocation Fee**").

3.10 Management Fee. If we exercise our right to manage your Studio as specified in Sections 6.2(c) (Replacement Key Manager), 13.8 (Transfer Upon Death, Incapacity, or Bankruptcy), or 14.2(b)(viii) (Other Remedies) or agree to manage your Studio at your request, you must pay us a management fee equal to 15% of your Gross Revenue, plus our direct out-of-pocket costs related to such management (including the travel and living expenses of our representatives) (the "**Management Fee**"). The Management Fee is in addition to the other amounts due under this Agreement.

3.11 Streaming Content Fee. We reserve the right to charge you up to \$6,000 per year to recoup our investment in the creation and distribution of streaming content that we create for customers to access as part of their memberships (the "**Streaming Content Fee**"). If we implement the Streaming Content Fee, we will provide you with written notice at least 30 days prior to such implementation.

3.12 Payments of Fees. Your Royalty Fees, Brand Fund Fees, and Technology Fees (the "**Operating Fees**") are due to us and must be reported to us at the times and in the manner that we specify from time to time in the Manuals or otherwise. Currently, you must pay us your Operating Fees on each Tuesday, with your Royalty Fees and Brand Fund Fees based on your Gross Revenue for the preceding week. All other fees and payments due to us must be paid to us within ten days of your receipt of an invoice from us.

3.13 Methods of Payment. You must make all payments to us by the method or methods that we specify from time to time in the Manuals, which may include payment via wire transfer or electronic debit to your bank account. You must furnish us and your bank with all authorizations necessary to effect payment by the methods we specify. We currently require you to make payment by electronic debit from your specified checking or savings account, and you must complete, sign, and deliver to us an Authorization Agreement for Preauthorized Payments for this purpose within five business days of our request. You must maintain sufficient funds in your account to permit us to withdraw the Operating Fees due from time to time. You may not, under any circumstances, set off, deduct or otherwise withhold any Operating Fees, interest charges, or any other monies payable under this Agreement on grounds of our alleged non-performance of any obligations or for any other reason. We may require you to purchase merchant processing services from us, our affiliates, or a vendor that we have approved or designated, each of who may charge a reasonable monthly fee and reasonable per transaction fee. The payment processor may process all credit card payments related to your Studio, and remit payment to you of all monies owed, after withholding any Operating Fees payable to us and any payment processing fees payable to such processor. If you fail to timely report your Gross Revenue, or we are otherwise unable to access your Gross Revenue, we may estimate the amount of fees due and make a corresponding withdrawal from your bank account based on our estimate, plus 20% of our estimate. If we underestimate any fees due, you will remain obligated to pay the total amount of fees due, which, if we institute an automatic debit program, we may debit from your account automatically. If we overestimate any fees due, we will credit the fees

paid (without interest) against fees due in the next payment period after we receive accurate records regarding your Gross Revenue.

3.14 Interest; Late Fee. If any payment due to us is not received in full by the due date, in addition to being a default under this Agreement, you must pay us daily interest on the amount owed, calculated from the due date until paid, at the rate of 18% per annum (or the maximum rate permitted by law, if less than 18%). You also agree to pay us a late fee in the amount of \$100 for each week that a payment is paid after the applicable due date. This late fee is subject to increase upon 60 days' prior written notice, but will not be increased more than once in any 12-month period.

3.15 Taxes. You are responsible for all taxes, assessments, and government charges levied or assessed on you in connection with your business activities under this Agreement. In addition, as part of the Operating Fees or any other fees that we charge, you will pay to us the amount of any taxes imposed on us or our affiliates (and any taxes imposed on us or our affiliates as a result of such imposition) by federal, state, or local taxing authorities as a result of our receipt of any such fees, not including any tax measured on our income.

#### **Section 4 Project Management, Site Selection, Development, and Opening of Studio**

4.1 Real Estate Project Management. We may require you to engage at your own expense a real estate project manager (the "**Real Estate Project Manager**") that we designate to manage and lead real estate brokerage services, site selection counseling, and other assistance that the Real Estate Project Manager considers necessary and appropriate. We may collect any related fees on behalf of the Real Estate Project Manager. We or the Real Estate Project Manager may engage third-party real estate brokers to work on your behalf to identify sites for your Studio. You may not engage real estate brokers other than any broker that we may provide without our written approval.

4.2 Site Selection. If you identify a site in the Site Selection Area on your own that is reasonably suited for the conduct of the Studio and is consistent with any site selection guidelines that we may provide, before entering into any lease or purchase agreement for the site, you must submit a site proposal package describing details about the proposed site and provide any other information that we reasonably require. We will review each site that we, the Real Estate Project Manager, our designated broker, or you identify and determine whether to accept it using our proprietary site selection assistance criteria. You acknowledge that we may refuse to accept a proposed site for any reason. If we accept the proposed site and you obtain it, we will insert a description of the specific location on Schedule 1 to Appendix A. **YOU ACKNOWLEDGE AND AGREE THAT OUR ACCEPTANCE OR PROPOSAL OF A PROPOSED SITE IS NOT A WARRANTY OR REPRESENTATION OF ANY KIND AS TO THE POTENTIAL SUCCESS OR PROFITABILITY OF YOUR STUDIO. WHILE WE MAY PROVIDE ASSISTANCE AND GUIDANCE, IT IS SOLELY YOUR RESPONSIBILITY TO SELECT A SUITABLE SITE FOR THE STUDIO.** The address listed on Schedule 1, if completed and signed by us, will be the "**Site**" referred to in this Agreement. A site is not accepted until you have received our acceptance in writing, as indicated by our delivery of the completed and signed Schedule 1.

4.3 Definition of the Protected Area. Once the Site has been accepted, we will identify your Protected Area in Schedule 1 to Appendix A based on the factors that we deem relevant, in our sole discretion, which might include demographics, the character and location of the Site, and nearby businesses and residences. Once we have defined the Protected Area, you

will have no territorial or other rights in those portions of the Site Selection Area that are outside the Protected Area. Upon our request, you must return to us a signed copy of Schedule 1 to Appendix A acknowledging the Protected Area we have designated. If you do not return to us a signed copy within seven days after your receipt of Schedule 1 to Appendix A, the Protected Area set forth in Schedule 1 to Appendix A will be deemed acknowledged and accepted by you.

#### 4.4 Site Acquisition.

(a) Site Acceptance. Before you or an affiliate make a binding commitment to purchase, lease, or sublease a site, we must accept the location in writing and approve in writing the proposed lease or purchase agreement or any letter of intent between you and the third-party seller or lessor.

(b) Site Lease. If you or your affiliate leases the Site, unless we waive the requirement in writing, you must arrange for the execution of the Lease Addendum in the form of Appendix D (the "**Lease Addendum**") by you and your landlord in connection with any lease or sublease for your Site ("**Site Lease**") and any other provisions that we may reasonably require. Our review of the Site Lease is for our own benefit only and is not intended to supplement or replace a review by your attorney. We may require you to engage an attorney to review your Site Lease or purchase agreement for the Site that we have accepted and to supply us with reasonable documentation in connection with such review, including a lease abstract and confirmation that the terms in the agreement reflect the terms in any letter of intent between you and the third-party seller or lessor. You must deliver to us the completely executed purchase agreement or Site Lease and Lease Addendum within 10 days after execution of the Site Lease or purchase agreement, and you may not amend or renew any Site Lease without our written consent. You must comply with the terms and conditions of your Site Lease. We are not obligated to execute your lease or guarantee a lease for you.

(c) Site Acquisition Deadline. You must secure a Site that we have accepted by signing a Site Lease or purchase agreement within 120 days after the Effective Date (the "**Site Acquisition Deadline**"). We may extend the Site Acquisition Deadline in our sole discretion, and we may require you to execute a general release as a condition of us agreeing to grant such extension. If you do not secure a Site that we have accepted by the Site Acquisition Deadline and we do not agree to extend it, we may terminate the Franchise Agreement.

#### 4.5 Site Construction.

(a) Architects and Plans. You must use an architect that we designate or approve to design your Studio. We will make available to the architect a set of prototype plans and specifications (not for construction) for the Studio and for the exterior and interior design and layout. The architect will adapt for the Site our standard plans and specifications for the exterior and interior design and layout, fixtures, furnishings, signs, Trade Dress, and equipment for the Studio. We will review the architectural drawings and specifications for the construction of the Studio showing all leasehold improvements, interior designs, and elevations developed by the architect (collectively "**Plans**"), which we must approve prior to their submission for permitting. After we have accepted the Plans, you may not modify the Plans without our prior written consent.

(b) Permit, Licenses, and Compliance. Before beginning any construction, you, at your expense, must obtain all necessary government permits and licenses for the lawful construction and operation of your Studio. You must abide by your landlord's rules and guidelines. It is your responsibility to ensure that all Plans comply with the Americans with

Disabilities Act (the “**ADA**”) and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions. Our review of your Plans is limited to ensuring your compliance with our design requirements and is not designed to assess compliance with applicable federal, state, and local laws, rules, regulations, and ordinances in your Protected Area (“**Applicable Laws**”) or your Lease.

(c) General Contractor. You must provide us with written notice identifying your proposed general contractor, and you must ensure that the contractor is duly licensed in your jurisdiction and adequately insured. You may not begin construction until we have given you written approval of the Plans and we have approved in writing your choice of general contractor. We may require you to use only general contractors that we have pre-approved, provided that we have pre-approved one in your Site Selection Area.

(d) Construction Phase. You must complete the construction of your Studio in accordance with the approved Plans at your expense. You must notify us in writing promptly when construction begins and must maintain continuous construction until the Studio is completed. We or our agents may inspect the construction at all reasonable times. After completion of construction, you must promptly obtain a certificate of occupancy and provide a copy of the certificate to us.

4.6 Opening Deadline. You must complete construction of and open your Studio for business no later than 180 days after we accept the Site and no later than 300 days after the Effective Date (the “**Opening Deadline**”), unless we grant you an extension in writing. We may, in our sole discretion, extend the Opening Deadline, which we may condition on you agreeing to pay an extension fee of \$2,500 for each month (or portion of a month) for which the Opening Deadline is extended and you executing a general release. You may not open the Studio until you have received our written approval, which we will not provide until (i) we have viewed the certificate of occupancy, (ii) confirmed that you have complied with the Plans, and (iii) confirmed that you have complied with the pre-opening obligations set forth in this Agreement and have done so in accordance with our System Standards as set forth in the Manuals. You must open the Studio for business to the public within ten days from the date we give our written approval. Time is of the essence in constructing the premises for and opening the Studio.

4.7 Relocation. You may not relocate the Studio without our prior written consent. Such approval will not be unreasonably withheld, provided that (i) the new location for the Studio premises is satisfactory to us and you comply with our then-current real estate project management requirements, (ii) your lease, if any, for the new location complies with our then-current requirements and you and your landlord execute the Lease Addendum, (iii) you comply with our then-current requirements for constructing and furnishing the new location, (iv) the new location will not, as determined in our sole discretion, materially and adversely affect the Gross Revenue of any other Studio, (v) you have fully performed and complied with each provision of this Agreement within the last three years prior to, and as of, the date we consent to such relocation (the “**Relocation Request Date**”), (vi) no Event of Default (as herein defined), or event which with the giving of notice and/or passage of time would constitute an Event of Default, exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements. If your Site Lease expires or is otherwise terminated, you must secure our approval of another site and enter into a Site Lease for the new accepted site within 90 days. You agree to pay us the Relocation Fee upon notifying us of your intent to relocate the Studio to a new Site, whether or not the new Site is approved. We reserve the right to terminate this Agreement if you

fail to secure a new accepted site within 90 days after the expiration or termination of the Site Lease.

## **Section 5 Training and Assistance**

5.1 Initial Training. Prior to opening the Studio, your Operating Principal, your Key Manager, and your lead trainer (collectively, “**Required Trainees**”) must personally attend and satisfactorily complete our initial training program (“**Initial Training**”). We will provide Initial Training as soon as practicable after the execution and delivery of this Agreement at a Pvolve studio operated by our affiliate (as designated by us) or your Studio. We reserve the right, in our sole discretion, to offer all or portions of Initial Training via online e-learning modules through our learning management software system. Currently, Initial Training includes (i) one week of Initial Training for your Operating Principal and (ii) two weeks of training for your Key Manager and lead trainer. We reserve the right to modify the length and location of Initial Training. We may waive a portion of Initial Training or alter the training schedule if we determine that your Required Trainees have sufficient prior experience or training or have previously been trained at one of our Studios. Each subsequent Operating Required Trainee must attend our Initial Training unless we otherwise agree in writing, but we may permit them to attend Initial Training remotely via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine.

(a) Cost. We will provide Initial Training at no additional charge for up to four of your representatives (including your Required Trainees), provided that all of your trainees are trained during the same training session. We reserve the right to charge a training fee of up to \$800 per trainee per day, which we may increase upon 60 days’ written notice to you, for (i) each person in excess of four trainees, (ii) each person who is repeating the course or replacing a person who did not pass, and (iii) each subsequent trainee who attends the course.

(b) Completion of Initial Training. If your Required Trainees are unable to successfully complete, in our sole discretion, Initial Training for any reason, your Required Trainees must repeat Initial Training or you must send replacement Required Trainees to complete Initial Training. Your Required Trainees must successfully complete Initial Training at least 30 days before the Opening Deadline. If you and your personnel satisfactorily complete our Initial Training and you do not expressly inform us at the end of Initial Training that you feel that you or they have not been adequately trained, then you and they will be deemed to have been trained sufficiently to operate a Studio.

5.2 Opening Advice. Prior to opening your Studio, we will advise you as to development of class schedules and local marketing and networking efforts.

5.3 Additional Training. We may periodically conduct mandatory or optional training programs for your Required Trainees and/or your employees at our office or another location that we designate. We may require your Required Trainees or employees to satisfactorily complete any additional training programs that we specify. We may charge you a reasonable fee for such additional training programs. We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine.

5.4 Remedial Training. If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manuals, we may, in addition to all of our other rights and remedies, assign trainers to the Studio to provide on-site training and restore service levels and/or



require you or your employees to repeat Initial Training or attend additional training programs at a location that we designate. We may charge a reasonable fee (currently, \$500 per day) for each trainer assigned to your Studio and any remedial training. We may increase the amount to be charged for each trainer upon 60 days' prior written notice.

5.5 Training by You. Your Operating Principal and your Key Manager are responsible for training all of your other employees in accordance with our standards and training programs. If, in our sole judgment, you fail to properly train your employees in accordance with our standards, we may prohibit you from training additional employees and either require them to attend training at our headquarters (for the fee described in Section 5.1(a) (Initial Training)) or send one of our representatives to train them at your Studio (for the fee described in Section 5.4 (Remedial Training)).

5.6 Requested Consulting Services. We will provide to you additional consulting services with respect to the operation of the Studio upon your reasonable request and subject to the availability of our personnel. We will make available to you information about new developments, techniques, and improvements in the areas of advertising, management, operations, and Studio design. We may provide such additional consulting services through the distribution of printed or filmed material, an intranet or other electronic forum, meetings or seminars, teleconferences, webinars, or in person. If such services are rendered in person other than at our offices, you must pay us a consulting fee of \$500 for each of such employees or agents for each day or partial day services are rendered. We may increase the amount to be charged for such requested consulting services upon 60 days' prior written notice. Such additional consulting services will be rendered at a mutually convenient time.

5.7 Online Training. For any training programs that we conduct, we may supplement or replace portions or all of the in-person training with online training modules.

5.8 Travel and Living Expenses. You are responsible for any travel and living expenses (including meals, transportation, and accommodations), wages, and other expenses incurred by your trainees. You are responsible for reimbursing us for any travel and living expenses incurred by our employees or agents related to providing any additional training, remedial training, or consulting services at your Studio.

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

### **6.1 Manuals.**

(a) Compliance with the Manuals. We will furnish you with electronic access to our Manuals, on loan for as long as this Agreement or a successor franchise agreement remains in effect. We reserve the right to establish terms of use for access to any restricted portion of our website. You must comply with and abide by each required System Standard contained in the Manuals, as they may be amended, modified, or supplemented periodically and such other written or electronically transmitted System Standards that we may issue periodically. You acknowledge that we may amend, modify, or supplement the Manuals at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System. You must comply with revised mandatory System Standards within 30 days after we transmit the updates, unless otherwise specified.

(b) Use of the Manuals. You will treat the Manuals, and the information contained therein, as confidential and will maintain the confidentiality of such information. You will not, without our prior written consent, copy, duplicate, record, use, or otherwise reproduce in any way the Manuals, in whole or in part, or otherwise make their contents available to any unauthorized person, except as provided in Section 10 (Proprietary Information). You acknowledge that we own the copyright in the Manuals and that any authorized or unauthorized printed copies of any portion of the Manuals remain our property and must be returned to us immediately upon expiration or termination of this Agreement.

## 6.2 Management and Personnel.

(a) Studio Management. Unless otherwise specified in the Manuals, at all times that your Studio is open for business, it must be under the personal, on-premises supervision of either your Operating Principal, your Key Manager, or a trained trainer or receptionist. Your Operating Principal and Key Manager must be available at all times the Studio is open for business. You may not permit your Studio to be operated, managed, directed, or controlled by any other person or Entity without our prior written consent.

(b) Employment Decisions and Policies. You are solely responsible for all labor and employment-related matters and decisions related to your Studio, including hiring, firing, promoting, demoting, and compensating (including through wages, bonuses, or benefits) your employees. You must ensure that your employees are qualified to perform their duties in accordance with our System Standards and successfully pass a background check. We do not require you to implement any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Manuals or otherwise for your optional use. You shall determine to what extent, if any, these policies and procedures may be applicable to your operations at the Studio.

(c) Replacement Key Manager. If your Key Manager ceases to be employed by you at the Studio, you must hire a new Key Manager, and have them successfully complete Initial Training, within 30 days after your former Key Manager's employment at the Studio ends. During such period, the Studio must be managed by your Operating Principal. If you are unable to immediately appoint and train a Key Manager (or if the departed Key Manager was also your Operating Principal), we may, in our sole discretion, provide a Key Manager to work at your Studio temporarily until a new Key Manager is appointed and trained. In such instances you will pay to us the Management Fee.

6.3 Operation of the Studio. You will not use the Site for any purpose other than the operation of the Studio in compliance with the System and the Manuals. You will not lease, sublease, or assign the Site Lease for all or any portion of the Site, without our prior written consent.

(a) Restricted Uses. You may not offer or allow others to offer classes at the Studio other than Pvolve classes taught by Pvolve instructors. You, your Owners, and your affiliates may not provide tanning services, personal training services, massage services, or any other health-related services to your Studio's customers (whether those services are provided at the Studio or any other location) without our prior written approval, which we may withhold in our sole discretion.

(b) Operating Hours. You must keep the Studio open for business to the public at least during the hours we prescribe from time to time in the Manuals or otherwise

approve, unless prohibited by Applicable Laws or by the Site Lease (if any) for the Studio premises.

(c) Notice of Independent Contractor. During the Term, you agree to hold yourself out to the public as an independent contractor operating your Studio under license from us, and you must display in a conspicuous location in or upon the Studio, or in a manner that we specify, a sign containing the following notice or an alternative notice that we specify: "This business is independently owned and operated by [insert name of Entity], an authorized licensee of Pvolve Development, LLC. You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationary, and other written materials that we designate.

(d) Memberships. You must offer customers the chance to become members (a "**Member**") by signing a membership agreement in a form that we have prescribed or approved in writing (the "**Membership Agreement**"), unless we specify otherwise in writing. We will specify in the Manuals or otherwise in writing the types of memberships and passes you may offer to customers and the benefits you must provide to Members who purchase certain memberships or passes. You must follow any rules and policies that we include in the Manuals with respect to your Members.

(e) Membership Agreements and Studio Waivers. We will provide you with templates for Membership Agreements, certain other agreements and related waivers for use in your Studio. You will be responsible for (i) modifying Membership Agreements and waivers to comply with Applicable Laws; and (ii) providing the appropriate agreements to customers. You must obtain our written consent before you use a modified or different form of such agreements or waivers. Our review of any agreement or waiver that you propose to use is limited to ensuring your compliance with our content requirements. Our acceptance of a form of an agreement or waiver is not a warranty or representation of any kind as to the compliance of such agreement or waiver with Applicable Laws. It is solely your responsibility to ensure that any agreements or waivers that you use in your Studio comply with Applicable Laws.

(f) Upkeep of the Studio. You must keep the exterior (including parking lot) and interior of your Studio and all fixtures, furnishings, signs, and equipment (the "**Operating Assets**") in the highest degree of cleanliness, orderliness, sanitation, and repair in accordance with the Manuals. You must place or display at the Site (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that we periodically require or authorize. You may not make any material alteration, addition, replacement, or improvement to your Studio, including its Operating Assets, without our prior written consent.

6.4 Refurbishing and Repairs. You agree to take, without limitation, the following actions during the Term at your expense: (i) thorough cleaning, repainting and redecorating of the interior and exterior of the Studio at intervals that we may periodically designate and at our direction; (ii) interior and exterior repair of the Studio as needed; and (iii) repair or replacement, at our direction, of damaged, worn-out or obsolete Operating Assets at intervals that we may periodically specify (or, if we do not specify an interval for replacing any item, as that item needs to be repaired or replaced).

6.5 Renovations. Upon our written request, you must renovate the Studio at your expense to conform the decor, Trade Dress, color schemes, signage, and presentation of the Marks to our then-current image. Such renovations may include, as we deem necessary,

remodeling, redecoration, and other modifications to existing improvements and updating or replacing any Operating Assets. You acknowledge that this obligation could result in your making extensive structural changes to, and significantly remodeling and renovating, the Studio, and/or in your spending substantial amounts for new Operating Assets, and you agree to incur, without limitation, any capital expenditures required in order to comply with this obligation and our requirements (even if those expenditures cannot be amortized over the remaining Term). Within 60 days after receiving written notice from us, you must have plans prepared according to the System Standards we prescribe and, if we require, using architects and contractors we approve, and you must submit those plans to us for our approval. You must complete all work according to the plans we approve within the time period that we reasonably specify.

6.6 Classes and Exercise Programs. You must conduct all classes in accordance with the System. You may only offer classes and exercise programs at your Studio. You must offer at the Studio any classes or programs that we deem to be mandatory and must incorporate in such classes any class structures or exercise routines that we specify. Any classes, programs, or exercise routines that you or your instructors develop must be consistent with the System Standards that we specify from time to time. If we disapprove of any class, program, or exercise routine that you offer or develop, you must immediately discontinue or modify such class, program, or exercise routine in accordance with our instructions

6.7 Pricing. If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing from time to time. Otherwise, you are solely responsible for determining the prices that you will charge Members and customers. You must provide us with your current price list upon our request.

6.8 Products, Supplies, Operating Assets, and Services.

(a) Purchases. We have the right to require that products, supplies, Operating Assets, and services that you purchase for resale or purchase or lease for use in your Studio: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates). To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manuals.

(b) Products and Services You May Offer. You may offer in the Studio to customers only the products, services, and classes that we have approved in writing. In addition, you must offer the specific products, services, and classes that we require in the Manuals or otherwise in writing. We may change these specifications periodically, and we may designate specific products, services, or classes as optional or mandatory. You must offer all products, services, or classes that we designate as mandatory. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System Standards. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

(c) Revenue from Purchases. You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases, including from charging you for products and services we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by suppliers and/or distributors that we designate or approve for some or all of our franchisees. We and our affiliates may use all amounts received from suppliers and/or distributors, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate. If you derive any revenue based on payments or promotional allowances received from suppliers and/or distributors, you must report to us the details of the arrangement and such revenue shall be included as part of your Gross Revenue.

(d) Approval Process. If you would like to offer products, services, or classes or use any supplies, Operating Assets, or services that we have not approved (if we have designated a certain brand, kind, or model of such item or service or require approval of such item or service) or to purchase or lease from a supplier or service provider that we have not approved (if we have designated a supplier or service provider or require approval of such supplier or service provider), you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 60 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Studio may differ from those that we permit or require to be offered in other Studios.

(e) Revocation of Approval. We reserve the right to re-inspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing or leasing the formerly-approved item or service or any items or services from the formerly-approved supplier or service provider and you must dispose of your remaining inventory of the formerly-approved items and services as we direct. If we revoke approval of a previously-approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would be harmful to customers or detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

(f) Use of Vendor Relationships. You may not use vendor relationships that you establish through your association with us or the Pvolve brand for any other purpose besides the operation of the Studio.

6.9 Distribution. You may not make any sales of products or services outside of the Studio, unless we consent in writing. You agree to purchase products solely for resale to

retail customers, and not for resale or redistribution to any other party, including other Pvolve franchisees. You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing.

#### 6.10 Participation in System-wide Programs, Conferences, and Councils.

(a) Promotional Programs. You must participate in all in-Studio promotional programs that we specify. You must follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manuals or otherwise in writing. You will not allow use of gift certificates, gift cards, or coupons (including Groupons and similar discounts) unless approved or required by us.

(b) Conferences. You, your Operating Principal, your Key Managers, or any of your representatives that we designate must attend franchise conventions, meetings, product shows or demonstrations, and teleconferences that we or may require periodically in the Manuals or otherwise in writing. We, in our sole discretion, will designate the time and place of any meetings, which may be held in-person or remotely via teleconference or web seminar. We may require you to pay us a reasonable registration fee of up to \$800 per attendee. You are responsible for arranging and paying for travel and living expenses that you and/or your representatives incur.

(c) Franchisee Advisory Council. We may establish an advisory council of franchisees (“**Franchisee Advisory Council**”) to advise us on various issues and strategies. The Franchisee Advisory Council will have an advisory role, but no operational or decision-making power. We may change the structure and by-laws of the Franchisee Advisory Council or dissolve the Franchisee Advisory Council at any time. If we establish a Franchisee Advisory Council, you must participate in all council-related activities and meetings and must pay any dues related to the administration of the Franchisee Advisory Council.

#### 6.11 Technology System.

(a) Acquisition and Updates. You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manuals necessary to operate our point of sale system, the customer relationship management system, the online reservation system, and other technology systems that we designate (collectively, the “**Technology System**”). You must use the Technology System to (i) enter and track purchase orders and receipts, attendance, and customer information, (ii) update inventory, (iii) enter and manage your customers’ contact information, (iv) generate sales reports and analysis relating to the Studio, and (v) provide other services relating to the operation of the Studio. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require. You must replace, upgrade, or update at your expense the Technology System as we may require periodically without limitation. We will establish reasonable deadlines for implementation of any changes to our Technology System requirements.

(b) Use of the Technology System. You agree: (i) that your Technology System will be dedicated for business uses relating to the operation of the Studio; (ii) to use the Technology System in accordance with our policies and operational procedures; (iii) to transmit financial and operating data to us as required by the Manuals; (iv) to do all things necessary to

give us unrestricted access to the Technology System at all times (including users IDs and passwords, if necessary) so that we may independently download and transfer data via a connection that we specify; (v) to maintain the Technology System in good working order at your own expense; (vi) to ensure that your employees are adequately trained in the use of the Technology System and our related policies and procedures; and (vii) not to load or permit any unauthorized programs or games on any hardware included in the Technology System. You also must comply with all laws and payment card provider standards relating to the security of the Technology System, including, without limitation, the Payment Card Industry Data Security Standards. You are responsible for any and all consequences that may arise if the system is not properly operated, maintained and upgraded or if the Technology System (or any of its components) fails to operate on a continuous basis or as we or you expect.

6.12 Compliance with Laws and Good Business Practices. You must comply with all Applicable Laws. You will obtain and maintain in good standing any and all licenses, permits, and consents necessary for you to lawfully operate the Studio. You have sole responsibility for such compliance despite any information or advice that we may provide. You must in all dealings with your customers, prospective customers, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other Studios.

6.13 Notice of Proceedings. You will notify us in writing within five days after the commencement of any action, suit or proceeding, or of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality in connection with the operation or financial condition of the Studio, including any criminal action or proceeding brought by you against any employee, customer, or other person, but excluding civil proceedings against customers to collect monies owed.

6.14 Insurance. During the Term you must maintain in force at your sole expense the insurance coverage for the Studio in the amounts, covering the risks, and containing only the exceptions and exclusions that we periodically specify in the Manuals for all similarly situated Studios. All of your insurance carriers must be rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). These insurance policies must be in effect on or before the deadlines we specify. All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that we or our affiliates maintain. All general liability and workers' compensation coverage must provide for waiver of subrogation in favor of us and our affiliates. We may, upon at least 60 days' notice to you, periodically increase the amounts of coverage required and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies must name us and any affiliates we designate as an additional insured and provide for 30 days' prior written notice to us of a policy's material modification or cancellation. You agree periodically to send us a valid certificate of insurance or duplicate insurance policy evidencing that you have maintained the required coverage and paid the applicable premiums. If you fail to obtain or maintain (or to prove that you have obtained or maintained) the insurance we specify, in addition to our other remedies, we may (but are not obligated to) obtain such insurance for you and the Studio on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance and pay us a reasonable fee for such service.

6.15 Taxes. You will pay when due all taxes, assessments, and governmental charges upon or against you or your real or personal properties, income, and revenue; provided that no such tax, assessment, or governmental charge need be paid so long as the validity, applicability, or amount thereof is being contested in good faith by appropriate proceedings and appropriate reserves are maintained to pay the disputed amount, if necessary.

## **Section 7     Marketing**

7.1 Our Advertising Materials. We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We may make available to you for you to purchase approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared. We or our affiliates will retain all copyrights relating to such advertising materials.

### **7.2     Brand Fund**

(a) Fund Management. We may, but are not obligated to, establish the Brand Fund, a segregated or independent fund into which all Brand Fund Fees will be paid. In no event will we be deemed a fiduciary with respect to any Brand Fund Fees we receive or administer. We are not required to have an independent audit of the Brand Fund completed. We will prepare an unaudited statement of contributions and expenditures for the Brand Fund and make it available within 60 days after the close of our fiscal year to franchisees that make a written request for a copy. If any monies in the Brand Fund remain at the end of a fiscal year, they will carry-over in the Brand Fund into the next fiscal year. We or one of our affiliates may make or otherwise arrange loans to the Brand Fund in any year in which the balance of the Brand Fund is negative and charge a reasonable rate of interest. The amounts loaned to the Brand Fund will be repaid from future contributions to the Brand Fund in the year the loan is made or in subsequent years.

(b) Use of Brand Fund. We may use monies in the Brand Fund and any earnings on the Brand Fund account for any costs associated with advertising (media and production), branding, marketing, public relations and/or promotional programs and materials, and any other activities we believe would benefit the Pvolve brand or the Studios generally, including advertising campaigns in various media; creation, maintenance, and optimization of the System Website or other websites; keyword or adword purchasing programs; conducting and managing social media activities; direct mail advertising; market research, including, without limitation, secret shoppers and customer satisfaction surveys; branding studies; employing advertising, social media marketing, and/or public relations agencies; developing or purchasing promotional items; conducting and administering promotions, contests, giveaways, public relations events, and community involvement activities; and providing promotional and other marketing materials and services to our franchisees. We will not use the Brand Fund for anything whose sole purpose is the marketing of franchises, however, you acknowledge that the System Website, public relations activities, community involvement activities, and other activities supported by the Brand Fund may contain information about franchising opportunities. We will not use any contributions to the Brand Fund to defray our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Brand Fund or the management of Brand Fund-supported programs (including the pro-rata amount of salaries of our personnel who devote time to Brand Fund activities and retainers and fees for outside agencies). We may use monies in the Brand Fund to pay for an independent audit of the Brand Fund, if we elect to have it audited. We do not



guarantee that you will benefit from the Brand Fund in proportion to your contributions to the Brand Fund.

(c) Control Over Brand Fund. We may consult with, in our sole discretion, the Franchisee Advisory Council or a committee of franchisees that we appoint regarding marketing programs. However, we have the right to direct all marketing programs and uses of the Brand Fund, with the final decision over creative concepts, materials, and media used in the programs and their placement.

(d) Materials Produced. Any sales and other materials produced with Brand Fund monies will be made available to you without charge or at a reasonable cost.

(e) Other Contributions. If we or our affiliates operate any Studios, we or our affiliates will contribute to the Brand Fund a percentage of the receipts of those Studios on the same basis as required for franchisees. You acknowledge that our other franchisees may not be required to contribute to the Brand Fund, may be required to contribute to the Brand Fund at a different rate than you, or may be required to contribute to a different Brand Fund.

### 7.3 Local Marketing.

(a) Local Marketing Requirements. You must participate in such advertising, promotional, and community outreach programs that we may specify from time to time, at your own expense. You must use your best efforts to promote the use of the Marks in your Protected Area. You must ensure that all of your advertising, marketing, promotional, public relations, and other brand-related programs and materials that you or your agents or representatives develop or implement relating to the Studio is completely clear, factual and not misleading, complies with all Applicable Laws, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. There are no territorial restrictions from accepting business from members that reside or work or are otherwise based outside of your Protected Area, but, unless we agree otherwise in writing, you may not direct or target any marketing to prospective members who live or work outside of your Protected Area, unless you have an existing business relationship with such individuals. We reserve the right to implement rules and restrictions in our Manuals or otherwise in writing regarding marketing to prospective members.

(b) Approval of Advertising Materials. You must obtain our advance written approval prior to using or producing any advertising or marketing materials using any of the Marks, in whole or in part. You agree to conduct all advertising in a dignified manner and to conform to the standards and requirements we specify in the Manuals. We will have the final decision on all creative development of advertising and promotional messages. If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved. We reserve the right, in our sole discretion, to require you to discontinue the use of any advertising or marketing materials.

(c) Minimum Marketing Expenditure. You must spend at least \$3,000 per calendar month on local advertising and promotional activities (the “**Marketing Spending Requirement**”). Your Marketing Spending Requirement is in addition to your Brand Fund Fee. We have the right to designate in the Manuals the types of expenditures that will or will not count toward the Marketing Spending Requirement. At our request, you must submit appropriate documentation to verify compliance with the Marketing Spending Requirement. If you fail to spend (or prove that you spent) the Marketing Spending Requirement in any calendar quarter,

then we may, in addition to and without limiting our other rights and remedies, require you to pay us the shortfall as an additional Brand Fund Fee or to pay us the shortfall for us to spend on local marketing for your Studio.

(d) Grand Opening Advertising. In connection with the opening of the Studio, you must spend a minimum of \$25,000 for grand opening advertising and promotion beginning 90 to 120 days before, and ending upon, the opening of your Studio in accordance with a plan approved by us. We will provide you with an initial grand opening advertising plan template, which you may modify (subject to our final approval). Your grand opening expenditures may include monies focused on the pre-sale of memberships, approved social media promotions, and temporary signage while your Studio is under construction. The wages and other payroll-related expenses of your employees shall not be credited towards this spending requirement. Any monies you spend on your grand opening will not be credited toward the Marketing Spending Requirement. You must provide us with supporting documentation evidencing these expenditures upon request. If your grand opening advertising fails to achieve 125 Members in the first four weeks of the grand opening advertising period, we may, in our sole discretion, provide to you additional sales training at your expense. If we elect to provide additional sales training to you, your Operating Principal and Key Manager must attend.

7.4 Advertising Cooperatives. You agree to join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or approve for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple Studios (“**Advertising Cooperatives**”) and to abide by the bylaws, rules, and regulations duly required by the Advertising Cooperative, which we have the right to designate or approve. If you join an Advertising Cooperative, we or the Advertising Cooperative may require you to contribute up to 50% of your Marketing Spending Requirement to the Advertising Cooperative to enable it to implement marketing programs. If we or our affiliates operate any Studios within the area of an Advertising Cooperative, we or our affiliates will contribute to and participate in the Advertising Cooperative in the same manner as a franchised Studio. We shall have the right to approve any marketing materials or marketing programs developed by any Advertising Cooperative in the same manner as specified in Section 7.3(b) (Approval of Advertising Materials).

#### 7.5 Digital Marketing.

(a) Restrictions. We or our affiliates may, in our sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, “**Digital Marketing**”) that are intended to promote the Marks, your Studio, and the entire network of Studios. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Studio. Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Studio or the network. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. If we permit you or your employees to conduct any Digital Marketing, we will have the right to retain full control over all websites, social media accounts, mobile applications or other means of digital

advertising that we have permitted you to use. We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time.

(b) System Website. As part of our Digital Marketing, we will operate and maintain a System Website, which will include basic information related to the Studio, the ability for customers to purchase classes at your Studio or sign up for a membership at your Studio, and access to the Studio's reservation system. You must promptly provide us with any information that we request regarding your Studio for inclusion on the System Website.

## **Section 8     Records, Reports, Audits, and Inspections**

8.1 Bookkeeping and Records. You agree to keep complete and accurate books, records, and accounts of all business conducted under this Agreement in accordance with generally accepted accounting principles and using the forms (including charts of accounts and income statement forms) and accounting software that we designate. You must preserve all of your books and records in hard copy or in a format from which hard copies can be readily generated for at least five years from the date of preparation or such longer period as may be required by law. You must maintain such information and records on the Technology System. We or a third-party vendor that we designate must have independent, unlimited remote access to all information, data and records on the Technology System via a network connection that we will specify. The Technology System shall permit twenty-four (24) hours per day, seven (7) days per week electronic communications between us and you. At our request, you must retain and use, at your expense, the services of an accountant or accounting firm that we approve.

8.2 Reports and Financial Statements. You agree to submit financial and operational reports and records to us at the times and in the manner specified in the Manuals. By April 15<sup>th</sup> of each year, you must submit your balance sheet and income statement for the previous calendar year, which must be prepared in accordance with generally accepted accounting principles and must be certified as correct and complete by you or the Operating Principal. We have the right to demand audited financial statements if an Event of Default has occurred within the last calendar year or if we suspect the statements are inaccurate. In addition, you must provide us within 15 days after our request, exact copies of federal and state income and other tax returns and any other forms, records, books, reports and other information that we periodically require relating to the Studio or you. Within 120 days after opening your Studio, you must provide a report in a form that we specify detailing the expenses you incurred related to constructing and opening your Studio.

8.3 Additional Information. You shall respond promptly to requests from us for clarification and/or additional information regarding any matter entrusted to you under this Agreement. We may from time to time require information about your financial condition, earnings, sales, profits, costs, expenses, and performance to provide a basis for providing our prospective franchisees with information concerning actual or potential earnings or to comply with Applicable Laws governing the sale of franchises. You will provide such information promptly upon our request, and you will certify that such information is true and complete in all material respects.

8.4 Inspection. We have the right, through our employees and any agents we designate, at any time during business hours and without prior notice to you to: (i) inspect the Site and Studio for compliance with the Manuals, (ii) videotape, photograph or otherwise record the operation of the Studio, (iii) interview your employees, landlord, and customers, (iv) examine the records, invoices, payroll records, check stubs, sales tax records and returns, and other

supporting records and documents of the Studio, and (v) examine your income tax records and any other information, records or properties relating to the ownership, management, or operation of the Studio. We may require you to install and maintain, at your expense, a video surveillance system that we designate which we may access remotely through a connection that we specify to ensure compliance with our standards and the Manuals. Our right to inspect your business records includes records maintained electronically or off-site. You must cooperate with such inspections by giving our representatives unrestricted access and rendering such assistance as our representatives may reasonably request. If we notify you of any deficiencies after the inspection, you must promptly take steps to correct them. If you fail to correct any deficiencies within a reasonable time, not to exceed 30 days, we have the right to correct such deficiencies and charge you a reasonable fee plus our costs and expenses incurred in such inspection. Any inspections will be made at our expense, unless the inspection is necessitated by your repeated or continuing failure to comply with any provision of this Agreement, in which case we may charge you the costs of making such inspection, including without limitation the wages and cost of travel and living expenses for our representatives.

#### 8.5 Auditing.

(a) Right to Audit. Without limiting the foregoing, we may audit or cause to be audited any statement you are required to submit pursuant to Section 8.2 (Reports and Financial Statements) and we may review, or cause to be reviewed, the records maintained by any bank or other financial institution used by you in connection with the Studio.

(b) Understatements. If any such audit or review discloses an understatement of your Gross Revenue for any period or periods, you will pay to us, within 10 days after demand for payment is made, all additional Royalty Fees, Brand Fund Fees, or other amounts required to be paid based upon the results of such audit or review. In addition, if such understatement for any period or periods is 2% or more of your Gross Revenue for such period or periods, you will reimburse us for the cost of such audit or review, including the charges of any independent accountant and any related attorneys' fees and the cost of travel and living expenses and wages for such accountant and employees or other agents of us. You will pay to us, upon demand, on any delinquent fees interest at the lesser of 18% per annum or the maximum rate allowed by law calculated from the date when the fees should have been paid to the date of actual payment. These remedies are in addition to our other remedies and rights under this Agreement and Applicable Laws.

8.6 Mystery Shopper Program. We may require you to participate in a mystery shopper service in order to ensure your compliance with the System and our customer service standards. We may specify mystery shopper services that you must engage at your expense, or we may engage the mystery shopper service on your behalf, in which case you must pay us a reasonable fee that we will specify. You must share the results of any mystery shopper program with us and must promptly address any deficiencies identified in any such report.

### **Section 9 Intellectual Property.**

#### 9.1 Marks and Trade Dress.

(a) Acknowledgements. You acknowledge that we or our affiliates are the owner of the Marks and the Trade Dress, that you have no interest in the Marks and the Trade Dress beyond the nonexclusive License granted herein, and that, as between we and you, we have the exclusive right and interest in and to the Marks and the Trade Dress and the goodwill

associated with and symbolized by them. Upon the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement.

(b) Rights. Your right to use the Marks and the Trade Dress applies only to the Studio operated at the Site as expressly provided in this Agreement, including advertising related to the Studio. You may only use in your Studio the Marks and the Trade Dress we designate, and only in compliance with written rules that we prescribe from time to time. You must display the Marks in a manner that we specify on signage at the Studio and on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts, stationary, and other materials we designate. You must obtain our prior written approval before using materials bearing the Marks that we have not previously approved. We may revoke our approval for any usage of the Marks or Trade Dress at any time upon reasonable notice to you. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing.

9.2 Copyrights. You acknowledge that as between you and us, any and all present or future copyrights relating to the System or the Pvolve concept, including, but not limited to, the Manuals and marketing materials, (collectively, the “**Copyrights**”) belong solely and exclusively to us. You have no interest in the Copyrights beyond the non-exclusive License granted in this Agreement.

9.3 No Contesting Our Rights. During the Term of this Agreement and after its expiration or termination, you agree not to directly or indirectly contest our ownership, title, right or interest in or to, or our license to use, or the validity of, (i) the Marks, (ii) the Trade Dress, (iii) the Copyrights, or (iv) any trade secrets, methods, or procedures that are part of the System (collectively, the “**Intellectual Property**”), or contest our sole right to register, use, or license others to use the Intellectual Property.

9.4 Changes to the Intellectual Property. We have the right, upon reasonable notice, to change, discontinue, or substitute for any of the Intellectual Property and to adopt entirely different or new Intellectual Property for use with the System without any liability to you, in our sole discretion. You agree to implement any such change at your own expense within the time we reasonably specify.

9.5 Third-Party Challenges. You agree to notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge. You also agree to inform us promptly of any challenge by any person or Entity to the validity of our ownership of or our right to license others to use any of the Intellectual Property. We agree to protect and defend you against any suit filed or demand made against you challenging the validity of the Intellectual Property (an “**IP Claim**”), and to defend and indemnify you against your loss, cost, or expense related to the IP Claim, except where the IP Claim arose because you used the Intellectual Property in violation of this Agreement. We will initiate, direct, and control any litigation or administrative proceeding relating to the Intellectual Property, including any settlement (which may require you to cease using certain Intellectual Property). We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys’ fees, recovered or owed to us or our affiliates in connection with any such action. You agree to execute all documents and

render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Intellectual Property.

9.5 Post-Termination or Expiration. Upon the expiration or termination of this Agreement for any reason, all of your rights to use the Intellectual Property will automatically revert to us without cost and without the execution or delivery of any document. Upon our request, you will execute all documents that we require to confirm such reversion.

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

## **Section 10 Proprietary Information.**

10.1 Receipt of Proprietary Information. You acknowledge that prior to or during the Term, we may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, our business, our vendor relationships, our classes, or the construction, management, operation, or promotion of the Studio (collectively, “**Proprietary Information**”), including (i) site selection criteria and methodologies; (ii) methods, formats, systems, System Standards, sales and marketing techniques, knowledge and experience used in developing and operating Studios, including information in the Manuals; (iii) marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for Studios; (iv) knowledge of specifications for and suppliers of, and methods of ordering, certain items that Studios use and/or sell; (v) knowledge of the operating results and financial performance of other Studios; (vi) customer communication and retention programs, along with data used or generated in connection with those programs; and (vii) any other information we reasonably designate from time to time as confidential or proprietary. “Proprietary Information” does not include (i) information that is part of the public domain or becomes part of the public domain through no fault of you, (ii) information disclosed to you by a third party having legitimate and unrestricted possession of such information, or (iii) information that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession when the parties began discussing the sale of the franchise.

10.2 Nondisclosure of Proprietary Information. We and our affiliates own all right, title, and interest in and to the Proprietary Information. You will not, nor will you permit any person to, use or disclose any Proprietary Information (including without limitation all or any portion of the Manuals) to any other person, except to the extent necessary for your professional advisors and your employees to perform their functions in the operation of the Studio. You acknowledge that your use of the Proprietary Information in any other business would constitute an unfair method of competition with us and our franchisees. You will be liable to us for any unauthorized use or disclosure of Proprietary Information by any employee or other person to

whom you disclose Proprietary Information. You will take reasonable precautions to protect the Proprietary Information from unauthorized use or disclosure and will implement any systems, procedures, or training programs that we require. At our request, you will require anyone who may have access to the Proprietary Information to execute non-disclosure agreements in a form satisfactory to us that identifies us as a third party beneficiary of such covenants with the independent right to enforce the agreement.

### 10.3 Customer Information.

(a) Protection of Customer Information. You must comply with our System Standards, other directions from us, and all Applicable Laws regarding the organizational, physical, administrative, and technical measures and security procedures you must use to safeguard the confidentiality and security of Customer Information on your Technology System or otherwise in your possession or control. In any event, you must employ reasonable means to safeguard the confidentiality and security of Customer Information. “**Customer Information**” means names, contact information, financial information and other personal information of or relating to the Studio’s customers and prospective customers. If there is a suspected or actual breach of security or unauthorized access involving your Customer Information, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Customer Information was compromised or disclosed. You are responsible for any financial losses you incur or remedial actions that you must take as a result of a breach of security or unauthorized access to Customer Information in your control or possession.

(b) Ownership of Customer Information. You agree that all Customer Information that you collect in connection with your Studio is deemed to be owned by us, and must be furnished to us at any time that we request it. In addition, we and our affiliates shall have unrestricted independent access to Customer Information through the Technology System.

(c) Use of Customer Information. You have the right to use Customer Information while this Agreement or a successor franchise agreement is in effect, but only to market Pvolve products and services to customers in accordance with the policies that we establish periodically and Applicable Laws. You may not sell, transfer, or use Customer Information for any purpose other than marketing Pvolve products and services. We and our affiliates may use Customer Information in any manner or for any purpose. You must secure from actual and prospective customers and others all consents and authorizations, and provide them all disclosures, that Applicable Law requires to transmit Customer Information to us and our affiliates, and for us and our affiliates to use that Customer Information, in the manner that this Agreement contemplates.

## **Section 11 Indemnification.**

11.1 Indemnification By You. You agree to indemnify and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, representatives, successors, and assignees (the “**Indemnified Parties**”) against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) directly or indirectly arising out of or relating to: (i) the Studio’s operation; (ii) the business you conduct under this Agreement; (iii) your breach of this Agreement; or (iv) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Studio’s construction, design or operation, and including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. “**Losses**” means any and all losses, expenses, obligations, liabilities, damages

(actual, consequential, or otherwise), and reasonable defense costs that an Indemnified Party incurs, including accountants', arbitrators', mediators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

11.2 Indemnification Procedure. You agree to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described in Subsection 11.1(i) through (iv) above (collectively, "**Proceedings**"), including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct, and/or willful wrongful omissions. Each Indemnified Party may, at your expense, defend and otherwise respond to and address any claim asserted, inquiry made, or Proceeding brought that is subject to this Section 11 (instead of having you defend it as required above). Each Indemnified Party may agree to settlements or take any other remedial, corrective, or other actions that it deems appropriate, and you shall be solely responsible all related Losses, subject to Section 11.3. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 11. Your obligations in this Section 11 will survive the expiration or termination of this Agreement.

11.3 Willful Misconduct or Gross Negligence. Despite Section 11.1, you have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses (including costs of defending any Proceeding under Section 11.2) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or employment) or our failure to compel you to comply with this Agreement. However, nothing in this Section 11.3 limits your obligation to defend us and the other Indemnified Parties under Section 11.2 until such a final determination is made.

## **Section 12 Your Covenant Not to Compete.**

12.1 During Term. You acknowledge that you will receive valuable, specialized training and confidential information regarding the System and our and our affiliates' businesses. During the Term, you and your Owners may not, without our prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or Entity:

(a) teach or lead, or train individuals to teach or lead, any resistance-based, low impact classes ("**Competitive Classes**") at any location in the United States or via any alternative channels of distribution, such as the Internet, webinar, or other video services;

(b) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (i) any fitness studio or similar facility or business that generates 25% or more of its revenue from Competitive Classes or (ii) any Entity that grants franchises or licenses for any of these types of businesses (collectively, each, a "**Competitive Business**") at any location in the United States;



(c) divert or attempt to divert any business or customer or potential business or customer of the Studio to any Competitive Classes or Competitive Business, by direct or indirect inducement or otherwise;

(d) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

(e) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Studio.

12.2 After Termination, Expiration, or Transfer. For two years after the expiration or termination of this Agreement or an approved Transfer to a new franchisee, you and your Owners shall be subject to the same restrictions as in Section 12.1 (During Term), except the restrictions in Section 12.1(a) and 12.1(b) shall be geographically limited to any location within a ten-mile radius of your former Studio or any other Studio that is operating or under development at the time of such expiration, termination, or Transfer. With respect to the Owners, the time period in this Section 12.2 will run from the expiration, termination, or Transfer of this Agreement or from the termination of the Owner's relationship with you, whichever occurs first.

12.3 Publicly Traded Corporations. Ownership of less than five percent of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Section 12.

12.4 Covenants of Owners and Employees. The Owners personally bind themselves to this Section 12 by signing this Agreement or the attached Guarantee. We may, in our sole discretion, require you to obtain from your officers, directors, Key Managers, Owners' spouses, and other individuals that we may designate executed agreements containing noncompete covenants similar in substance to those contained in this Section 12 as we prescribe in the Manuals and otherwise. The agreements must be in a form acceptable to us and specifically identify us as having the independent right to enforce them.

12.5 Enforcement of Covenants. You acknowledge and agree that (i) the length, geographical scope, and breadth of the covenants provided in this Section 12 are reasonable and necessary for the protection of our legitimate business interests; (ii) you have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of the same would not impose undue hardship; and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section 12 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same will be enforced to the fullest extent permissible. You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section 12. You acknowledge that any breach or threatened breach of this Section 12 will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section 12. Such injunctive relief will be in addition to any other remedies that we may have.

## Section 13 Transfer and Assignment.

13.1 Transfer by Us. We may assign this Agreement and all of our rights, duties, and obligations under this Agreement to any person or Entity that we choose in our sole discretion. Upon any such assignment, we will be released from all of our duties and obligations hereunder, and you will look solely to our assignee for the performance of such duties and obligations.

13.2 Definition of Transfer. For purposes of this Agreement, “**Transfer**” as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the Studio, substantially all the assets of the Studio, or in the ownership of the franchisee Entity. “**Transfer**” as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance. A “**Control Transfer**” means any Transfer of (i) this Agreement or any interest in this Agreement; (ii) the Studio or all or substantially all of the Studio’s assets; or (iii) any Controlling Ownership Interest (defined below) in your Entity, whether directly or indirectly through a transfer of legal or beneficial ownership interests in any Owner that is an Entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place. References to a “**Controlling Ownership Interest**” in you mean either (a) 20% or more of your direct or indirect legal or beneficial ownership interests in your Entity or (b) an interest, the acquisition of which grants the power (whether directly or indirectly) to direct or cause the direction of management and policies of you or the Studio to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition.

### 13.3 Transfer Procedure.

(a) Consent Required. This Agreement and the License are personal to you, and we have granted the License in reliance on your and your Owners’ business skill, financial capacity, and personal character. Accordingly, neither you nor any of the Owners or any successors to any part of your interest in this Agreement or the License may make any Transfer or permit any Transfer to occur without obtaining our prior written consent, except as provided in Section 13.7 (Permitted Transfers). Any purported Transfer, without our prior written consent, will be null and void and will constitute an Event of Default (as herein defined), for which we may terminate this Agreement without opportunity to cure.

(b) Obtaining Consent. If you or any of your Owners desire to make a Transfer, you must promptly provide us with advance written notice and must submit a copy of all proposed contracts and other information concerning the Transfer and transferee that we reasonably require. We have the right to communicate with both you, your counsel, and the proposed transferee on any aspect of a proposed Transfer. No Transfer that requires our consent may be completed until at least 60 days after we receive written notice of the proposed Transfer. We have sole and absolute discretion to withhold our consent, except as otherwise provided in Sections 13.6 (Transfer for Convenience), 13.7 (Permitted Transfers), and 13.8 (Transfer Upon Death, Incapacity, or Bankruptcy), and we may condition our consent on compliance with any conditions that we specify. If your Studio is not open and operating, we will not consent to your Transfer of this Agreement, and we are under no obligation to do so. Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement.

13.4 Control Transfer. For a proposed Control Transfer, in addition to any other conditions that we reasonably specify, the following conditions apply (unless waived by us):

(a) When you provide written notice of the proposed Transfer, you must pay to us a non-refundable deposit of \$5,000 to cover our administrative costs incurred in reviewing the proposal. The deposit will be applied towards your Transfer Fee in the event that the Transfer is completed, but will not be refunded if the Transfer is not completed.

(b) You or your transferee must pay to us the applicable Transfer Fee. You must make such payment by wire transfer from the proceeds of the sale at the closing if we so request.

(c) You must satisfy all of your accrued monetary obligations to us and must be in compliance with all obligations to us under this Agreement and any other agreement that you have with us and our affiliates as of (i) the date of the request for our approval of the Transfer or you must make arrangements satisfactorily to us to come into compliance by the date of the Transfer and (ii) the date of the Transfer.

(d) You and your Owners must execute a general release, in a form that we prescribe, in favor of us, our affiliates, and our and their affiliates' past, present, and future officers, directors, managers, members, equity holders, agents, and employees, releasing them from all claims, including claims arising under federal, state, and local laws, rules, and regulations.

(e) You and your Owners must agree to remain liable for all of the obligations to us in connection with the Studio arising before the effective date of the Transfer, and execute any and all instruments that we reasonably request to evidence such liability.

(f) You and your Owners must continue to be bound by the provisions of Sections 9 (Intellectual Property), 10 (Proprietary Information), 11 (Indemnification), and 12 (Your Covenant Not to Compete) as if they were the Franchisee and this Agreement had expired or terminated as of the effective date of the Transfer.

(g) You must provide us with written notice from your landlord indicating that your landlord has agreed to transfer the Site Lease to your transferee.

(h) Your proposed transferee (or, if the transferee is not an individual, all owners of any legal or beneficial interest in the transferee) must demonstrate to our satisfaction that such transferee meets all of our then-current qualifications to become a Pvolve franchisee, including not having any involvement with a Competing Business, and if the transferee is already a Pvolve franchisee, the transferee must not be in default under any of their agreements with us and must have a good record of customer service and compliance with our System Standards.

(i) Your proposed transferee and their representatives must successfully complete our then-current training requirements at their expense.

(j) Your proposed transferee (and, if the transferee is not an individual, such owners of a legal or beneficial interest in the transferee as we may request) must (i) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge and guarantee all of your obligations under this Agreement and (ii) must execute our then-current form of personal guarantee.

(k) Your proposed transferee (and, if the transferee is not an individual, such owners of a legal or beneficial interest in the transferee as we may request) must execute, for a term ending on the last day of the existing Term and with such Successor Term as is provided

by this Agreement, our then-current franchise agreement for new franchisees and such other agreements as we may require, which agreements will supersede this Agreement in all respects. The terms of the new franchise agreement may differ significantly from the terms of this Agreement, including different fees. The prospective transferee will not be required to pay any initial Franchise Fee.

(l) Your proposed transferee must make arrangements to modernize, renovate, or upgrade the Studio, at its expense, to conform to our then-current System Standards for new Pvolve Studios.

(m) Your proposed transferee must covenant that it will continue to operate the Studio under the Marks and using the System.

(n) We must determine, in our sole discretion, that the purchase price and payment terms will not adversely affect the operation of the Studio. If you or your Owners finance any part of the purchase price, you and they must agree that all obligations under promissory notes, agreements, or security interests reserved in the Studio are subordinate to the transferee's obligation to pay all amounts due to us and our affiliates and otherwise to comply with this Agreement.

13.5 Non-Control Transfers. For any Transfer that does not result in a Control Transfer, in addition to any other conditions that we reasonably specify, you and/or your transferee must satisfy (unless waived by us) the conditions in Sections 13.4(b) (pay the applicable Transfer Fee), 13.4(c) (comply with obligations), 13.4(d) (sign general release), 13.4(e) (remain liable for pre-Transfer obligations), 13.4(f) (remain bound to certain provisions), 13.4(h) (transferee meets qualifications), and 13.4(j) (sign assignment and guaranty). You and your Owners must sign the form of agreement and related documents that we then specify to reflect your new ownership structure.

13.6 Transfer for Convenience. We will consent to the assignment of this Agreement to an Entity that you form for the convenience of ownership, provided that: (i) the Entity has and will have no other business besides operating Pvolve Studios; (ii) you satisfy the conditions in Sections 13.4(b) (pay the applicable Transfer Fee), 13.4(c) (comply with obligations), 13.4(d) (sign general release), 13.4(e) (remain liable for pre-Transfer obligations), 13.4(f) (remain bound to certain provisions), and 13.4(j) (sign assignment and guaranty); and (iii) the Owners hold equity interests in the new Entity in the same proportion shown on Appendix A.

13.7 Permitted Transfers. The other provisions in this Section do not apply, including our right of first refusal and right of approval, to the following Transfers:

(a) Security Interests. You may grant a security interest in the Site (if you own the Site), the Studio, any Operating Assets, this Agreement, or any direct or indirect legal and/or beneficial interest in you to a financial institution or other party that provided or provides any financing your acquisition, development, and/or operation of the Studio, but only if that party signs our then-current form of lender consent to protect our rights under this Agreement. Any foreclosures or other exercise of the rights granted under that security interest are subject to all applicable terms and conditions of this Section 13.

(b) Transfer to a Trust. Any Owner who is an individual may Transfer his or her ownership interest in you (or any of your Owners that is an Entity) to a trust that he or she establishes for estate planning purposes, as long as he or she is a trustee of the trust and

otherwise controls the exercise of the rights in you (or your Owner) held by the trust. You must provide us with advance written notice of such proposed Transfer and copies of the trust documentation that demonstrates your compliance with this provision at least 30 days before the Transfer's anticipated effective date. Dissolution of, or transfers from, any trust described in this Section 13.7(b) are subject to all applicable terms and conditions of this Section 13.

13.8 Transfer Upon Death, Incapacity, or Bankruptcy. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of this Section 13, as applicable, except there shall be no Transfer Fee due. In addition, if the deceased or incapacitated person is you or the Operating Principal, we will have the right (but not the obligation) to take over operation of the Studio until the Transfer is completed and to charge the Management Fee for our services. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 13.4(h) (transferee meets qualifications), the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 13.8 within 120 days after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 14.2 (Our Remedies After An Event of Default).

### 13.9 Our Right Of First Refusal.

(a) Our Right. We have the right, exercisable within 30 days after receipt of the notice of your intent to Transfer and such documentation and information that we require, to send written notice to you that we intend to purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third-party or, at our option, the cash equivalent thereof. If you and we cannot agree on the reasonable equivalent in cash or if the Transfer is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser or may elect at that time to not exercise our rights. We must receive, and you and your Owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or ownership interests in an Entity, as applicable, including (i) representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased, and (ii) indemnities for all actions, events and conditions that existed or occurred in connection with the Studio or your business prior to the closing of our purchase. Closing on our purchase must occur within 90 days after the date of our notice to the seller electing to purchase the interest. We may assign our right of first refusal to another Entity or person either before or after we exercise it. However, our right of first refusal will not apply with regard to Transfers to an Entity under Section 13.7 (Permitted Transfers) or 13.8 (Transfer Upon Death, Incapacity, or Bankruptcy) or Transfers to your spouse, son, or daughter.

(b) Declining Our Right. If we elect not to exercise our rights under this Section, the transferor may complete the Transfer after complying with the applicable provisions

in Section 13. Closing of the Transfer must occur within 90 days of our election (or such longer period as Applicable Laws may require); otherwise, the third-party's offer will be treated as a new offer subject to our right of first refusal. Any material change in the terms of the offer from a third-party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer. The Transfer is conditional upon our determination that the Transfer was on terms substantially the same as those offered to us.

## **Section 14 Termination and Default.**

14.1 Events of Default. Any one or more of the following constitutes an “**Event of Default**” under this Agreement:

(a) You or any Owner make any material misrepresentations or omissions in connection with your application to us for the franchise, this Agreement, or any related documents, or you submit to us any report or statement that you know or should know to be false or misleading;

(b) Your Required Trainees fail to successfully complete initial training to our satisfaction at least ten days before the Opening Deadline;

(c) You fail to sign a Site Lease or purchase agreement that we have approved for a site that we have accepted by the Site Acquisition Deadline;

(d) You fail to open for business by the Opening Deadline;

(e) You fail to renovate the Studio as required in Section 6.5 (Renovations) within the applicable time periods;

(f) You fail to maintain possession of the Site and fail to secure our approval of and enter into a lease for a new, accepted Site within 90 days after the expiration or termination of the Site Lease;

(g) You voluntarily suspend operation of the Studio without our prior written consent for five or more consecutive business days on which you were required to operate, unless we determine, in our sole discretion, that the failure was beyond your control;

(h) After multiple attempts to reach you via telephone, e-mail, or other written correspondence, you fail to communicate with us within seven days after we send you a written communication in accordance with Section 17.11 (Notices) notifying you of our attempts to reach you and our need to receive a response from you.

(i) Your Operating Principal, your Key Managers, or any of your representatives that we designate fail to attend or participate in two or more required franchise conventions, meetings, and teleconferences during any 12-month period, without our prior written consent;

(j) Any Owner or any of your officers or directors are convicted of or plead nolo contendere to a felony, a crime involving moral turpitude or consumer fraud, or any other crime or offense that we believe is likely to have an adverse effect on our franchise system, the Marks and any associated goodwill, or the Pvolve concept (an “**Adverse Effect**”) or you, any

Owner, or any of your officers or directors has engaged in or engages in activities that, in our reasonable opinion, are reasonably likely to have an Adverse Effect;

(k) You use any of the Marks or any other identifying characteristic of us other than in the operation or promotion of the Studio;

(l) You or any of your Owners, directors, or officers disclose or divulge the contents of the Manuals or other Proprietary Information contrary to Section 10 (Proprietary Information);

(m) Any Transfer occurs that does not comply with Section 13 (Transfer and Assignment), including a failure to transfer to a qualified successor after death, disability, or bankruptcy within the time allowed by Section 13.8 (Transfer Upon Death, Incapacity, or Bankruptcy);

(n) You or any Owner violates the noncompete covenants in Section 12 (Your Covenant Not to Compete);

(o) You breach or fail to comply with any law, regulation, or ordinance which results in a threat to the public's health or safety and fail to cure the non-compliance within 24 hours following receipt of notice thereof from us or applicable public officials, whichever occurs first;

(p) You become insolvent or make an assignment for the benefit of your creditors, execution is levied against your business assets, or a suit to foreclose any lien or mortgage is instituted against you and not dismissed within 30 days;

(q) (i) You fail, refuse, or neglect to pay any monies owing to us or our affiliates or fail to make sufficient funds available to us as provided in Section 3.11 (Methods of Payment) within ten days after receiving written notice of your default or 30 days after due date of the payment, whichever is the shorter period; (ii) you have previously been given at least two notices of nonpayment for any reason within the last 24 months and you subsequently fail to timely pay when due any monies; or (iii) you fail to do all things necessary to give us access to the information contained in your Technology System pursuant to Section 6.11 (Technology System) within 10 days after receiving notice;

(r) You are more than 60 days past due on your obligations to suppliers and trade creditors in an amount exceeding \$2,000, unless you have given us prior notice that the failure to pay is a result of a bona fide dispute with such supplier or trade creditor that you are diligently trying to resolve in good faith;

(s) You fail to pay when due any federal, state or local income, service, sales or other taxes due on the Studio's operation, unless you are in good faith contesting your liability for these taxes;

(t) You underreport Gross Revenue by more than 2% two times or more in any two-year period or by 5% or more for any period of one week or greater;

(u) You refuse to permit, or try to hinder, an examination, inspection, or audit of your books and records, the Studio, or the Site as required by this Agreement;

(v) You fail to timely file any periodic report required in this Agreement or the Manuals three or more times in a 12-month period, whether or not we provide you written notice of your default or you subsequently cure the default;

(w) You or your affiliates default under any other franchise agreement or other agreement between you or your affiliates and us or our affiliates, provided that the default would permit us or our affiliate to terminate such agreement;

(x) You breach or fail to comply with any other covenant, agreement, standard, procedure, practice, or rule prescribed by us, whether contained in this Agreement, in the Manuals, or otherwise in writing and fail to cure such breach or failure to our satisfaction within 30 days (or such longer period as Applicable Laws may require) after we provide you with written notice of the default; or

(y) You are in default three or more times within any 18-month period, whether or not the defaults are similar and whether or not they are cured.

#### 14.2 Our Remedies After An Event of Default.

(a) Right to Terminate. If an Event of Default occurs, we may, at our sole election and without notice or demand of any kind, declare this Agreement and any and all other rights granted under this Agreement to be immediately terminated and, except as otherwise provided herein, of no further force or effect. Upon termination, you will not be relieved of any of your obligations, debts, or liabilities under this Agreement, including without limitation any debts, obligations, or liabilities that you accrued prior to such termination.

(b) Other Remedies. If an Event of Default occurs, we may, at our sole election and upon delivery of written notice to you, take any or all of the following actions without terminating this Agreement:

(i) temporarily or permanently reduce the size of the Protected Area, in which event the restrictions on us and our affiliates under Section 1.3 (Limited Territorial Protection) will not apply in the geographic area that was removed from the Protected Area;

(ii) suspend your right to participate in one or more programs or benefits that the Brand Fund provides;

(iii) suspend any other services that we or our affiliates provide to you under this Agreement or any other agreement, including any services relating to the Technology System;

(iv) suspend or terminate any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);

(v) suspend our performance of, or compliance with, any of our obligations to you under this Agreement or other agreements;

(vi) undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement. You will reimburse us upon



demand for all costs and expenses that we reasonably incur in performing any such obligation or duty; and/or

(vii) enter the Studio's premises and assume the management of the Studio ourselves or appoint a third party (who may be our affiliate) to manage the Studio. We or our appointee may charge you the Management Fee during the period of management. All funds from the operation of the Studio while we or our appointee assumes its management will be kept in a separate account, and all of the expenses of the Studio will be charged to that account. We or our appointee has a duty to utilize only reasonable efforts and will not be liable to you for any debts, losses, or obligations the Studio incurs, or to any of your creditors for any products or services the Studio purchases, while managing it. You shall not take any action or fail to take any action that would interfere with our or our appointee's exclusive right to manage the Studio and may, in our sole discretion, be prohibited from visiting the Studio so as to not interfere with its operations. Our (or our appointee's) management of the Studio will continue for intervals lasting up to 90 days each (and, in any event, for no more than a total of one year), and we will during each interval periodically evaluate whether you are capable of resuming the Studio's operation and periodically discuss the Studio's status with you.

(c) Exercise of Other Remedies. Our exercise of our rights under Section 14.2(b) (Other Remedies) will not (i) be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement, (ii) constitute an actual or constructive termination of this Agreement, or (iii) be our sole or exclusive remedy for your default. You must continue to pay all fees and otherwise comply with all of your obligations under this Agreement (except as set forth in Section 14.2(vii) (our assumption of management)) following our exercise of any of these rights. If we exercise any of our rights under Section 14.2(b), we may thereafter terminate this Agreement without providing you any additional corrective or cure period, unless the default giving rise to our right to terminate this Agreement has been cured to our reasonable satisfaction.

14.3 Termination By You. You may terminate this Agreement only if: (i) we commit a material breach of this Agreement; (ii) you give us written notice of the breach; (iii) we fail to cure the breach, or to take reasonable steps to begin curing the breach, within 60 days after receipt of your notice; and (iv) you are in full compliance with your obligations under this Agreement. If we cannot reasonably correct the breach within this 60-day period but provide you, within this 60-day period, with reasonable evidence of our effort to correct the breach within a reasonable time period, then the cure period shall run through the end of such reasonable time period. Termination will be effective no less than ten days after you deliver to us written notice of termination for failure to cure within the allowed period. Any attempt to terminate this Agreement without complying with this Section 14.3 (including by taking steps to de-identify the Studio or otherwise cease operations under this Agreement) will constitute an Event of Default by you.

## **Section 15 Your Obligations Upon Expiration or Termination.**

You covenant and agree that upon expiration or termination of this Agreement for any reason, unless we direct you otherwise:

15.1 Payment of Costs and Amounts Due. You will pay upon demand all sums owing to us and our affiliates. If this Agreement is terminated due to an Event of Default, you will promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of your default. These payment obligations will give rise to and remain, until paid in full, a lien in favor of us against the Studio premises and any and all of the personal

property, fixtures, equipment, and inventory that you own at the time of the occurrence of the Event of Default. We are hereby authorized at any time after the Effective Date to make any filings and to execute such documents on your behalf of to perfect such lien. You also will pay to us all damages, costs, and expenses, including reasonable attorneys' fees, that we incur after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Section 15 (Your Obligations Upon Expiration or Termination).

15.2 Discontinue Use of the System and the Intellectual Property. You must immediately cease using, by advertising or in any other manner, (i) the Intellectual Property (including, without limitation, the Marks and the Trade Dress), (ii) the System and all other elements associated with the System, and (iii) any colorable imitation of any of the Intellectual Property or any trademark, service mark, trade dress, or commercial symbol that is confusingly similar to any of the Marks or the Trade Dress.

15.3 Return of Proprietary Information. You must immediately return to us, at your expense, all copies of the Manuals, all of your Customer Information, and all other Proprietary Information (and all copies thereof). You may not use any Proprietary Information or sell, trade, or otherwise profit in any way from any Proprietary Information at any time following the expiration or termination of this Agreement.

15.4 Cease Identification with Us. You must immediately take all action required (i) to cancel all assumed name or equivalent registrations relating to your use of the Marks and (ii) to, in accordance with our directions, cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Studio or the Marks (collectively, "**Identifiers**"). You acknowledge that as between you and us, we have the sole rights to and interest in all Identifiers. If you fail to comply with this Section 15.4, you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider, and all listing agencies or providers to transfer such Identifiers to us. The telephone company, the postal service, registrars, Internet Service Providers listing agencies, and other providers may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such Identifiers and our authority to direct their transfer.

15.5 Our Right to Purchase Studio Assets.

(a) Exercise of Option. Upon termination of this Agreement for any reason (other than your termination in accordance with Section 14.3 (Termination By You)) or expiration of this Agreement without our and your signing a successor franchise agreement, we have the option to purchase the inventory, supplies, Operating Assets, and other assets used in the operation of the Studio that we designate (the "**Purchased Assets**"). As a first step in exercising our option, we must give you written notice within 15 days after the date of termination or expiration of our intent to conduct due diligence (the "**Exercise Notice**"). We have the unrestricted right to exclude any assets we specify relating to the Studio from the Purchased Assets and not acquire them. You agree to provide us the financial statements and other information we reasonably require, and to allow us to inspect the Studio and its assets, to determine whether to exercise our option. If you, your Owners, or one of your affiliates owns the Site, we may elect to include a fee simple interest in the Site as part of the Purchased Assets or, at our option, lease the Site from you, your Owner (or an Entity controlled by your Owner), or your affiliate for an initial 10-year term with one renewal term of five years (at our option) on

commercially reasonable terms, which shall include the right to sublease the Site to another party. You and your Owners agree to cause your affiliate or any Entity controlled by such Owner to comply with these requirements. If you lease the Site from an unaffiliated lessor, you agree (at our option) to assign the Lease to us or to enter into a sublease for the remainder of the Lease term on the same terms (including renewal options) as the Lease.

(b) Operations Pending Purchase. We may require you to continue to operate the Studio in accordance with this Agreement during the period between the expiration or termination of this Agreement through (i) the date on which we decide to decline our right to exercise this option (or the expiration of the option, if we fail to provide an Exercise Notice by the deadline) or (ii) the closing of our purchase. However, we may, at any time during that period, assume the management of the Studio ourselves or appoint a third party (who may be our affiliate) to manage the Studio pursuant to the terms of Section 14.2(b)(viii).

(c) Purchase Price. The purchase price for the Purchased Assets will be their fair market value for use in the operation of a non-franchised Competitive Business (and not a Pvolve Studio). However, the purchase price will not include any value for any rights granted by this Agreement, goodwill attributable to the Marks, our brand image, any Proprietary Information or our other intellectual property rights, or participation in the network of Studios. For purposes of determining the fair market value of all equipment (including the exercise equipment and Technology System) used in operating the Studio, the equipment's useful life shall be determined to be no more than three years. If we and you cannot agree on fair market value for the Purchased Assets, we will select an independent appraiser after consultation with you, and his or her determination of fair market value will be the final and binding purchase price.

(d) Closing. We will pay the purchase price at the closing, which will take place within 60 days after the purchase price is determined, although we may decide after the purchase price is determined not to complete the purchase. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates. We are entitled to all customary representations, warranties, and indemnities in our asset purchase, including (a) representations and warranties as to (i) ownership and condition of, and title to, assets, (ii) liens and encumbrances on assets, (iii) validity of contracts and agreements, and (iv) liabilities affecting the assets, contingent or otherwise, and (b) indemnities for all actions, events and conditions that existed or occurred in connection with the Studio or your business prior to the closing of our purchase. At the closing, you agree to deliver instruments transferring to us: (x) good and merchantable title to the Purchased Assets, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (y) all of the Studio's licenses and permits which may be assigned or transferred. If you cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the sale will be closed through an escrow. You and your Owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us, our affiliates, and our and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns.

(e) Assignment. We may assign our rights under this Section 15.5 (Our Right to Purchase Studio Assets) to any individual or Entity (which may be affiliated with us), and that person or Entity will have all of the rights and obligations under this Section 15.5.

15.6 De-identification of the Site. If we do not exercise our option to acquire the Site Lease or the Site, you will make such modifications or alterations to the Site immediately upon termination or expiration of this Agreement that we deem necessary to distinguish the

appearance of the Site from a Pvolve Studio, including, but not limited to, removing the signs, the Marks, and any Trade Dress so as to indicate to the public that you are no longer associated with us. If you do not comply with the requirements of this Section, we may enter the Studio without being guilty of trespass or any other tort, for the purpose of making or causing to be made any required changes. You agree to reimburse us on demand for our expenses in making such changes.

15.7 Reimbursement of Unused Classes. In addition to any procedures that Applicable Laws require, we may require you to notify all of the Studio's customers of the termination or expiration of this Agreement in a manner that we specify and offer each of them the option to receive a refund of all unused prepaid class credits, which you are solely responsible for refunding to them in a manner that we may specify. We must approve in writing the content of any such notice, prior to you contacting any of the Studio's customers, and may elect to send the notice on your behalf.

15.8 Promote Separate Identity. You will not, directly or indirectly, in any manner, identify yourself, or any individual connected with you, as a former Pvolve franchisee or as otherwise having been associated with us.

15.9 Comply with Noncompete. You and your Owners must comply with the covenant not to compete in Section 12 (Your Covenant Not to Compete).

15.10 Injunctive and Other Relief. You acknowledge that your failure to abide by the provisions of this Section 15 (Your Obligations Upon Expiration or Termination) will result in irreparable harm to us and that our remedy at law for damages will be inadequate. Accordingly, you agree that if you breach any provisions of this Section 15, we are entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

## **Section 16   Dispute Resolution and Governing Law.**

16.1 Mandatory Pre-Litigation Mediation. Except as otherwise provided in this Section, prior to filing any proceeding to resolve any dispute based upon, arising out of, or in any way connected with this Agreement, a party must submit the dispute for mediation.

(a) Conduct of Mediation. All parties must attend and participate in the mediation. It is the intent of the parties that mediation shall be held not later than 14 days after a written request for mediation shall have been served on the other parties. The mediation will be held before one mediator selected by the parties, and if the parties cannot agree upon the mediator, then a mediator selected by the American Arbitration Association (“AAA”). The mediation shall not last more than one day and shall be held in Chicago, Illinois, unless we no longer have an office there, in which case it will be held in the metropolitan area of our then-current principal place of business. The mediation shall be governed by the rules of the AAA.

(b) Post-Mediation. If we and you do not resolve our dispute, then thereafter any party may file for litigation, as applicable in accordance with the terms of this Agreement.

(c) Exceptions to Mediation. The obligation to mediate shall not be binding upon either party with respect to claims relating to the Marks, the non-payment or underpayment of any monies due under this Agreement, the noncompetition covenants, or

requests by either party for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute.

16.2 Forum for Litigation. You and the Owners must file any suit against us, and we may file any suit against you, in federal or state courts located in Chicago, Illinois, unless we no longer have an office there, in which case, you must file any suit against us, and we may file against you, in federal or state courts located in the metropolitan area of our then-current principal place of business. The parties waive all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

16.3 Governing Law. This Agreement will be governed by, construed, and enforced in accordance with the laws of the State of Illinois. In the event of any conflict-of-law question, the laws of Illinois shall prevail, without regard to the application of Illinois conflict-of-law rules.

16.4 Mutual Waiver of Jury Trial. You and we each irrevocably waive trial by jury in any litigation.

16.5 Mutual Waiver of Punitive Damages. You and we each waive any right to or claim of punitive, exemplary, multiple, or consequential damages against the other in litigation and agrees to be limited to the recovery of actual damages sustained.

16.6 Mutual Waiver of Class Actions. You and we each waive any right to bring any claims on a class-wide basis. Each party must bring any claims against the other party on an individual basis and may not join any claim it may have with claims of any other person or entity or otherwise participate in a class action against the other party.

16.7 Remedies Not Exclusive. Except as provided in Section 16.5 (Mutual Waiver of Punitive Damages), no right or remedy that the parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under Applicable Laws. Each and every such remedy will be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

16.8 Limitations of Claims. Any and all claims arising out of or relating to this agreement or our relationship with you will be barred unless a judicial proceeding is commenced in the proper forum within one year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim, except for the following claims by us against you related to (i) any of your financial obligations (including the underpayment of any fees), (ii) the indemnity in Section 11 (Indemnification), (iii) your use of the Marks, (iv) your obligations under Section 10 (Proprietary Information) or Section 12 (Your Covenant Not to Compete) of this Agreement, or (v) a Transfer. For the avoidance of doubt, the claims by us against you enumerated in (i) to (v) may be brought at any time.

16.9 Our Right to Injunctive Relief. Nothing in this Agreement bars our right to obtain injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage. You agree that we will not be required to prove actual damages or post a bond in excess of \$1,000 or other security in seeking or obtaining injunctive relief (both preliminary and permanent) and/or specific performance with respect to this Agreement.

16.10 Attorneys' Fees and Costs. You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed to us by you and/or the Owners (whether or not we initiate a legal proceeding, unless we initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any claim you and/or the Owners assert against us on which we substantially prevail in court or other formal legal proceedings. We agree to reimburse you for all expenses you reasonably incur (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed to you by us (whether or not you initiate a legal proceeding, unless you initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any claim we assert against you on which you substantially prevail in court or other formal legal proceedings.

## **Section 17   Miscellaneous.**

17.1 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement between you and us with respect to the Studio and supersede all prior discussions, understandings, representations, and agreements concerning the same subject matter. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document (the "FDD") that we delivered to you or your representatives. This Agreement includes the terms and conditions on Appendix A, which are incorporated into this Agreement by this reference.

17.2 Amendments and Modifications. This Agreement may be amended or modified only by a written document signed by each party to this Agreement. The Manuals and any policies that we adopt and implement may be changed by us from time to time.

17.3 Waiver. Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit of the term or condition, but such party must explicitly state in writing an intent to waive such term or condition in order for the waiver to be effective. No course of dealing or performance by any party, and no failure, omission, delay, or forbearance by any party, in whole or in part, in exercising any right, power, benefit, or remedy, will constitute a waiver of such right, power, benefit, or remedy. Our waiver of any particular default does not affect or impair our rights with respect to any subsequent default you may commit. Our waiver of a default by another franchisee does not affect or impair our right to demand your strict compliance with the terms of this Agreement. We have no obligation to deal with similarly situated franchisees in the same manner. Our acceptance of any payments due from you does not waive any prior defaults.

17.4 Importance of Timely Performance. Time is of the essence in this Agreement.

17.5 Construction. The headings in this Agreement are for convenience of reference and are not a part of this Agreement and will not affect the meaning or construction of any of its provisions. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words "include," "including," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

17.6 Severability. Each provision of this Agreement is severable from the others. If any provision of this Agreement or any of the documents executed in conjunction with this Agreement is for any reason determined by a court to be invalid, illegal, or unenforceable, the invalidity, illegality, or unenforceability will not affect any other remaining provisions of this Agreement or any other document. The remaining provisions will continue to be given full force and effect and bind us and you.

17.7 Applicable State Law Controlling. If the termination, renewal, or other provisions set forth in this Agreement are inconsistent with any applicable state statute, in effect as of the Effective Date, governing the relationship of us and you, the provisions of such statute will apply to this Agreement, but only to the extent of such inconsistency.

17.8 Survival. Each provision of this Agreement that expressly or by reasonable implication is to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive such expiration, termination, or Transfer, including Sections 9 (Intellectual Property), 10 (Proprietary Information), 11 (Indemnification), 12 (Your Covenant Not to Compete), and 15 (Your Obligations Upon Expiration or Termination).

17.9 Consent. Whenever our prior written approval or consent is required under this Agreement, you agree to make a timely written request to us for such consent. Our approval or consent must be in writing and signed by an authorized officer to be effective.

17.10 Independent Contractor Relationship.

(a) Independent Nature of Relationship. This Agreement establishes an independent contractor relationship. This Agreement does not create, nor does any conduct by either party create, a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, partner, joint employer, employee, or servant of each other for any purpose. We have no relationship with your employees and you have no relationship with our employees.

(b) No Authorization to Act on our Behalf. You are not authorized to (i) make any contract, agreement, warranty, or representation on our behalf or (ii) create any obligation, express or implied, on our behalf.

(c) Your Responsibility. You are, and shall remain, an independent contractor responsible for (i) all obligations and liabilities of, and for all loss or damage to, the Studio and its business, including any personal property, Operating Assets, or real property and (ii) all claims or demands based on damage or destruction of property or based on injury, illness, or death of any person or persons, directly or indirectly, resulting from the operation of the Studio. We shall not be construed to be jointly liable for any of your acts or omissions under any circumstances.

17.11 Notices. All notices required or permitted under this Agreement will be in writing and will be given by one of the following methods of delivery: (i) personally; (ii) by certified or registered mail, postage prepaid; or (iii) by overnight delivery service. Notices to you will be sent to the address set forth on Appendix A. Notices to us must be sent to:

Pvolve Development, LLC  
730 W. Randolph Street  
Chicago, Illinois 60661  
Attn: Legal Department

With a copy, which shall not constitute notice, to:

DLA Piper LLP (US)  
2000 Avenue of the Stars  
Suite 400, North Tower  
Los Angeles, California 90067  
Attn: Matthew B. Gruenberg, Esq.

Either party may change its mailing address by giving notice to the other party. Notices will be deemed received the same day when delivered personally, upon attempted delivery when sent by registered or certified mail or overnight delivery service, or the next business day when sent by facsimile. All routine requests for approval related to day-to-day operations (and communications related to such requests) must be in writing, but may be communicated via e-mail to the addresses provided by such other party.

17.12 Execution. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, and all of which will constitute one and the same instrument.

17.13 Successors and Assigns. Except as expressly otherwise provided herein, this Agreement is binding upon and will inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns.

17.14 No Third Party Beneficiaries. Except as expressly otherwise provided herein, no third party shall have the right to claim any of the benefits conferred under this Agreement.

17.15 Delegation. We may delegate the performance of any or all of our obligations under this Agreement to an affiliate, agent, independent contractor, or other third party.

17.16 Additional Terms; Inconsistent Terms. The parties may provide additional terms by including the terms on Appendix A. To the extent that any provisions of Appendix A are in direct conflict with the provisions of this Agreement, the provisions of Appendix A shall control.

## **Section 18 Your Representations and Acknowledgments.**

You (on behalf of yourself and your Owners) represent, warrant, and acknowledge as follows:

18.1 Truth of Information. The information (including without limitation all personal and financial information) that you and your Owners have furnished or will furnish to us relating to the subject of this Agreement is true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.



18.2 Due Authority. This Agreement has been duly authorized and executed by you or on your behalf and constitutes your valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally.

18.3 Terrorist Acts. You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the “**Order**”), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: (i) do not, and hereafter will not, engage in any terrorist activity; (ii) are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and (iii) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

18.4 Independent Investigation. You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks and that your results will be largely dependent upon your own efforts and ability. You have been accorded ample time to consult with your own legal counsel and other advisors about the potential risks and benefits of entering into this Agreement, and we have advised you to do so.

18.5 Timely Receipt and Review of Agreement and Disclosure Document. You have received an execution ready copy of this Agreement at least seven calendar days before you executed this Agreement or any related agreements or paid any consideration to us. You have also received a FDD required by applicable state and/or federal laws, including a form of this Agreement, at least 14 calendar days (or such longer time period as required by applicable state law) before you executed this Agreement or any related agreements or paid any consideration to us. You have reviewed this Agreement and the FDD and have been given ample opportunity to consult with, and ask questions of, our representatives regarding the documents. You have no knowledge of any representations made about the Pvolve franchise opportunity by us, our affiliates, or any of our or their officers, directors, owners, or agents that are contrary to the statements made in our FDD or to the terms and conditions of this Agreement. You have read this Agreement and our FDD and understand and accept that the terms and covenants in this Agreement are reasonable and necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Studio, and to protect and preserve the goodwill of the Marks.

18.6 No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

supersedes any other term of any document executed in connection with the franchise.

**[Signature page follows.]**

**IN WITNESS WHEREOF**, upon signing below, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**[NAME OF ENTITY]**

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

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

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

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

**APPENDIX A  
TO THE  
FRANCHISE AGREEMENT**

**FRANCHISEE-SPECIFIC TERMS**

1. **Effective Date:**
2. **Franchisee's Name:**
3. **Franchisee's State of Organization (if applicable):**
4. **Ownership of Franchisee (Recital D):** If the franchisee is an Entity (as defined in the Agreement), the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

Name	Address	Percentage Ownership

5. **Site Selection Area (Section 1.1):**
6. **Operating Principal (Section 1.4):**
7. **Key Manager (Section 1.4):**
8. **Franchise Fee (Section 3.1):**
  - \$50,000 (for a single Studio)
  - \$45,000 (for a second Studio)
  - \$40,000 (for a third or subsequent Studio)
  - 20% Veteran Discount
9. **Opening Package Fee (Section 3.2):**
10. **Franchisee's Address for Notices (Section 17.11):**
11. **Additional Terms; Inconsistent Terms (if any) (Section 17.16):**

Signature Page for Appendix A (Franchisee-Specific Terms)

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**[NAME OF ENTITY]**

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

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

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

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

**Schedule 1 to Appendix A of the Franchise Agreement**

**Franchisee-Specific Terms**

*(to be completed after site selection and acceptance)*

1. Site (Section 4.2): \_\_\_\_\_

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2. Protected Area (Section 4.3): \_\_\_\_\_

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Pvolve Development, LLC agrees that, effective on the date specified below, **(i)** the address listed above is hereby accepted by us as the Site pursuant to Section 4.2 (Site Selection) of this Agreement; and **(ii)** the area listed above shall be the Protected Area of this Agreement pursuant to Section 4.3 (Definition of the Protected Area) of this Agreement.

**PVOLVE DEVELOPMENT, LLC:**

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

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

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

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

**Acknowledged and Agreed:**

[Franchisee]

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

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

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


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

**APPENDIX B  
TO THE  
FRANCHISE AGREEMENT**

**Marks**

**Registered Marks**

Registered on the Principal Register of the United States Patent and Trademark Office:

<b>Mark</b>	<b>Registration No.</b>	<b>Registration Date</b>
P.VOLVE	5,629,033	12/11/18
	5,768,622	6/4/19

**APPENDIX C  
TO THE  
FRANCHISE AGREEMENT**

**PVOLVE DEVELOPMENT, LLC  
PAYMENT AND PERFORMANCE GUARANTEE**

In order to induce Pvolve Development, LLC (“**Franchisor**”) to enter into a Pvolve Franchise Agreement (the “**Franchise Agreement**”) by and between Franchisor and the Franchisee named in the Franchise Agreement (“**Franchisee**”), dated \_\_\_\_\_ to which this Payment and Performance Guarantee (the “**Guarantee**”) is attached, the undersigned (collectively, the “**Guarantors**”, and individually, a “**Guarantor**”) hereby covenant and agree as follows:

**1. Guarantee of Payment and Performance.** The Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the “**Guaranteed Liabilities**”). The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys’ fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities. The Guarantors represent and agree that they have each reviewed a copy of the Franchise Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Franchise Agreement and this Guarantee.

**2. Waivers by Guarantors.** The Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes, or controversies between Franchisor and Franchisee and of the settlement, compromise, or adjustment thereof. This Guarantee is primary and not secondary and will be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities. This Guarantee will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee.

**3. Term; No Waiver.** This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until the later of (i) such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full or (ii) the Franchise Agreement and all obligations of Franchisee thereunder expire. No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy.

**4. Other Covenants.** Each of the Guarantors agrees to comply with the provisions of Sections 8 (Records, Reports, Audits, and Inspections), 9 (Intellectual Property), 10 (Proprietary Information), 11 (Indemnification), and 12 (Your Covenant Not to Compete) of the Franchise Agreement as though each such Guarantor were the “Franchisee” named in the



Franchise Agreement and agrees that the undersigned will take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and will not take any action that would cause Franchisee to be in breach of the Franchise Agreement.

**5. Dispute Resolution.** Section 16 (Dispute Resolution and Governing Law) of the Franchise Agreement is hereby incorporated herein by reference and will be applicable to any all disputes between Franchisor and any of the Guarantors, as though Guarantor were the “Franchisee” referred to in the Franchise Agreement.

**6. Miscellaneous.** This Agreement will be binding upon the Guarantors and their respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its successors and assigns.

**IN WITNESS WHEREOF**, the undersigned Guarantors have caused this Guarantee to be duly executed as of the day and year first above written.

\_\_\_\_\_

Print Name:\_\_

\_\_\_\_\_

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

\_\_\_\_\_

Print Name:\_\_

\_\_\_\_\_

Print Name:\_\_

**APPENDIX D  
TO THE  
FRANCHISE AGREEMENT**

**LEASE RIDER**

**THIS LEASE RIDER** is entered into as of \_\_\_\_\_ by and between Pvolve Development, LLC ("**Company**"), \_\_\_\_\_ ("**Franchisee**"), and \_\_\_\_\_ ("**Landlord**").

**WHEREAS**, Company and Franchisee are parties to a Pvolve Franchise Agreement dated \_\_\_\_\_ (the "**Franchise Agreement**"); and

**WHEREAS**, the Franchise Agreement provides that Franchisee will operate a Pvolve Studio ("**Studio**") at a location that Franchisee selects and Company accepts; and

**WHEREAS**, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the "**Lease**"), pursuant to which Franchisee will occupy premises located at \_\_\_\_\_

\_\_\_\_\_ (the "**Premises**") for the purpose of constructing and operating the Studio in accordance with the Franchise Agreement; and

**WHEREAS**, the Franchise Agreement provides that, as a condition to Company authorizing Franchisee to locate the Studio at the Premises, the parties must execute this Lease Rider;

**NOW, THEREFORE**, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the operation of the Studio and for no other purpose.
2. Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the Pvolve system as Company may from time to time prescribe for the Studio.
3. Landlord agrees to furnish Company with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Notice shall be sent to Company by the method(s) as stated in the lease to:

Pvolve Development, LLC  
730 W. Randolph Street  
Chicago, Illinois 60661  
Attn: Legal Department  
Email: \_\_\_\_\_

4. Company will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the Pvolve system and marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of the Pvolve trade dress upon the expiration or termination of the Franchise Agreement. Neither Company nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company takes in accordance with this provision. Company will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other property from the Premises.
5. Franchisee will be permitted to assign the Lease to Company or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any assignment fee or similar charge, or to increase or accelerate rent under the Lease, in connection with such an assignment.
6. If Franchisee assigns the Lease to Company or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment, but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.
7. Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting.
8. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent.
9. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.
10. Landlord acknowledges that Company is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company.

**[Signature page follows]**

**IN WITNESS WHEREOF**, the parties have executed this Lease Rider of the date first above written:

**COMPANY:**

PVOLVE DEVELOPMENT, LLC

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

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

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

**FRANCHISEE:**

[NAME OF FRANCHISEE]

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

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

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

**LANDLORD:**

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

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

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

**EXHIBIT B  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**Development Agreement**

(attached)

# PVOLVE

## DEVELOPMENT AGREEMENT

between

Pvolve Development, LLC

and

---

Developer: \_\_\_\_\_

Area: \_\_\_\_\_

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## **PVOLVE DEVELOPMENT AGREEMENT**

THIS AGREEMENT (this “**Agreement**”) is made and entered into as of the date set forth on Appendix A of this Agreement (the “**Effective Date**”) (Appendix A and all appendices and schedules attached to this Agreement are hereby incorporated by this reference) between PVOLVE DEVELOPMENT, LLC, a Delaware limited liability company with its principal place of business at 730 W. Randolph Street, Chicago, Illinois 60661 (“**Pvolve**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Agreement, “**we**,” “**us**,” and “**our**” refers to Pvolve. “**You**” and “**your**” refers to Franchisee.

### **RECITALS**

A. We and you have entered into a certain Franchise Agreement dated the same date as this Agreement (the “**Initial Franchise Agreement**”), in which we have granted you the right to establish and operate one pvolve studio (a “**Studio**”).

B. We desire to grant to you the exclusive right to establish and operate a specified number of Studios within a specified geographical area in accordance with a development schedule.

C. You are a corporation, limited liability company, partnership, or other entity (collectively, an “**Entity**”). All of your owners of a legal and/or beneficial interest in the Entity (the “**Owners**”) are listed on Appendix A of this Agreement (Appendix A and all other appendices hereto being hereby incorporated herein by reference).

D. You desire to establish and operate additional Studios upon the terms and conditions contained in our then-current standard franchise agreements (a “**Franchise Agreement**,” the current form of which is attached hereto as Appendix B).

**NOW, THEREFORE**, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

#### **1. Grant of Development Rights and Development Area.**

Subject to the terms and conditions of this Agreement, we grant to you the right, and you undertake the obligation, to establish and operate in the area designated on Appendix A to this Agreement (the “**Development Area**”) the number of Studios specified in the development schedule in Appendix A (the “**Schedule**”). This Agreement does not grant you any right to use the Marks (as defined in your Initial Franchise Agreement) or the System (as defined in your Initial Franchise Agreement). Rights to use the Marks and the System are granted only by the Franchise Agreements.

#### **2. Fees.**

**2.1 Development Fee.** Upon execution of this Agreement, you must pay us a development fee in the amount specified on Appendix A (the “**Development Fee**”), which is equal to 100% of the initial franchise fee for your first Studio plus 50% of the current initial franchise fee for each additional Studio that you commit to developing under this Agreement. The Development



Fee is fully earned by us when we and you sign this Agreement and is non-refundable, even if you do not comply with the Schedule and/or this Agreement.

**2.2 Franchise Fees.** The initial franchise fee under each Franchise Agreement for each Studio that you develop pursuant to this Agreement shall be equal to 100% of the current initial franchise fee for the first Studio, 90% of the then-current initial franchise fee for the second Studio, and 80% of the then-current initial franchise fee for your third and each subsequent Studio. At the time you sign each Franchise Agreement, we will credit the portion of the Development Fee that you paid for such Studio toward the initial franchise fee that is due for such Studio.

### **3. Development Schedule.**

**3.1 Deadlines.** You must enter into Franchise Agreements and open and operate Studios in accordance with the deadlines set forth in the Schedule. By each “**Fee Deadline**” specified in the Schedule, you must have delivered to us the Franchise Fee and Opening Package Fee (as each are defined in the applicable Franchise Agreement for each Studio) (collectively, “**Pre-opening Fees**”) and a signed copy of our then-current standard form of Franchise Agreement for the number of Studios specified on the Schedule. By each “**Opening Deadline**” specified in the Schedule, you must have the specified number of Studios open and operating. You must locate the Studios only at sites that we have accepted in accordance with the terms of the applicable Franchise Agreement.

**3.2 Damaged Studios.** If a Studio is destroyed or damaged by any cause beyond your control such that it may no longer continue to be open for the operation of business, you must immediately give us notice of such destruction or damage (“**Destruction Event**”). You must diligently work to repair and restore the Studio to our approved plans and specifications as soon as possible at the same location or at a substitute site accepted by us within the Development Area. If a Studio is closed due to a Destruction Event, the Studio will continue to be deemed a “Studio in operation” for the purpose of this Agreement for up to 180 days after the Destruction Event occurs. If a Studio (i) is closed in a manner other than those described in this Section 3.2 or as otherwise agreed by us in writing or (ii) fails to reopen within 180 days after a Destruction Event, then we may exercise our rights under Section 6.2 (Our Remedies).

### **4. Development Area.**

**4.1 Development Area.** Except as provided in this Section 4.1, while this Agreement is in effect, provided that you open and operate the Studios in accordance with the Schedule and the minimum number of Studios that you have open and operating in the Development Area at any given time is not less than the minimum required pursuant to the Schedule, we will not operate, or license any person other than you to operate, a Studio under the Marks (as defined in your Initial Franchise Agreement) or marks similar to the Marks and the System (as defined in your Initial Franchise Agreement) within the Development Area.

**4.2 No Other Restriction On Us.** Except as expressly provided in Section 4.1 or any other agreement between the parties, we and our affiliates retain the right, in our sole discretion, to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Studios. For example, we and our affiliates have the right to:

(a) establish or license franchises and/or company-owned fitness studios or businesses offering similar or identical products, services, classes, and programs and using the

System or elements of the System (i) under the Marks or marks similar to the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks or marks similar to the Marks anywhere, including inside and outside of the Development Area;

(b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area;

(c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Development Area; and

(d) acquire, be acquired by, or merge with other companies with existing fitness facilities or businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the Pvolve name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Studios to such other name.

## 5. **Term.**

This Agreement expires at midnight on the last Opening Deadline date listed on the Schedule, unless this Agreement is terminated sooner as provided in other sections of this Agreement.

## 6. **Termination.**

**6.1 Events of Default.** Any one or more of the following constitutes an “**Event of Default**” under this Agreement:

(a) You fail to pay any Pre-Opening Fees or execute any Franchise Agreement by any Fee Deadline specified in the Schedule;

(b) You fail to have open and operating the minimum number of Studios specified in the Schedule by any Opening Deadline specified in the Schedule;

(c) An event of default occurs which gives us the right under any Franchise Agreement to terminate such Franchise Agreement (regardless of whether we exercise such right); or

(d) You breach or otherwise fail to comply fully with any other provision contained in this Agreement, including Section 8 (Franchisee's Covenant Not to Compete).

**6.2 Our Remedies.** If any Event of Default occurs under Section 6.1, we may, at our sole election, declare this Agreement and any and all other rights granted to you under this Agreement to be immediately terminated and of no further force or effect. Upon termination of this Agreement for any other reason whatsoever, we will retain the Development Fee and you will not be relieved of any of your obligations, debts, or liabilities hereunder, including without limitation any debts, obligations, or liabilities which have accrued prior to such termination. Your failure to open and thereafter operate Studios in accordance with the Schedule will not, in itself, constitute cause for us to terminate any previously executed Franchise Agreement.

## 7. Assignment.

This Agreement and the rights granted to you under this Agreement are personal to you and neither this Agreement, nor any of the rights granted to you hereunder nor any controlling equity interest in you may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by you without our prior written approval, which we may grant or withhold for any or no reason. If you or your Owners intend to transfer any interest in you or this Agreement, we shall have a right of first refusal in accordance with the procedure set forth in Section 13.9 (Our Right of First Refusal) of the Initial Franchise Agreement. We may assign this Agreement or any ownership interests in us without restriction.

## 8. Franchisee's Covenant Not to Compete.

**8.1 In-Term Covenants.** You acknowledge that you will receive valuable, specialized training and confidential information regarding the System and our and our affiliates' businesses. During the Term, you and your Owners will not, without our prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(a) teach or lead, or train individuals to teach or lead, any resistance-based, low impact classes ("**Competitive Classes**") at any location in the United States or via any alternative channels of distribution, such as the Internet, webinar, or other video services;

(b) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (i) any fitness studio or similar facility or business that generates 25% or more of its revenue from Competitive Classes or (ii) any Entity that grants franchises or licenses for any of these types of businesses (collectively, each, a "**Competitive Business**") at any location in the United States;

(c) divert or attempt to divert any business or customer or potential business or customer of the Studio to any Competitive Classes or Competitive Business, by direct or indirect inducement or otherwise;

(d) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

(e) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Studio.

**8.2 Post-Term Covenants.** For two years after the expiration or termination of this Agreement or an approved transfer to a new franchisee, you and your Owners shall be subject to the same restrictions as in Section 8.1 (In-Term Covenants), except the restrictions in Section 8.1(a) and 8.1(b) shall be geographically limited to any location within a ten-mile radius of your former Development Area or any other Studio that is operating or under development at the time of such expiration, termination, or transfer. With respect to the Owners, the time period in this Section 8.2 will run from the expiration, termination, or transfer of this Agreement or from the termination of the Owner's relationship with you, whichever occurs first.

**8.3 Publicly Traded Corporations.** Ownership of less than 5% of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Section 8.

**8.4 Covenants of Others.** The Owners personally bind themselves to this Section 8 by signing the Guarantee that is attached as Appendix C to this Agreement. You must also obtain from your officers, directors, managers, Owners' spouses, and other individuals that we may designate executed agreements containing nondisclosure and non-compete covenants similar in substance to those contained in this Section 8 as we prescribe in the Manuals and otherwise. The agreements must be in a form acceptable to us and specifically identify us as having the independent right to enforce them.

**8.5 Enforcement of Covenants.** You acknowledge and agree that (i) the time, territory and scope of the covenants provided in this Section 8 are reasonable and necessary for the protection of our legitimate business interests; (ii) you have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of the same would not impose undue hardship; and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section 8 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same will be enforced to the fullest extent permissible. You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section 8. You acknowledge that any breach or threatened breach of this Section 8 will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section 8. Such injunctive relief will be in addition to any other remedies that we may have.

## **9. Incorporation of Other Terms.**

Section 10 (Proprietary Information), Section 16 (Dispute Resolution and Governing Law), Section 17 (Miscellaneous), and Section 18 (Your Representations and Acknowledgements) of the Initial Franchise Agreement are incorporated by reference in this Agreement and will govern all aspects of our relationship and the construction of this Agreement as if fully restated within the text of this Agreement.

**10. Miscellaneous.** Capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth in the Initial Franchise Agreement. This Agreement, together with the Initial Franchise Agreement, supersedes all prior agreements and understandings, whether oral and written, among the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements among the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document that we delivered to you or your representatives. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be signed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound.

**11. No Waiver or Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

**(Signatures on Next Page)**

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

**FRANCHISEE**

**(IF ENTITY):**

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**APPENDIX A  
TO THE  
DEVELOPMENT AGREEMENT**

**FRANCHISEE-SPECIFIC TERMS**

1. **Effective Date (First Paragraph):** \_\_\_\_\_
2. **Franchisee's Name:** \_\_\_\_\_
3. **Franchisee's State of Organization (if applicable):** \_\_\_\_\_
4. **Development Area (Section 1):** [attach map if necessary]
  
5. **Total Development Fee (Section 2):** \$ \_\_\_\_\_ .
6. **Development Schedule (Section 3):** You agree to establish and operate a total of \_\_\_\_ Studios within the Development Area during the term of this Agreement. The Studios must be open and operating in accordance with the following Schedule:

<b><u>MINIMUM NUMBER OF STUDIOS</u></b> The Minimum Number of Studios for Which Pre-Opening Fees Have Been Paid and Franchise Agreements Executed by Each Fee Deadline	<b><u>FEE DEADLINE</u></b> Deadline for Paying Pre-Opening Fees and Executing Franchise Agreement for The Minimum Number of Studios Paid and Signed	<b><u>MINIMUM NUMBER OF STUDIOS</u></b> The Minimum Number of Studios Open and Operating by Each Opening Deadline	<b><u>OPENING DEADLINE</u></b> Deadline for Having the Minimum Number of Studios Open and Operating
	_____, 20__		_____, 20__
	_____, 20__		_____, 20__
	_____, 20__		_____, 20__
	_____, 20__		_____, 20__
	_____, 20__		_____, 20__
	_____, 20__		_____, 20__
	_____, 20__		_____, 20__
	_____, 20__		_____, 20__ (the Expiration Date of the Agreement)

7. **Ownership of Franchisee (Recital C):** If the franchisee is an Entity, the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

<u>Name</u>	<u>Percentage Ownership</u>
	_____ %
	_____ %
	_____ %

8. **Other Terms:**



Signature Page for Appendix A (Franchisee-Specific Terms)

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**APPENDIX B  
TO THE  
DEVELOPMENT AGREEMENT**

**Form of Franchise Agreement**

[See Exhibit A to Franchise Disclosure Document]

**APPENDIX C  
TO THE  
DEVELOPMENT AGREEMENT**

**PVOLVE DEVELOPMENT, LLC  
PAYMENT AND PERFORMANCE GUARANTEE**

In order to induce Pvolve Development, LLC (“**Franchisor**”) to enter into a PVOLVE Development Agreement (the “**Development Agreement**”) by and between Franchisor and the Franchisee named in the Development Agreement dated \_\_\_\_\_ to which this Payment and Performance Guarantee (the “**Guarantee**”) is attached (“**Franchisee**”), the undersigned (collectively referred to as the “**Guarantors**” and individually referred to as a “**Guarantor**”) hereby covenant and agree as follows:

**1. Guarantee of Payment and Performance.** The Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Development Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the “**Guaranteed Liabilities**”). The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys’ fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities. The Guarantors represent and agree that they have each reviewed a copy of the Development Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Development Agreement and this Guarantee.

**2. Waivers by Guarantors.** The Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes, or controversies between Franchisor and Franchisee and of the settlement, compromise, or adjustment thereof. This Guarantee is primary and not secondary, and will be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities. This Guarantee will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee.

**3. Term; No Waiver.** This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full. No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy.

**4. Other Covenants.** Each of the Guarantors agrees to comply with the provisions of Section 8 of the Development Agreement as though each such Guarantor were the “Franchisee” named in the Development Agreement and agrees that he or she will take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Development Agreement and will not take any action that would cause Franchisee to be in breach of the

Development Agreement.

5. Dispute Resolution. Section 16 (Dispute Resolution and Governing Law) of the Initial Franchise Agreement (as defined in the Development Agreement) is hereby incorporated herein by reference and will be applicable to any disputes between Franchisor and any of the Guarantors, as though Guarantor were the “Franchisee” referred to in the Development Agreement.

6. Miscellaneous. This Agreement will be binding upon the Guarantors and their respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its successors and assigns.

**IN WITNESS WHEREOF**, the undersigned Guarantors have caused this Guarantee to be duly executed as of the day and year first above written.

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

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

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

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

**EXHIBIT C  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**Financial Statements**

(attached)

**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Member  
P.Volve Development, LLC

### **Opinion**

We have audited the accompanying financial statements of P.Volve Development, LLC (a limited liability company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and member's equity (deficit) and cash flows for each of the years in the three-year period ended December 31, 2022, 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 P.Volve Development, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, 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 P.Volve Development, 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.

### **Uncertainty Regarding Impacts of Recent Disruptions in U.S. Banking System**

As discussed in Note 10 to the financial statements, in March 2023, the shut-down of certain financial institutions raised economic concerns over disruptions in the U.S. banking system. Given the uncertainty of the situation, the related financial statement impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

### **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.



## **Responsibilities of Management for the Financial Statements (Continued)**

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 P.Volve Development, 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 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 P.Volve Development, 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 P.Volve Development, LLC's ability to continue as a going concern for a reasonable period of time.

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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.



CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
April 24, 2023

**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
Current asset:		
Cash	\$ 372,191	\$ 144,325
Property and equipment, net	<u>4,167</u>	<u>7,500</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 376,358</u></b>	<b><u>\$ 151,825</u></b>
<b><u>LIABILITIES AND MEMBER'S EQUITY</u></b>		
Current liabilities:		
Accrued expenses	\$ 11,862	\$ 57,021
Deferred revenue, current portion	<u>32,743</u>	<u>-</u>
Total current liabilities	44,605	57,021
Long-term liability:		
Deferred revenue, net of current portion	<u>219,528</u>	<u>45,000</u>
Total liabilities	264,133	102,021
Commitments and contingencies (Notes 7 and 10)		
Member's equity	<u>112,225</u>	<u>49,804</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u>\$ 376,358</u></b>	<b><u>\$ 151,825</u></b>

See accompanying notes to financial statements.

**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues:			
Franchise fees	\$ 6,208	\$ -	\$ -
Selling, general and administrative expenses	<u>362,798</u>	<u>291,093</u>	<u>135,165</u>
Net loss	(356,590)	(291,093)	(135,165)
Member's equity (deficit) - beginning	49,804	(11,794)	-
Member contributions	<u>419,011</u>	<u>352,691</u>	<u>123,371</u>
MEMBER'S EQUITY (DEFICIT) - ENDING	<u>\$ 112,225</u>	<u>\$ 49,804</u>	<u>\$ (11,794)</u>

See accompanying notes to financial statements.

**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:			
Net loss	\$ (356,590)	\$ (291,093)	\$ (135,165)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Amortization expense	3,333	2,500	-
Expenses incurred on behalf of the Company by the Parent	363,011	352,691	23,371
Changes in operating assets and liabilities:			
Accrued expenses	(45,159)	(64,638)	121,659
Deferred revenue	<u>207,271</u>	<u>45,000</u>	<u>-</u>
Net cash provided by operating activities	171,866	44,460	9,865
Cash used in investing activity:			
Purchase of property and equipment	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Cash provided by financing activities:			
Member contributions	<u>56,000</u>	<u>-</u>	<u>100,000</u>
Net increase in cash	227,866	44,460	99,865
Cash - beginning	<u>144,325</u>	<u>99,865</u>	<u>-</u>
CASH - ENDING	<u>\$ 372,191</u>	<u>\$ 144,325</u>	<u>\$ 99,865</u>

See accompanying notes to financial statements.

**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS**

P.Volve Development, LLC (the "Company"), a wholly-owned subsidiary of Pvolve LLC (the "Parent"), was formed on October 10, 2019, as a Delaware limited liability company to sell franchises pursuant to a non-exclusive license agreement dated August 1, 2020, between the Company and the Parent. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "P.VOLVE" name and system that will manage studios with instructor-led workouts that are designed to master precise movements to activate hard-to-reach muscles.

The Company is a limited liability company and, therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates may be adjusted due to changes in future economic, industry or other financial conditions. Actual results could differ from these estimates.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisee accounts: franchisee creditworthiness, past transaction history with the franchisee, and current economic industry trends. If the financial condition of the Company's franchisees was to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Company had no accounts receivable and allowances for doubtful accounts at December 31, 2022 and 2021.

**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property and equipment

Property and equipment are carried at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided using the straight-line and various accelerated methods over the estimated useful lives of the assets, which are as follows:

Website	3 years
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Revenue and cost recognition

The Company derives its revenues from franchise fee revenue, royalty revenue, technology fees, transfer fees, management system subscription fees and brand fund fees.

*Franchise fees and royalties*

Contract consideration from franchisees primarily consists of initial or renewal franchise fees, sales-based royalties, sales-based brand fund fees and transfer fees payable by a franchisee for the transfer of its franchise unit to another franchisee. The Company also enters into multi-unit development agreements ("MUDAs") which grant a franchisee the right to develop two or more franchise units. The Company collects an up-front multi-unit development fee for the grant of such rights. The initial franchise fees and up-front multi-unit development fees are nonrefundable and collected when the underlying franchise agreement or MUDA is signed by the franchisee. Sales-based royalties and brand fund fees are payable weekly and technology fees and management system subscription fees are payable monthly. Renewal and transfer fees are payable when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including site selection, training and other such activities commonly referred to collectively as "pre-opening activities." Pre-opening activities are deemed to be distinct as they provide a benefit to the franchisee and are not highly interrelated or interdependent to access to the Company's intellectual property. For all other pre-opening activities, if any, the Company determines if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a company-branded franchise unit. The portion of pre-opening activities that is not brand specific is deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property and therefore accounted for as a separate performance obligation.

All other pre-opening activities are determined to be highly interrelated to the use of the Company's intellectual property and therefore accounted for as a single performance obligation, which is satisfied by granting certain rights to use the Company's intellectual property over the term of each franchise agreement.

**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue and cost recognition (continued)

*Franchise fees and royalties (continued)*

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities is recognized when the franchisee location opens.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. MUDAs generally consist of an obligation to grant the right to open two or more units. These development rights are not distinct from franchise agreements; therefore, up-front fees paid by franchisees for development rights are deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement is recognized as revenue in the same manner as the initial and renewal franchise fees.

Royalties are earned as a percentage of franchisee gross revenues over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

*Product sales*

Revenues from product sales are expected to be recognized when control of the promised goods is transferred to the customer. The Company has elected to treat shipping and handling as fulfillment activities and not a separate performance obligation. Accordingly, the Company will recognize revenue from product sales as a single performance obligation at the point of sale or at the time of shipment, which is when transfer of control to the franchisee occurs. Shipping and handling costs will be included in cost of sales. Provisions for customer volume discounts, product returns, rebates and allowances are variable consideration and are estimated and recorded as a reduction of revenue in the same period the related product revenue is recorded. There were no such provisions at December 31, 2022. There were no product sales during the years ended December 31, 2022, 2021 and 2020.

*Brand fund*

The Company has reserved the right to establish a brand fund to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Brand fund fees will be collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the brand fund and therefore recognizes the revenues and expenses related to the brand fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the brand fund are highly interrelated and therefore are accounted for as a single performance obligation. As a result, revenues from the brand fund represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur.



**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue and cost recognition (continued)

*Brand fund (continued)*

When brand fund fees exceed the related brand fund expenses in a reporting period, advertising costs will be accrued up to the amount of brand fund revenues recognized.

*Other revenues*

The Company will recognize revenue from other fees and other services provided to the franchisees as a single performance obligation when the services are rendered.

Incremental costs of obtaining a contract

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortizes them over the term of the franchise agreement. In the case of costs paid related to MUDAs for which no signed franchise agreement has been received, these costs are deferred until the signed franchise agreement is received.

Income taxes

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income taxes. As a single-member limited liability company and, therefore, a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the Parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at December 31, 2022 and 2021.

The Parent files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions.

Advertising

Advertising costs are expensed as incurred and amounted to \$166,917, \$163,643 and \$20,892 for the years ended December 31, 2022, 2021, and 2020, respectively.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassification adjustments had no effect on the Company's previously reported net loss.

**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recently issued but not yet effective accounting pronouncements

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), and subsequent amendment to the initial guidance: ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* (collectively, "Topic 326"). Topic 326 introduces a new forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information, and reasonable and supportable forecasts and will generally result in earlier recognition of allowances for losses. For non-public companies, Topic 326 will be effective for annual and interim reporting periods beginning after December 15, 2022. The guidance is to be applied using the modified retrospective approach. The Company is in the process of assessing the impact of Topic 326 on its financial statements.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through April 24, 2023, the date on which these financial statements were available to be issued. Except as disclosed in Note 10, there were no other material subsequent events that required recognition or additional disclosure in these financial statements.

**NOTE 3. FRANCHISED OUTLETS**

The following data reflects the status of the Company's franchised outlets as of and for the year ended December 31:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Franchises sold	7	2	-
Franchises purchased	-	-	-
Franchised outlets in operation	-	-	-
Franchisor-owned outlets in operation	-	-	-

**NOTE 4. REVENUES AND RELATED CONTRACT BALANCES**

Disaggregated revenues

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States and its ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 4. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)**

Disaggregated revenues (continued)

Revenues by timing of recognition were as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i><b>Point in time:</b></i>			
Franchise fees	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>
<i><b>Over time:</b></i>			
Franchise fees	<u>          6,208</u>	<u>          -</u>	<u>          -</u>
Total revenues	<u>\$ <u>          6,208</u></u>	<u>\$ <u>          -</u></u>	<u>\$ <u>          -</u></u>

Contract balances

Contract liabilities are comprised of unamortized initial franchise fees received from franchisees, which are presented as "Deferred revenue" in the accompanying balance sheets. A summary of significant changes in deferred revenues during the years ended December 31, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Deferred revenue - beginning of year	\$ 45,000	\$ -
Revenue recognized during the year	(6,208)	-
Current year deferred revenue additions	<u>213,479</u>	<u>45,000</u>
Deferred revenue - end of year	<u>\$ <u>252,271</u></u>	<u>\$ <u>45,000</u></u>

Deferred revenues are expected to be recognized as revenue over the remaining term of the associated franchise agreements as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2023	\$ 32,743
2024	35,898
2025	37,200
2026	37,200
2027	37,200
Thereafter	<u>72,030</u>
Total	<u>\$ <u>252,271</u></u>

Deferred revenue consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Franchise units not yet opened	\$ 252,271	\$ 45,000
Opened franchise units	<u>          -</u>	<u>          -</u>
Total	<u>\$ <u>252,271</u></u>	<u>\$ <u>45,000</u></u>

**NOTE 5. CONCENTRATION OF CREDIT RISK**

Cash

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 6. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Website	\$ 10,000	\$ 10,000
Less: accumulated amortization	<u>(5,833)</u>	<u>(2,500)</u>
Property and equipment, net	<u>\$ 4,167</u>	<u>\$ 7,500</u>

Amortization expense amounted to \$3,333, \$2,500 and \$- for the years ended December 31, 2022, 2021 and 2020, respectively.

**NOTE 7. RELATED-PARTY TRANSACTIONS**

License agreement

On August 1, 2020, the Company entered into a perpetual non-exclusive license agreement with its Parent for the use of the registered name "P.VOLVE" (the "license agreement"). Pursuant to the license agreement, the Company acquired the right to operate and sell "P.Volve" franchises, and the right to earn franchise fees, royalties and other fees from franchisees. There will be no license fees payable to the Licensor.

Shared-services arrangement

During 2021, the Company entered into a shared-service arrangement with the Parent. The Parent provides management oversight services and other services, as agreed upon. Pursuant to the shared-services arrangement, the Company has agreed to reimburse the Parent for all shared-service costs incurred by the Parent on behalf of the Company. There were no shared-service expenses for the years ended December 31, 2022, 2021 and 2020.

**NOTE 8. BRAND FUND**

Brand fund

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect marketing fund fees of up to 2% of franchisees' reported sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. There have been no contributions to the marketing fund as of the date these financial statements were available to be issued.

Cooperative fund

Pursuant to the structured form of the franchising arrangement, the Company also has reserved the right to designate any geographical area in which franchisees are operating for purposes of establishing a regional advertising cooperative ("Cooperative"). If the Cooperative is established, franchisees will contribute up to 50% of their marketing spend requirement as further defined in the franchise agreement to the Cooperative. As of December 31, 2022, the Company has not yet established the Cooperative.

**P.VOLVE DEVELOPMENT, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 9. MEMBER'S EQUITY (DEFICIT)**

The Company has sustained continued losses since inception and the Company's operations have been funded through contributions from the Parent. As a result of contributions from the Parent, the Company has accumulated member's equity of \$112,225 as of December 31, 2022. The Company is growing and, as such, is incurring expenditures in the near term to benefit the future as it looks to grow the franchisee base and expand into new markets. In addition, certain expenses could be reduced or eliminated in order to improve operating cash flows, as needed, in the future.

As of December 31, 2022, the Company had \$372,191 of unrestricted cash and current liabilities amounting to \$44,605, of which \$32,743 relates to deferred revenue from the sale of franchise agreements which is expected to be recognized as income in the next year.

As of the date these financial statements were available to be issued, the Company continues to focus on selling franchises, and royalties and other fees charged to franchisees are expected to increase as franchisees continue to open and begin operations.

**NOTE 10. RECENT EVENTS RELATING TO DISRUPTIONS IN THE U.S. BANKING SYSTEM**

In March 2023, the shut-down of certain financial institutions raised economic concerns over disruptions in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system. However, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. As disclosed in Note 5, the Company maintains cash amounts in excess of federally insured limits in the aggregate amount of \$122,191, as of December 31, 2022, that exposes the Company to risk of loss as a result of future disruptions in the U.S. banking system or economy. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

**EXHIBIT D  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**State Administrators and Agents for Service of Process**

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

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

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

There also may be additional agents appointed in some of the states listed.

**CALIFORNIA**

Commissioner of Department of Financial  
Protection & Innovation  
Department of Financial Protection & Innovation  
Toll Free: 1 (866) 275-2677

***Los Angeles***

Suite 750  
320 West 4<sup>th</sup> Street  
Los Angeles, California 90013-2344  
(213) 576-7500

***Sacramento***

2101 Arena Boulevard  
Sacramento, California 95834  
(866) 275-2677

***San Diego***

1350 Front Street, Rm. 2034  
San Diego, California 92101-3697  
(619) 525-4233

***San Francisco***

One Sansome Street, Suite 600  
San Francisco, California 94105-2980  
(415) 972-8559

**HAWAII**

(for service of process)

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

(for other matters)

Commissioner of Securities  
Department of Commerce  
and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 205  
Honolulu, Hawaii 96813  
(808) 586-2722

**ILLINOIS**

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

**INDIANA**

(for service of process)

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

(state agency)

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

### **MARYLAND**

(for service of process)

Maryland Securities Commissioner  
at the Office of Attorney General-  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

(state agency)

Office of the Attorney General-  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

### **MICHIGAN**

Michigan Attorney General's Office  
Consumer Protection Division  
Attn: Franchise Section  
G. Mennen Williams Building, 1st Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
(517) 335-7567

### **MINNESOTA**

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

### **NEW YORK**

(for service of process)

Attention: New York Secretary of State  
New York Department of State  
One Commerce Plaza,  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, New York 12231-0001  
(518) 473-2492

(Administrator)

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, New York 10005  
(212) 416-8236 (Phone)

### **NORTH DAKOTA**

(for service of process)

Securities Commissioner  
North Dakota Securities Department  
600 East Boulevard Avenue, Suite 414  
Bismarck, North Dakota 58505  
(701) 328-4712

(state agency)

North Dakota Securities Department  
600 East Boulevard Avenue, Suite 414  
Bismarck, North Dakota 58505  
(701) 328-2910

### **OREGON**

Oregon Division of Financial Regulation  
350 Winter Street NE, Suite 410  
Salem, Oregon 97301  
(503) 378-4140



**RHODE ISLAND**

Securities Division  
Department of Business Regulations  
1511 Pontiac Avenue  
John O. Pastore Complex-Building 69-1  
Cranston, Rhode Island 02920  
(401) 462-9500

**SOUTH DAKOTA**

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

**VIRGINIA**

(for service of process)

Clerk, State Corporation Commission  
1300 East Main Street  
First Floor  
Richmond, Virginia 23219  
(804) 371-9733

(for other matters)

State Corporation Commission  
Division of Securities and Retail Franchising  
Tyler Building, 9th Floor  
1300 East Main Street  
Richmond, Virginia 23219  
(804) 371-9051

**WASHINGTON**

(for service of process)

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

(for other matters)

Department of Financial Institutions  
Securities Division  
P. O. Box 9033  
Olympia, Washington 98501-9033  
(360) 902-8760

**WISCONSIN**

(for service of process)

Administrator, Division of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-2139

(state administrator)

Division of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-9555

**EXHIBIT E  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**Table of Contents for Franchise Operations Manual**



## TABLE OF CONTENTS - MANUAL

Section A Introduction .....	22 pages
Section B Pre-Opening .....	39 pages
Section C Human Resources .....	71 pages
Section D Sales .....	45 pages
Section E Management .....	21 pages
Section F Daily Operations .....	39 pages
Section G P.volve Program.....	15 pages
Section H Marketing .....	70 pages
Appendix (Forms and check lists) .....	27 pages
	Total pages    349

**EXHIBIT F  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**Current and Former Franchisees as of December 31, 2022**

**Current Franchisees**

**California**

San Diego, CA  
Keohane Ventures, LLC\*  
951-200-0285  
*Outlet Not Yet Open as of 12/31/22*

San Diego, CA  
Keohane Ventures, LLC\*  
951-200-0285  
*Outlet Not Yet Open as of 12/31/22*

Carlsbad, CA  
Springlina Wellness, LLC\*  
619-459-6101  
*Outlet Not Yet Open as of 12/31/22*

**Illinois**

Cook County, IL  
Eberhardt Enterprises, LLC  
815-690-9055  
*Outlet Not Yet Open as of 12/31/22*

**New Jersey**

Bergen County, NJ  
For the Light, LLC  
201-923-7683  
*Outlet Not Yet Open as of 12/31/22*

**Tennessee**

Nashville, TN  
FTF, LLC  
707-696-4436  
*Outlet Not Yet Open as of 12/31/22*

Texas

Fort Worth, TX  
SEC Studios, LLC  
502-377-2128  
*Outlet Not Yet Open as of 12/31/22*

**Former Franchisees**

None.

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

**EXHIBIT G  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**Form of General Release**

**(attached)**



between them or any court order; and (iii) this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

**5. Complete Defense.** Franchisee, Transferee, and Guarantors (on behalf of all Releasers): (i) acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

**6. Waiver of Statutory Preservation Provisions.** Franchisee, Transferee, and Guarantors (on behalf of all Releasers) each expressly waives any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

This waiver extends to any other statute or common law principle of similar effect in any applicable jurisdiction, including without limitation, California and or any other jurisdiction in which the Releasers reside. Franchisee, Transferee, and Guarantors (on behalf of all Releasers) acknowledges and represents that it has consulted with legal counsel before executing this release and that it understands its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consents that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

**7. Successors and Assigns.** This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

**8. Counterparts.** This Release may be executed in two or more counterparts (including by scanned copy), each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

**9. Capitalized Terms.** Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK.]



**IN WITNESS WHEREOF**, Franchisee, Transferee, and Guarantors have executed this Release as of the date shown above.

**FRANCHISEE:**

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

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

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

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

**TRANSFEE:**

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

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

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

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

**GUARANTOR:**

\_\_\_\_\_

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

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

**GUARANTOR:**

\_\_\_\_\_

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

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

**EXHIBIT H  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**Form of Nondisclosure and Noncompete Agreement**

**(attached)**

## NONDISCLOSURE AND NONCOMPETE AGREEMENT

This Agreement is dated [DATE]. The parties are [NAME OF FRANCHISEE ENTITY] (referred to as “we”, “us”, and “our”), located at [ADDRESS], and [NAME OF EMPLOYEE, INDEPENDENT CONTRACTOR, OR FAMILY MEMBER], located at [ADDRESS] (referred to as “you” and “your”). You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation, dividends, or other payments and benefits you will receive directly or indirectly from us.

### BACKGROUND

We are a franchisee of Pvolve Development, LLC (“Franchisor”) under a Franchise Agreement dated [DATE] (the “Franchise Agreement”). We have a license to use certain trademarks designated by Franchisor, including the Pvolve mark (the “Marks”), certain policies and procedures used in Pvolve businesses (the “System”), and the Confidential Information developed and owned by Franchisor and Pvolve LLC in our Pvolve Studio (the “Studio”). Franchisor recognizes that, in order for us to effectively operate our business, individuals employed by us or otherwise associated with us must have access to certain confidential information and trade secrets owned by Franchisor and its affiliates (the “Interested Parties”). Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm the Interested Parties, other franchise owners, and us. Accordingly, Franchisor requires us to have you to sign this Agreement.

### AGREEMENT

**1. Confidential Information.** As used in this Agreement, “Confidential Information” means all manuals, trade secrets, know-how, methods, training materials, information, management procedures, and marketing and pricing techniques relating to the Studio, the Pvolve System, or Franchisor’s business. In addition, Confidential Information includes all marketing plans, advertising plans, business plans, financial information, member information, employee information, independent contractor information and other confidential information of Franchisor, Franchisor’s affiliates, or us (collectively, the “Interested Parties”) that you obtain during your association with us.

**2. Nondisclosure.** You agree not to use or disclose, or permit anyone else to use or disclose, any Confidential Information to anyone outside of our organization (other than us or the Interested Parties) and not to use any Confidential Information for any purpose except to carry out your duties to us as an individual employed by us or otherwise associated with us. You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest our or the Interested Parties’ ownership of it. These obligations apply both during and after your association with us.

**3. Return of Confidential Information.** If your association with us ends for any reason, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control. You may not retain any Confidential Information after your association with us ends.

**4. Noncompete During Association.** You may not, during your association with us, without our prior written consent:

(a) teach or lead, or train individuals to teach or lead, any resistance-based, low impact classes (“**Competitive Classes**”) at any location in the United States or via any alternative channels of distribution, such as the Internet, webinar, or other video services;

(b) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (i) any fitness studio or similar facility or business that generates 25% or more of its revenue from Competitive Classes or (ii) any entity that grants franchises or licenses for any of these types of businesses (collectively, each, a “**Competitive Business**”) at any location in the United States;

(c) divert or attempt to divert any business or customer or potential business or customer of the Studio to any Competitive Classes or Competitive Business, by direct or indirect inducement or otherwise;

(d) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

(e) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Studio.

**5. Noncompete After Association Ends.** For two years after your association with us ends for any reason, you shall be subject to the same restrictions as in Section 4, except the restrictions in Section 4(a) and 4(b) shall be geographically limited to any location within a ten-mile radius of the Studio or any other Pvolve studio that is operating or under development at the time your association with us ends.

**6. Remedies.** If you breach or threaten to breach this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages.

**7. Severability.** If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified.

**8. Independent Agreement.** The Agreement is independent of any other obligations between you and us. This means that it is enforceable even if you claim that we breached any other agreement, understanding, commitment or promise.

**9. Third Party Right of Enforcement.** You are signing this Agreement not only for our benefit, but also for the benefit of the Interested Parties which have an interest in protecting their Confidential Information and in protecting the System from unfair competition. The Interested Parties have the right to enforce this Agreement directly against you and to exercise all of our rights under this Agreement.

**10. Not An Employment Agreement.** This is not an employment agreement. Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period.

**11. Modification and Waiver.** Your obligations under this Agreement cannot be waived or modified except in writing.

**12. Governing Law.** This Agreement is governed by the laws of the state in which our principal office is located.

**13. Jurisdiction and Venue.** In the event of a breach or threatened breach by you of this Agreement, you hereby irrevocably submit to the jurisdiction of the state and federal courts of (i) the state where our principal place of business is located and (ii) the state where the Interested Parties' principal place of business is located (currently, Illinois), and irrevocably agree that venue for any action or proceeding shall be, at our option, in the state and federal courts of either the county where our or the Interested Parties' principal place of business is located. Both parties waive any objection to the jurisdiction of these courts or to the venue selected.

**14. Attorney's Fees.** If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorneys' fees, to the extent that we prevail on the merits.

**15. Representation.** You certify that you have read and fully understood this Agreement, and that you entered into it willingly.

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**EMPLOYEE OR ASSOCIATE SIGNATURE**

---

**PRINTED NAME**

**EXHIBIT I  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**Additional State-Required Disclosures and Riders**

**ADDITIONAL DISCLOSURES FOR THE  
FRANCHISE DISCLOSURE DOCUMENT OF  
PVLVE DEVELOPMENT, LLC**

The following are additional disclosures for the Franchise Disclosure Document of Pvolve Development, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

**NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

**CALIFORNIA**

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT.

3. OUR WEBSITE, [www.pvolvefranchise.com](http://www.pvolvefranchise.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

4. The following is added at the end of Item 3:

Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. The following language is added to the end of Item 5:

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

6. The following language is added to the “Remarks” column of the line-item titled “Interest” in Item 6:

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

7. The following paragraphs are added at the end of Item 17:

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

The Development Agreement and Franchise Agreement contain a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Development Agreement and Franchise Agreement require application of the laws of the State of Illinois. This provision might not be enforceable under California law.

The Development Agreement and Franchise Agreement require pre-litigation mediation. The mediation will be conducted in the metropolitan area of our then-current principal place of business (currently Chicago, Illinois). The Development Agreement and Franchise Agreement also require that any action you bring be commenced in federal or state courts in Chicago, Illinois. Prospective multi-unit developers and 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 the Development Agreement and Franchise Agreement restricting Studio to a forum outside the State of California.

The Development Agreement and Franchise Agreement require you to sign a general release of claims upon renewal or transfer of the Development Agreement or Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under



the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

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

## **ILLINOIS**

1. The following language is added to the end of Item 5 and 7:

Based upon our financial condition, the State of Illinois has required a financial assurance. Therefore, all initial fees and payments owed by franchisees will be deferred until we complete our pre-opening obligations under the Franchise Agreement and your Pvolve Studio is opened. You must pay us the initial fees and payments on the day you open your Pvolve Studio.

2. The following language is added to the end of Item 17:

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

## **MARYLAND**

1. The following language is added to the end of Item 5 and 7:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees will be deferred until we complete our pre-opening obligations under the Franchise Agreement and your Pvolve Studio is opened. You must pay us the initial fees and payments on the day you open your Pvolve Studio.

2. The following language is added to the end of the “Summary” sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for Franchisor approval of transfer:

Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law. (The form of general release that we currently intend to use in connection with transfers and renewals is attached as Exhibit G to this Franchise Disclosure Document.)

3. The following language is added to the end of the “Summary” sections of Item 17(h), entitled “Cause” defined – non-curable defaults:

The Franchise Agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

4. The “Summary” sections of Item 17(v), entitled Choice of forum are amended to add the following:

, and to the extent required by the Maryland Franchise Registration and Disclosure Law, you may bring an action in Maryland.

5. The “Summary” sections of Item 17(w), entitled Choice of law, are deleted in their entirety and the following is substituted in their place:

Illinois law generally applies, except for the Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The following language is added to the end of Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

## **MINNESOTA**

1. **Trademarks**. The following sentence is added to the end of Item 13:

Provided you have complied with all provisions of the Development Agreement and Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

2. **Renewal, Termination, Transfer and Dispute Resolution**. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to

cure) of the Development Agreement and Franchise Agreement and 180 days' notice for non-renewal of the Development Agreement and Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document, Development Agreement or Franchise Agreement can abrogate or reduce any of Developer's or Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Development Agreement or Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

## **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 D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.**

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE DEVELOPER OR 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 Item 4:

None of the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer:

However, 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.

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

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

7. The following is added to the end of the “Summary” section of Item 17(j), entitled Assignment of contract by franchisor:

However, no assignment will be made except to an assignee that in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Development Agreement or Franchise Agreement.

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

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

## **NORTH DAKOTA**

1. The following language is added to the end of Item 5 and 7:

Based upon our financial condition, the North Dakota Securities Department has required a financial assurance. Therefore, all initial fees and payments owed by franchisees will be deferred until we complete our pre-opening obligations under the Franchise Agreement and your Pvolve Studio is opened. You must pay us the initial fees and payments on the day you open your Pvolve Studio.

2. The following language is added to the end of the “Summary” sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer:

; provided, however, that this general release shall not apply to the extent prohibited by the North Dakota Franchise Investment Law (as amended).

3. The following language is added to the end of the “Summary” section of Item 17(r), entitled Non-competition covenants after the franchise is terminated or expires:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

4. The following language is added to the end of the “Summary” section of Item 17(v), entitled Choice of forum:

, however, to the extent required by applicable law, you may bring an action in North Dakota.

5. The “Summary” section of Item 17(w), entitled Choice of law, is deleted and replaced with the following language:

Except for federal law, to the extent required by law, North Dakota law applies.

### **RHODE ISLAND**

1. The “Summary” section of Item 17(v), entitled Choice of forum, is deleted and replaced with the following language:

Subject to applicable state laws, you and your Owners must, and we may, bring claims in federal or state courts located in Chicago, Illinois (or the city in which our principal place of business is then located, if we no longer have an office in Chicago), except as otherwise required by applicable law for claims arising under the Rhode Island Franchise Investment Act. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. The “Summary” section of Item 17(w), entitled Choice of law, is deleted and replaced with the following language:

Except for federal law, Illinois law controls, except as otherwise required by law for claims arising under the Rhode Island Franchise Investment Act. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

### **SOUTH DAKOTA**

1. The following language is added to the end of Item 5 and 7:

Based upon our financial condition, the State of South Dakota has required a financial assurance. Therefore, all initial fees and payments owed by franchisees will be deferred until we complete our pre-opening obligations under the Franchise Agreement and your Pvolve Studio is opened. You must pay us the initial fees and payments on the day you open your Pvolve Studio.

## VIRGINIA

1. The following language is added to the end of Items 5 and 7:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

2. The following language is added to the end of the "Summary" section of Item 17.h., entitled "Cause" defined – non-curable defaults:

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 Development Agreement or 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.

3. The following risk factor is added to the "Special Risk Factors to Consider About *This Franchise*" page:

**Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$423,250 to \$720,900. This amount exceeds the franchisor's stockholders' equity as of September 23, 2020, which is \$100,000.

## WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, COMPLIANCE QUESTIONNAIRE, AND RELATED AGREEMENTS

1. The following language is added to the end of Item 5 and 7:

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business

2. The following paragraphs are added to the end of Item 17:

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.

If the Franchisor exercises the non-compliance fee, it would do so in good faith in accordance with Washington law, assessing the fee based on a reasonable determination of its costs.

The Franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the Franchisor and is paid a fee for referring prospects to the Franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the Franchisor's current and former franchisees to ask them about their experience with the Franchisor.



**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
FRANCHISE AGREEMENT**

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN CALIFORNIA**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at 730 W. Randolph Street, Chicago, Illinois 60661 (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is being signed because (a) the Studio will be located in California and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in California.

2. **INITIAL FEES.** The following is added to the end of Section 3.1 of the Franchise Agreement:

The Department of Financial Protection and Innovation requires Franchisor to defer the collection of the initial fees from California franchisees until Franchisor has completed all its pre-opening obligations and Franchisee is open for business.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**  
**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** (this “Rider”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Studio that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **INITIAL FEES**. The following is added to the end of Section 3.1 of the Franchise Agreement:

Based upon our financial condition, the State of Illinois has required a financial assurance. Therefore, all initial fees and payments owed by franchisees will be deferred until we complete our pre-opening obligations under the Franchise Agreement and your Pvolve Studio is opened. You must pay us the initial fees and payments on the day you open your Pvolve Studio.

3. **ADDITION OF PARAGRAPHS**. The following paragraphs are added to the end of the Franchise Agreement as Section 19:

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees’ right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**  
**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** (this “Rider”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or; (b) the Studio will be located or operated in Maryland.

2. **RELEASES.** The following is added to the end of Sections 2.2(d), 13.1, 13.4(d), 13.5, 13.6, and 15.6(d) of the Franchise Agreement:

; provided, however, that such general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **INITIAL FEES.** The following is added to the end of Section 3.1 of the Franchise Agreement:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees will be deferred until we complete our pre-opening obligations under the Franchise Agreement and your Pvolve Studio is opened. You must pay us the initial fees and payments on the day you open your Pvolve Studio.

4. **GOVERNING LAW.** The first sentence of Section 16.3 of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

Except as otherwise required by law for claims arising under the Maryland Franchise Registration and Disclosure Law, this Agreement will be governed by, construed, and enforced in accordance with the laws of the State of Illinois.

5. **TERMINATION AND DEFAULT.** The following is added to the end of Section 14.1(p) of the Franchise Agreement:

; however, such provision might not be enforceable under federal bankruptcy law (11 U.S.C. Section 1010 et seq.), although we intend to enforce it to the extent enforceable.

6. **FORUM FOR LITIGATION.** The following language is added to the end of Section 16.2 of the Franchise Agreement:

Notwithstanding the foregoing, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS.** The following language is added to the end of Section 18 of the Franchise Agreement:

Such representations 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.

8. **LIMITATIONS OF CLAIMS.** The following is added to the end of Section 16.7 of the Franchise Agreement:

, except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** (this “Rider”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“Franchisor”), and the person or entity identified on Appendix A as the franchisee (“Franchisee”) with its principal place of business as set forth on Appendix A. In this Rider, “we,” “us,” and “our” refers to Franchisor. “You” and “your” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Studio that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the end of Sections 2.2(d), 13.1, 13.4(d), 13.5, 13.6, and 15.6(d) of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **SUCCESSOR TERM AND TERMINATION.** The following is added to the end of Sections 2.2 and 14 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

4. **NOTIFICATION OF INFRINGEMENT AND CLAIMS.** The following sentence is added to the end of Section 9.1 of the Franchise Agreement:

Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, costs or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

5. **FORUM FOR LITIGATION.** The following language is added to the end of Section 16.2 of the Franchise Agreement:

NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR



YOUR RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

6. **GOVERNING LAW.** The following statement is added at the end of Section 16.3 of the Franchise Agreement:

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

7. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES.** If and then only to the extent required by the Minnesota Franchises Law, Sections 16.4 and 16.5 of the Franchise Agreement are deleted.

8. **LIMITATIONS OF CLAIMS.** The following is added to the end of Section 16.7 of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

9. **INJUNCTIVE RELIEF.** Section 16.8 of the Franchise Agreement is deleted and replaced with the following:

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may seek such injunctive relief. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction. A court will determine if a bond is required.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT FOR USE IN THE  
STATE OF NEW YORK**

**THIS RIDER** (this “Rider”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, (the “Franchise Agreement”). This Rider is being signed because (a) you are domiciled in the State of New York and the Studio that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **TRANSFER - BY US.** The following language is added to the end of Section 13.1 of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. **RELEASES.** The following language is added to the end of Sections 2.2(d), 13.1, 13.4(d), 13.5, 13.6, and 15.6(d) of the Franchise Agreement:

Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION OF AGREEMENT - BY YOU.** The following language is added to the end of Section 14.3 of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Sections 15.11 and 16.8:

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. **FORUM FOR LITIGATION.** The following statement is added at the end of Section 16.2 of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

7. **GOVERNING LAW.** The following is added to the end of Section 16.3 of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** (this “Rider”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Studio that you will operate under the Franchise Agreement will be located in North Dakota, and/or; (b) the offering or sales activity relating to the Franchise Agreement occurs in North Dakota.

2. **RELEASES**. The following language is added to the end of Sections 2.2(d), 13.1, 13.4(d), 13.5, 13.6, and 15.6(d) of the Franchise Agreement:

; provided, however, that such general release shall not apply to the extent prohibited by law with respect to claims arising under the North Dakota Franchise Investment Law.

3. **INITIAL FEES**. The following is added to the end of Section 3.1 of the Franchise Agreement:

Based upon our financial condition, the North Dakota Securities Department has required a financial assurance. Therefore, all initial fees and payments owed by franchisees will be deferred until we complete our pre-opening obligations under the Franchise Agreement and your Pvolve Studio is opened. You must pay us the initial fees and payments on the day you open your Pvolve Studio.

4. **YOUR COVENANT NOT TO COMPETE**. The following language is added to the end of Section 12 of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

5. **GOVERNING LAW**. The following language is added to the end of Section 16.3 of the Franchise Agreement:

Notwithstanding the foregoing, if and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

6. **FORUM FOR LITIGATION**. The following statement is added at the end of Section 16.2 of the Franchise Agreement:

Notwithstanding the foregoing, if and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

7. **WAIVER OF JURY TRIAL AND WAIVER OF PUNITIVE DAMAGES.** If and to the extent required by the North Dakota Franchise Investment Law, Sections 16.4 and 16.5 of the Franchise Agreement are deleted.

8. **LIMITATION OF CLAIMS.** The following is added to the end of Section 16.7 of the Franchise Agreement:

WE AND YOU ACKNOWLEDGE THAT THE TIME LIMITATIONS SET FORTH IN THIS SECTION MIGHT BE MODIFIED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW AND THAT OTHER PROVISIONS OF THIS SECTION 16.7. MIGHT NOT BE ENFORCEABLE UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW; HOWEVER, WE AND YOU AGREE TO ENFORCE THE PROVISIONS OF THIS SECTION 16.7. TO THE MAXIMUM EXTENT THE LAW ALLOWS.

9. **APPLICATION OF RIDER.** Each provision of this Rider shall be effectively only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, as amended, are met independently without reference to this Rider.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement and related agreements. This Rider is being signed because (a) the offer or sale of the franchise for the Studio you will operate under the Franchise Agreement occurred in Rhode Island; and/or (b) you are a resident of Rhode Island and you will operate the Studio in Rhode Island.

2. **GOVERNING LAW**. The first sentence of Section 16.3 of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

Except as otherwise required by law for claims arising under the Rhode Island Franchise Investment Act, this Agreement will be governed by, construed, and enforced in accordance with the laws of the State of Illinois. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of laws of another state is void with respect to a claim otherwise unenforceable under this Act.”

3. **FORUM FOR LITIGATION**. The following statement is added to the end of Section 16.2 of the Franchise Agreement:

However, subject to the parties’ arbitration obligations, nothing in this Section affects your right, to the extent required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act, to sue in Rhode Island for claims arising under that Act.

*[Remainder of Page Intentionally Left Blank]*



**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN SOUTH DAKOTA**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement and related agreements. This Rider is being signed because (a) the offer or sale of the franchise for the Studio that will be operated under the Franchise Agreement was made in South Dakota, and/or (b) you are a resident of the State of South Dakota and the Studio will be located in South Dakota.

2.     **INITIAL FEES.** The following is added to the end of Section 3.1 of the Franchise Agreement:

The South Dakota Department of Labor & Regulation requires Franchisor to defer payment of the initial franchise fee and other initial payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN VIRGINIA**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **INITIAL FEES**. The following is added to the end of Section 3.1 of the Franchise Agreement:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT, COMPLIANCE QUESTIONNAIRE,  
AND RELATED AGREEMENTS FOR USE IN WASHINGTON**

**THIS RIDER** (this “Rider”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“Franchisor”), and the person or entity identified on Appendix A as the franchisee (“Franchisee”) with its principal place of business as set forth on Appendix A. In this Rider, “we,” “us,” and “our” refers to Franchisor. “You” and “your” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement and related agreements. This Rider is being signed because (a) you are domiciled in Washington; and/or (b) the Studio that you will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **INITIAL FEES.** The following is added to the end of Section 3.1 of the Franchise Agreement:

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

3. **WASHINGTON LAW.** The following paragraphs are added to the end of the Franchise Agreement:

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.

If the Company exercises the non-compliance fee, it would do so in good faith in accordance with Washington law, assessing the fee based on a reasonable determination of its costs.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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



**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
DEVELOPMENT AGREEMENT**

**RIDER TO THE PVLVE DEVELOPMENT, LLC  
DEVELOPMENT AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **PVOLVE DEVELOPMENT, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Development Agreement dated \_\_\_\_\_, 20\_\_ (the “Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Development Agreement occurred in Illinois and the Pvolve Studios that you will operate and develop under the Development Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **INITIAL FEES.** The following is added to the end of Section 2.1 of the Development Agreement:

The State of Illinois requires Franchisor to defer payment of the Development Fee due under the Development Agreement until it has completed its pre-opening obligations and franchisee has commenced operating its first business.

3. **ADDITION OF PARAGRAPHS.** The following language is added to the end of the Development Agreement as Section 11:

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees’ right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Development Agreement.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE PVLVE DEVELOPMENT, LLC  
DEVELOPMENT AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **PVOLVE DEVELOPMENT, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1.     **BACKGROUND.** We and you are parties to that certain Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or (b) the Studio will be located or operated in Maryland.

2.     **INITIAL FEES.** The following is added to the end of Section 2.1 of the Development Agreement:

The Maryland Securities Commissioner requires Franchisor to defer payment of the Development Fee due under the Development Agreement until it has completed its pre-opening obligations and franchisee has commenced operating its first business.

3.     **INCORPORATION OF OTHER TERMS.** The following language is added to the end of Section 9 (“Incorporation of Other Terms”) of the Development Agreement:

Governing Law. Notwithstanding Section 16.3 of the Initial Franchise Agreement, this Agreement will be governed by, construed, and enforced in accordance with the laws of the State of Illinois, except as otherwise required by law for claims arising under the Maryland Franchise Registration and Disclosure Law.

Forum For Litigation. Notwithstanding Section 16.2 of the Initial Franchise Agreement, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Limitations Of Claims. Notwithstanding Section 16.7 of the Initial Franchise Agreement, any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Development Agreement.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE PVLVE DEVELOPMENT, LLC  
DEVELOPMENT AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **PVOLVE DEVELOPMENT, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) the Pvolve Studios that you will operate and develop under the Development Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in Minnesota.

2. **INCORPORATION OF OTHER TERMS.** The following language is added to the end of Section 9 (“Incorporation of Other Terms”) of the Development Agreement:

Successor Term And Termination Term. Notwithstanding Sections 2.2 and 14 of the Initial Franchise Agreement, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

Notification Of Infringement And Claims. Notwithstanding Sections 9.1 of the Initial Franchise Agreement, provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, costs or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

Forum For Litigation. NOTWITHSTANDING SECTION 16.2 OF THE INITIAL FRANCHISE AGREEMENT, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR YOUR RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

Governing Law. NOTWITHSTANDING SECTIONS 16.3 OF THE INITIAL FRANCHISE AGREEMENT, NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

Mutual Waiver Of Jury Trial And Punitive Damages. If and then only to the extent required by the Minnesota Franchises Law, Sections 16.4 and 16.5 of the Initial Franchise Agreement shall not be incorporated into this Agreement.

Limitations Of Claims. Notwithstanding Sections 16.7 of the Initial Franchise Agreement, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

Injunctive Relief. Section 16.8 of the Initial Franchise Agreement shall not be incorporated into this Agreement. Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may seek such injunctive relief. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction. A court will determine if a bond is required.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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



**RIDER TO THE  
PVLVE DEVELOPMENT, LLC  
DEVELOPMENT AGREEMENT FOR USE IN THE  
STATE OF NEW YORK**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **PVLVE DEVELOPMENT, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Development Agreement dated \_\_\_\_\_, 20\_\_ (the “Development Agreement”) that has been signed concurrently with this Rider. This Rider is being signed because (a) you are domiciled in the State of New York and the Pvolve Studios that you will operate and develop under the Development Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in New York.

2. **INCORPORATION OF OTHER TERMS.** The following language is added to the end of Section 9 (“Incorporation of Other Terms”) of the Development Agreement:

Transfer - By Us. Notwithstanding Section 13.1 of the Initial Franchise Agreement, to the extent required by applicable law, no transfer will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

Termination Of Agreement - By You. Notwithstanding Section 14.3 of the Initial Franchise Agreement, you also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

Injunctive Relief. Notwithstanding Sections 15.11 and 16.8 of the Initial Franchise Agreement, our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

Forum For Litigation. Notwithstanding Section 16.2 of the Initial Franchise Agreement, this section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

Governing Law. Notwithstanding Section 16.3 of the Initial Franchise Agreement, this section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE PVLVE DEVELOPMENT, LLC  
DEVELOPMENT AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **PVOLVE DEVELOPMENT, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Studio(s) that you will operate under the Development Agreement will be located in North Dakota, and/or (b) the offering or sales activity relating to the Development Agreement occurs in North Dakota.

2. **INITIAL FEES.** The following is added to the end of Section 2.1 of the Development Agreement:

The North Dakota Securities Department requires Franchisor to defer payment of the Development Fee due under the Development Agreement until it has completed its pre-opening obligations and franchisee has commenced operating its first business.

3. **YOUR COVENANT NOT TO COMPETE.** The following language is added to the end of Section 8 of the Development Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **INCORPORATION OF OTHER TERMS.** The following language is added to the end of Section 9 (“Incorporation of Other Terms”) of the Development Agreement:

Governing Law. Notwithstanding Section 16.3 of the Initial Franchise Agreement, if and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

Forum For Litigation. Notwithstanding Section 16.2 of the Initial Franchise Agreement, if and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

Mutual Waiver Of Jury Trial And Punitive Damages. If and then only to the extent required by the North Dakota Franchise Investment Law, Sections 16.4 and 16.5 of the Initial Franchise Agreement shall not be incorporated into this Agreement.

Limitations Of Claims. NOTWITHSTANDING SECTION 16.7 OF THE INITIAL FRANCHISE AGREEMENT, WE AND YOU ACKNOWLEDGE THAT THE TIME LIMITATIONS SET FORTH IN THIS SECTION MIGHT BE MODIFIED BY THE

NORTH DAKOTA FRANCHISE INVESTMENT LAW AND THAT OTHER PROVISIONS OF THIS SECTION 16.7 MIGHT NOT BE ENFORCEABLE UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW; HOWEVER, WE AND YOU AGREE TO ENFORCE THE PROVISIONS OF THIS SECTION 16.7 TO THE MAXIMUM EXTENT THE LAW ALLOWS.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE PVLVE DEVELOPMENT, LLC  
DEVELOPMENT AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **PVOLVE DEVELOPMENT, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1.     **BACKGROUND.** We and you are parties to that certain Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) the offering or sales activity relating to the Development Agreement occurred in Rhode Island, and/or (b) you are a resident of Rhode Island and you will operate the Studio in Rhode Island.

2.     **INCORPORATION OF OTHER TERMS.** The following language is added to the end of Section 9 (“Incorporation of Other Terms”) of the Development Agreement:

Governing Law. Notwithstanding Section 16.3 of the Initial Franchise Agreement, this Agreement will be governed by, construed, and enforced in accordance with the laws of the State of Illinois, except as otherwise required by law for claims arising under the Rhode Island Franchise Investment Act. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of laws of another state is void with respect to a claim otherwise unenforceable under this Act.”

Forum For Litigation. Notwithstanding Section 16.2 of the Initial Franchise Agreement, nothing in this Section affects your right, to the extent required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act, to sue in Rhode Island for claims arising under that Act.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE PVLVE DEVELOPMENT, LLC  
DEVELOPMENT AGREEMENT  
FOR USE IN SOUTH DAKOTA**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **INITIAL FEES.** The following is added to the end of Section 2.1 of the Development Agreement:

The South Dakota Department of Labor & Regulation requires Franchisor to defer payment of the Development Fee due under the Development Agreement until it has completed its pre-opening obligations and Franchisee has commenced operating its first business.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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



**RIDER TO THE PVLVE DEVELOPMENT, LLC  
DEVELOPMENT AGREEMENT  
FOR USE IN VIRGINIA**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **INITIAL FEES.** The following is added to the end of Section 2.1 of the Development Agreement:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires Franchisor to defer payment of the Development Fee due under the Development Agreement until it has completed its pre-opening obligations and franchisee has commenced operating its first business.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**RIDER TO THE DEVELOPMENT AGREEMENT,  
COMPLIANCE QUESTIONNAIRE, AND RELATED AGREEMENTS  
FOR USE IN WASHINGTON**

**THIS RIDER** (this “Rider”) is made and entered into by and between **Pvolve Development, LLC**, a Delaware limited liability company with its principal place of business at [Address] (“**Franchisor**”), and the person or entity identified on Appendix A as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Appendix A. In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement and related agreements. This Rider is being signed because (a) you are domiciled in Washington; and/or (b) the Pvolve Studios that you will operate and develop under the Development Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Development Agreement occurred in Washington.

2. **INITIAL FEES.** The following is added to the end of Section 2.1 of the Development Agreement:

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business

3. **WASHINGTON LAW.** The following paragraphs are added to the end of the Development Agreement:

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 development agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the development 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 development agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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 development 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 development agreement or elsewhere are void and unenforceable in Washington.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement.

**FRANCHISOR**

**PVOLVE DEVELOPMENT, LLC**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**EXHIBIT J  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**Compliance Questionnaire**

(attached)

**NOTE: THIS QUESTIONNAIRE SHALL NOT BE COMPLETED OR SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE PVLVE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

**DO NOT SIGN THIS QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA AND/OR MARYLAND.**

**QUESTIONNAIRE TO BE COMPLETED BEFORE  
YOU SIGN THE FRANCHISE AGREEMENT**

You are preparing to enter into a Pvolve Franchise Agreement (the “**Franchise Agreement**”) with Pvolve Development, LLC (“**we**” or “**us**”). The purpose of this Questionnaire is to confirm that you understand the terms of the contract and that no unauthorized statements or promises have been made to you. Please review each of the following questions and statements carefully and provide honest and complete responses to each. In this Questionnaire, our “representatives” include our officers, directors, employees, agents, sales brokers, and/or any other representatives working on our behalf.

1. When and where did you have your first face-to-face meeting with our representative(s)?

Approximate date of first meeting: \_\_\_\_\_

Place of meeting: \_\_\_\_\_

2. Which of our representative(s) have you been dealing with?

Name(s): \_\_\_\_\_

3. Have you personally read the Pvolve Disclosure Document (“FDD”)?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Did you give us a signed receipt for the copy of the FDD that we furnished to you?

Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, on what date? \_\_\_\_\_

5. Do you understand all of the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

If not, what parts of the FDD do you not understand? (Attach additional pages, if necessary.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. Have you personally read the Franchise Agreement?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Do you understand all of the terms of the Franchise Agreement?

Yes \_\_\_\_\_ No \_\_\_\_\_

If not, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

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8. Have any of our representatives recommended that you have the FDD and related agreements reviewed by an attorney or other professional advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Have you, in fact, discussed the FDD, the related agreements, and the benefits and risks of operating a Pvolve franchise with an attorney, accountant, or other professional advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, name and profession of advisor: \_\_\_\_\_

If no, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Have you contacted any of our existing franchisees about their financial performance?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. If your answer to Question 12 is "yes," please describe the information that they shared with you in the following space. (You do not need to identify the franchisees with whom you spoke.)

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12. Have you entered into any agreement with us before today concerning our franchise opportunity?

Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes, please describe: \_\_\_\_\_

13. Have you paid any money to us before today in connection with our franchise opportunity?

Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes, please describe: \_\_\_\_\_

14. Would you agree that the success or failure of your franchise will depend in large part upon your own skills and abilities, competition from other businesses, the size of your market, and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

15. In which state do you reside? \_\_\_\_\_

16. In which state do you intend to operate the Pvolve franchise?

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17. Have you selected a specific site at which you propose to open your Pvolve studio?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please specify the location: \_\_\_\_\_

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18. Do you have personal knowledge of the market area in which you will operate?

Yes \_\_\_\_\_ No \_\_\_\_\_

19. Did you obtain advice from anyone other than our representatives in selecting your site?

Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, name of advisor: \_\_\_\_\_

If not, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

20. Have all of your questions concerning your proposed investment in a Pvolve franchise been answered to your satisfaction?

Yes \_\_\_\_\_ No \_\_\_\_\_

\* \* \*

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISE APPLICANT

\_\_\_\_\_

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

**NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISEES WITH STUDIOS TO BE LOCATED IN MARYLAND:** All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**ITEM 23 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 Pvolve Development, LLC (“**Pvolve**”) offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement with, or make a payment to, Pvolve or one of its affiliates in connection with the proposed franchise sale. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that Pvolve provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, Pvolve or one of its affiliates in connection with the proposed sale. Michigan requires that Pvolve provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, Pvolve or one of its affiliates in connection with the proposed sale.

If Pvolve does not deliver this disclosure statement on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit D.

Pvolve’s registered agents authorized to receive service of process are set forth on Exhibit D.

Issuance Date: April 26, 2023

This franchise is being offered by the following sellers at the principal business address and phone number listed below (check all that have been involved in the sales process):

Sellers at Pvolve Development, LLC, 730 W. Randolph Street, Chicago, IL 60661, 630-452-3000:			
<input type="checkbox"/> Rachel Katzman	<input type="checkbox"/> Jill Brand	<input type="checkbox"/> Dani Coleman Leger	<input type="checkbox"/>
<input type="checkbox"/> Ashley Cicurel	<input type="checkbox"/> RJ Krone	<input type="checkbox"/> Dr. Amy Hoover	_____
<input type="checkbox"/> Antonietta Vicario	<input type="checkbox"/> Alex Puccillo	<input type="checkbox"/> Amanda Steckler	<input type="checkbox"/>
<input type="checkbox"/> Julie Cartwright	<input type="checkbox"/> Emily Ebsworth	<input type="checkbox"/> Nicole Petitto	_____
		<input type="checkbox"/> Emma Knesek	<input type="checkbox"/>
			_____
			<input type="checkbox"/>
			_____

I received a Disclosure Document dated April 26, 2023. The Disclosure Document included the following exhibits: A. Franchise Agreement; B. Development Agreement; C. Financial Statements; D. State Administrators and Agent For Service of Process; E. Manuals’ Tables of Contents; F. Current Franchisees and Former Franchisees; G. General Release; H. Nondisclosure and Noncompete; I. Additional State-Required Disclosures and Riders; and J. Compliance Questionnaire.

\_\_\_\_\_  
Signature (individually and as an officer)

\_\_\_\_\_  
Date Disclosure Document Received

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

**TO BE KEPT FOR YOUR FILES**

\_\_\_\_\_  
Print Franchisee’s Name (if an Entity)

**ITEM 23 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 Pvolve Development, LLC (“Pvolve”) offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement with, or make a payment to, Pvolve or one of its affiliates in connection with the proposed franchise sale.

Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that Pvolve provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, Pvolve or one of its affiliates in connection with the proposed sale. Michigan requires that Pvolve provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, Pvolve or one of its affiliates in connection with the proposed sale.

If Pvolve does not deliver this disclosure statement on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit D.

Issuance Date: April 26, 2023

This franchise is being offered by the following sellers at the principal business address and phone number listed below (check all that have been involved in the sales process):

Sellers at Pvolve Development, LLC, 730 W. Randolph Street, Chicago, IL 60661, 630-452-3000:			
<input type="checkbox"/> Rachel Katzman	<input type="checkbox"/> Jill Brand	<input type="checkbox"/> Dani Coleman Leger	<input type="checkbox"/>
<input type="checkbox"/> Ashley Cicurel	<input type="checkbox"/> RJ Krone	<input type="checkbox"/> Dr. Amy Hoover	<input type="checkbox"/>
<input type="checkbox"/> Antonietta Vicario	<input type="checkbox"/> Alex Puccillo	<input type="checkbox"/> Amanda Steckler	<input type="checkbox"/>
<input type="checkbox"/> Julie Cartwright	<input type="checkbox"/> Emily Ebsworth	<input type="checkbox"/> Nicole Petitto	<input type="checkbox"/>
		<input type="checkbox"/> Emma Knesek	<input type="checkbox"/>
			<input type="checkbox"/>

I received a Disclosure Document dated April 26, 2023. The Disclosure Document included the following exhibits: A. Franchise Agreement; B. Development Agreement; C. Financial Statements; D. State Administrators and Agent For Service of Process; E. Manuals’ Tables of Contents; F. Current Franchisees and Former Franchisees; G. General Release; H. Nondisclosure and Noncompete; I. Additional State-Required Disclosures and Riders; and J. Compliance Questionnaire.

\_\_\_\_\_  
Signature (individually and as an officer)

\_\_\_\_\_  
Date Disclosure Document Received

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

**TO BE RETURNED TO:**  
Pvolve Development, LLC  
730 W. Randolph Street  
Chicago, IL 60661

\_\_\_\_\_  
Print Franchisee’s Name (if an Entity)