

FRANCHISE DISCLOSURE DOCUMENT

ROW HOUSE

Row House Franchising LLC
a Virginia limited liability company
126 Garrett St Ste J
Charlottesville, VA, 22902(877) 827-8074
franchising@extraordinarybrands.com
www.therowhouse.com

The franchise is the right to develop, own and operate, as part of the Row House® system, a fitness studio that provides rowing and other specialized exercise classes using designated equipment (each, a “Studio”).

The total investment necessary to begin operation of a single Row House Studio is \$365,855 to \$586,805, which includes \$67,500 that must be paid to franchisor or its affiliates.

The total investment necessary to operate multiple Studios under our form of area development agreement depends on the number of franchises we grant you the right to open. The total investment necessary to enter into an area development agreement for the right to develop three Studios ranges from \$440,855 to \$661,805, which includes (a) the total initial investment to begin operation of your initial Row House Studio, less the initial franchise fee, and (b) a development fee of \$125,000 which must be paid to franchisor or its affiliates.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact RJ Krone at 1000 W. Main Street, Charlottesville, Virginia 22903, (877) 827-8074.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. 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 for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: August 12, 2024

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends that 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 B.

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

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in California. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate arbitrate, or litigate with the franchisor in California than in your own state.
2. **Spousal Obligation.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement, even if your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **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.
4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **Turnover Rate.** In the last year, a high percentage of franchised outlets were transferred or were re-acquired. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment 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 or area development agreement existing at the time of the proposed transfer.

- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement or area development agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
Telephone Number: 517-373-7117

Note: Despite subparagraph (f) above, we intend to fully enforce the arbitration provisions of the franchise agreement and the area development agreement. We believe that paragraph (f) is preempted by federal law and cannot preclude us from enforcing these arbitration provisions. We will seek to enforce this section as written.

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

TABLE OF CONTENTS

ITEM 1 THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES.....	8
ITEM 2 BUSINESS EXPERIENCE	13
ITEM 3 LITIGATION	14
ITEM 4 BANKRUPTCY.....	16
ITEM 5 INITIAL FEES	16
ITEM 6 OTHER FEES	18
ITEM 7 ESTIMATED INITIAL INVESTMENT	24
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	29
ITEM 9 FRANCHISEE’S OBLIGATIONS.....	32
ITEM 10 FINANCING.....	34
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	34
ITEM 12 TERRITORY	46
ITEM 13 TRADEMARKS.....	49
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	51
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	51
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	52
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	53
ITEM 18 PUBLIC FIGURES	59
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	59
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	60
ITEM 21 FINANCIAL STATEMENTS.....	67
ITEM 22 CONTRACTS.....	67
ITEM 23 RECEIPTS.....	67

EXHIBITS

- A. FORM OF FRANCHISE AGREEMENT AND EXHIBITS
- B. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
- C. FINANCIAL STATEMENTS
- D. GUARANTY OF PERFORMANCE
- E. STATEMENT OF PROSPECTIVE FRANCHISEE
- F. TABLE OF CONTENTS OF MANUAL
- G. FORM OF GENERAL RELEASE
- H. STATE SPECIFIC ADDENDA
- I. LIST OF CURRENT FRANCHISEES AND, IF APPROPRIATE, THEIR OUTLETS
- J. LIST OF FRANCHISEES THAT LEFT THE SYSTEM IN THE PAST YEAR
- K. FORM OF AREA DEVELOPMENT AGREEMENT
- L. RECEIPTS

ITEM 1

THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language, this disclosure document (this “Disclosure Document”) uses “we,” “us,” “our,” “Franchisor” or “Row House” to mean Row House Franchising LLC, the franchisor. “You” means the person, corporation, partnership or other entity that buys the franchise and those of your owners who personally assume and guaranty performance of your obligations under your agreements with us. Terms used but not defined in this Disclosure Document (including various capitalized terms) have the meanings given to them in the Franchise Agreement attached as Exhibit A to this Disclosure Document (the “Franchise Agreement”).

Franchisor

We do business under the name Row House Franchising LLC, or in some cases, simply as “Row House.” We do not do business under any other name. Our principal business address is 126 Garrett Street, Suite J, Charlottesville, Virginia 22902, and our business phone number is (877) 827-8074. We are a Virginia limited liability company formed on May 17, 2024.

Except as provided in this Item, we have not and do not offer franchises in any other line of business and we have not otherwise been involved in other substantive business activity.

Parents and Predecessors

Our direct parent is Extraordinary Brands, LLC (“EB”) a limited liability company formed in the State of Virginia on May 23, 2022. EB’s principal place of business is 1000 W. Main Street, Charlottesville, Virginia 22903. EB’s parent is AE Capital Group, LLC (“AE Capital Group”), a Delaware entity formed on May 20, 2021, with a principal place of business at 1000 W. Main Street, Charlottesville, VA 22903. EB will provide our franchisees with internally prepared marketing services. Neither AE Capital Group nor EB provides products or services (except those previously mentioned) to our franchisees, and neither offers nor sells, or has offered nor sold, franchises in any line of business.

We began offering franchises for Row House-branded studios (previously defined as “Studios”) as of August 2024. We were formed for purposes of: (a) acquiring the assets associated with the Row House franchise system from RHF SPV; and (b) offering and selling Row House franchises. We conduct no business activities other than offering franchises for Row House Studios and administering the franchise system. We have never offered franchises in any other line of business. We have never operated a business similar to the one being offered in the Disclosure Document.

Our predecessor is Row House Franchise SPV, LLC (“RHF SPV”). RHF SPV is a Delaware limited liability company formed on March 6, 2023 with a principal business address of 17877 Von Karman Avenue, Suite 100, Irvine, California 92614. RHF SPV offered franchises for Studios from April 2023 until May 2024 when it transferred the assets associated with the franchise system to us. RHF SPV has, in the past, temporarily operated Studios in connection with the reacquisition of Studios from franchisees for purposes of resale to new franchisees. An affiliate of RHF SPV previously operated Studios, but the last of those Studios closed in January 2024. RHF SPV never offered franchises in any other line of business or had any other business operations.

RHF’s predecessor is Row House Franchise, LLC (“RHF”) is a Delaware limited liability company formed on March December 4, 2017 with a principal business address of 17877 Von Karman Avenue, Suite 100, Irvine, California 92614. RHF SPV offered franchises for Studios from December 2017 until March 2023 when it transferred the assets associated with the franchise system to RHF SPV. RHF has, in the past, temporarily operated Studios in connection with the reacquisition of Studios from franchisees for purposes of resale to new franchisees. RHF never offered franchises in any other line of business or had any other business operations. RHF previously had an affiliate-owned location that was acquired by a franchisee in 2019.

Affiliates

Our affiliate, AE Capital, LLC (“**AE Capital**”), a Delaware entity formed on January 20, 2015, with its principal place of business at 126 Garrett Street, Suite J, Charlottesville, VA 22911, is the parent company of Premium Service Brands, LLC (“**PSB**”), a Delaware entity formed on January 15, 2015, with its principal place of business at 126 Garrett Street, Suite J, Charlottesville, VA 22911. PSB is the parent company of PSB Group, Inc. (“**PSB Group**”), a Delaware entity formed on May 14, 2021, with its principal place of business at 126 Garrett Street, Suite J, Charlottesville, VA 22911. None of AE Capital, PSB, and PSB Group offer franchises in any line of business, nor do any of them provide products or services directly to our franchisees.

Our affiliate, Eat the Frog Franchising, LLC (“**ETF**”) is a Virginia limited liability company formed on March 8, 2024 with a principal business address of 126 Garrett Street, Suite J, Charlottesville, Virginia 22902. ETF operates under its corporate name and the name “Eat the Frog.” ETF has been offering franchises for workout studios since August 2024. As of the December 31, 2023, there were 7 franchised outlets and 2 licensees in the United States. Other than the above, ETF does not offer franchises in any other line of business, does not engage in any other line of business, and does not own or operate any similar businesses to the one it franchises.

Our affiliate, Purvelo Franchising, LLC (“**Purvelo**”) is a Virginia limited liability company formed on May 23, 2022 with a principal business address of 1000 W. Main Street, Charlottesville, Virginia 22903. Purvelo has been offering franchises for cycle studios that offer spin and other fitness class offerings since September 2022 and does not offer franchises in any other line of business, does not engage in any other line of business, and does not own or operate any similar businesses to the one it franchises. As of December 31, 2023, there were 2 franchised outlets along with 2 company-affiliated operating outlets.

Our affiliate, Neighborhood Barre Franchising, LLC (“**Neighborhood Barre**”) is a Virginia limited liability company formed on April 25, 2024 with a principal business address of 126 Garrett Street, Suite J, Charlottesville, Virginia 22902. Neighborhood Barre has not yet begun offering franchises, but plans to do so in 2024 and such franchises will be for fitness studios that offer barre based workout classes. Neighborhood Barre does not engage in any other line of business, and does not own or operate any similar businesses to the one it franchises. As of December 31, 2023, there were 23 operating outlets.

PSB Group is the direct parent of the following affiliates, which do not operate any other business or offer franchises in any other line of business, except as described below:

Affiliate	Principal Business Address	Franchise Offered	Offered Franchises Since	Number of as of December 31, 2023
360 Painting, LLC (“ 360 Painting ”)	126 Garrett Street, Suite J, Charlottesville, VA 22911	painting and wall finishing services for both exterior and interior portions of residences and “light commercial” buildings	April 1, 2013 Predecessor: 360 Painting, Inc., which offered and sold franchises from September 2, 2006 until April 1, 2013	136 outlets in the U.S.
Pro-Lift Doors Franchise, LLC (“ Pro Lift ”)	1000 W. Main Street, Charlottesville, VA 22903	a full range of residential and commercial overhead garage services	September 1, 2015	72 franchisees operating 94 territories in the U.S.
Maid Right, LLC (“ Maid Right ”)	1000 W. Main Street, Charlottesville, VA 22903	residential cleaning and related services	April 2018	32 franchisees operating 44 territories, of which 9 were master franchises in the U.S.
House Doctors, LLC (“ House Doctors ”)	1000 W. Main Street, Charlottesville, VA 22903	handyman services for both exterior and interior portions of residences and “light commercial” buildings	November 2021 Predecessor: Handyman Pro, LLC, which offered Handyman Pro franchises from April 2018 until September 2021	42 franchisees operating 50 territories in the U.S.
Kitchen Wise, LLC (“ Kitchen Wise ”)	1000 W. Main Street, Charlottesville, VA 22903	market, design, sell and install custom products and shelving for kitchen and bathroom cabinets and closets	October 2019	6 franchisees operating 6 territories in the U.S.
Rubbish Works, LLC (“ Rubbish Works ”)	1000 W. Main Street, Charlottesville, VA 22903	service junk removal for residential consumers	November 2020	4 franchisees operating 5 territories in the U.S.

Affiliate	Principal Business Address	Franchise Offered	Offered Franchises Since	Number of as of December 31, 2023
The Grout Medic, LLC (“ Grout Medic ”)	1000 W. Main Street, Charlottesville, VA 22903	tile and grout restoration, repair, and re-caulking services for both exterior and interior portions of residences and “light commercial” buildings	October 2021 Predecessor: The Grout Medic, LLC (TX limited liability company) which offered and sold franchises from December 2019 to September 2021	34 franchisees operating 61 territories in the U.S.
RooterMan, LLC (“ RooterMan ”)	1000 W. Main Street, Charlottesville, VA 22903	plumbing and sewer services for residential and commercial consumers	February 2022	70 franchisees operating 703 outlets in the U.S. and Canada.
Window Gang, LLC (“ Window Gang ”)	126 Garrett Street, Suite J, Charlottesville, Virginia, 22902	window cleaning, gutter cleaning, pressure washing, low pressure chemical washing, deck/fence restoration, roof washing, house washing, dryer vent cleaning, chimney sweeping and other cleaning services	May 2023	32 franchisees operating 48 outlets in the U.S.

Agent for Service of Process

Our agents for service of process are disclosed in Exhibit B.

The Franchise We Offer

We offer for sale a franchise to operate a Studio at a specific location (each a “Franchise”) pursuant to the terms of our form of franchise agreement attached to this Disclosure Document as Exhibit A (the “Franchise Agreement”). We expect that all Studios will typically operate from a commercial space of approximately 1,800 to 2,200 square feet located as a stand-alone location or within a retail shopping center. We may, however, consider alternative sites, on a case-by-case basis, at a franchisee’s request.

If you are granted a Franchise, you must operate your Studio at a location that we approve (the “Authorized Location”). You must sign the Franchise Agreement to be granted a Franchise for your Studio. If you are not an individual, all principals of your organization (i.e., persons or partners who sign the Franchise Agreement and in the case of a corporation, partnership, or limited liability company, the shareholders, partners, managers or members of that organization and their respective spouses), must sign the Guaranty Agreement presented as an exhibit to the Franchise Agreement as Attachment 6, as we deem necessary for adequate security. This is a personal guarantee of the obligations under the Franchise Agreement. This Guaranty Agreement gives us the right to collect any amounts due to us from each guarantor personally.

Each Studio offers indoor rowing classes through live instructional group and individual classes, including proprietary and/or other branded classes we have developed and currently offer to target and accommodate all skill levels, as we periodically designate and authorize (collectively, the “Approved Services”). Studios are established and operated under a comprehensive design that includes spacious interior, a significant number of exercise equipment/apparatuses, specifications, and procedures for operations; quality customer service; management and financial control; training and assistance; and advertising and promotional programs (which we call our “System”). The System’s standards, specifications and procedures (collectively, the “System Standards”) are described in our confidential operations manual (the “Manual”). The System and the Manual, and their various components, may be modified, discontinued, and further developed in our discretion.

Your Studio must engage at least one individual that is capable of and authorized to provide rowing instruction and other Approved Services at all times (an “Authorized Row House Instructor”). To be an Authorized Row House Instructor, the individual must attend and complete: (i) a proprietary training program designed to provide individuals with guidelines and information on how to provide the Approved Services in accordance with our current System Standards (the “Initial Instructor Training Program”); and (ii) an online training program through an approved supplier prior to attending the Initial Instructor Training Program.

Area Development Rights

We also offer qualified individuals and entities the right to acquire multiple Franchises (the “Development Rights”) within a designated geographical area (the “Development Area”) under our current form of area development agreement, which is attached to this Disclosure Document as Exhibit K (the “Development Agreement”). The Development Agreement will provide a designated schedule in which you (or your affiliates) must acquire Franchises and open and operate the designated number of Studios (a “Development Schedule”).

For each Franchise you acquire pursuant to the Development Agreement, you (or your affiliate) will sign our then-current form of Franchise Agreement. When you sign the Development Agreement, you will also sign your 1st Franchise Agreement in the form attached to this Disclosure Document as Exhibit A. Each subsequent Franchise Agreement you sign will be our then-current form, and it might contain terms that are materially different than those found in our current form, including with respect to fees.

You will be required to pay us a one-time development fee that will be calculated based on the number of Studios you commit to develop under the Development Agreement (the “Development Fee”), but you will not be required to pay any other initial franchise fee at the time you execute your franchise agreements for each Franchise we grant to you or your affiliates pursuant to the Development Agreement.

Market and Competition

The market for fitness services and studios is crowded. You will face competition for members from other rowing studios, gyms, personal trainers, fitness/exercise centers and studios, health clubs, barre-based studios, yoga and Pilates studios and even other System franchisees. While traditionally not seasonal, Studios may see some fluctuations in membership sales after the first of the calendar year and during the summer months.

Laws, Rules, and Regulations

Some states require that health/fitness facilities have a staff person available during all hours of operation that is certified in basic cardiopulmonary resuscitation or other specialized medical training. Some state or local laws may also require that health/fitness facilities have an automated external defibrillator and/or other first aid equipment on the premises. Certain states and local governments have passed laws relating specifically to health and fitness facilities, including laws requiring bonds if a health and fitness 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), and imposing other restrictions on memberships that health and fitness facilities sell. At a minimum, your

Studio will be subject to various federal, state and local laws, and regulations affecting the business, including laws relating to membership agreements, zoning, access for the disabled, and safety and fire standards. You may need the local fire marshals or other local, state or federal agency's permission before you begin operations. In addition, there may be local licensing and employment regulations, including worker's compensation insurance requirements.

You must acquire and maintain certain licenses, permits, and authorizations to operate your Studio under the applicable laws of where your Studio is located. Among other things, you will need to ensure that all music played by you or your Authorized Row House Instructors at your Studio is properly licensed for use in connection with the provision of the Approved Service, or if permitted by us, any other purpose.

ITEM 2 BUSINESS EXPERIENCE

President: RJ Krone

Mr. Krone has served as President of Row House since May 2024. Mr. Krone also serves as President of our affiliates, Purvelo and ETF since January 2024. Previously, Mr. Krone served as Vice President of Franchise Operations of Pvolve LLC, located in Chicago, Illinois, from April 2020 until December 2023. 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 Executive Officer: Paul Flick

Mr. Flick has served as the CEO of our both our parent, AE Capital Group, since May 2021, and our direct parent, Extraordinary Brands, LLC, since May 2022 at our headquarters in Charlottesville, VA. Mr. Flick also serves as the CEO of AE Capital, at our headquarters in Charlottesville, VA since its inception in April 2013. Mr. Flick has also served as the CEO of PSB and PSB Group at its headquarters in Charlottesville, VA since January 2015. Mr. Flick also serves as the CEO of our affiliated companies, all of which are headquartered in Charlottesville, VA: 360 Painting, since April 2013; Maid Right, since April 2018; Handyman Pro, since April 2018; Kitchen Wise, since September 2019; Renew Crew, since January 2020; Pro Lift, since September 2015; Rubbish Works, since November 2020, House Doctors and The Grout Medic since September 2021, RooterMan since January 2022, Purvelo since May 2022, and ETF since April 2024.

Director of Fitness Programming: Amanda Mielke

Mrs. Mielke has served as our Director of Fitness Programming since July 2024 and previously served as our Director of Training and Merchandising from June 2023 until July 2024. She has served in these same roles for Purvelo since June 2023 and for ETF since June 2024. From May 2021 to May 2023, Mrs. Mielke served as Director of Studio Operations for Purvelo. From December 2018 to May 2021, she served as a Master Instructor and Studio Manager for Purvelo in Auburn, Alabama.

Director of Marketing: Ellen Park

Ms. Park has served as the Director of Marketing for EB since May 2024. She has also been a part-time trainer for pvolve, in Upper Saddle River, New Jersey, since March 2024. Previously, she served as the Marketing Account Manager for Loud Rumor, in Scottsdale Arizona, from February 2023 until April 2024 and the Director/Owner of a DEFINE body & mind location, in Allendale, New Jersey, from January 2017 until November 2022.

ITEM 3 LITIGATION

Row House Franchising, LLC has no litigation information required to be disclosed in this item.

Pending Actions Involving Parent, Predecessor or Affiliate

Dispatch Technologies, Inc. v. Premium Service Brands, LLC (case #1984CV01003, The Superior Court, Suffolk County, Trial Court of Massachusetts, filed March 29, 2019). Plaintiff was a CRM software vendor that filed claims for breach of contract, breach of a covenant of good faith and fair dealing and unfair and deceptive trade practices and seeking unspecified damages and attorneys' fees relating to unpaid fees for services rendered after a dispute arose regarding the vendor's lack of performance under a vendor contract. The parties settled on May 20, 2019 with Premium Service Brands, LLC agreeing to pay \$190,000 to mutually terminate the contract and be able to pursue a new CRM vendor. The suit was fully dismissed on June 7, 2019.

MMG-360 LLC, et al. v. Paul Flick, Home Service Franchising, Inc., 360 Painting LLC, Maintenance Made Simple LLC, et al. (Case No. CV-11-752725, Court of Common Pleas, Cuyahoga County, Ohio). On April 6, 2011, Plaintiff brought an action against Defendants alleging fraud in the inducement and seeking refund of Plaintiff's purchase price in a transaction in which Plaintiff entities purchased assets of Defendant entities for \$140,000, which transactions were rescinded shortly after their occurrence; fraud and breach of contract based on the rescission or settlement agreement entered into between Plaintiffs and Defendants in which Plaintiffs agreed to accept \$100,000 from Defendants in full repayment of the \$140,000 original purchase price paid by Plaintiffs; and seeking declaratory judgment that certain ancillary agreements were canceled and terminated and that exclusive control over Plaintiff entities revert to Plaintiff Merry Meeting, Inc. Plaintiffs and Defendants filed cross motions for summary judgment. Plaintiff's summary judgment motion was granted control over Plaintiffs MMG-360, LLC; MMG-MMS, LLC; and MMG-MC, LLC was returned to Plaintiff Merry Meeting, Inc. The parties originally agreed in principal to settlement terms in July 2013 calling for Defendants 360 Painting, LLC and Flick to pay \$100,000 to Plaintiffs in exchange for full general releases by all parties, but the settlement was never finalized. Defendants 360 Painting, LLC and Flick later contacted Plaintiffs in 2020 and the parties signed a formal settlement agreement dated May 26, 2020 under which Defendants paid \$100,000 to Plaintiffs in exchange for full general releases.

Governmental Actions Involving our Affiliate

In the Matter of 360 Painting, LLC f.k.a. 360 Painting, Inc., and Paul Flick, Administrative Proceeding Before the Securities Commissioner of Maryland, Case No. 2015-0477, as modified by Order Modifying Consent Order dated January 4, 2017. On or about February 23, 2016, the Securities Division of the Office of the Attorney General of the State of Maryland initiated an investigation into the franchise related activities of 360 Painting, LLC and Paul Flick. On August 18, 2016, the defendants entered into a Consent Order with the Securities Commissioner, in which they agreed, without admitting or denying any of the Commissioner's statements of fact or conclusions of law, except as to the Commissioner's jurisdiction in the proceeding, (1) to immediately and permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Registration and Disclosure Law; (2) to promptly file with the Securities Division and diligently pursue the completion of an initial application to register the 360 Painting franchise offering in Maryland; and (3) to send offers of rescission to two Maryland Franchisees, offering them the right to rescission of their 360 Painting franchise agreements and to obtain a refund of initial franchise fees. In an Order Modifying Consent Order dated January 4, 2017, the Consent Order was modified so that 360 Painting was not required to register its 360 Painting franchise offering in Maryland as long as no offers or sales of 360 Painting franchises were made in Maryland or to any Maryland residents. In the Consent Order, the Commissioner concluded that defendants had violated §§ 14-214, 14-216, 14-228 and 14-229 of the Maryland Franchise Registration and Disclosure Law by offering and selling franchises in Maryland and to Maryland residents while not registered in Maryland and using a Franchise Disclosure Document that failed to set forth all information

the Securities Division requires, specifically that defendants failed to include certain litigation in Item 3. 360 Painting has corrected this error. The two Maryland Franchisees accepted the rescission offer.

In the Matter of 360 Painting, LLC, No. 20-AVC-F001, investigation by Illinois Attorney General's Office. In January 2020, the Illinois Attorney General's Office began an investigation of potential violations of the Illinois Franchise Disclosure Act by 360 Painting regarding its failure to obtain a signed Illinois amendment to the franchise agreement for Illinois franchises between April 2017 and December 2019. 360 Painting did not contest that Illinois amendments were not executed by Illinois franchisees during this period, but asserted that: (a) each Illinois franchisee received a properly registered franchise disclosure document, including an addendum to the disclosures and an amendment to the franchise agreement containing modifications required by Illinois law; and (b) because each franchisee received the required disclosures, the failure to obtain executed amendments from each franchisee could not have affected the franchisees' decision to purchase the franchise. The Illinois Attorney General asserted that because 360 Painting brought suit against an Illinois franchisee in Virginia (before unilaterally dismissing the case by filing a Motion to Non-Suit), Illinois franchisees were harmed. On May 22, 2020, 360 Painting entered into an Assurance of Voluntary Compliance ("AVC"), under which 360 Painting agreed to offer affected franchisees the opportunity to rescind their franchise agreements, make a \$6,000 payment to the state, disclose the AVC in its disclosure document, and comply with the Illinois Franchise Disclosure Act in the future.

In the matter of Commonwealth of Virginia, ex. rel. State Corporation Commission v. 360 Painting, LLC, No. SEC-2020-00055, investigation by the Virginia State Corporation Commission. In 2020, the Virginia State Corporation Commission began an investigation of potential violations of the Virginia Retail Franchising Act Rules of the Virginia Administrative Code, 21 VAC 5-110-10 et seq. *the "Act"), regarding alleged failures to disclose necessary litigation, administrative, or material civil actions involving 360 Painting or Flick, in its 2017-2020 Franchise Disclosure Documents ("FDD's"). 360 Painting contested whether the litigation was required to be included in the relevant FDD's and neither admitted nor denied the SCC's allegations. On March 2, 2021, an agreed Settlement Order was entered by the State Corporation Commission's Clerk's Office under which 360 Painting agreed to pay \$10,000 in monetary penalties, \$1,000 to defray costs of investigation, and agreed not to violate the Act in the future.

In The Matter of the Commissioner of Financial Protection and Innovation v. 360 Painting, LLC, Pro-Lift Doors Franchise, LLC, Maid Right, LLC, Handyman Pro, LLC, Kitchen Wise, LLC, Renew Crew, LLC, Rubbish Works, LLC, and Paul Flick, an individual, Administrative Proceeding Before the Department of Financial Protection and Innovation of the State of California, File Origination ID 33649, 26267, 110487, 293487, 292987, 339827, 99696, 365318, 403947, Consent Order dated November 19, 2021. In early 2021, the Commissioner of Financial Protection and Innovation ("Commissioner") opened an informal inquiry regarding alleged failures by defendants to disclose certain litigation, administrative, or material civil actions involving defendants in their Franchise Disclosure Documents ("FDD's") as well as related allegations of misrepresentations and omissions in connection with defendant 360 Painting, LLC's 2017 FDD and related sales activities in California. Defendants contested the Commissioner's allegations, but on November 19, 2021, the defendants elected to enter into a Consent Order with the Commissioner, in which they agreed, without admitting or denying any of the Commissioner's statements of fact or conclusions of law, (1) to immediately and permanently cease and desist from the offer and sale of franchises in violation of the California Franchise Investment Law; (2) to pay penalties of \$72,500 and costs of \$10,500 to the Commissioner; (3) to disgorge all initial franchise fees paid by California franchisees to defendant 360 Painting, LLC and refrain from enforcing or collecting judgments against California franchisees; (4) to disclose to the Commissioner pending and concluded governmental agency matters, pending and concluded administrative, criminal and civil actions against defendants and bankruptcies and debt discharges filed by defendants; (5) to a stop order related to the effectiveness of defendant's 2021 California applications; and (5) to a bar order against defendant Paul Flick from offering or selling franchises or filing franchise registrations in California for 36 months.

In the matter of determining whether there has been a violation of the Franchise Investment Protection Act of Washington by: 360 Painting, LLC, and In the matter of determining whether there has been a violation of the Franchise Investment Protection Act of Washington by: Pro-Lift Doors Franchise, LLC. State of Washington Department of Financial Institutions Securities Division, Order No. S-22-3399-22-CO01, Consent Order dated October 4, 2022. In May 2022, the Securities Division of the Washington Department of Financial Institutions (DFI) began conducting an investigation

regarding the offer and sale of franchises by Premium Service Brands, LLC and other entities to determine whether there have been any violations of the Washington Franchise Investment Protection Act (RCW 19.100). Following informal discussions with the DFI, effective October 4, 2022, 360 Painting, LLC and Pro-Life Doors Franchise, LLC elected to enter into separate Consent Orders with the DFI, in which they each agreed, without admitting or denying any of the DFI's statements of fact or conclusions of law, (1) to cease and desist from any violation of RCW 19.100.170; and (2) to pay investigative costs of \$2,000.

In the Matter of 360 Painting, LLC, and Paul Flick, Administrative Proceeding Before the Securities Commissioner of Maryland, Case No. 2022-0226. In December 2022, the Securities Division of the Office of the Attorney General of the State of Maryland initiated an investigation into the franchise related activities of 360 Painting, LLC and Paul Flick. On April 19, 2023, 360 Painting, LLC and Paul Flick entered into a Consent Order with the Securities Commissioner, in which they agreed, without admitting or denying any of the Commissioner's statements of fact or conclusions of law, except as to the Commissioner's jurisdiction in the proceeding, (1) to immediately and permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Registration and Disclosure Law; (2) to pay to the Office of the Attorney General in conjunction with this Consent Order the sum of \$50,000.00 as a civil monetary penalty; and (3) that the Consent Order is a disclosable order as described under the Maryland Franchise Law, and Item 3 of the NASAA Franchise Registration and Disclosure Guidelines and Amended FTC Franchise Rule. In the Consent Order, the Commissioner concluded that defendants had violated §§ '14-216, 14-220, 14-229, and 14-230 of the Maryland Franchise Law and an order of the Securities Commissioner by failing to disclose certain lawsuits in Franchise Disclosure Documents filed with the Securities Division in 2017 to 2019.

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

Except as provided above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Franchise Agreement

Initial Franchise Fee

The initial franchise fee ("**Initial Franchise Fee**") for a Row House Business is \$50,000 for a single unit. The Initial Franchise Fee is payable by wire transfer and generally must be paid in one lump sum upon execution of the Franchise Agreement.

Pre-Sales and Soft Opening Retail Inventory Kit

Prior to opening your Studio, you must purchase the following from us: (i) opening inventory that includes branded apparel, including t-shirts, towels, exercise clothing and related accessories; and (ii) a pre-sale start-up package that typically includes (a) marketing and promotional items such as a branded EZ Up tent, feather flags and portable fitness and other exercise equipment to be utilized in conjunction with your pre-opening support program described below, and (b) branded apparel that is specific to the location of your Studio (collectively, the "Pre-Sales and Soft Opening Retail Inventory Kit"). You will choose the components of the Pre-Sales and Soft Opening Retail Inventory Kit from our branded online retail store.

You are required to use certain of these items in coordination with the pre-opening sales plan we approve or designate for your Studio, which is designed to generate prospective Studio clientele and members and otherwise promote

the Studio prior to opening (the “Opening Support Program”). We anticipate that you will begin the pre-sales phase approximately two (2) months before you open your Studio (the “Pre-Sales Phase”).

The cost of the Pre-Sales and Soft Opening Retail Inventory Kit is \$12,000, which is collected in the form of a credit in our online retail store that you can draw against when picking out the components of your Pre-Sales and Soft Opening Retail Inventory Kit. We require that you use all of your credit within six (6) months of the opening of your Studio. We may require you to pay us immediately upon execution of your Franchise Agreement. This amount is payable in a lump sum, is non-refundable under any circumstances and is deemed fully earned upon payment. We expect to impose this charge for the kit uniformly.

Initial Instructor Training Program

You must ensure that your initial staff of Authorized Row House Instructors attend and complete the Initial Instructor Training Program before providing Approved Services at the Studio. The Initial Instructor Training Program currently has a program tuition fee amounting to \$5,000 per program (the “Initial Instructor Training Program Fee”). The Initial Instructor Training Program Fee does not cover any personnel-related expenses associated with attending or participating in such training.

Technology Fees

You will be required to commence paying us our then-current monthly Technology Fee, which is currently \$250 per month, when you begin your Pre-Sales Phase. As such, we estimate that your payment of Technology Fees for two (2) months prior to the opening of your Studio will be \$500. The Technology Fee is payable in lump sum, uniformly imposed, and non-refundable under any circumstances.

Note Regarding Fitness Equipment & Initial FF&E Package

Our standard franchise offering assumes and expects that you will acquire the Fitness Equipment & Initial FF&E Package under a lease-to-own or comparable arrangement with a third party Approved Supplier (as defined in Item 8). The “Fitness Equipment & Initial FF&E Package” includes: (i) a Studio fixture package (comprised of a millwork bundle (front desk, slatwall, cubbies), millwork accessories and other related supplies; (ii) the package of fitness equipment and other operational equipment we designated to be used in Studios (rowers) and smaller pieces of related exercise equipment (e.g. dumbbells); (iii) other items related to the outfitting and design and buildout of your Studio; and (iv) the installation and transportation of the foregoing items, which may vary depending on the geographic location of your Studio. If, however, you determine to outright purchase (without financing) the Fitness Equipment & Initial FF&E Package, we may require that you purchase such package from us or our affiliate (the cost of which we estimate to be approximately in the range of \$54,700 to \$71,200 and would be due prior to opening and non-refundable upon payment). Rather than purchasing (without financing) the Fitness Equipment & Initial FF&E Package, our standard offering assumes and expects that you will acquire the Fitness Equipment & Initial FF&E Package under a lease-to-own or comparable arrangement to increase or facilitate cash flow during early operations.

Development 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 at least two (2) Row House Businesses. We have the right to determine the number of Studios that we deem as appropriate in our sole and absolute discretion, based upon several factors, such as but not limited to, territory availability, your business acumen, your financial wherewithal, your ability to fund or obtain funding for your Studios, and your overall business and operational experience. If you enter into a Development Agreement, at the signing of your initial Franchise Agreement you will also sign the Development Agreement and pay us the Franchise Fee based on the number of Studios we grant you permission to open (“**Development Fee**”). Your Development Fee will depend on the number of Studios we grant you the right to open within the Development Area, and is calculated as set forth in the table below:

Number of Studios We Grant You the Right to Develop	Franchise and Development Fees	Cumulative Fee Due at Initial Franchise Agreement Signing
1	\$50,000	\$50,000
2	\$40,000	\$95,000
3+	\$35,000 each	\$120,000+

If we permit you to open more than three (3) Row House Businesses under a Development Agreement, your Development Fee will be equal to (i) \$125,000, plus (ii) \$35,000 for each additional Business that we grant you the right to develop. You will be required to enter into our then-current form of Franchise Agreement for each Row House Business that you wish to open under your Development Agreement. If you enter into a Development Agreement, you must execute our current form of Franchise Agreement for the initial Studio we grant you the right to open within your Development Area, concurrently with the Development Agreement. The terms of our then-current Franchise Agreement may be materially different from your initial Franchise Agreement.

**ITEM 6
OTHER FEES**

Type of Fee¹	Amount	Due Date	Remarks
Royalty	The greater of: (i) 6% of Gross Sales ² , or (ii) \$250 per week, minimum	Weekly on Tuesday, for the week preceding	You will be required to start paying your Royalty once your Studio begins collecting revenue from operations. We reserve the right to collect your Royalty on any interval we determine appropriate upon notice (for example, weekly or monthly).
Marketing Fund Contribution (“Fund”)	Currently, 2% of Gross Sales ¹	Weekly on Tuesday, for the week preceding	Based on the previous week’s Gross Sales. We have established a brand development Fund for purposes of marketing, promoting and otherwise developing our brand, System, Approved Services and Marks generally, as we determine appropriate in our discretion. We plan to begin collecting Fund contributions in 2025. Your obligation to contribute to the Fund will commence once you have started operating your Franchised Business

Type of Fee ¹	Amount	Due Date	Remarks
Local Advertising Requirement	You must expend a minimum of \$2,000 per month (your “ Local Advertising Requirement ”) in connection with the promotion of your Franchise Business within your Designated Territory and as we otherwise permit.	As agreed to with suppliers	<p>All advertising materials must be approved by us prior to use/publication. We may require you to (a) provide us with monthly reports detailing your local advertising expenditures, and (b) expend all or some portion of your Local Advertising Requirement on designated activities or materials that are provided by our designated or approved supplier for these kind of services (which we refer to as an “Approved Supplier” in Item 8).</p> <p>Please see Item 11 of this Disclosure Document for additional details on your Local Advertising Requirement.</p>
Technology Fee	Currently, \$250 per month	As agreed to with suppliers	<p>The Technology Fee currently includes fees related to your access to and usage of our reservation system, our intranet, our reservation and business management software, any mobile applications we develop, and the System Website (“Technology Fee”). The Technology Fee is currently collected by our Approved Supplier.</p> <p>We may add, delete, or otherwise modify the products and services that are included in the Technology Fee and we may modify this fee upon prior written notice to you. There is no cap on the amount the Technology Fee may be increased.</p>
Initial Instructor Training Program Fee	Then-current program fee.	As incurred	<p>The tuition due for the Initial Instructor Training Program for your initial Authorized Row House Instructor(s) will be a flat fee of \$5,000, presuming they attend the Initial Instruction Training Program together.</p> <p>The tuition due for subsequent Initial Instructor Training Programs will be \$350 per trainee in attendance.</p> <p>This tuition will be due in connection with the Initial Instructor Training Program that we provide in connection with each individual you wish to serve as Authorized Row House Instructor(s) at your Studio.</p> <p>We may modify the Initial Instructor Training Program Fee upon 30 days’ prior written notice.</p>

Type of Fee ¹	Amount	Due Date	Remarks
Training Fee	Currently, \$500 per day per trainer.	Prior to training	<p>We reserve the right to charge this fee in connection with (a) any additional training we provide to an Authorized Instructor of your Studio, (b) re-training or replacement training with regards to the portions of the initial training that are designed for the franchise owner and/or Key Manager, (c) any training we require you to complete to cure a default under your Franchise Agreement with us (“Remedial Training”), (d) training you request we provide (other than the kind of day-to-day assistance described below), or (e) training we provide on-site at your Franchised Business.</p> <p>We will not charge any training fee in connection with minor, day-to-day assistance that we provide remotely over the phone or via email, subject to our availability. In addition to our then-current training fee, you will always be responsible for the costs and expenses that are incurred in connection with (a) you and your personnel attending training, and/or (b) our training personnel traveling and providing such training (if and as applicable).</p>
Successor Fee	\$10,000	At time of renewal.	You must renovate and reimage the Studio at your expense at the time of renewal to conform to our then-current standards and image.
Transfer Fee	\$10,000	Deposit at the time of application for transfer; remainder at the time of Transfer	<p>If you transfer the Business to an entity you control entirely, you will pay us only our costs for the transfer.</p> <p>\$2,500 deposit due when you submit your application to Transfer.</p>

Type of Fee ¹	Amount	Due Date	Remarks
Relocation Fee	\$5,000	At time of relocation request	<p>You will not be permitted to relocate your Studio without our prior written approval, which may be withheld in our discretion.</p> <p>We reserve the right to assess a relocation fee of \$5,000 at the time you submit the proposed location for your relocated Studio. Generally, we do not approve requests to relocate your Studio after a site selection has been made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection.</p>
Music Licensing Fee (In-Studio)	<p>Then-current fee charged by our Approved Supplier</p> <p>Currently, \$220/month per Studio</p>	Payable monthly in the same manner as the Royalty	We currently collect a Music Licensing Fee to cover costs we incur in connection with obtaining licensing rights to music and playlists you will use in connection with the provision of the Approved Services at your Studio. This amount is subject to increase based upon vendor pricing.
Insurance Policies	Actual Costs	Upon demand	Payable if you fail to maintain required insurance coverage and we obtain coverage for you.
Mystery Shopper and Other Quality Control Programs	Currently not assessed	Within 30 days of demand.	Payable only if we establish a mystery shopper program or other quality control mechanism/program, in which case we reserve the right to require a franchisee to contribute up to \$500/year to help defray the costs of such programs that are designed to preserve the goodwill and brand image.
Audit Fees	<p>Costs incurred by us in connection with conducting audit</p> <p>Currently, we estimate that such costs will typically be between \$500 - \$2,500 (plus costs of any travel)</p>	Within 15 calendar days after receipt of audit report.	Payable only if (a) an audit or review shows an understatement of Gross Sales for the audited period of 2% or more, or (b) the audit or review is being conducted in response to your failure to timely submit any reports required by your Franchise Agreement.
Late Fees	The lesser of (a) the highest applicable legal rate for open account business credit, or (b) 1.5% per month.	Upon demand.	Applies to all amounts not paid when due, until paid in full. We may also require you to pay an administrative fee of \$50 for each late payment or late report.

Type of Fee¹	Amount	Due Date	Remarks
Non-Compliance Fee	Then-current fee charged by us. Currently, \$100 for each day of non-compliance.	Upon demand.	Payable only in the event you fail to comply with your material obligations under your Franchise Agreement. The Non-Compliance Fee will be incurred during each day of non-compliance.
Cost of Enforcement or Defense	All costs including attorneys' fees	Upon settlement or conclusion of claim or action.	You will reimburse us for all costs in enforcing our obligations concerning the Franchise Agreement if we prevail.
Indemnification	All costs including attorneys' fees	Upon settlement or conclusion of claim or action.	You will defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Studio.
Alternative Supplier Approval	Our costs and expenses	At time of request.	You must reimburse 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.
Regional Co-Op	As the Co-Op determines	As the Co-Op determines	We may establish regional cooperatives comprised of Studios that are within a given geographical area (each, a "Co-Op"). If a Co-Op is established where your Studio is located, you will be required to participate in that Co-Op and contribute to that Co-Op in the amounts the Co-Op determines.
Extension of Time to Open your Studio	Then-current fee, currently \$2,500 per month	Upon request for extension of time	You must open the Studio no later than 365 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. If you request our approval to open your Studio more than 365 days after the effective date of the Franchise Agreement 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.

Type of Fee ¹	Amount	Due Date	Remarks
Management Fee	The reasonable costs/expenses we incur in connection with taking over operations, including manager's salary, room and board, travel expenses, and all other related expenses.	When incurred	If we take over the operations of your Studio due to your breach of the Franchise Agreement (or your death or disability), we may take all actions necessary to operate the Studio.
Lost Revenue Damages	The applicable amount of Lost Revenue Damages, as further defined in the Remarks	Upon termination of Franchise Agreement	If you terminate the Franchise Agreement without cause or we terminate the Franchise Agreement for your breach, you must pay us an amount equal to the net present value of: (1) the lesser of 36 or the number of calendar months remaining on the term of the Franchise Agreement absent termination, multiplied by (2) the sum of the Royalty and Fund Contribution percentages in effect as of the termination date, multiplied by (3) the average monthly Gross Sales of your Studio during the 24 full calendar months immediately preceding the termination date, minus (4) any cost savings we experienced as a result of the termination. However, if (i) as of the termination date, your Studio had not operated a full 24 calendar months, monthly average Gross Sales will equal the highest monthly Gross Sales achieved during the period in which you operated your Studio, and (ii) if the termination was based on your unapproved closure of your Studio, average monthly Gross Sales would be based on the 24 full calendar months immediately preceding the closure of your Studio.
Annual Convention	Currently, \$400 per attendee (or \$600 for a double booking), and \$1,000 if you do not attend, but we may modify the fees on notice to you based on our then current allocated costs.	Upon demand	Attendance fee varies depending on convention location.
Taxes	Amount required to reimburse us for certain taxes imposed on payments to us	Upon demand	If any payments to us are taxed (not income tax), the Royalty will be increased so that the net payment to us is the same as without the tax.

Notes to Item 6 Table:

1. Except as otherwise noted in this Item, all fees are uniformly imposed, fully earned when paid and non-refundable. Except as otherwise noted in this Item, all fees are payable to, and imposed and collected by us. All costs and fees set forth in Item 6 are current as of the issuance date of this Disclosure Document. We reserve the right to modify the amount, manner of payment and/or timing for payment for all fees payable to us or our affiliates, except that we will not modify the amount of the Royalty Fee or the Fund contribution you pay to us during the initial term of your Franchise Agreement. The current amounts, manner of payment and timing for payment of all fees and costs will be described in our Manual from time to time.

2. **Gross Sales.** “**Gross Sales**” means the total of all monies and receipts you derive in connection with the Business. Gross Sales does not include (i) promotional allowances or rebates paid to Franchisee in connection with its purchase of products or supplies; (ii) sales, use, merchants’ or other taxes measured on the basis of the gross revenues of the Business imposed by governmental authorities directly on sales or use and collected from customers, if the taxes are added to the selling price of your goods and services and are in fact paid by you to the appropriate governmental authorities; or (iii) the value of any coupons duly issued and approved by you, or any bona fide discounts or customer refunds approved by us.

You must participate in our then-current electronic funds transfer and reporting program(s). All fees owed and any other amounts designated by us must be received or credited to our account by pre-authorized bank debit by 5:00 p.m. on or before the applicable due date. Your franchised business may be located in a jurisdiction whose taxing authority will subject us to tax assessments on payments you submit to us for the Royalty Fee and Fund contributions. Under such circumstances, you will be required to adjust, or “gross up” your payment to us to account for these taxes.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement

Type of Expenditure¹	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Initial Franchise Fee ²	\$50,000	\$50,000	Lump sum, in cash, certified check or bank wire	At signing of Franchise Agreement	Us
Initial Training Program Fees ³	\$0	\$0	N/A	N/A	N/A
Travel & Living Expenses While Training ³	\$0	\$3,000	As arranged	As incurred	Transportation Carriers, Hotel Facilities, Etc.
Real Estate/Lease and Professional Fees ⁴	\$23,625	\$48,825	As arranged	As incurred	Landlord; Attorneys; Accountants
Net Leasehold Improvements ⁵	\$156,250	\$310,000	As arranged	As incurred	Approved Suppliers, Architects and Contractors
Signage ⁶	\$27,500	\$27,500	As arranged	As incurred	Approved Suppliers and Vendors

Type of Expenditure¹	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Insurance ⁷	\$1,200	\$2,500	As arranged	Before Opening	Insurance Carrier
Payments in Connection with Fitness Equipment & Initial FF&E Package ⁸	\$4,000	\$11,700	As required	Before Opening	Approved Suppliers
Pre-Sales and Soft Opening Retail Inventory Kit ⁹	\$12,000	\$12,000	Lump sum	Before Opening	Us
Computer System Components(s) and Software Setup ¹¹	\$6,500	\$6,500	As arranged	As incurred	Approved Suppliers
Audio and Visual (A/V) and Computer System Package ¹⁰	\$47,000	\$47,000	As arranged	As arranged	Approved Suppliers and Vendors
Initial Grand Opening Marketing & Advertising Spend ¹²	\$20,000	\$20,000	As arranged	As arranged	Approved Suppliers and Vendors
Initial Instructor Training Program ¹³	\$5,000	\$5,000	As arranged	As Incurred	Us
Technology and Music Fees ¹⁴	\$2,780	\$2,780	As agreed	As agreed	Us and Approved Suppliers and Vendors
Additional Funds – 3 months ¹⁵	\$10,000	\$40,000	As arranged	As incurred	Employees, Vendors, Utilities
TOTAL ESTIMATED INITIAL INVESTMENT	\$365,855	\$586,805			

Notes to Table A:

All amounts payable to us are nonrefundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. These figures are estimates of the range of your initial costs in the first three (3) months of operation only. Leasing and financing is available for many of the above expenses. We do not offer direct or indirect financing, but we may assist you in obtaining working capital through other sources, as described in Item 10 below.

¹ **General.** The initial investment table shows certain expenditures required to establish and operate a Studio. This Item 7 assumes and expects that (a) the size of your Studio will be within 1,800 – 2,200 square feet (b) you will acquire the Fitness Equipment & Initial FF&E Package under a lease-to-own or comparable arrangement with a third party Approved Supplier, instead of outright purchasing it; and (c) you will timely perform all pre-opening obligations and open

and commence operations of your Studio within the time periods prescribed in your Franchise Agreement. All estimates listed in the table above exclude tax.

² **Initial Franchise Fee**. The Initial Franchise Fee is non-refundable. The Initial Franchise Fee for a single Studio is \$50,000. We do not provide financing for the Initial Franchise Fee.

³ **Travel and Living Expenses While Training**. You (or, if you are an entity, your Operating Principal) must complete the “Owner/Operator Module” and our proprietary initial training program (the “Initial Training Program”). We will not charge any tuition or training fee in connection with your attendance of our Initial Training Program, provided all individuals attend at the same time. The estimate in the Table above assumes that you (or, if you are an entity, your Operating Principal) will attend the Initial Training Program, and you will be responsible for the costs and expenses associated with attending our Initial Training Program (e.g., transportation, meals, lodging and other expenses). The amount you will spend while training will depend on several factors, including the number of persons attending, the distance you must travel and the type of accommodations you choose, if any are needed.

⁴ **Real Estate/Lease and Professional Fees**. If you do not own adequate Studio space, you must lease suitable premises. As noted above, our model requires that the size of a typical Studio will range from 1,800 to 2,200 square feet, and the amounts shown are based on that range. We may consider variances, at your request, on a case-by-case basis. In addition to base rent, the lease may require you to pay common area maintenance charges, your pro rata share of the real estate taxes and insurance, and your pro rata share of HVAC and trash removal, which are included in the ranges provided above. You will also likely be required to pay a security deposit. This estimate includes three (3) months of base rent plus one (1) month for estimating the security deposit. This estimate is also designed to cover the legal and other professional fees associated with securing an approved premises.

⁵ **Net Leasehold Improvements**. This estimate includes the net cost of leasehold improvements, including floor coverings, wall treatments, ceilings, painting, electrical, carpentry, plumbing, HVAC, and similar work, as well as materials and the cost of labor. This estimate also includes fees for professional services of architect and sound consultant as well as permitting fees related to building construction. This estimate assumes that the size of your Studio will be in the range of 1,800 to 2,200 square feet and accounts for the value of landlord reimbursements. We expect that you will not sign a lease unless the landlord is willing to provide a reasonable tenant improved allowance which, in our experience, has ranged from \$45,000 and \$76,000, or an average of \$61,000 and an average of three (3) months’ rent abatement which, in our experience, is on average approximately \$21,000.

⁶ **Signage**. You will need to purchase appropriate signage for your Studio that we approve. Each landlord has different restrictions it places on interior and exterior signage that may affect your costs. This estimate includes costs associated with permanent signage and graphics only and does not include optional temporary signage and graphics.

⁷ **Insurance**. This estimate is for three (3) months of your minimum required insurance, using our required or approved third-party vendor. You will need to check with your insurance carrier for actual premium quotes and costs, and for the actual amount of deposit. Insurance costs depend on the area in which your Studio is located, your experience with the insurance carrier, the loss experience of the carrier, the amount of deductibles and of coverage, and other factors beyond our control. You should obtain appropriate advice from your own insurance professional before signing any binding documents or making any investments or other commitments, whether to us or anyone else.

⁸ **Payments in Connection with Fitness Equipment & Initial FF&E Package**. The “Fitness Equipment & Initial FF&E Package” includes (i) a Studio fixture package (comprised of a millwork bundle (front desk, slatwall, cubbies), millwork accessories and other related supplies; (ii) the package of fitness equipment and other operational equipment we designate to be used in Studios (rowers) and smaller pieces of related exercise equipment (e.g. dumbbell’s); (iii) other items related to the outfitting and design and buildout of your Studio; and (iv) the installation and transportation of the foregoing items, which may vary depending on the geographic location of your Studio.

Our standard Franchise offering assumes and expects that you will acquire the Fitness Equipment & Initial FF&E Package under a lease-to-own or comparable arrangement with a third party Approved Supplier (we have pre-approved several lenders as of the date of this Disclosure Document). As such, the range above is designated to capture and account for the typical deposit (0% down for the low estimate and 10% down for the high estimate), a lease filing fee, and the payments that you will make to the lender during the first four months of operation of the Studio (first payment at closing plus three months of ongoing payments). If you determine not to follow our System-recommended practice of financing the Fitness Equipment & Initial FF&E Package, the estimated cost to purchase this equipment outright will be in the range of \$54,700 to \$71,200 and will be paid to us or our affiliates.

⁹ **Pre-Sales and Soft Opening Retail Inventory Kit**. You will choose the components of the Pre-Sales and Soft Opening Retail Inventory Kit from our branded online retail store which includes, but is not limited to, pre-sale merchandise, branded apparel made up of tops, bottoms, and accessories. The entire package must be purchase prior to soft opening. Shipping is not included. The cost of the Pre-Sales and Soft Opening Retail Inventory Kit is collected in the form of a credit in our online retail store that you can draw against when picking out the components of your Pre-Sales and Soft Opening Retail Inventory Kit. We require that you use all of your credit within 6 months of the opening of your Studio.

¹⁰ **Audio and Visual (A/V) and Computer System Package**. You will be required to purchase an audio/visual package (“Audio/Visual Package”) which includes all audio and visual equipment, as well as the point of sales (“POS System”) computer system and components for use in the operation of the Studio. Your computer and network system must meet our specifications. Your studio must be equipped with a high-speed Internet connection through a local area network for access to certain web-based business management software programs specific for the Studio. We will make available to you a certain business management software program specific for the Studio to be loaded onto your system. When, incurred these costs are paid to suppliers before your Studio opens for business, and are usually not refundable.

¹¹ **Computer System Components and Software System**. This estimate is the cost associated with acquiring certain hardware, software, technology licenses, other equipment and network connections that we specify in the Manual necessary to operate the RowHouse workouts system and the RowHouse instructor technology platform, along with certain tablet computers, displays, and other related software. The Studio Management System must be purchased before you open your Studio.

¹² **Initial Grand Opening Marketing & Advertising Spend**. You are required to spend the amount set forth in the table above on your grand opening initial marketing program (the “Initial Grand Opening Marketing & Advertising Spend”) in coordination with your Opening Support Program. Typically, we expect your Opening Support Program to commence prior to the “soft opening” of your Studio through your actual opening of the Studio. These funds must be spent on your Opening Support Program and any other pre-opening marketing and/or advertising activities we designate. We may require that you spend any portion of these funds on services or products supplied by one or more of our Approved Suppliers. We will have the right to modify the Opening Support Program as we determine appropriate in our sole discretion. You must provide us with supporting documentation evidencing these expenditures upon our request. This estimate is in addition to your required contributions to the Fund.

¹³ **Initial Instructor Training Program**. This range covers the amounts payable in connection with the Initial Instructor Training Program that your initial instructors must complete prior to providing any classes or other Approved Services at your Studio. This estimate assumes that you will pay us to have one (1) of our master trainers provide the Initial Instructor Training Program where all your Authorized Row House Instructors will attend and complete such training prior to the grand opening of your Studio. You may incur additional travel in connection with our instructors traveling to train your coaches.

¹⁴ **Music and Technology Fee(s)**. This estimate is designed to cover (i) our current Technology Fee and other obligations from when you begin the Pre-Sales Phase of opening your Studio, which we estimate you will begin two (2) months prior to opening your Studio and over the first three (3) months of operation for a total of five (5) months of payments, and (ii) the Music Licensing Fee obligation over the first three (3) months of operation for a total of three (3)

months of payments. As of the date of this Disclosure Document, the Technology Fee is \$250 per month and the Music Licensing Fee is \$220 per month.

¹⁵ **Additional Funds.** This is an estimate of certain funds needed to cover your business (not personal) expenses during the first three (3) months of operation of the Studio. These expenses include initial personnel wages; ongoing purchases of equipment and supplies; marketing expenses/fees and local advertising; utilities; and repairs and maintenance. Your cost will depend upon your management skill, experience and business acumen; local economic conditions; the prevailing wage rate; competition; and sales of the Studio during the period.

The estimates in this Item 7 are based on: (i) our franchisees' experience in developing Studios; (ii) the experience of our management in developing other fitness concepts and information related to their respective studio investment costs; (iii) current estimates we have received from our Approved Suppliers and other third-party vendors; and (iv) our affiliates' experience in developing and/or operating Studios and franchises of other affiliate brands. The availability and terms of financing to you will depend upon factors such as the availability of financing in general, your creditworthiness, the collateral security that you may have, and policies of lending institutions concerning the type of business you operate. This estimate does not include any finance charge, interest, or debt service obligation.

C. Development Agreement (Using Example of Franchise Award to Develop 3 Studios)

Type of Expenditure ¹	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Development Fee ²	\$125,000	Lump sum, in cash, certified check or bank wire	Upon signing of the Development Agreement.	Us
Initial Investment to Open Initial Studio ³	\$310,855 - \$536,805	See Table A of this Item 7, less the Initial Franchise Fee.		
TOTAL³	\$435,855 - \$661,805	This is the total estimated initial investment to enter into a Development Agreement for the right to develop three (3) total franchised Studios, as well as the costs to open and commence operating your initial Studio for the first three months (less the Franchise Fee), as described more fully in Table A of this Item 7. See Note 3.		

Notes to Table C:

¹ **General.** All amounts payable to us are nonrefundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. These figures are estimates of the range of your initial costs in the first three months of operating the initial Studio you are granted under your Development Agreement only.

² **Development Fee.** If you enter into a Development Agreement, at the signing of your initial Franchise Agreement you will also sign the Development Agreement and pay us the Franchise Fee based on the number of Studios we grant you permission to open ("**Development Fee**"). Your Development Fee will depend on the number of Studios we grant you the right to open within the Development Area, and is calculated as set forth in the table below:

Number of Studios We Grant You the Right to Develop	Franchise and Development Fees	Cumulative Fee Due at Initial Franchise Agreement Signing
1	\$50,000	\$50,000
2	\$40,000	\$95,000
3+	\$35,000 each	\$120,000+

³ **Initial Investment for Initial Studio.** This figure represents the total estimated initial investment required to open and commence operating the first Studio you agreed to develop under your Development Agreement. You will be required to enter into our then-current form of franchise agreement for the initial Studio you develop under your Development Agreement, most likely once you have found a premises for the Studio that we approve. The range includes all the items outlined in Table 7.A. of this Item 7, except for the \$50,000 Initial Franchise Fee (because you are not required to pay an Initial Franchise Fee for those Studios you develop under the Development Agreement). It does not include any of the costs you will incur in opening the additional Studio(s) that you are awarded the right to develop under your Development Agreement.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Studio in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manual and other proprietary guidelines and writings that we prepare for your use in connection with the Studio and System. We may periodically change our System Standards, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

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).

Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Studio from a supplier that we approve or designate (each, an “**Approved Supplier**”), which may include us or our affiliate(s). We will provide

you with a list of our Approved Suppliers in writing as part of the Manual or otherwise in writing, and we may update or modify this list as we deem appropriate.

Currently, we have Approved Suppliers for the following items that you must purchase in connection with the establishment and/or operation of your Studio: (i) Pre-Sales and Soft Opening Retail Inventory Kit; (ii) the Fitness Equipment & Initial FF&E Package and certain other equipment/supplies; (iii) interior graphics and exterior signage; (iv) insurance coverage; (v) shipping and installation services; (vi) training materials, including the “Webinar Training” associated with the Initial Instructor Training Program; (vii) certain music licenses you may need in order to play certain music in connection with your Studio operations (subject to prior disclosure regarding your sole obligation to investigate and comply with all music licensing requirements); and (viii) POS System and then-current software we require you to use in connection with that POS System and your Studio, including, without limitation, any software and technology we determine to provide to you as part of our System in connection with your then-current Technology Fee.

We may develop proprietary products for use in your Studio, including private-label products that bear our Marks, and require you to purchase these items from us or our affiliate(s).

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.

As of the date of this Disclosure Document: (i) other than the Pre-Sales and Soft Opening Retail Inventory Kit, the Fitness Equipment & Initial FF&E Package (including related services), and the technology services we provide in exchange for our then current Technology Fee, neither we nor any of our affiliates are an Approved Supplier for any items you are required to purchase in connection with your Studio as part of our standard Franchise offering; and (ii) none of our officers own an interest in any of our Approved Suppliers other than us . If you determine to outright purchase (without financing) the Fitness Equipment & Initial FF&E Package rather than acquiring such package under a lease-to-own or comparable arrangement with one of our Approved Suppliers for such leasing services, we may designate ourselves or our affiliate as the Approved Supplier for that package.

We may designate us or any of our affiliates as an Approved Supplier with respect to any other item you must purchase in connection with your Studio in the future.

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our System Standards, are referred to collectively as your “Required Purchases.” We estimate that your Required Purchases in total will be about 70% to 95% of your total purchases to establish the Studio and about 15% to 50% of your purchases to continue the operation of the Studio. Please be advised that these percentages do not include the lease payments that you make in connection with your Studio.

We may derive revenue from any of the purchases that our System franchisees are required to make in connection with the Studio. In fiscal year 2023, we did not receive any revenue from the sale of goods and services to franchisees, but RHF received \$660,471 from franchisees.

Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Studios in our System. If we do establish those types of alliances or programs, we may: (i) limit the number of Approved Suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We and/or our affiliate(s) may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers’ dealings with us, you, or other Studios in the System, such as rebates, commissions or other forms of compensation, which may be comprised of fixed payments and/or percentages of overall sales transactions. During the fiscal year 2023, we did not receive any vendor rebates in connection with purchases by franchisees, but RHF received allowances, rebates, and leadership conference sponsorships of \$449,141. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

We may create additional purchasing cooperatives in the future. We may negotiate volume purchase agreements with some vendors or Approved Suppliers for the purchase of goods and equipment needed to operate the Studio.

Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

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

Audio/ Visual Package and Computer System

You must purchase the Computer System that we specify, including computer hardware, software, the POS System, inventory control systems, and high-speed network connections (collectively, the “Computer System”), as well as the audio-visual equipment comprising the Audio/Visual Package, including speakers, cabling, mounts and other related equipment that we specify. The component parts of the Computer System and Audio/Visual Package must be purchased from Approved Suppliers. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must sign any software license agreements that we or the licensor of the software require and any related software maintenance agreements. The Computer System is described in more detail in Item 11 of this Disclosure Document.

ITEM 9 FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
a. Site Selection and acquisition/lease	Sections 1.2, 2.2.C, 7.1 and 7.2, 8.4.B, 15.1.A(10)-(11) and Exhibit 4	Section 2.D	Items 11 and 12
b. Pre-opening purchases/leases	Sections 5.4, 6.1, 7.3, and 7.4	Not Applicable	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Article 7 and Sections 6.1, 6.2, 6.3, 6.5, 6.8, and 9.2	Article 2	Items 6, 7 and 11
d. Initial and ongoing training	Sections 5.5 and 6.2	Not Applicable	Items 6, 7 and 11
e. Opening	Sections 2.2, 6.1, and 15.1.B(10)	Section 2.C	Item 11

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
f. Fees	Article 5 and Sections 6.2, 9.1, 9.2, 9.4, and 15.1.B(5)	Section 2.3, Article 4	Items 5 and 6
g. Compliance with standards and policies / Operating Manual	Article 4 and Sections 1.2, 2.2.E, 6.3, 6.5, 7.1, 7.3, 8.1, 8.4, and 8.7	Section 2.D	Item 11
h. Trademarks and proprietary information	Article 4 and Sections 12.1, 15.1.A(5), and 15.1.A(8)	Article 5	Items 13 and 14
i. Restrictions on products/services offered	Sections 8.4.A and 15.1.A(13)	Not Applicable	Items 8 and 16
j. Warranty and customer service requirements	Sections 8.1 and 8.3 to 8.7	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Sections 8.7 and 15.1.B(12)	Sections 2.C and 2.D and Exhibit A	Item 12
l. Ongoing product/service purchases	Article 9 and Sections 5.9 and 8.4	Not Applicable	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 7.1 and 8.1	Not Applicable	Items 6 and 17
n. Insurance	Sections 10.4 and 15.1.B(8)	Not Applicable	Items 6, 7 and 8
o. Advertising and Fund	Article 9 and Sections 5.6 and 15.1.B(5)	Not Applicable	Items 6 and 11
p. Indemnification	Sections 4.1, 6.9, 7.1.E, 11.2, 15.4, and Exhibit 3	Section 7.B	Item 6
q. Owner's participation/management/staffing	Sections 2.2.B, 5.5.A-B, 8.3, and 8.6	Article 1	Item 15
r. Records and reports	Section 10.1	Article 10	Item 11
s. Inspections and audits	Sections 8.2 and 10.2	Not Applicable	Items 11
t. Transfer	Section 13.1.B(3), Article 14, and Section 15.1.A(6)	Article 9	Items 6 and 17
u. Renewal	Section 3.2	Not Applicable	Item 17
v. Post-termination obligations	Article 13 and Section 15.3	Section 8.C	Item 17
w. Non-competition covenants	Article 13, Sections 15.1.A(12) and 15.3.G	Article 6	Item 17
x. Dispute resolution	Article 16	Article 12	Item 17
y. Guaranty	Section 2.2.B and Exhibit 3	Exhibit B	Item 1, Exhibit D

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.

A. Pre-Opening Assistance

Franchise Agreement

Before you open your Studio:

1. We will provide you (or, if you are an entity, your Operating Principal), as well as your Key Manager (if appointed) of your Studio, with our proprietary Initial Training Program, that at least you (or, if appropriate, your Operating Principal) will need to complete prior to opening your Studio. We will typically provide the Initial Training Program within the thirty (30) days prior to your Studio opening, but that timing will be subject to the availability and schedules of our training personnel. We will provide the Initial Training Program at our corporate headquarters or other training facility we designate. (Franchise Agreement, Article 5). We will also provide you or another individual you designate as your prospective Authorized Initial Instructor Training with our Initial Instructor Training Program as described more fully below in this Item. (Franchise Agreement, Section 5.5)

2. If the Authorized Location for your Studio has not been identified at the time the Franchise Agreement is signed, we will work with you to designate a geographical area within which you must secure an Authorized Location for your Studio ("Site Selection Area"). (Franchise Agreement, Section 1.2).

3. Prior to you attending your required initial training, we will loan you one copy of the Manual, which contains mandatory and suggested specifications, standards and procedures. The Manual is confidential and remains our property. We may modify the Manual. (Franchise Agreement, Section 6.3). The Table of Contents of the Manual is attached to this Disclosure Document as Exhibit F. The primary portion of the Manual currently consists of 94 pages.

4. We will provide you (through the Manual or otherwise) with specifications for the layout and design of the Studio (Franchise Agreement, Sections 6.1 and 6.3).

5. We will provide you (through the Manual or otherwise) with a list of the components of the Fitness Equipment, & Initial FF&E Package, other furnishings, other supplies, and signs to be used in the Studio, as well as a list of Approved Suppliers; however, we do not deliver or install these items at your Studio (Franchise Agreement, Section 6.5).

6. We will license you the use of the then-current Marks we designate for use in connection with Studios (Franchise Agreement, Sections 4.1 and 4.2).

7. We will consult and advise you on establishing the Pre-Sales Phase and Opening Support Program. (Franchise Agreement, Section 6.8).

8. 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 sub-mission for permitting. (Franchise Agreement, Section 1.2).

9. 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, Section 1.2).

Development Agreement

If you enter into a Development Agreement, we will designate your Development Area and subsequently review and provide our approval with regards to the premises you propose for each Studio location within the Development Area. (Development Agreement, Section 2.A and Exhibit A).

B. Site Selection Assistance and Time to Open

Site Selection Assistance and Time to Open: Franchise Agreement

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. You are responsible for the on-site evaluation of the proposed sites. If we determine that it is necessary for us to provide on-site evaluation assistance, we may, in our discretion, charge you a site selection fee (currently, \$500 per each of our employees or agents for each full or partial day, plus travel and living expenses). 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. Our standard franchise offering assumes a Studio size of approximately 1,800-2,200 square feet. (Franchise Agreement, Section 1.2).

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.

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 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 365 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 (“**Opening Deadline**”). (FA Sections 1 and 7.3(G)).

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. (Franchise Agreement, Section 1.2).

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 an exhibit to the Franchise Agreement. 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 2.1).

Site Selection Assistance and Time to Open: Development Agreement

You are responsible for locating and presenting to us proposed sites for Studios in the Development Area. We will use reasonable efforts to review and evaluate the proposed sites within 30 days after we receive all requested information and materials to evaluate the site. We will approve the proposed site for any Studio if it meets our then-current standards. If we accept a proposed site, you (or your affiliate) must timely sign a separate Franchise Agreement for the site. (Development Agreement, Section 2.D).

If you have entered into a Development Agreement to open and operate multiple Studios, your Development Agreement will include a Development Schedule containing a deadline by which you must have each of your Studios open and operating. (Development Agreement, Exhibit A).

C. Our Obligations During the Operation of the Studio

Franchise Agreement

During the operation of your Studio:

1. We will specify or approve certain equipment and suppliers to be used in your Studio (Franchise Agreement, Sections 6.5 and 7.1).
2. We will provide additional training to you and any of your employees at your request. You are responsible for any and all costs associated with such additional training (Franchise Agreement, Section 6.2).
3. We will provide such continuing advisory assistance and information to you in the development and operation of the Studio as we deem fit (Franchise Agreement, Section 6.4).
4. We (or our affiliates) will maintain and administer the Fund (Franchise Agreement, Section 9.1).

We may also decide to require fixed maximum or minimum prices for any products or services that you offer in connection with the Studio (Franchise Agreement, Section 6.6).

D. Advertising and Marketing

Local Advertising Requirement

You are responsible for local marketing activities to attract members to your Studio. Prior to use or publication, we require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, or elsewhere for advanced written approval. You must first obtain our advanced written approval before employing any form of co-branding, or advertising with other brands, products, or services. (FA Section 9.2).

In addition to contributions to the Marketing Fund, you must spend at least \$2,000 per month on local advertising in the Designated Market Area (either by way of direct promotion or participation in an Advertising Cooperative). You must provide us with evidence each month that you have spent the required amount on local advertising. We may require that your minimum local advertising expenditure be allocated to advertising of certain types, using specific vendors, in particular channels or as a component of a broader campaign.

We may also require that any local marketing or advertising include reference (in a form we determine) to one or more franchise systems which may be owned by us or our affiliates; provided that a substantial focus of those materials, programs or activities includes the promotion of the Business.

Your advertising must be in such media, and of such type, format, and other particulars as we approve, must be conducted in a dignified manner, and must conform to our standards and requirements. Any and all advertising and marketing materials (whether developed in connection with an Advertising Cooperative or otherwise) not prepared or previously approved by us must be submitted to us at least 14 days prior to any publication or run date for approval, which we may withhold for any or no reason. We will provide you with written notification of approval or disapproval within a reasonable time. If we do not notify you of approval or disapproval within 10 days of our receipt of the materials, the materials will be approved. You must discontinue the use of any approved advertising within five days of your receipt of our request to do so. You may not conduct advertising or promotion on or through the Internet/world wide web or other electronic transmission via computer without our express prior written approval. All of your advertising and promotion must be factually accurate and shall not detrimentally affect the Marks or the System, as we determine. You must use the telephone number provided by us in connection with all marketing initiatives. We are not required to conduct local advertising for you.

You must strictly follow our social media guidelines, code of conduct, and etiquette as set forth in the Brand Standards and/or Operations Manuals regarding social media activities. Any use of social media by you pertaining to the Studio must be consistent with our System standards and not linked to controversial, unethical, immoral, illegal, or inappropriate content in our sole discretion. You will promptly modify or remove any online communication pertaining to your Studio that does not comply with the Franchise Agreement or the Manuals. (FA Section 11.4).

Grand Opening Marketing

In addition to the Local Advertising Requirement, you are required to spend at least \$20,000 on certain sales and promotional activities that we designate or approve as part of your Grand Opening that we typically require you to conduct in at least the two months prior to the "soft opening" of your Studio through the launch and opening of your Studio (usually eight weeks after your soft opening). You may be required to expend all or some portion of these funds on products/services received from an Approved Supplier we designated or approve, and all materials used in connection with your Grand Opening Marketing program must be approved by us if not previously designated for use by us.

Marketing Fund

The Fund was established to promote Studios and help promote and develop our System and brand generally. As of the date of this Disclosure Document, your Fund Contribution is two percent (2%) of your Studio's Gross Sales. Fund

Contributions will be payable from the earlier of (a) the date your Studio opens, or (b) the date the Studio receives a payment from a client in connection with Approved Services to be provided at any point. We may increase the Fund Contribution upon 60 days' written notice to you. (Franchise Agreement, Sections 5.6 and 9.1).

The Fund is administered by us (or our affiliates), as we deem appropriate in our discretion. With that said, we may (at our option) also establish a marketing fund committee (the "MFC") to help advise on matters related to the Fund. As of the date of this Disclosure Document we have not established the MFC but in the event we establish the MFC, the Fund will still be administered by us with the MFC serving in an advisory capacity only. The Fund will be maintained and operated by us (or our affiliates) to meet the costs of conducting regional and national advertising and promotional efforts, other brand development activities, as well as related technology used to implement the foregoing (i.e., digital marketing platform, System web portal) that we determine beneficial to the System, and employing advertising/public relations agencies to assist in advertising activities. The MFC, if established, will serve in an advisory capacity only. We will direct all advertising, marketing and public relations programs and activities financed by the Fund, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation. We have the power to form, change or dissolve the Fund and/or MFC. We will pay for these activities from the Fund. The Fund Contributions may be used for traditional and digital advertising activities, such as website development, social media, public relations, advertising campaigns (television, radio, print or other media), or other promotions which will raise awareness of our brand. (Franchise Agreement, Sections 6.8 and 9.1).

We are not obligated to ensure that Fund activities or dollars are spent equally, on a pro rata basis, either on your Studio, or all Studios in an area. A brief statement regarding the availability of System franchises may be included in advertising and other items produced using the Fund, but we do not otherwise expect to use the Fund primarily for any Franchise sales or solicitations as of the date of this Disclosure Document.

We (and our affiliates) will have the right to make disbursements from the Fund, as we determine appropriate to cover the costs and expenses associated with the marketing, advertising and promotion of the brand, Marks, System, Studio locations and/or the Approved Products and Approved Services, including: the cost of formulating, developing and implementing advertising and promotional campaigns; the reasonable costs of administering the Fund, including accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Fund and/or creation, development and/or placement of any creative and/or implementation of any campaigns associated with the same. The Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Fund. We are not required to audit the Fund, but we may retain independent certified public accountants to prepare an annual audit of the Fund, at the expense of the Fund, and send a copy of the audit to franchisees upon written request. Our company-owned or affiliate-owned Studios, if and when operating, are not required to contribute to the Fund at the same rate as franchisees. As of the date of this Disclosure Document, all franchisees will contribute to the Fund at the same rate as you. Should the Fund Contribution for the System decrease at any time, we have the right to reduce our contribution from company-owned or affiliate-owned Studios to the rate specified for franchised locations.

We are not required to spend all Fund Contributions in the fiscal year they are received. You agree to participate in all Fund programs. The Fund may furnish you with marketing, advertising and promotional materials; however, we may require that you pay the cost of producing, shipping and handling for such materials.

During the fiscal year ended on December 31, 2023, the Fund Contributions were spent by RHF as follows: 2% on production, 57% on administrative expenses, 3% on media and, 38% on Internet-related matters and digital activities.

Local Advertising Requirement; Co-Ops

As part of your material obligations under your Franchise Agreement, you must spend at least \$1,500 per month on marketing and advertising materials that we approve in connection with the promotion of your Studio within your Designated Territory (your "Local Advertising Requirement"). Upon our request, you must provide us with an accounting of your monthly expenditures associated with your Local Advertising Requirement, along with invoices and other relevant documentation to support those expenditures. Please be advised that the Local Advertising Requirement is only the

minimum amount you must spend each month, and we encourage you to spend additional amounts on the local promotion of your Studio. We are not required to spend any amount on advertising within your Designated Territory.

We have not yet established a local or regional Co-Op. We may, in the future, decide to form one or more associations and/or sub-associations of Studios to conduct various marketing-related activities on a cooperative basis. If one or more Co-Ops (local, regional and/or national) are formed covering your Authorized Location, then you must join and actively participate. You may be required to contribute such amounts as are determined by such Co-Ops. (Franchise Agreement, Section 9.4).

Initial Grand Opening Marketing & Advertising Spend; Opening Support Program

Your Pre-Sales Phase and Opening Support Program must commence once your real estate lease is signed. The Opening Support Program is provided by either us or a third-party Approved Supplier. Participation in the Opening Support Program is mandatory, and we may require you to spend certain amounts on services or content that is supplied by one (1) or more of our Approved Supplier(s). The Initial Grand Opening Marketing & Advertising Spend will not count towards your Local Advertising Requirement.

E. Training

Initial Training Programs (for Owner/Operator or, if appropriate, Key Manager)

Prior to opening your Studio, you must ensure that: (i) you (or, if you are an entity, your Operating Principal) completes our Initial Training Program to our satisfaction, which will typically last 3 business days at our corporate headquarters or another training facility we designate (most likely in California); and (ii) your Key Manager (if appointed) attend and complete the Key Manager Training Module to our satisfaction. While there is no specific deadline by which the training above must be completed, you (or, if you are an entity, your Operating Principal) and your Key Manager (if appointed) must complete all of the training obligations prior to opening your Studio. Training classes are not held on a regular schedule. We will schedule the program based on your and our availability and the projected opening date for your Studio.

In the event you are the owner of multiple Studios or otherwise wish to appoint a third-party individual to manage the day-to-day operations of your Studio, then that individual (a “Key Manager”) must (a) attend and complete at least the Key Manager Training Module (and, if he/she wishes to provide the Approved Services, the Initial Instructor Training Program described below in this Item) to our satisfaction, and (b) otherwise be approved by us, before assuming any management responsibility at your Studio. (Franchise Agreement, Sections 5.5 and 6.2).

We do not charge a tuition or training fee for you or your designated trainees (you or your Operating Principal and Key Manager (if appropriate)) to attend the appropriate training program(s) below, provided these individuals attend or otherwise complete such training prior to the opening of your Studio. However, we do charge our-then current fee for the Initial Instructor Training Program. You will be responsible for the costs and expenses associated with these individuals attending each program. (Franchise Agreement, Section 5.5). The training program uses the Operations Manual and other written materials as training materials.

Our primary initial training programs as of the date of this Disclosure Document are described below:

TRAINING PROGRAM(S)

Initial Training Program (or “Owner/Operator Module”)			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History and Philosophy	1	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Real Estate	2	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Construction	1.5	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Expectations and Obligations	1	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Studio and Equipment Set-Up and Support	1	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Rowing Class	0	1	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Products	1.5	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Intro to Studio Management Software	1.5	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.

Initial Training Program (or “Owner/Operator Module”)			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Sales and Operations	3.5	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Finance	3	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Staffing and HR Support	1	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Marketing	3	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Training Re-Cap and Summation	1	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Test	1	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
TOTAL HOURS FOR OWNER/OPERATOR MODULE	22	1	

Key Manager Training Module			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Ingredients of a Successful GM	1	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.

Key Manager Training Module			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Business Management Software	3	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Prospect Generation	2	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Pre-Sale, Soft Open, and Grand Open	1	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Retail Sales	1	0	At our corporate headquarters in Charlottesville, Virginia, or another location designated by us, or at a location to complete training virtually.
Education & Experience	1	0	At our corporate headquarters in Charlottesville, Virginia,, or another location designated by us, or at a location to complete training virtually.
Sales Process: LASER	4	0	At our corporate headquarters in Charlottesville, Virginia,, or another location designated by us, or at a location to complete training virtually.
Marketing	2	0	At our corporate headquarters in Charlottesville, Virginia,, or another location designated by us, or at a location to complete training virtually.
Sales: Roll-Play & Agreement Write-Up	2	0	At our corporate headquarters in Charlottesville, Virginia,, or another location designated by us, or at a location to complete training virtually.

Key Manager Training Module			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Row House Sample Class	1	0	At our corporate headquarters in Charlottesville, Virginia,, or another location designated by us, or at a location to complete training virtually.
“What Not to Do”	1	0	At our corporate headquarters in Charlottesville, Virginia,, or another location designated by us, or at a location to complete training virtually.
Comprehension Exam	1	0	At our corporate headquarters in Charlottesville, Virginia,, or another location designated by us, or at a location to complete training virtually.
TOTAL HOURS FOR KEY MANAGER TRAINING MODULE	20	0	

I. Initial Instructor Training Program

Initial Instructor Training Program			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Online, Self Paced Content			
Week 1: Learn to Row	6	0	Online/Remote
Week 2: Learn to Coach Row	6	0	Online/Remote
Virtual Sessions with Master Coach	0	1	Online/Remote
Week 3: Row House Drills, Program, Experience	6	0	Online/Remote
Week 4: Connection and Floor Work	6	0	Online/Remote
Homework Assignments and Test Out Video	0	3	Online/Remote - Self Paced
Final Test Out	0	3	Online/Remote – Self Paced
TOTAL HOURS FOR INITIAL INSTRUCTOR TRAINING PROGRAM	24	7	

Master Coach Studio Visit and Coach Training [PRE SALE STUDIOS]			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Coach Assessments	0	10	1: Certain instruction may be provided remotely via webinar or other learning management system. 2: Otherwise, in-person training will occur at your studio.
Master Coach Class	0	45 minutes	1: Certain instruction may be provided remotely via webinar or other learning management system. 2: Otherwise, in-person training will occur at your studio.
Coach Reboot Training	0	3	1: Certain instruction may be provided remotely via webinar or other learning management system. 2: Otherwise, in-person training will occur at your studio.
TOTAL HOURS FOR PRACTICAL MODULE/PRESALE STUDIO MASTER COACH VISIT	0	13.75 hours	

Amanda Mielke will oversee the initial training program. Ms. Mielke has 6 years of experience in the topics she will be providing instruction on. Ms. Mielke has been with the Row House brand since May 2024 and our affiliates since May 2018.

We may substitute other instructors to provide certain parts of the different initial training modules described in this Item 11, but these individuals will have all completed the appropriate portion of the Initial Training Program on which they provide instruction.

On-Site Grand Opening Assistance (Discretionary)

Around the time you first open your Studio, we may send one (1) or more representatives to your Studio to (a) provide assistance and recommendations regarding your opening and initial operations, and/or (b) provide additional or refresher training associated with any required training described above in this Item, as we deem appropriate in our discretion. If we determine to provide such on-site assistance, it will typically last between 1-2 business days and we may require that you cover the costs our representatives incur in connection with such assistance.

Additional Training in Connection with Operation of the Studio

We may also provide, and require that you (and your Operating Principal and Key Manager, as appropriate) attend, up to five (5) days of additional training each year at our designated training facility. We will not charge any training fee in connection with such training that we require you to attend. (Franchise Agreement, Section 5.5). We may also require you to attend certain training as part of the actions you must take to cure certain defaults under your Franchise Agreement

("Remedial Training"), and we may charge you our then current Training Fee in connection with such Remedial Training (Franchise Agreement, Section 6.2).

You may request that we provide certain additional or refresher training to you, either at one (1) of our designated training facilities or on-site at your Studio. We may charge you our then-current training fee based on the number of days of such training that we provide at your request (regardless of location). (Franchise Agreement, Section 5.5).

In the event you have instructors hired over time, they must complete the Initial Instructor Training Program prior to providing any classes or otherwise performing any Approved Services at your Studio.

You will be responsible for the costs and expenses associated with you and your designated personnel attending any such additional training described in this Item. (Franchise Agreement, Section 5.5)

F. Computer System - Hardware and Software; Audio/Visual Package

You must acquire a Computer System, POS System, inventory, control system, and high speed network connection for use in the operation of the Studio. You must record all of your receipts, expenses, invoices, member lists, class and employee schedules, and other business information promptly in the Computer System we specify or otherwise approve. You must also purchase the Audio/Visual Package we require, including assorted speakers, displays, and other audio and visual equipment. Currently, we have a designated business management software that must be used in connection with your Studio operations, which is an online/web-based program designed for use in connection with class scheduling, processing member credit and debit card payments, keeping your business records and generating business reports among other things. At this time, we have approved no other compatible program but we may do so at our sole discretion. If the Approved Supplier for the required software changes, you must migrate your operations to the new required software at our direction. The details of these standards and requirements will be described in the Manual or otherwise in writing and may be modified in response to changes in marketing conditions, business operating needs, or technology. (Franchise Agreement, Sections 5.4, 5.7 and 10.3).

You must allow our Approved Supplier to upgrade the proprietary database configuration of the required software for the computer in your Studio as we determine necessary. Our Approved Supplier may provide you periodic updates to maintain the software and may charge a fee for preparing the updates and maintaining the software. There are no limitations on the frequency and cost of the updates. The Computer System is designed to enable us to have immediate, independent access to the information monitored by the Computer System, and there is no contractual limitation on our independent access or use of the information we obtain. (Franchise Agreement, Sections 5.4 and 10.3).

You must purchase, lease, and maintain such computer hardware and software, dedicated high speed communications equipment and services, dedicated telephone and power lines, modem(s), speakers, and other computer-related accessories or peripheral equipment as we may specify, for the purpose of, among other functions, recording Studio sales, scheduling classes, and other functions that we require. You must provide such assistance as may be required to connect your Computer System with a Computer System used by us. We will have the right, on an occasional or regular basis, to retrieve such data and information from your Computer System as we, in our sole and exclusive discretion, consistent with consumer privacy laws, deem necessary. You must operate your Computer System in compliance with certain security standards specified and modified by us and with our System Standards. (Franchise Agreement, Sections 5.4 and 10.3).

To ensure full operational efficiency and optimal communication capability between and among Computer Systems installed by you, us, and other franchisees, you agree, at your expense, to keep your Computer System in good maintenance and repair, and following our determination that it will be economical or otherwise beneficial to the System to promptly install such additions, changes, modifications, substitutions and/or replacement to your computer hardware, software, communications equipment and services, telephone and power lines, and other computer-related facilities, as we direct.

We may require you to update or upgrade any computer hardware or software during the term of the Franchise, and if we choose to do so, there are no limitations on the cost and frequency of this obligation.

The approximate cost of the Computer System and the Audio/Visual Package is approximately \$6,500, which we may require you acquire from one (1) or more of our Approved Suppliers. There is no initial fee to obtain the software. The approximate cost of any annual maintenance upgrades or updates or maintenance support contracts varies widely from \$0 to \$800, which does not include (a) our then-current Technology Fee (currently, \$250/month), and (b) the Music Licensing Fee (currently, \$220/month); and (c) the fees associated with any other required software we designate in the future for use in connection with your Studio. We have no obligation to provide ongoing maintenance, repairs, upgrades or updates, and any such obligations would be those of the software licensors.

AV Package

The AV Package typically includes assorted speakers, displays and other audio and visual equipment, and various mounting and cabling products. We estimate that the AV Package will cost approximately \$47,000 .

ITEM 12 TERRITORY

Franchise Agreement

Authorized Location

You will operate your Studio at the Authorized Location. Once you have identified your Authorized Location and we accept the proposed site, we will designate the Designated Territory around the Authorized Location within which you will have certain protected rights.

You will not be permitted to relocate your Studio without our prior written approval, which may be withheld in our discretion. We reserve the right to assess a relocation fee of \$5,000 at the time you submit the proposed location for your relocated Studio. Generally, we do not approve requests to relocate your Studio after a site selection has been made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection.

Designated Territory

Your Designated Territory will typically contain a maximum of 50,000 people which will be approximately a two-mile radius around your Studio's Authorized Location, unless your Studio is located in a major metropolitan downtown area or similarly situated/populated central business district (a "Central Business District"). If your Studio is located in a Central Business District, your Designated Territory will typically contain up to 50,000 people but may be limited to a geographic area comprised of anywhere from a radius of two blocks to two miles around your Studio, as we deem appropriate in our discretion. The size of your Designated Territory may vary from the territory granted to other franchisees based on the location and demographics surrounding your Studio.

The boundaries of your Designated Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. If we determine, in our discretion, to base your Designated Territory on population, then the sources we use to determine the population within your Designated Territory will be supplied by (a) the territory mapping software we determine to license or otherwise use, or (b) publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

Importantly the size of your Designated Territory may vary from the area granted to other franchisees based on the location and demographics surrounding your Studio. Your Designated Territory may not be comprised of a typical radius around your Studio location if such a radius would encompass the location of another previously developed Studio.

If you have been granted a Designated Territory, neither we nor our affiliates will open or operate, or authorize any third party the right to open or operate, another Studio utilizing the Marks and System from a physical location within your Designated Territory. As such, your Designated Territory is deemed “exclusive” under applicable franchise disclosure laws. Please note our reserved rights described later in this Item.

Except as expressly provided in the Franchise Agreement, you have no right to exclude, control or impose conditions on the location, operation or otherwise of present or future Studios, using any of the other brands or Marks that we now, or in the future, may offer, and we may operate or license Studios or distribution channels of any type, licensed, franchised or company-owned, regardless of their location or proximity to your Designated Territory and whether or not they provide services similar to those that you offer. You do not have any rights with respect to other and/or related businesses, products and/or services, in which we may be involved, now or in the future. Your Designated Territory will not be modified by us for any reason so long as you are not in default of your Franchise Agreement, except in cases where (a) your requested relocation of your Studio is approved and you relocate, and/or (b) at the time of any requested renewal or proposed assignment of the franchise, the population of the Designated Territory is over 50,000. In such cases, we may move or modify the size of your Designated Territory.

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.

Rights Within and Outside the Designated Territory

While you and other Studios will be able to provide the Approved Services to any potential client that visits or otherwise reaches out to your Studio, you will not be permitted to actively solicit or recruit clients outside your Designated Territory, unless we provide our prior written consent.

You will not be permitted to advertise and promote your Studio via advertising that is directed at those outside your Designated Territory without our prior written consent, which we will not unreasonably withhold provided (a) the area you wish to advertise in is contiguous to your Designated Territory, and (b) that area has not been granted to any third party in connection with a Studio (or Development Agreement) of any kind.

We may choose, in our sole discretion, to evaluate your Studio for compliance with the System Standards using various methods (including, but not limited to, inspections, field service visits, surveillance camera monitoring, member comments/surveys, and secret shopper reports). You must meet minimum standards for cleanliness, equipment condition, repair and function, and customer service. Your employees, including independent contractors, must meet minimum standards for courteousness and customer service.

Minimum Gross Sales Quota(s)

Unless waived by us due to unique market conditions, you must meet a certain minimum monthly Gross Sales quota (the “Minimum Monthly Gross Sales Quota”), as follows: (i) you must achieve and maintain trailing 12-month average monthly Gross Sales of \$30,000 by the 1st anniversary of the opening of your Studio; and (ii) you must achieve and maintain trailing 12-month average monthly Gross Sales of \$40,000 by the 2nd anniversary and each successive anniversary of the opening of your Studio. If you fail to meet the Minimum Monthly Gross Sales Quota for 36 consecutive

months at any time during the term of your Franchise Agreement, we, in our discretion, may institute a mandatory corrective training program.

Development Agreement

If you are awarded the right to acquire multiple franchises for Studios under our form of Development Agreement, then we will provide you with a Development Area upon execution of the Development Agreement. The size of your Development Area will substantially vary from other System developers based on: (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 Studios. 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 are responsible for locating and presenting to us proposed sites for Studios in the Development Area. We will use reasonable efforts to review and evaluate the proposed sites within 30 days after we receive all requested information and materials to evaluate the site. We will approve the proposed site for any Studio if it meets our then-current standards. If we accept a proposed site, you (or your affiliate) must timely sign a separate Franchise Agreement for the site. Each Studio you timely open and commence operating under our then-current form of franchise agreement will be operated: (i) from a distinct site located within the Development Area; and (ii) within its own Designated Territory that we will define once the site for that Studio has been approved.

We will not own or operate, or license a third party the right to own or operate, a Studio utilizing the Marks and System from a physical location within the Development Area until the earlier of (a) the date we define the Designated Territory of the final Franchised Business you were granted the right to operate under the Development Agreement, or (b) the expiration or termination of the Development Agreement for any reason (whichever occurs earlier). Your Development Area will be exclusive during this time period.

Upon the occurrence of any one of the events described in the preceding paragraph, your territorial rights within the Development Area will be terminated, except that each Franchised Business that you have opened and are continuously operating as of the date of such occurrence will continue to enjoy the territorial rights within their respective Designated Territories that were granted under the franchise agreement(s) you entered into for those Franchised Business(es).

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your development rights 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.

Reserved Rights

We and our parents/affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement and/or Development Agreement (as appropriate): (i) establish and operate, and license any third party the right to establish and operate, other Studios and Studios using the Marks and System at any location outside of your Designated Territory(ies) and, if applicable, Development Area; (ii) market, offer and sell products and services that are similar to the products and services offered by the Studio under a different trademark or trademarks at any location, within or outside the Designated Territory(ies) and, if applicable, the Development Area; (iii) use the Marks and System, as well as other such marks we designate, to distribute any Approved Products and/or Approved Services in any alternative channel of distribution, within or outside the Designated Territory(ies) and Development Area (including the Internet and other e-commerce channels and streaming platforms; wholesale stores, retail stores, catalog sales, etc.) as further described below; (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Approved Services (but under different marks), within or outside your

Designated Territory(ies) and, if applicable, Development Area; (v) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement and, if applicable, your Development Agreement; and (vi) open and operate, or license third parties the right to open or operate, Studios at “Non-Traditional Sites” both within and outside the Designated Territory and, if applicable, Development Area. “Non-Traditional Site” means any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, “big box” gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations).

Neither the Franchise Agreement nor the Development Agreement grants you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our parent/affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders (via alternate channels of distribution) within your Designated Territory.

Internet Sales / Alternative Channels of Commerce

We may sell products and services to members located anywhere, even if such products and services are similar to what we sell to you and what you offer at your Studio. We may use the internet or alternative channels of commerce to sell products and services branded with the Marks. You may only sell the products and services from your Studio’s Authorized Location, and may only use the internet or alternative channels of commerce to offer or sell the products and services, as permitted by us, in order to register members for classes. We may require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet or otherwise. We retain the right to approve or disapprove of such advertising, in our sole discretion. Any use of social media by you pertaining to the Studio must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. We may “occupy” any social media websites/pages and be the sole provider of information regarding the Studio on such websites/pages (e.g., a system-wide Facebook page). At our request, you will promptly modify or remove any online communication pertaining to the Studio that does not comply with the Franchise Agreement or the Manual. You are not prohibited from obtaining members over the Internet provided your Internet presence and content comply with the requirements of the Franchise Agreement.

Additional Disclosures

Neither the Franchise Agreement nor the Development Agreement provides you with any right or option to open and operate additional Studios (other than as specifically provided for in your Development Agreement if you are granted multi-unit development rights). Regardless, each Studio you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

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. We have not established, nor do we presently intend to establish, other franchised or company-owned businesses that are similar to the Studio and that sell our Approved Products and Approved Services under a different trade name or trademark, but we may do so in the future without your consent. Certain of our affiliates are involved with franchising and other activities as previously disclosed in Item 1 of this Disclosure Document, and such affiliates may continue conducting franchising and other activities.

ITEM 13 TRADEMARKS

We grant you the right to use the Marks we designate for use in connection with your Studio as part of the license rights you are granted under each Franchise Agreement you enter into with us, provided you only use the Marks in connection with your Studio operations and in strict accordance with the terms of your Franchise Agreement and any

Manual or other written directives from us. The following Marks are registered and owned by us on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Mark	Registration No.	Registration Date
ROW HOUSE	4,540,112	May 27, 2014
ROW HOUSE	5,745,125	May 7, 2019
ROW//HOUSE	6,085,765	June 23, 2020

We expect and intend to submit all affidavits and other filings necessary to maintain the registrations above. There are no presently effective determinations of the United States Patent and Trademark Office, the trademark administrator of any State, or any court, nor any pending material litigation involving any of the Marks which are relevant to their use in any State. There are no pending interference actions or opposition or cancellation proceedings that significantly limit our rights to use or license the use of the Marks in any manner material to the System. We have filed all required affidavits for the Marks and will continue to do so.

You must follow our rules when you use the Marks. You cannot use our name or any of the Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You must not use any other trade names or trademarks in the operation of the Studio without first obtaining our written consent. You must not establish a website on the Internet using any domain name containing the Marks or any variation thereof without our written consent. We retain the sole right to advertise on the Internet and create a website using the Marks as domain names.

If it becomes advisable, in our sole discretion, for us to modify or discontinue use of any of the Marks, or use one or more additional or substitute Mark, you must comply with our directions to modify or otherwise discontinue the use of such Mark within a reasonable time after notice by us. We will not be obligated to compensate you for any costs you incur in connection with any such modification or discontinuance.

You cannot seek to register, re-register, assert claim to ownership of, license or allow others to use or otherwise appropriate to itself any of the Marks or any mark or name confusingly similar to them, except insofar as such action inures to our benefit and has our prior written approval. Upon the termination or cancellation of the Franchise Agreement, you must discontinue use of the Marks, remove copies, replicas, reproductions or simulations thereof from the premises and take all necessary steps to assign, transfer, or surrender to us all Marks which you may have used in connection with the Franchise Agreement.

You must immediately notify us of any apparent infringement of or challenge to your use of the Marks. Although not obligated to do so, we will take any action deemed appropriate and will control any litigation or proceeding. You must cooperate with any litigation relating to the Marks which we or our affiliates, or the licensor, might undertake.

We are not aware of any prior superior rights or infringing uses that would materially affect your use of the Marks. There are no agreements currently in effect, which significantly limit our rights to use or license the use of the Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent or copyright, but you can use the proprietary information in the Manual. Item 11 describes the Manual and the limitations on the use of the Manual by you and your employees.

We have no registered copyrights or pending patent applications that are material to the Franchise. However, we claim copyrights on certain forms, advertisements, promotional materials, software source code and other Confidential Information as defined below.

There currently are no effective determinations of the United States Copyright Office (or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

All information relating to the System and to the development and operation of Studios (including your Studio), including, without limitation, the Manual, our training programs, members and supplier lists, customer data, or other information or know-how distinctive to the development or operation of a Studio (all of the preceding information is the “Confidential Information”) is considered to be proprietary and trade secrets of Franchisor. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates, or any personnel or any information of your employees and other personnel. We disclose to you Confidential Information needed for the operation of a Studio, and you may learn additional information during the term of your franchise. We have all rights to the Confidential Information and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

Both during and after the term of your Franchise Agreement, you must use the Confidential Information only for the operation of your Studio under a Franchise Agreement; maintain the confidentiality of the Confidential Information; not make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and follow all prescribed procedures and regulations for prevention of unauthorized use or disclosure of the Confidential Information.

We have the right to use and authorize others to use all ideas, techniques, methods and processes relating to the Studio that you or your employees conceive or develop.

You also agree to fully and promptly disclose all ideas, techniques and other similar information relating to Studios or the Franchise that are conceived or developed by you and/or your employees. We will have a perpetual right to use, and to authorize others to use, those ideas, etc. without compensation or other obligation.

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

Your Business must always be under the direct, “on-premises”, full-time supervision of a Key Manager, which is you if you are an individual, or is an individual you select if you are a business entity. The Key Manager must meet our minimum standards and must attend and satisfactorily complete our initial training program before opening the Business. Your Key Manager must also satisfactorily complete the on-the-job training program before opening your Franchise. You must keep us informed of the identity of your current Key Manager. If you are a corporation or other business entity and the Business is under the supervision of a Key Manager, he or she does not have to be one of your owners or otherwise have an equity interest in the Business.

If you are not an individual, all principals of your organization (i.e., persons or partners who sign the Franchise Agreement and in the case of a corporation, partnership, or limited liability company, the shareholders, partners, managers or members of that organization and their respective spouses), must sign the Guaranty Agreement presented as an exhibit to the Franchise Agreement as Attachment 6, as we deem necessary for adequate security. This is a personal guarantee of the obligations under the Franchise Agreement. This Guaranty Agreement gives us the right to collect any amounts due to us from each guarantor personally.

As described in Item 14, individuals having access to Confidential Information are required to execute the Personal Covenants contained in the Franchise Agreement as Attachment 2, which are substantially the same as the noncompetition, non-solicitation and confidentiality covenants contained in the Franchise Agreement.

The Franchise Agreement is signed by us, by you, and the “Designated Principal(s)” of your Franchised Business. The Designated Principal (s) (there may be up to two such individuals, but only one address to which we communicate in regard to the franchise) named has the authority to act for you in all matters relating to the Purvelo Franchise. By signing the Franchise Agreement, you and the Designated Principal (s) agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement. Depending on the type of business activities, which must be fully disclosed prior to signing this document, in which you or your Designated Principal(s) may be involved, we require you and/or your Designated Principal(s), and Key Manager to sign additional confidentiality and non-competition agreements.

We will not unreasonably withhold our approval of any Key Manager you propose, provided the individual has successfully completed the operator module of the initial training and, if that individual will be providing any Approved Services and/or any kind of personnel training in the future.

You are solely responsible for the hiring and management of the Studio personnel, including all Instructors, for the terms of their employment (or engagement) and for ensuring their compliance with any training or other requirements established by us. You will keep us advised, in writing, of any Key Manager involved in the operation of the Studio and their contact information.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only operate your Studio from an approved retail location selected by you with our approval, and you must not use, or permit the use of, that retail location for any other purpose without our written consent. You must operate your Studio in strict conformity with the methods, standards, and specifications in the Manual and as we may require otherwise in writing. You may not deviate from these standards, specifications, and procedures without our written consent.

You must offer all the services and products we specify in strict accordance with our standards and specifications as set forth in the Manual. We have the right, using our reasonable business judgment, to specify the maximum prices at which you must offer some or all the products and services. You may not sell any services or products that we have not authorized, and you must discontinue offering any services or products that we may, in our sole discretion, disapprove in writing at any time. If your Studio is a conversion, then you must stop using all products, supplies, and equipment that we have not approved or that does not conform to our System.

We may periodically change the required or authorized products or services for Franchised Businesses. There are no limits on our right to do so. If we modify the System, you may be required to add or replace equipment, signs, and fixtures, and you may have to make improvements or modifications as necessary to maintain uniformity with our current standards and specifications.

Subject to applicable law, and in accordance with your Opening Support Program and the System Standards, you must begin offering and selling memberships for your Studio upon commencement of the Pre-Sale Phase.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

A. Franchise Agreement

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 3.1	Begins on the Effective Date of your Franchise Agreement and continues for 10 years from that date.
b. Renewal or extension of term	Section 3.2	If you meet the conditions, you may enter into 3 successor 5-year terms.
c. Requirements for renewal or extension	Section 3.2	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 15.5	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 (subject to state law).
e. Termination by franchisor without cause	Not Applicable	None.
f. Termination by franchisor with cause	Section 15.1	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

Provision	Section in Franchise Agreement	Summary
		comply with the Development Schedule), or any other agreement between you and us (see (g) and (h) below).
g. “Cause” defined – curable defaults	Sections 15.1 and 15.2	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.
h. “Cause” defined – non-curable defaults	Sections 15.1 and 15.2	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.

Provision	Section in Franchise Agreement	Summary
i. Franchisee’s obligation on termination/non-renewal	Article 13 and Section 15.3	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 franchisor	Section 14.6	No restriction on our right to assign.
k. “Transfer” by franchisee definition	Section 14.1	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. Franchisor approval of transfer by franchisee	Sections 14.1 and 14.2	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 14.2	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. Franchisor’s right of first refusal to	Section 14.5	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.

Provision	Section in Franchise Agreement	Summary
acquire franchisee's business		
o. Franchisor's option to purchase franchisee's business	Sections 14.5 and 15.3	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 14.3	Executor or representative must transfer your interest to a third party approved by us within 120 days.
q. Non-competition covenants during the term of the franchise	Article 13	You and your Owners may not: (i) teach or lead, or train individuals to teach or lead, any rowing-based fitness 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; (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 "Competitive Business") in the United States; (iii) 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; (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 is terminated or expires	Article 13 and Section 15.3	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 Franchise Agreement	Article 19	Except for modifications to the Manuals, no modifications unless agreed to in writing by both parties.
t. Integration/merger clause	Article 19	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.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Article 16	Prior to filing most proceedings, a party must submit the dispute to internal dispute resolution and then non-binding mediation.
v. Choice of forum	Section 16.6	Subject to applicable state laws, you and your Owners must, and we may, bring claims in federal or state courts located in Charlottesville, VA (or the city in which our principal place of business is then located, if we no longer have an office in Charlottesville, VA).
w. Choice of law	Section 16.1	Virginia law applies, except disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) and unless individual state law directs otherwise.

B. Development Agreement

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

Provision	Section in Development Agreement	Summary
a. Length of the term of the Development Agreement	Section 2.A, Exhibit A	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 developer to renew or extend	Not Applicable	Not Applicable
d. Termination by developer	Not Applicable	You have no right to terminate the Development Agreement except as applicable law allows.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Article 8	We can terminate only if you default (see (g.) and (h.) below).
g. “Cause” defined – curable defaults	Not Applicable	Not Applicable

Provision	Section in Development Agreement	Summary
h. “Cause” defined – non-curable defaults	Section 8.A	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. Developer’s obligations on termination/ non-renewal	Section 8.B	You will lose your right to develop additional Studios.
j. Assignment of contract by franchisor	Section 9.A	No restriction on our right to assign.
k. “Transfer” by developer - defined	Section 9.B	Includes transfer of the Development Agreement or any interest in the Development Agreement or the Entity.
l. Franchisor approval of transfer by developer	Section 9.C	We have the right to approve or not approve all transfers in our sole discretion.
m. Conditions for franchisor approval of transfer	Section 9.C	We have sole discretion in setting conditions for our approval of a transfer.
n. Franchisor’s right of first refusal to acquire developer’s business	Section 9.D	We have the first right of refusal on all transfers, exercisable within 30 days of receiving all documentation that we require.
o. Franchisor’s option to purchase developer’s business	Not Applicable	Not Applicable
p. Death or disability of developer	Section 9.C	We have the right approve or disapprove any transfer in our sole discretion.
q. Non-competition covenants during the term of the franchise	Article 6	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 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.

Provision	Section in Development Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 6(B)	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 Development Agreement	Article 14	No modifications unless agreed to in writing by both parties.
t. Integration/merger clause	Article 14	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	Article 12	Prior to filing most proceedings, each party has the right to demand non-binding mediation.
v. Choice of forum	Article 12	Subject to applicable state laws, you and your Owners must, and we may, bring claims in federal or state courts located in Charlottesville, VA (or the city in which our principal place of business is then located, if we no longer have an office in Charlottesville, VA).
w. Choice of law	Article 12	Subject to applicable state laws, Virginia law applies, without regard to Virginia conflict-of-laws rules.

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in Exhibit H, entitled State Specific Addenda, to this Disclosure Document.

ITEM 18 PUBLIC FIGURES

We do not currently use any public figure or personality to promote the Franchise being offered in this Disclosure Document.

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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or affiliate-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 Studio,

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 our management by contacting RJ Krone at 1000 W. Main Street, Charlottesville, Virginia 22903, (877) 827-8074, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE 1
Systemwide Outlet Summary
For Years 2021 to 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	70	81	+11
	2022	81	81	0
	2023	81	65	-16
Company Owned	2021	16	10	-6
	2022	10	14	+4
	2023	14	1	-13
Total Outlets	2021	86	91	+5
	2022	91	95	+4
	2023	95	66	-29

**TABLE 2
Transfer of Outlets from Franchisees to New Owners
(Other Than Franchisor)
For Years 2021 to 2023**

State	Year	Number of Transfer
Arizona	2021	0
	2022	1
	2023	0
California	2021	2
	2022	2
	2023	1
Colorado	2021	0
	2022	1
	2023	0
Connecticut	2021	0
	2022	2
	2023	0
District of Columbia	2021	0
	2022	2
	2023	0
Florida	2021	1
	2022	0

State	Year	Number of Transfer
	2023	0
Georgia	2021	0
	2022	0
	2023	1
Massachusetts	2021	0
	2022	1
	2023	0
Missouri	2021	0
	2022	0
	2023	1
Nebraska	2021	1
	2022	0
	2023	0
New Jersey	2021	1
	2022	2
	2023	0
North Carolina	2021	0
	2022	0
	2023	2
South Dakota	2021	0
	2022	1
	2023	0
Texas	2021	0
	2022	1
	2023	1
Virginia	2021	0
	2022	0
	2023	2
Washington	2021	0
	2022	1
	2023	0
Total	2021	5
	2022	14
	2023	8

TABLE 3
Status of Franchised Outlets
For Years 2021 to 2023

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
AZ	2021	1	0	0	0	1	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
CA*	2021	13	8	0	0	0	0	21
	2022	21	2	0	0	2	0	21

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2023	21	1	0	0	1	8	13
CO	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	1	0	4
	2023	4	1	0	0	0	1	4
CT	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
DC*	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	1	0	0	0	0	2
FL*	2021	5	1	0	0	1	0	5
	2022	5	2	0	0	0	0	7
	2023	7	3	0	0	2	2	6
GA	2021	3	2	0	0	1	0	4
	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	1	2	2
IL	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	1	1	0
MA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MD	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MI	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	2	0	0
	2023	0	2	0	0	0	1	1
MN	2021	1	0	0	0	1	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	1	0
MO	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
NC	2021	2	1	0	0	1	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
NE	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NJ*	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
NY*	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	3	0	0	3	2	2
OH	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	3	0	0
	2023	0	3	0	0	0	2	1
OK	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
PA	2021	1	1	0	0	1	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
SC	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	1	0
SD	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
TN*	2021	2	0	0	0	1	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
TX*	2021	5	4	0	0	0	0	9
	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	3	6
	2021	7	0	0	0	1	0	6

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
VA*	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	2	5
WA*	2021	3	0	0	0	0	0	3
	2022	3	2	0	0	2	0	3
	2023	3	0	0	0	0	0	3
Total	2021	70	19	0	0	8	0	81
	2022	81	11	0	0	10	1	81
	2023	81	19	0	0	8	27	65

* Includes franchisees that have signed Development Agreements.

TABLE 4
Status of Company-Owned Outlets
For Years 2021 to 2023

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
AZ	2021	0	0	1	0	0	1
	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
CA	2021	7	1	0	0	8	0
	2022	0	0	2	0	1	1
	2023	1	0	1	1	1	0
CO	2021	1	0	0	0	1	0
	2022	0	0	2	0	1	1
	2023	1	0	0	0	1	0
FL	2021	0	0	1	0	0	1
	2022	1	0	0	0	1	0
	2023	0	0	2	0	2	0
GA	2021	0	0	1	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	1	0	1	0
IL	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	1	3	1	0

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
MI	2021	0	0	0	0	0	0
	2022	0	0	2	0	0	2
	2023	2	0	0	0	2	0
MN	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
NC	2021	0	0	1	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
NY	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	3	0	3	1
OH	2021	0	0	0	0	0	0
	2022	0	0	3	0	0	3
	2023	3	0	0	0	3	0
PA	2021	0	0	1	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
SC	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
TN	2021	0	0	1	0	0	1
	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
TX	2021	3	0	0	0	3	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
VA	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
WA	2021	0	0	0	0	0	0
	2022	0	0	2	0	2	0
	2023	0	0	0	0	0	0
Total	2021	16	1	8	0	15	10
	2022	10	0	10	0	6	14
	2023	14	0	8	4	17	1

TABLE 5
Projected Openings as of December 31, 2023

State	Unit Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected new Company-owned Outlets in the Next Fiscal Year
AZ	1	1	0
CA	6	4	0
CO*	3	2	0
DC	1	1	0
MA	2	1	0
MD	1	1	0
NJ*	3	2	0
NV	1	1	0
PA	1	1	0
TN	1	1	0
TX	5	3	0
VA	2	1	0
WA	1	0	0
TOTALS	28	18	0

A list of the names, addresses and telephone numbers of our current franchisees as of the date of this Disclosure Document is attached as Exhibit I. A list of the names, addresses and telephone numbers of our franchisees who have had a franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document is attached as Exhibit J.

In the last three fiscal years, we have required franchisees to enter into confidentiality agreements that restrict their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

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

Trademark-Specific Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system that require disclosure in this Item.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit C is (a) our affiliate's, Purvelo's, audited balance sheet and financial statements as of December 31, 2022 and (b) our affiliate's, Purvelo's, audited financial statements as of December 31, 2023. Purvelo absolutely and unconditionally guarantees to assume our duties and obligations under the Franchise Agreements and Development Agreements. Exhibit C also contains Purvelo's unaudited balance sheets as of March 31, 2024 and June 30, 2024 and its profit and loss statements for the periods between January 1, 2024 and March 31, 2024 and April 1, 24 and June 30, 2024. Exhibit D contains Purvelo's Guaranty of Performance. Purvelo has not been franchising for three years or more, and therefore cannot include all financial statements required to be disclosed in this Item. Our and Purvelo's fiscal year ends on December 31 of each year.

ITEM 22 CONTRACTS

The following agreements are attached to this Disclosure Document:

Exhibit A	Form of Franchise Agreement and Exhibits
Exhibit 1	Ownership Interests; Site Selection Area; Authorized Location; Designated Territory
Exhibit 2	Authorized Location Addendum
Exhibit 3	Guarantee, Indemnification and Acknowledgment
Exhibit 4	Addendum to Lease
Exhibit E	Statement of Prospective Franchisee
Exhibit G	Form of General Release
Exhibit H	State Specific Addenda
Exhibit K	Form of Area Development Agreement

ITEM 23 RECEIPTS

Exhibit L contains detachable documents acknowledging your receipt of this Disclosure Document.

EXHIBIT A
FORM OF FRANCHISE AGREEMENT

ROW HOUSE FRANCHISING, LLC

**ROW HOUSE[®]
FRANCHISE AGREEMENT**

TABLE OF CONTENTS

1. GRANT OF FRANCHISE.....	1
1.1 Grant.....	1
1.2 Site Approval Process.....	2
1.3 Exclusivity for Designated Territory.....	3
1.4 Rights Reserved to Franchisor.....	3
2. ACCEPTANCE BY FRANCHISEE.....	4
2.1 Acceptance by Franchisee.....	4
2.2 Conditions.....	4
3. TERM AND SUCCESSOR FRANCHISES.....	4
3.1 Term.....	4
3.2 Successor Franchises.....	5
3.3 Holdover.....	5
4. TRADEMARK STANDARDS.....	5
4.1 Ownership of Marks.....	5
4.2 Use of Marks.....	6
4.3 Notification of Infringement.....	6
4.4 Modification, Discontinuance or Substitution.....	6
5. FEES.....	6
5.1 Initial Franchise Fee.....	6
5.2 Royalty Fee.....	7
5.3 Gross Sales.....	7
5.4 Fitness Equipment & Initial FF&E Package; Pre-Sales and Soft Opening Retail Inventory Kit; Pre-Sales Phase Expenditures; POS/Inventory System.....	7
5.5 Training Programs and Fees.....	8
5.6 Fund Contribution.....	9
5.7 Technology Fee.....	9
5.8 Music Licensing Fee.....	9
5.9 Other Amounts Due in Connection with the Studio.....	9
5.10 Electronic Transfer; Right to Modify Collection Interval.....	9
5.11 Interest and Late Charges.....	10
6. FRANCHISOR SERVICES.....	10
6.1 General Guidance for Opening.....	10
6.2 Training-Related Programs and Obligations.....	10
6.3 Operations Manual.....	11
6.4 Continuing Services.....	12
6.5 Approved Lists.....	12
6.6 Pricing.....	12
6.7 Fund.....	12
6.8 Approving Pre-Opening Support Program.....	12
6.9 Branded Emails.....	12
7. FACILITY STANDARDS, LEASE AND CONSTRUCTION.....	13
7.1 Facility Specifications.....	13
7.2 Lease.....	14
7.3 Unit Development.....	14
7.4 Franchisee’s Responsibility.....	15
8. STUDIO IMAGE AND OPERATING STANDARDS.....	15
8.1 Compliance.....	15
8.2 Franchisor’s Right to Inspect.....	15

8.3	Personnel.....	15
8.4	Products and Services to be Offered for Sale.....	16
8.5	Compliance with Laws.....	18
8.6	Operational Efforts.....	18
8.7	Performance Standards.....	18
9.	ADVERTISING AND MARKETING.....	19
9.1	Fund.....	19
9.2	Initial Marketing Spend; Local Marketing Activities.....	20
9.3	Social Media Activities.....	21
9.4	Franchisee Marketing Groups.....	21
10.	FINANCIAL REPORTS, AUDITS, COMPUTER SYSTEM AND INSURANCE REQUIREMENTS .	21
10.1	Records and Reports.....	21
10.2	Right to Conduct Audit or Review.....	22
10.3	Computer System and Software.....	22
10.4	Information Security.....	22
10.5	Insurance.....	23
11.	RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.....	24
11.1	Independent Contractor.....	24
11.2	Indemnification.....	25
12.	CONFIDENTIAL INFORMATION.....	25
12.1	Franchisor’s Confidential Information.....	25
12.2	Injunctive Relief.....	26
13.	COVENANTS NOT TO COMPETE.....	26
13.1	Non-Competition Covenants of Franchisee.....	26
13.2	Enforcement of Covenants.....	27
14.	TRANSFER OF INTEREST.....	28
14.1	Franchisor’s Approval Required.....	28
14.2	Conditions for Approval of Transfer.....	28
14.3	Death or Disability of Franchisee.....	30
14.5	Franchisor’s Right of First Refusal.....	31
14.6	Transfer by Franchisor.....	31
15.	DEFAULT AND TERMINATION OF AGREEMENT.....	31
15.1	Termination of Franchise by Franchisor.....	31
15.2	Cross-Default.....	33
15.3	Obligations of Franchisee upon Termination, Expiration or Non-Renewal.....	33
15.4	Franchisor’s Rights and Remedies in Addition to Termination.....	36
16.	RESOLUTION OF DISPUTES.....	37
16.1	Governing Law.....	37
16.2	Internal Dispute Resolution.....	38
16.3	Mediation.....	38
16.4	Other Proceedings (Right to Injunctive Relief).....	38
16.5	Consent to Jurisdiction.....	38
16.6	Waiver of Punitive Damages.....	38
16.7	WAIVER OF JURY TRIAL.....	39
16.8	WAIVER OF CLASS ACTIONS.....	39
16.9	Attorneys’ Fees and Costs.....	39
16.10	No Withholding of Payments.....	39
16.11	Limitation of Actions.....	39
16.12	Third-Party Beneficiaries.....	40

17. MISCELLANEOUS PROVISIONS	40
17.1 Severability	40
17.2 Waiver and Delay	40
17.3 Franchisor’s Discretion	40
17.4 Notices	41
17.5 No Recourse Against Nonparty Affiliates.	41
17.6 Non-Disparagement.....	41
17.7 Security Interest.....	41
17.8 Survival.....	41
18. ACKNOWLEDGMENTS.....	42
19. ENTIRE AGREEMENT.....	42

EXHIBITS

EXHIBIT 1	OWNERSHIP INTERESTS; SITE SELECTION AREA; AUTHORIZED LOCATION; DESIGNATED TERRITORY
EXHIBIT 2	AUTHORIZED LOCATION ADDENDUM
EXHIBIT 3	GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT
EXHIBIT 4	ADDENDUM TO LEASE

ROW HOUSE[®] FRANCHISE AGREEMENT

This Franchise Agreement (this “Agreement”) is made effective as of the Effective Date by and between **ROW HOUSE FRANCHISING, LLC**, a Delaware limited liability company with its principal business address at 126 Garrett St Ste J, Charlottesville, Virginia 229021 (“Franchisor”), and the person or entity identified as the “Franchisee” in the signature blocks below (“Franchisee,” and together with Franchisor, the “Parties”). The Effective Date is the date Franchisor signs this Agreement as shown beneath its signature hereto.

RECITALS

Franchisor owns, administers and grants franchises for a system of fitness studios that (a) offer and sell specialized instruction and related services (“Approved Services”) and merchandise and other products (“Approved Products”), (b) are currently identified by the trademark “Row House” and related designs and use other related trademarks and service marks designated from time to time by Franchisor (the “Marks”), (c) reflect distinctive interior design and display procedures, and color scheme and décor (the “Trade Dress”), and (d) operate using a designated “System” which includes the Marks, Trade Dress and certain of Franchisor’s other intellectual property (“Intellectual Property”) including trade secrets, copyrights, confidential and proprietary information, and designated training and exercise methods and know-how, fitness equipment, furniture and fixtures, marketing, advertising and sales promotions, cost controls, accounting and reporting procedures, and personnel management systems (each, a “Row House Studio” and collectively, the “Row House Studios”).

Franchisee has requested that Franchisor grant it a franchise to own and operate a Row House Studio and, to support its request, has provided Franchisor with certain information about its experience, skills and resources (the “Application Materials”). Franchisee has independently investigated the business contemplated by this Agreement and recognizes that the nature of the business may change over time.

Franchisor is willing to grant Franchisee’s request on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of and reliance on the foregoing Recitals (which are incorporated herein by reference), the agreements described below, and other valuable consideration, receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. GRANT OF FRANCHISE

1.1 **Grant.** Franchisee agrees to, at all times, faithfully, honestly and diligently perform its obligations under this Agreement and to use its best efforts to promote its Row House Studio (the “Studio”) as described herein. Accordingly, Franchisor grants to Franchisee the non-exclusive right and license to establish and operate a single Studio, offering only the Approved Services and Approved Products and utilizing only the System and the Marks, at the location identified on Exhibit 1 or as determined in accordance with Section 1.2 below (the “Authorized Location”), in accordance with the provisions and for the Term (defined below) specified in this Agreement.

Franchisee agrees not to conduct the business of its Studio at any location other than the Authorized Location and to use the Authorized Location only for the operation of its Studio. Franchisee also agrees that, once its Studio opens for business, it will continuously operate the Studio in accordance with this Agreement for the duration of the Term.

1.2 **Site Approval Process.** If the Authorized Location is not identified on Exhibit 1 when Franchisee signs this Agreement, Franchisee must search for acceptable locations for the Studio within the area identified on Exhibit 1 (the “Site Selection Area”) and secure Franchisor’s acceptance of the proposed location within 90 days after the Effective Date (the “Site Acceptance Period”). The Site Selection Area has been identified for the sole purpose of facilitating the orderly development of the market, and not for purposes of granting Franchisee any exclusivity or protection within the Site Selection Area. Franchisee acknowledges and agrees that Franchisor does not guarantee that Franchisee will find an acceptable site within the Site Selection Area or during the Site Acceptance Period.

Despite any assistance Franchisor provides to Franchisee, Franchisee is entirely responsible, at its expense, for doing everything necessary to develop and open the Studio in accordance with this Agreement, including, subject to Franchisor’s prior written acceptance, timely locating, selecting, and securing possession of the Authorized Location.

Franchisee must employ a qualified licensed architect, specified and/or approved by Franchisor, as required by state or local codes, to provide notice to Franchisor of Franchisee’s general contractor, to prepare all drawings, designs, plans and specifications for the Studio (“Plans”), and submit same to Franchisor for review and approval prior to commencing construction. After receiving Franchisor’s written approval of the Plans and Franchisee’s general contractor, complete the initial buildout or remodeling of the Studio in full and strict compliance with Plans and specifications approved by Franchisor in the Manuals or elsewhere in writing, and in compliance with all applicable ordinances, building codes and permit requirements.

Franchisor will review each site that the Real Estate Project Manager (defined below), broker or Franchisee identifies and determine whether to accept it using Franchisor’s proprietary site selection assistance criteria, which may include evaluations of the proposed site by third-party site selection assistance software. Franchisee is responsible for the on-site evaluation of the proposed sites. If Franchisor determines that it is necessary for Franchisor to provide on-site evaluation assistance, Franchisor will charge Franchisee a site selection fee (currently, \$500 per each of Franchisor’s employees or agents for each full or partial day, plus travel and living expenses). Franchisee must secure a site that Franchisor has accepted by signing a site lease or purchase agreement within 120 days after the effective date of this Agreement (the “**Site Acquisition Deadline**”). Franchisor may extend this Site Acquisition Deadline in its sole discretion, and Franchisor may require Franchisee to execute a general release as a condition of Franchisor agreeing to grant such extension. If Franchisee does not secure a site for the Studio that Franchisor accepts by the Site Acquisition Deadline, Franchisor may terminate this Agreement.

Franchisor shall consult and advise Franchisee on the proper display of the Marks, layout and design, procurement of cycling/fitness equipment, ergometers, free weights and other equipment, furniture, fixtures, initial inventories, recruiting personnel, and managing construction or remodeling of the Studio. After Franchisee has executed a lease for the Site, Franchisor shall deliver to Franchisee specifications and standards for building, equipment, furnishings, fixtures, layout, design, and signs relating to the Site and shall provide reasonable consultation in connection with the development of the Studio. Franchisee’s architect must make any layout, design and specifications provided by Franchisor site-specific. Franchisee agrees to make no changes, alterations, or modifications whatsoever to the selected layout and design without obtaining prior written consent from Franchisor. Franchisee must retain an architect to generate the design and construction plans for the Studio. Franchisor may, in its discretion, designate an architect that Franchisee must use. Franchisor may require Franchisee to engage at Franchisee’s own expense a real estate project manager (the “Real Estate Project Manager”) that Franchisor designates to manage and lead real estate brokerage services, site selection counseling, and other assistance that the Real Estate Project Manager considers necessary and appropriate. Franchisor will approve the Studio opening, provided (i) Franchisor has viewed the certificate of occupancy, (ii) confirmed that Franchisee has complied with the

Plans, and (iii) confirmed that Franchisee has complied with the pre-opening obligations set forth in this Agreement and has done so in accordance with the System standards as set forth in the Manuals.

When it accepts Franchisee's proposed site, Franchisor will designate, in its sole determination based on any and all factors that Franchisor determines to be important, an area around the Authorized Location (the "Designated Territory"). If the Authorized Location and Designated Territory are not identified in Exhibit 1 when this Agreement is signed, Franchisor will, upon its acceptance of Franchisee's proposed site for the Studio, complete and deliver to Franchisee the Authorized Location Addendum attached hereto as Exhibit 2. Franchisee will have 10 days following delivery of the Authorized Location Addendum to execute and return it to Franchisor. If Franchisee rejects the addendum or does not timely sign and return it to Franchisor, Franchisor may, in its discretion, revoke its acceptance of the Authorized Location, in which case, Franchisee must propose and secure Franchisor's acceptance of an alternative site, using the same process, within the remainder of the Site Acceptance Period.

Once it acknowledges its acceptance of the Authorized Location and Designated Territory, Franchisee must thereafter obtain lawful possession of the Authorized Location by lease, purchase or other method and open its Studio in accordance with the conditions and deadlines set forth in this Agreement.

Franchisor will have the right to modify the boundaries of the Designated Territory if (a) Franchisee relocates its Studio as permitted under this Agreement, or (b) at the time of any requested renewal or proposed Transfer (defined below), the population of the Designated Territory is over 50,000, with said modifications designed to afford Franchisee with a territory that contains a population that is similar to that contained within the original Designated Territory.

1.3 **Exclusivity for Designated Territory.** As long as Franchisee is in compliance with this Agreement and except as described in Section 1.4 below, Franchisor will not operate, or grant a license to a third-party to operate, during the Term, a Row House Studio located within the Designated Territory.

1.4 **Rights Reserved to Franchisor.** For the avoidance of doubt, Franchisor reserves for itself and its affiliates all rights not expressly granted to Franchisee in this Agreement and the right to do all things that Franchisor does not expressly agree in this Agreement not to do, in each case, without regard to proximity to the Studio and without any compensation to Franchisee, and on such terms and conditions as Franchisor deems appropriate. Without limitation, Franchisor and its affiliates may, themselves or through authorized third-parties (and Franchisee is not granted the right to): (a) open and operate, and license third-parties the right to open or operate, other Row House Studios utilizing the Marks and System outside the Designated Territory; (b) market, offer and sell products and services similar to those offered by Row House Studios (such as private label products that Franchisor may develop and the Initial Instructor Training (as defined in Section 5.5)) under a different trademark or trademarks at any location, both within or outside the Designated Territory; (c) use the Marks and System, as well as any other marks Franchisor may designate, to distribute Approved Products and/or Approved Services through alternate channels of distribution, including without limitation, via the Internet and other e-commerce channels, catalog sales, direct mail or wholesale, anywhere either within or outside the Designated Territory; (d) acquire, or be acquired by, or merge with, any company, including a company operating or licensing one or more businesses offering products or services similar to those offered by any Row House Studio located within or outside the Designated Territory, and subsequently operate (or license a third-party the right to operate) these businesses and allow them to incorporate certain elements of the System (excluding the Marks and Trade Dress) regardless of location; (e) develop or become associated with and engage in other businesses, including other fitness concepts and systems, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the Designated Territory; (f) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited by this Agreement; and (g) open and operate, or license third-parties the right to open or operate, Row House Studios at "Non-Traditional Sites" both within and outside the Designated Territory. A "Non-

Traditional Site” is any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, “big box” gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations).

2. ACCEPTANCE BY FRANCHISEE

2.1 **Acceptance by Franchisee.** Franchisee accepts this Agreement and the license granted herein and agrees to develop and operate the Studio on the terms and conditions specified herein. Franchisee agrees to comply with all System Standards (as defined in Section 2.2.E), as they may be revised as provided herein, in developing and operating its Studio. Franchisee (or, if Franchisee is an entity, one of its Operating Principals (as defined in Section 5.5)) and its Key Manager (as defined in Section 5.5.A of this Agreement) must attend and complete the appropriate initial training to Franchisor’s satisfaction, as set forth in Section 6.2 of this Agreement.

2.2 **Conditions.** The rights being licensed herein are subject, without limitation, to the following conditions:

- A. The Studio shall be identified only by those Marks approved in writing by Franchisor with at least one exterior sign as designated by Franchisor;
- B. If Franchisee is not a natural person, then concurrently, with the signing of this Agreement, any person who directly or indirectly owns a ten percent (10%) or greater ownership interest in Franchisee (the “Owners”) and each Owner’s spouse (if applicable) must sign and deliver to Franchisor the Guarantee, Indemnification, and Acknowledgment attached as Exhibit 3 hereto (a “Guaranty”). Any person or entity that at any time after the Effective Date becomes an Owner, pursuant to Section 14 or otherwise, shall, as a condition of becoming an Owner, execute and deliver, and require its spouse (if applicable) to execute and deliver, to Franchisor its then-current form of Guaranty;
- C. Franchisee shall submit the proposed lease for the Authorized Location to Franchisor for its written consent before Franchisee executes the lease. The lease must contain the provisions outlined in Franchisor’s then-current form of lease addendum, the current form of which is attached as Exhibit 4, or substantially similar provisions acceptable to Franchisor (“Lease Addendum”);
- D. Franchisee agrees that it shall open the Studio for regular, continuous business no later than six (6) months after the Effective Date. If, through no fault of Franchisee, the Studio has not opened after six (6) months, Franchisor may agree in writing to provide Franchisee with an additional three (3) months to open its Studio if Franchisee (a) has already secured an approved premises for its Studio, and (b) is otherwise making diligent and continuous efforts to buildout and otherwise prepare its Studio for opening throughout the six (6) month period following the Effective Date. Franchisor reserves the right to charge Franchisee a fee of \$2,500 as a condition to granting any extension under this Section; and
- E. Franchisee agrees at all times to comply with the Manual (as defined in Section 6.3 below), and all required standards, operating systems, and other aspects of the System prescribed by Franchisor (the “System Standards”), each of which is subject to change at Franchisor’s discretion.

3. TERM AND SUCCESSOR FRANCHISES

3.1 **Term.** The term of this Agreement shall be for a period of ten (10) years beginning on the Effective Date, unless sooner terminated under Section 15 (the “Term”).

3.2 **Successor Franchises.** Upon the expiration of the initial Term, if Franchisee complies with this Section 3.2, Franchisee may, at its option, obtain three (3) additional consecutive successor terms of five (5) years each (each, a “**Successor Term**”). The initial Term and Successor Terms are referred collectively in this Agreement as the “**Term.**” Franchisee may only exercise this right to obtain a Successor Term by:

(a) giving Franchisor written notice of Franchisee’s 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 Franchisor a fully executed franchise agreement Franchisor’s then-current form of franchise agreement, which Franchisee acknowledges may contain terms materially different than those contained in this Agreement, including, but not limited to, (i) higher rates of Royalty and Fund fees (as herein defined) and other fees and charges and (ii) a modified Designated Territory;

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

(d) executing a general release, in a form Franchisor prescribes, of any and all claims against Franchisor, its affiliates, and its and their past, present, and future officers, directors, shareholders, and employees arising out of, or relating to, the Studio;

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

(f) securing the right from Franchisee’s 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 Franchisor, its affiliates, or Franchisee’s landlord throughout the then-current term and having committed no default of this Agreement, or event which with the giving of notice and/or passage of time would constitute a default, in existence as of the expiration of the then-current term; and

(h) paying to Franchisor the successor fee equal to \$10,000 (“**Successor Fee**”).

3.3 **Holdover.** If, in its discretion and without seeking to enforce Franchisee’s post-term obligations set forth in Section 15.3 of this Agreement, Franchisor suffers Franchisee’s continued operation of its Studio pursuant to this Agreement beyond the expiration of the Term, such continuance of operations shall be deemed to be Franchisee’s election to extend the Term on a month-to-month basis and, in addition to all other rights Franchisor may have as a result of Franchisee’s noncompliance with this Agreement, Franchisor may terminate this Agreement during such period in accordance with Section 15.1.A and Section 15.1.B below or, without any cause or reason, upon 30 days’ prior written notice. Franchisee shall otherwise comply with all of its obligations under this Agreement during the extension of the Term as described in this Section.

4. TRADEMARK STANDARDS

4.1 **Ownership of Marks.** Franchisee acknowledges the validity of the Marks and agrees and recognizes that the Marks are the sole and exclusive property of Franchisor and/or its affiliates. Franchisee further acknowledges that its right to use the Marks and System is derived solely from this Agreement and

is limited to the operation of the Studio pursuant to and in compliance with this Agreement. Any unauthorized use of the Marks by Franchisee shall be a breach of this Agreement and an infringement of the rights of Franchisor and its affiliates. Franchisee's use of the Marks inures to the benefit of Franchisor, which owns all goodwill now and hereafter associated with the Marks. Franchisee agrees not to contest ownership or registration of the Marks. Franchisor agrees to indemnify Franchisee from any claims, costs or fees associated with Franchisee's authorized use of the Marks in accordance with this Agreement, subject to the requirement that Franchisor be immediately notified of any third-party challenge to Franchisee's authorized use of any Mark under this Agreement, and Franchisor has the right to control any related dispute or proceeding.

4.2 **Use of Marks.** Franchisee shall not use any Mark (i) as part of any corporate or business name with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, or (ii) to advertise any prospective Transfer that would require Franchisor's approval under Section 14 of this Agreement. Franchisee shall display and use the Marks only in the manner and form prescribed or authorized by Franchisor and shall conduct no other business using the Marks other than that prescribed by Franchisor. Franchisee shall not use any other mark, name, commercial symbol or logotype in connection with the operation of the Studio and shall not market any product or service relating to the Studio without Franchisor's written consent, and if such consent is granted, such product or service must be marketed in a manner acceptable to Franchisor.

Franchisee agrees to give such notices of trademark and service mark registrations and copyrights (including the ® and © symbols) as Franchisor specifies and to obtain such fictitious or assumed name registrations as may be required under Applicable Laws (defined below).

4.3 **Notification of Infringement.** Franchisee agrees to notify Franchisor immediately in writing if it becomes aware that any person who is not a licensee of Franchisor is using or infringing upon any of the Marks. Franchisee may not communicate with any person other than Franchisor and its counsel in connection with any such use or infringement. Franchisor will have discretion to determine what steps, if any, are to be taken in any instance of unauthorized use or infringement of any of its Marks and will have complete control of any litigation or settlement in connection with any claim of an infringement or unfair competition or unauthorized use with respect to the Marks. Franchisee will execute any and all instruments and documents and will assist and cooperate with any suit or other action undertaken by Franchisor with respect to such unauthorized use or infringement such as by giving testimony or furnishing documents or other evidence. Franchisor will be responsible for legal expenses incurred by Franchisor in connection with any litigation or other legal proceeding involving such third-party. Franchisor shall not be liable for any legal expenses of Franchisee unless (a) pre-approved in writing by Franchisor in its discretion, and (b) the action proceeds or arises out of Franchisee's authorized use of the Marks hereunder.

4.4 **Modification, Discontinuance or Substitution.** Franchisor reserves the right, in its sole judgment, to modify, discontinue or replace any Mark on a national or regional basis, and Franchisee shall, as applicable and at its expense, immediately discontinue use of any Mark and commence using any modified or replacement Mark as directed by Franchisor. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's discontinuance or change of any Mark.

5. FEES

5.1 **Initial Franchise Fee.** On its signing of this Agreement, Franchisee agrees to pay Franchisor an initial franchise fee in the sum of Fifty Thousand Dollars (\$50,000) for the right to operate the Studio pursuant to the terms of this Agreement (the "Initial Franchise Fee"). The Initial Franchise Fee shall be fully earned by Franchisor upon payment and is not refundable under any circumstance.

5.2 **Royalty Fee.** During the term of this Agreement, Franchisee shall pay to Franchisor a non-refundable royalty (the “Royalty,” “Royalty Fee,” or “Royalties”) equal to the greater of (i) six percent (6%) of Gross Sales, or (ii) two-hundred fifty dollars (\$250) per week (the “**Minimum Weekly Royalty**”).

5.3 **Gross Sales.** “Gross Sales” means the total revenue, in whatever form, generated by the Studio, whether or not in compliance with this Agreement and regardless of receipt, including all revenue generated from the sale and provision of any and all gift cards and other products and services at or through the Studio and all proceeds from any business interruption insurance related to the non-operation of the Studio. “Gross Sales” does not include (a) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, or (b) the value of any allowance issued or granted to any client of the Studio that is credited in good faith by Franchisee in full or partial satisfaction of the price of the Approved Products or Approved Services offered in connection with the Studio.

5.4 **Fitness Equipment & Initial FF&E Package; Pre-Sales and Soft Opening Retail Inventory Kit; Pre-Sales Phase Expenditures; POS/Inventory System.**

A. Prior to opening the Studio, Franchisee must purchase or lease the Fitness Equipment & Initial FF&E Package (as defined below) (which the Parties expect Franchisee will acquire via a lease-to-own or comparable agreement entered into with a third-party provider of such programs) and opening retail inventory comprised of certain branded and other inventory that may be resold at the Studio (the “Pre-Sales and Soft Opening Retail Inventory Kit”) from Franchisor’s approved supplier(s). The “Fitness Equipment & Initial FF&E Package” includes: (i) a Studio fixture package (comprised of a millwork bundle (front desk, slatwall, cubbies), millwork accessories and other related supplies; (ii) the package of fitness equipment and other operational equipment Franchisor designated to be used in Studios (rowers) and smaller pieces of related exercise equipment (e.g. dumbbells); (iii) other items related to the outfitting and design and buildout of Franchisee’s Studio; and (iv) the installation and transportation of the foregoing items, which may vary depending on the geographic location of Franchisee’s Studio. Throughout the Term, Franchisee will be responsible for (i) maintaining and/or replacing the exercise equipment, furniture, fixtures, other equipment, and related supplies used in connection with the Studio; and (ii) maintaining certain levels of inventory with respect to those items comprising the Pre-Sales and Soft Opening Retail Inventory Kit, as set forth more fully in this Agreement.

B. As part of the Pre-Sales and Soft Opening Retail Inventory Kit, Franchisee will acquire and must utilize certain pre-sales start-up package materials in coordination with the pre-opening sales plan that Franchisee is required to commence conducting at least sixty (60) days prior to the opening of the Studio (the “Pre-Sales Phase”). Franchisee agrees and acknowledges that Franchisee must: (i) develop the foregoing plan in coordination with the opening support program designated by Franchisor that is designed to generate prospective Studio clientele and members and otherwise promote the Studio prior to opening (the “Opening Support Program”); (ii) obtain Franchisor’s prior approval of the plan and all Pre-Sales Phase activities; and (iii) incur and promptly pay all fees and costs associated with the Opening Support Program and other Pre-Sales Phase activities as and when such amounts become due.

C. Franchisee further agrees to install purchase the designated audio/visual equipment package (“AV Package”) and must install at its expense and use the membership accounting, cost control, point-of-sale system and inventory control systems (the “POS/ Inventory System”) through the supplier Franchisor designates. The designated, or approved, supplier(s) for these services will be updated in the Manual as changes are made. Throughout the Term, Franchisee will also be required to pay Franchisor’s then-current designated provider for the software that Franchisor prescribes for use in connection with the Studio, the AV Package and the POS System, which may be modified upon reasonable written notice to Franchisee.

5.5 **Training Programs and Fees.** The Parties agree and acknowledge that: (i) Franchisee or, if Franchisee is an entity, at least one (1) of Franchisee's operating principals (an "Operating Principal") must complete the "Owner/Operator Module" and Franchisor's proprietary initial training program (the "Initial Training Program"), as described in more detail in the Manual; and (ii) each instructor that Franchisee engages to provide any of the Approved Services at its Studio (each an "Authorized Row House Instructor") must complete Franchisor's proprietary training program that is designed to provide instructors with additional guidelines and instruction for providing the Approved Services in accordance with the System (the "Initial Instructor Training"). Franchisor may, at its option, conduct any training program virtually via live or prerecorded modules. Fees for attendance and participation in a training program (each a "Training Fee") may be assessed as described below.

- A. *Initial Training Program.* Except as provided below, Franchisee will not be required to pay any Training Fee or tuition in connection with individuals that attend the Initial Training Program prior to the opening of the Studio, provided such individuals all attend at the same time. For those individuals that wish to complete the Initial Training Program at a time other than when Franchisee (or, if applicable, its Operating Principal) attends the Initial Training Program, Franchisor may charge such individuals its then-current Training Fee. Franchisee may also designate a third-party individual that Franchisor approves to manage the day-to-day operations of the Studio (a "Key Manager"), but any such individual must at least complete the Key Manager Module of the Initial Training Program prior to assuming any management responsibilities at the Studio (with Franchisee paying the Training Fees associated therewith, if any). If Franchisee is acquiring and assuming an existing Row House Studio from another System franchisee, it will be required to pay Franchisor's then-current Training Fee for persons required to attend Franchisor's Initial Training Program as necessary to satisfy the requirements of this Section.
- B. *Key Manager; Key Manager Training Program.* If Franchisee (or one of its Operating Principals) is not or does not intend to be on-site at the Studio during normal business hours to manage the day-to-day operations of its Studio (including, for example, where Franchisee owns or is affiliated with owners of multiple open Row House Studios), then Franchisee must appoint a "Key Manager" for the Studio who will be responsible for the day-to-day operation of, and only for the Studio. Each Key Manager must attend and complete, to Franchisor's satisfaction, Franchisor's key manager training program prior to assuming the Key Manager responsibilities (the "Key Manager Training Program"). Franchisor does not charge a Training Fee for Franchisee's initial Key Manager's participation in the Key Manager Training Program.
- C. *Initial Instructor Training.* Every Authorized Row House Instructor that provides any of the Approved Services at Franchisee's Studio must, prior to providing instruction, complete the Initial Instructor Training, as described in the Manual. Franchisor will assess a Training Fee for participation in the Initial Instructor Training.
- D. *Ongoing/Refresher and Other Additional Training; Annual Conferences.* Franchisor may provide or request that Franchisee and certain of its management personnel attend and complete up to five (5) days of additional/refresher training each year, but Franchisor will not charge Franchisee a Training Fee in connection with such required training. Franchisor may establish an annual franchisee meeting or convention and charge an attendance or nonattendance fee in connection with such franchisee meeting or convention.
- E. *No Training Fee for Minor, Day-to-Day Assistance.* Franchisor will not charge Franchisee a Training Fee in connection with minor, day-to-day assistance that Franchisor provides remotely over the phone, via email/fax or other electronic channel of communication, which Franchisee understands and acknowledges will be provided subject to the availability of Franchisor's personnel.

- F. *Costs and Expenses.* Franchisor will not, under any circumstances, be responsible for, and the indemnities provided in Section 11.2 shall apply to, costs and expenses (including wages, benefits, and travel-related expenses) incurred by or owed to Franchisee or its personnel in or as a result of attending or participating in any training program described in this Agreement or otherwise provided by Franchisor or its designee.
- G. *Training Fee for Certain Training.* Franchisor may charge its then-current Training Fee in connection with training that (a) Franchisee requests Franchisor provide, or (b) Franchisor provides on-site at Franchisee's Studio.

5.6 **Fund Contribution.** Franchisor (and its affiliates) have established a creative brand development fund to promote the System, Marks and brand with which the Studio is associated generally (the "Fund"). Franchisee shall contribute to the Fund, as directed by Franchisor from time to time, up to two percent (2%) of the Gross Sales of its Studio (the "Fund Contribution"), commencing once the Studio starts generating revenue from its business operations. The Fund Contribution will typically be paid in the same manner and at the same interval that the Royalty Fee is collected (based on the Gross Sales of the Studio over the immediately preceding reporting period). Franchisor has the right, at any time and on notice to Franchisee, to change the amount of the Fund Contribution in accordance with Section 9.1 below.

5.7 **Technology Fee.** Franchisee agrees to pay to an approved supplier a Technology Fee equal to \$235 per week, but such fee is subject to change upon notice to Franchisee ("Technology Fee"). Franchisor may charge Franchisee an increased or additional recurring technology fee, the amount of which may change from time to time during the Term, in Franchisor's discretion, to pay for certain aspects of Franchisee's computer system and/or software used in the operation of the Studio. Franchisor reserves the right to designate and/or change the amount, scope, interval, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time upon providing reasonable written notice to Franchisee. The Technology Fee may be collected by Franchisor at the same time as the Royalty Fees due hereunder.

5.8 **Music Licensing Fee.** Franchisor may charge Franchisee its then-current music licensing fee (the "Music Licensing Fee") as consideration for costs incurred in connection with obtaining licensing rights to music and playlists Franchisee will use in connection with the provision of Approved Services at the Studio.

5.9 **Other Amounts Due in Connection with the Studio.** Franchisee will also be responsible for timely payment of any other required fees or amounts necessary to purchase ongoing marketing materials, inventory, supplies and/or other items from Franchisor, its affiliates or other third-party suppliers as described in this Agreement.

5.10 **Electronic Transfer; Right to Modify Collection Interval.**

- A. Franchisor reserves the right to determine, from time to time, the frequency, intervals covered, and manner in which amounts owed to it or its affiliates must be paid. Currently all such amounts (including fees, interest, and other payments required under this Agreement) must be paid via automatic debit from Franchisee's point-of-sale operating account administered by the designated supplier of point-of-sale services on a weekly basis throughout the Term, subject to modification on reasonable written notice.
- B. All amounts due to Franchisor or its affiliates for the purchase of products, services or otherwise are due upon receipt of an invoice from Franchisor or such affiliate. Any payment or report not actually received by Franchisor or its affiliates on or before the due date is overdue.

- C. Franchisee agrees to complete and execute Franchisor's then-current form of "Electronic Funds Transfer Agreement" and any other form, including, without limitation, an "Electronic Debit Authorization" for the purpose of authorizing an electronic debit, and to submit any information required by Franchisor for such authorization. Such authorization must remain in effect throughout the Term and, following expiration or termination of this Agreement, until all amounts owed to Franchisor and its affiliates have been paid.
- D. Franchisee is required to use only the AV Package and POS/Inventory System provided by the designated supplier and will pay the designated provider directly for all fees associated with the use of the designated provider's software. Franchisee is not allowed to use an unapproved external terminal to process transactions.

5.11 **Interest and Late Charges.** Amounts due to Franchisor (except interest on unpaid amounts due) not paid when due shall bear interest from the date due until paid at the lesser of one and one-half percent (1.5%) per month or the highest rate of interest allowed by law. Franchisor may also recover its reasonable attorneys' fees, costs and other expenses incurred in collecting amounts owed by Franchisee.

6. FRANCHISOR SERVICES

In addition to the services described elsewhere in this Agreement, Franchisor will do the following:

6.1 **General Guidance for Opening.** Franchisor shall consult and advise Franchisee on the proper display of the Marks, layout and design, procurement of rowing/fitness equipment and other designated equipment, free weights, and other equipment, furniture, fixtures, surveillance cameras with audio, initial inventories, managing construction or remodeling of the Studio, and certain other items related to the development and operation of Row House Studios. After Franchisee has executed an approved lease for the Authorized Location, Franchisor shall deliver to Franchisee specifications and standards for building, equipment, furnishings, fixtures, surveillance cameras with audio, layout, design and signs relating to the Authorized Location and shall provide reasonable consultation in connection with the development of the Studio. Franchisee's architect is responsible for proposing changes to the layout, design and construction specifications provided by Franchisor as necessary to meet applicable legal requirements and to adapt for unique physical characteristics of the Authorized Location, but Franchisee agrees that no such changes, alterations or modifications whatsoever to Franchisor's selected layout and design specifications will be implemented without Franchisor's prior written consent.

6.2 **Training-Related Programs and Obligations.** Franchisor will provide the training programs described in Section 5.5 and below, and Franchisee must, at all times during the Term, be in compliance with all training obligations described in Section 5.5 and set forth below.

A. *Initial Training Program; Key Manager Training Program.* All persons required to complete the Owner/Operator Module, the Key Manager Module, and/or the Initial Instructor Training must do so prior to engaging in any activities related to the operation of the Studio. The specifics of each of the foregoing training programs shall be set forth in the Manual. All such training is conducted, at Franchisor's option, at Franchisor's corporate headquarters or another training facility Franchisor designates. If any of the individuals described in this Section and Section 5.5 fail to successfully complete the applicable training required by this Section and Section 5.5 before the time Franchisee is required to open the Studio hereunder, Franchisor may terminate this Agreement.

B. *Initial Instructor Training.* Any individual that wishes to provide instruction services or any of the other Approved Services at the Studio must first complete the Initial Instructor Training. Franchisor may, in addition to exercising any of its other rights under this Agreement, terminate this Agreement upon written notice to Franchisee if Franchisee permits the Approved Services to be provided by any

individual that does not meet the criteria in this Section. If Franchisee fails to comply with the foregoing (or any other material obligation under this Agreement), Franchisor reserves the right to charge Franchisee its then-current non-compliance fee (“Non-Compliance Fee”) in each instance. The Studio must have at least one (1) individual that has completed the Initial Instructor Training on-site at the Studio at all times when any Approved Services are being provided. Franchisee must otherwise ensure that: (i) any Initial Instructor Training held at the Studio is performed in accordance with System Standards; (ii) any individual that participates in the Initial Instructor Training, successfully completes that program, and passes any test that is provided in connection with the program; and (iii) no personnel provides instruction or other Approved Services at the Studio unless and until such personnel successfully completes the Initial Instructor Training and passes the corresponding test. Franchisee agrees that Franchisor, as part of its right to inspect and audit the operations of the Studio on an ongoing basis, may require that Franchisee demonstrate that all required personnel has participated in and successfully completed the Initial Instructor Training and corresponding test.

- C. *Discretionary On-Site Assistance.* Around the time the Studio is opening, Franchisor may send one (1) or more representatives to the Studio to (i) provide assistance and recommendations regarding the opening and initial operations of the Studio, and/or (ii) provide additional or refresher training associated with the Owner/Operator Module, Key Manager Module, and/or the Initial Instructor Training, all as Franchisor determines appropriate in its discretion (collectively, the “Discretionary On-Site Assistance”). In the event Franchisor notifies Franchisee that it will be providing the Discretionary On-Site Assistance, such assistance typically lasts one (1) to two (2) days and Franchisee must ensure that Franchisee (or its Operating Principal) and all other management personnel are in attendance at the Studio during those days.
- D. *Ongoing/Refresher Training.* Franchisor may provide, and require that Franchisee, as well as any of its management personnel attend, up to five (5) days of additional training each year at a training facility that Franchisor designates (without charging Franchisee any Training Fee as described in Section 5.5 of this Agreement). Franchisee may also request that Franchisor provide certain additional or refresher training to Franchisee, either at one (1) of Franchisor’s designated training facilities or on-site at Franchisee’s Studio, but Franchisor reserves the right to charge Franchisee its then-current Training Fee based on the number of days of such training that Franchisor provides at Franchisee’s request.
- E. *Remedial Training.* If, in Franchisor’s sole judgment, Franchisee fails to maintain the quality and service standards set forth in the Manuals, Franchisor may, in addition to all of its other rights and remedies, assign trainers to the Studio to provide on-site training and restore service levels and/or require Franchisee or its employees to repeat Initial Training or attend additional training programs at a location that Franchisor designates. Franchisor may charge a reasonable fee (currently, \$500 per day) for each trainer assigned to the Studio and any remedial training. Franchisor may increase the amount to be charged for each trainer upon 60 days’ prior written notice.

6.3 **Operations Manual.** During the Term, Franchisor will grant Franchisee online access to an electronic version of its manuals and written policies and procedures related to the development and operation of Row House Studios (collectively, the “Manual”). The Manual is anticipated to codify then-current specifications, standards and operating procedures prescribed or suggested by Franchisor. Franchisee acknowledges that Franchisor may from time to time revise its System Standards as well as the contents of the Manual (including by written memoranda and notices issued to owners of Row House Studios), and Franchisee agrees to comply with each new or changed standard and specification upon notice from Franchisor. The Manual shall remain the sole property of Franchisor and is part of, and subject to the requirements applicable to, Franchisor’s Confidential Information (as defined in Section 12.1). If Franchisee, intentionally or otherwise through its gross negligence, compromises the secure access to the online version of the Manual (or any hard copy of the Manual), including, but not limited to, allowing unauthorized users access to the Manual and its confidential contents or intentionally posting any of the

Confidential Information on the Internet, Franchisee acknowledges that it will be required to adequately compensate Franchisor for the breach and related damage to the Marks and System, and that any limitation of remedies provided in Sections 16.4 and 16.7 below shall not limit Franchisor's remedy or relief in the foregoing instance(s).

6.4 **Continuing Services.** Franchisor will provide such continuing advisory assistance and information to Franchisee in the development and operation of the Studio as Franchisor deems advisable in its discretion. Such assistance may be provided, in Franchisor's discretion, by Franchisor's directives, System bulletins, meetings and seminars, telephone, computer, e-mail, fax, personal visits, newsletters or manuals.

6.5 **Approved Lists.** Franchisor will provide and from time to time, add to, alter or delete, at Franchisor's discretion, lists of specifications, approved distributors and suppliers, approved services and products, including, but not limited to, rowing equipment and gear, and other materials and supplies used in the operation of the Studio. Franchisor, or an affiliate of Franchisor, may be a designated or approved, or sole supplier of certain equipment, gear, merchandise, apparel and supplies.

6.6 **Pricing.** The System has developed a reputation that is based in part on affordable prices for indoor rowing and other fitness services offered by Row House Studios operating as part of the System. To promote a consistent consumer experience, and to maximize the value of the products and services Studios offer, Franchisor may, subject to Applicable Laws, require fixed maximum or minimum prices for any products or services offered by the System and Franchisee. Franchisee is obligated to abide by the pricing established by Franchisor from time to time, unless Franchisor consents to changes in local pricing offered by Franchisee in order to (i) allow Franchisee to respond to unique, local, marketing conditions, competition, or expenses; or (ii) comply with changes or interpretations in state or federal anti-trust laws. Consistent with state or federal law, Franchisor reserves the right to change or eliminate its pricing program in the future, or to move from a required to recommended pricing structure. For any product or service for which Franchisor does not impose a maximum or minimum price, Franchisor may require Franchisee to comply with an advertising policy adopted by Franchisor which will prohibit Franchisee from advertising any price for a product or service that is different than Franchisor's suggested retail price. Although Franchisee must comply with Franchisor's advertising policy, Franchisee will not be prohibited from selling any product or service at a price above or below the suggested retail price unless Franchisor imposes a maximum price or minimum price for such product or service.

6.7 **Fund.** As detailed in Section 9.1 of this Agreement, the Fund is currently maintained and administered by Franchisor (or its affiliates), with the advice and counsel of a marketing fund committee, to meet the costs of conducting regional and national advertising and promotional activities (including the cost of advertising campaigns, test marketing, marketing surveys, public relations activities and marketing materials) which Franchisor and the marketing fund committee, deem beneficial to the System.

6.8 **Approving Pre-Opening Support Program.** Franchisor and/or its approved provider will provide Franchisee with advice and consultation with respect to establishing the Pre-Sales Phase and Opening Support Program described in Section 5.4.B above. The components of Franchisee's Opening Support Program must be approved by Franchisor prior to implementation, including the relevant timelines for certain pre-opening sales and marketing activities.

6.9 **Branded Emails.** Franchisor reserves the right to require Franchisee to use an email address associated with Franchisor's registered domain name in connection with the operation of the Studio. If Franchisor requires Franchisee to obtain and use such an email address, Franchisee must do so according to System Standards. Franchisee acknowledges and agrees that Franchisor will have unrestricted access to all such email accounts and all document, data, materials, and messages shared from or by such accounts. Franchisor may deactivate any such account or limit Franchisee's or its users' access to it at any time. Franchisee acknowledges and agrees that it will use such email address only in connection with the

operation of the Studio and in compliance with all Applicable Laws. Franchisee agrees to indemnify Franchisor and its affiliates for claims arising from Franchisee's unlawful use of such email address.

7. FACILITY STANDARDS, LEASE AND CONSTRUCTION

7.1 **Facility Specifications.** Franchisee's Studio shall satisfy the following conditions:

- A. The Studio shall be laid out, designed, constructed or improved, equipped and furnished in accordance with the System Standards. Equipment, furnishings, fixtures, surveillance cameras with audio, decor and signs for the Studio shall be purchased from suppliers approved or designated by Franchisor. Franchisee may remodel or alter the Studio, or change its equipment, furniture or fixtures, only with Franchisor's prior written consent. Franchisee must obtain necessary permits, licenses and other legal or architectural requirements. The Studio shall contain or display only signage that has been specifically approved or designed by Franchisor.
- B. The Studio and all fitness equipment shall, at all times, be maintained in accordance with the System Standards. Franchisee shall promptly repair or replace defective or obsolete equipment, signage, fixtures or any other item of the interior or exterior that is in need of repair, refurbishing or redecorating in accordance with such standards established (and updated from time to time) by Franchisor or as may be required by Franchisee's lease.
- C. Franchisee recognizes that Franchisor may, in its discretion, evolve the System and the features and appearance of Row House Studios to, among other things, respond to new fads, new forms of exercise, new equipment, new training techniques, and changing customer demands. Franchisee further understands that rowing equipment and other equipment wears out, breaks down, or becomes obsolete. Consequently, from time to time, as Franchisor requires, Franchisee must modernize and/or replace components of the Trade Dress and Studio's operating assets and equipment as may be necessary for the Studio to conform to the System Standards for new Row House Studios. Further, Franchisee will be required to thoroughly modernize or remodel the Studio, at Franchisee's cost, when requested by Franchisor. This may include replacing rowing / fitness equipment and gear, and other updates and improvements. Franchisee acknowledges that this obligation could result in Franchisee making extensive structural changes to, and significantly remodeling and renovating the Studio, and Franchisee agrees to incur, without limitation, any capital expenditures required in order to comply with this obligation and Franchisor's requirements. Within 60 days after receiving written notice from Franchisor, Franchisee shall have plans prepared according to the standards and specifications that Franchisor prescribes, and Franchisee must submit those plans to Franchisor for its approval. Franchisee agrees to complete all work according to the plans that Franchisor approves within the time period that Franchisor reasonably specifies and in accordance with this Agreement. Franchisor and its affiliates who own Row House Studios will hold themselves, and the Studios they operate (if any), to the same high standard and same frequency for replacement and renovation as is required of Franchisee.
- D. The Studio shall contain signage prominently identifying Franchisee by name as an independently owned and operated franchisee of Franchisor.
- E. The Studio must have a surveillance camera with audio purchased from a designated approved supplier installed at the Studio. The camera(s) must be web accessible. The camera(s) will be used by Franchisee to monitor teacher performance, quality assurance and safety. Franchisor has an absolute right to also review and monitor the camera(s) for the same purposes as Franchisee, and to ensure compliance with the Row House System. Franchisee is responsible for complying with all Applicable Laws in connection with the use of the surveillance camera, including without limitation, obtaining all necessary consents from Franchisee's employees, agents, customers, and any other visitors of the Studio for purposes of collecting, using, disclosing, and sharing relevant data and footage with

Franchisor and its parents, affiliates, and subsidiaries. Franchisee acknowledges and agrees that its indemnification obligations under this Agreement include claims arising from or related to any breaches of privacy from Franchisee's use of any surveillance camera.

- F. Franchisee must offer, accept the use of, and ensure that it and the Studio's personnel are aware of all then-current System policies and procedures related to member reciprocity amongst (a) other Studios that are part of the System, and/or (b) studios operated as part of the franchise systems in connection with the other brands owned and/or licensed by Franchisor and its affiliates.

7.2 **Lease.** Franchisee is solely responsible for purchasing or leasing a suitable site for its Studio. Franchisee must submit the lease for the Studio to Franchisor for its written consent before Franchisee executes the lease for the Authorized Location. Franchisor will not withhold consent arbitrarily; however, any lease must be subject to the applicable Lease Addendum or incorporate similar terms. Franchisee acknowledges that it has been advised to have any lease reviewed by Franchisee's own legal counsel.

7.3 **Unit Development.** Franchisee agrees that after obtaining possession of the Authorized Location, Franchisee will promptly, at its sole expense:

- A. Obtain any standard plans and/or specifications from Franchisor;
- B. Engage a qualified licensed architect, as required by state or local codes, to prepare all drawings, designs, plans and specifications for the Studio, and submit same to Franchisor for review and approval prior to commencing construction;
- C. Complete the construction or remodeling of the Studio in full and strict compliance with plans and specifications approved by Franchisor, and in compliance with the Trade Dress and all applicable ordinances, building codes and permit requirements;
- D. Purchase or lease, in accordance with the System Standards, all fitness equipment, fixtures, inventory, supplies and signs required for the Studio;
- E. Hire and train the initial operating personnel according to this Agreement and the System Standards; and
- F. Complete development of and have the Studio open for business not later than six (6) months after the Effective Date of this Agreement.
- G. Franchisee must complete construction of and open the Studio for business no later than 180 days after Franchisor accepts the site and no later than 365 days after the Effective Date (the "**Opening Deadline**"), unless Franchisor grants an extension in writing. Franchisor may, in its sole discretion, extend the Opening Deadline, which Franchisor may condition on Franchisee 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 Franchisee executing a general release. Franchisee may not open the Studio until Franchisee has received Franchisor's written approval, which Franchisor will not provide until (i) Franchisor has viewed the certificate of occupancy, (ii) confirmed that Franchisee has complied with the Plans, and (iii) confirmed that Franchisee has complied with the pre-opening obligations set forth in this Agreement and has done so in accordance with the System Standards as set forth in the Manuals. Franchisee must open the Studio for business to the public within ten days from the date Franchisor gives its written approval. Time is of the essence in constructing the premises for and opening the Studio.

7.4 **Franchisee's Responsibility.** Although Franchisor may provide Franchisee with various standard or sample plans and specifications with respect to constructing and equipping the Studio, it is Franchisee's sole responsibility to construct, equip, and operate the Studio in compliance with all applicable federal, state and local laws and regulations, including, without limitation, all building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act, and all other requirements that may be prescribed by any federal, state or local governmental agency ("**Applicable Laws**"). Franchisee further acknowledges and agrees that Franchisee is, and will continue to be, at all times during the Term, solely responsible for the day-to-day operation of the Studio in accordance with this Agreement, including all decisions regarding its personnel (as described in Section 8.3 below), each of whom must be competent, conscientious, and properly trained. Franchisee acknowledges that nothing in this Agreement shall, or may be construed to, create any type of employer or joint employer relationship between (a) Franchisee or any of Franchisee's personnel, and (b) Franchisor in any matter.

8. STUDIO IMAGE AND OPERATING STANDARDS

8.1 **Compliance.** Franchisee acknowledges and agrees that every detail regarding the appearance and operation of its Studio is important to Franchisor, Franchisee, the System and other owners and operators of Row House Studios in order to maintain high and uniform operating standards, to increase demand for the classes sold by all franchisees, and to protect Franchisor's and the System's reputation and goodwill, and, accordingly, Franchisee agrees to comply strictly at all times with the requirements of this Agreement and the System Standards (whether contained in the Manual or any other written or oral communication to Franchisee by Franchisor) relating to the appearance or operation of the Studio. Franchisee acknowledges that other Row House Studios may operate under different forms of agreement with Franchisor, and that the rights and obligations of the Parties to other agreements may differ from those hereunder.

8.2 **Franchisor's Right to Inspect.** To determine whether Franchisee is complying with this Agreement and the System Standards, Franchisor reserves the right, at any reasonable time and without prior notice, and subject to Applicable Laws, to inspect and assess all aspects of the Studio's appearance and operations, including the right to: (1) inspect and examine the Studio premises, fitness equipment, facilities and operation of the Studio in person or by web accessible surveillance cameras with audio, which are required to be installed in each classroom in the Studio; (2) interview Franchisee and Franchisee's employees and any independent contractors; (3) interview members and customers of and suppliers to the Studio and any other person with whom Franchisee does business; (4) confer with members and staff of government agencies with authority over Franchisee about matters relevant to the Studio; and (5) use "mystery shoppers," who may pose as customers. Franchisor will bear the costs of all such initial inspections, but it reserves the right to require Franchisee to reimburse it costs (including travel expenses, room and board, employee/representative wages, and related fees) associated with re-inspections or follow-up visits that Franchisor or its designees conduct after any inspection of the Studio reveals one or more failures to comply with System Standards, and/or if any follow-up visit is necessary because Franchisor or its designated representatives were for any reason prevented from properly inspecting any part of the Studio.

8.3 **Personnel.** Franchisee must appoint an individual owner as the Operating Principal who must have authority over all business decisions related to the Studio and must have the power to bind Franchisee in all dealings with Franchisor. In addition, Franchisee must appoint a manager to manage the day-to-day business of the Studio (the "**Key Manager**"). The Operating Principal may serve as the Key Manager, unless Franchisors believe that he or she does not have sufficient experience or qualifications. The Operating Principal must be directly involved in the day-to-day operation and management of the Studio. The Operating Principal and Key Manager (if known at the time of signing) shall be listed on Exhibit E-1. Franchisee must provide Franchisor with written notice of the Operating Principal and Key Manager(s) at least 60 days prior to opening and may not change either the Operating Principal or Key Manager without Franchisor's prior written approval. Franchisee agrees to engage in the operation of the Studio only persons

of high character and ability who maintain and exhibit traits of enthusiasm, cleanliness, neatness, friendliness, honesty and loyalty, it being recognized by Franchisee that such persons are necessary in order to promote and maintain customer satisfaction and the goodwill of the System. Franchisee agrees to staff the Studio at all times with a sufficient number of qualified, competent personnel who have been trained in accordance with this Agreement and the System Standards. Franchisee, not Franchisor, shall be considered the employer of all employees and the principal of all independent contractors of the Studio. It is the sole responsibility of Franchisee to hire, discipline, discharge and establish wages, hours, benefits, employment policies and other terms and conditions of employment for its employees and independent contractors. Franchisee is solely responsible for obtaining its own independent legal advice regarding the employment of employees and retention of independent contractors, and for complying with any and all Applicable Laws pertaining thereto. Franchisor shall have no responsibility for the terms and conditions of Franchisee's relationship with Franchisee's employees and/or independent contractors. Franchisee shall engage in no discriminatory employment practices and shall in every way comply with all Applicable Laws, including all wage-hour, civil rights, immigration, employee safety and related employment and payroll related laws. Franchisee shall make all necessary filings with, and pay all taxes and fees due to, the Internal Revenue Service and all other federal, state and local governmental agencies or entities to which filings and payments are required. Franchisee acknowledges that nothing in this Section or Agreement shall, or may be construed to, create any type of employer or joint employer relationship between (a) Franchisee or any of Franchisee's personnel, and (b) Franchisor in any matter.

8.4 Products and Services to be Offered for Sale.

- A. **Approved Services and Approved Products Generally.** Franchisor has the right to require that furniture, fixtures, signs, and equipment (the “**Operating Assets**”) and products, supplies, and services that Franchisee purchases for resale or purchases or leases for use in the Studio: (i) meet specifications that Franchisor establishes periodically; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that Franchisor has expressly approved; and/or (iv) be purchased or leased only from a single source that Franchisor designates (which may include Franchisor or its affiliates or a buying cooperative organized by Franchisor or its affiliates). Franchisee may offer to customers only the products, services, and classes Franchisor approves in writing. In addition, Franchisee must offer the specific products, services, and classes that Franchisor requires in the Manuals or otherwise in writing. Franchisor may change these specifications periodically, and Franchisor may designate specific products or services as optional or mandatory. Franchisee must offer all products or services that Franchisor designates as mandatory. Franchisee may sell products and services only in the varieties, forms, and packages that Franchisor has approved in accordance with the System Standards. Franchisee must maintain a sufficient supply of required products to meet the inventory standards Franchisor prescribes in the Manuals (or to meet reasonably anticipated customer demand, if not prescribed specific standards).
- B. *Required Use of Approved Suppliers.* Franchisee agrees that all exercise equipment must be purchased exclusively from approved suppliers, must be maintained according to manufacturer or Franchisor specifications, as applicable. Franchisee must, if required by Franchisor as a condition to site selection approval, use real estate attorney from the panel recommended by Franchisor to review and negotiate the lease for the Studio.
- C. *No Deviation or Supplement with Regards to Approved Services and/or Related Methodology.* Franchisee and its instructors must teach classes exactly as specified in the Manual and in other training materials provided by Franchisor. Franchisee agrees not to add any exercises, rowing methods, workout regimens, or other forms of instruction that are not approved by Franchisor, and Franchisee agrees not to leave out any exercises, rowing methods, workout regimens, or other forms of rowing instruction that are required by Franchisor.

- D. *Non-Approved Services, Products or Suppliers.* If Franchisee would like to offer products or use any supplies, Operating Assets, or services that Franchisor has not approved or to purchase or lease from a supplier or service provider that Franchisor has not approved, Franchisee must submit a written request for approval and provide Franchisor with any information that it requests. Franchisor has 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 Franchisor's offices in Chicago, Illinois or New York, New York in order for Franchisor to make an evaluation. Franchisee must pay Franchisor an amount not to exceed the reasonable cost of the inspection and Franchisor's 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 Franchisor specifies criteria for its approval of such goods, services, or vendors, Franchisor will publish them in the Manuals. Franchisor has the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on its judgment. Franchisor will notify Franchisee in writing of its decision as soon as practicable following its evaluation (within 60 days). If Franchisee does not receive Franchisor's approval within 60 days after submitting all of the information that Franchisor requests, then Franchisor's failure to respond will be deemed a disapproval of the request. Franchisee acknowledges that the products and services that Franchisor approves for Franchisee to offer in the Studio may differ from those that Franchisor permits or requires to be offered in other studios. Franchisor reserves 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 Franchisor's then-current criteria. If Franchisor revokes approval of a previously approved product that Franchisee has been selling to customers or service that Franchisee has been offering to customers, Franchisee must immediately discontinue offering the service and may continue to sell the product only from existing inventory for up to 30 days following the disapproval. Franchisor has the right to shorten this period if, in its opinion, the continued sale of the product would prove detrimental to Franchisor's reputation. After the 30-day period, or such shorter period that Franchisor may designate, Franchisee must dispose of the remaining formerly approved inventory as Franchisor directs.
- E. *Franchisor Rights.* Franchisee acknowledges and agrees that Franchisor and certain of its affiliates are (or may at any time in future become) an approved, designated, or sole supplier for certain fitness equipment, other equipment, products, logo items, signage and artwork, and other items and services used or sold in Row House Studios; that Franchisor and such affiliates may derive income from the sale of such items, and that the prices charged by Franchisor or such affiliates may reflect an ordinary and reasonable profit consistent with a business of the kind that produces and/or supplies such items. Franchisee acknowledges and agrees that Franchisor and its affiliates may sell products and services to members located anywhere, even if such products and services are similar to what Franchisor sells to Franchisee and what Franchisee offers at its Studio. Franchisor and its affiliates may use the internet or alternative channels of commerce to sell products and services, including those identified by the Marks. Franchisee may only sell the products and services from the Studio's approved location and may only use the internet or alternative channels of commerce, as permitted by Franchisor, in order to register members for approved classes. Nothing in the foregoing shall prohibit Franchisee from obtaining members over the Internet provided Franchisee's internet presence and content comply with the requirements of this Agreement.
- F. *Advertising Outside Designated Territory.* Unless Franchisor agrees otherwise, Franchisee may not actively solicit potential members or customers, or otherwise promote its Studio through any targeted advertising/marketing, outside of the Designated Territory. Nothing in this Agreement, however, shall prohibit Franchisee from servicing members and other customers that contact Franchisee or its Studio, regardless of where those members/customers reside or work.

- G. *No Unauthorized Sales of Certain Items.* Unless Franchisor directs or agrees otherwise in writing, Franchisee agrees not to sell vitamins, supplements or other nutritional products or food items, including bottled water, at the Studio.
- H. *Non-Compliance Fee.* In addition to Franchisor's other rights under this Agreement, Franchisor may charge its then-current per day Non-Compliance Fee for each day Franchisee offers or sells unauthorized products or services from the Studio.

8.5 **Compliance with Laws.** Franchisee agrees to comply with all Applicable Laws and, as soon as practicable, but in any event prior to conducting any activities in connection with the Studio, obtain all insurance required by this Agreement or Applicable Laws and any required governmental permits, certificates or licenses necessary to occupy the Authorized Location and operate the Studio. Franchisee also agrees to file and publish, if required by Applicable Laws, a certificate of doing business (whether under a fictitious name or otherwise). Franchisee acknowledges and agrees that it has the sole responsibility to investigate and comply with any Applicable Laws in the jurisdiction in which the Studio is located that relate to the ownership, development and operation of the Studio and businesses generally (including, for example, requirements related to accessibility, protection of personally identifiable information, having staff during operating hours that are trained in certain life-saving procedures, and having certain life-saving and first aid equipment on premises, form and content of membership agreements, and other requirements that relate to gyms, fitness facilities, health spas, and similar businesses). Franchisee agrees to immediately provide Franchisor with a copy of any notice received by Franchisee from any person or state, local or governmental agency pertaining to compliance with any Applicable Laws including any such notices that any audit, investigation, or similar proceeding by any such person or governmental authority is pending or threatened against Franchisee on the basis of any of any the foregoing. Franchisee hereby certifies and represents that Franchisee, and any of its affiliates, any of its partners, members, shareholders or other equity owners, and their respective employees, officers, directors representatives or agents, are not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control.

8.6 **Operational Efforts.** Franchisee agrees to keep Franchisor advised, in writing, of any Key Manager and all Authorized Row House Instructors involved in the operation of the Studio and their contact information. Franchisee agrees to keep the Studio open for the hours stated in the Manual and as deemed appropriate by Franchisor. If Franchisee does not have a Key Manager, then Franchisee (or its Operating Principal, as applicable) must be on-site at the Studio during normal business hours to manage day-to-day operations. Each Operating Principal must have the authority to act for Franchisee in all matters relating to the Studio, including voting responsibilities. Any change in the Operating Principal(s) is subject to Article 14 below and the training requirements of this Agreement.

8.7 **Performance Standards.** Franchisee and Franchisor have a shared interest in the Studio performing at or above the System Standards. Franchisor would not have entered into this franchise relationship if Franchisor had anticipated that Franchisee would not meet the following performance standards (the "Performance Standards"):

- A. *System Standards.* Franchisor may choose, in its sole discretion, to evaluate the Studio for compliance with the System Standards using various methods (including, but not limited to, inspections, field service visits, surveillance camera monitoring, member comments/surveys, and secret shopper reports). Franchisee must meet minimum standards for cleanliness, equipment condition, repair and function, and customer service. Franchisee's employees, including any independent contractors, must meet minimum standards for courteousness and customer service.

- B. *Minimum Monthly Gross Sales Quota.* Unless waived by Franchisor due to unique market conditions, Franchisee must meet a certain minimum monthly Gross Sales quota (the “Minimum Monthly Gross Sales Quota”), as follows: (i) Franchisee must achieve and maintain trailing 12-month average monthly Gross Sales of \$30,000 by the first (1st) anniversary of the opening of the Studio; and (ii) Franchisee must achieve and maintain trailing 12-month average monthly Gross Sales of \$40,000 by the second (2nd) and each successive anniversary of the opening of the Studio. If Franchisee fails to meet the Minimum Monthly Gross Sales Quota for 36 consecutive months at any time during the Term, Franchisor, at its sole discretion, may institute a mandatory corrective training program or terminate this Agreement upon written notice to Franchisee.

9. ADVERTISING AND MARKETING

9.1 **Fund.**

- A. Franchisee will be required to pay the appropriate Fund Contribution to Franchisor as described in Section 5.6 of this Agreement. In the event Franchisor increases the Fund Contribution from what it is as of the Effective Date, Franchisor will provide at least sixty (60) days’ written notice of such increase in the Fund Contribution.
- B. The Fund will be administered by Franchisor (or its affiliates) as it deems appropriate in its discretion. Franchisor may establish a marketing fund committee (the “MFC”) to serve in an advisory capacity only with respect to providing guidance and advice on Fund-related matters, but Franchisor is under no obligation to do so. In the event a MFC is established in connection with the Fund, Franchisor will determine how best to structure and work with the MFC and Franchisor will have the right to dissolve any established MFC upon thirty (30) days’ written notice to Franchisee. The Fund will be maintained and operated by Franchisor, as it deems appropriate in its discretion, to meet the costs of conducting regional and national advertising, promotional, marketing activities, as well as related technology and other brand development activities, that are deemed most beneficial to the System. The MFC would represent Row House Studio franchisees and advise Franchisor with regard to all advertising, marketing and public relations programs and activities financed by the Fund, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation. The MFC would be purely advisory in nature and would have no operational or ultimate decision-making authority.
- C. Franchisee agrees that the Fund may be used to pay the costs of preparing and producing associated materials and programs as Franchisor may determine, including, without limitation, the use of social media; formulating, developing and implementing advertising and promotional campaigns; video, audio and written advertising materials employing advertising agencies; sponsorship of sporting, charitable or similar events; administering regional, national and multi-regional advertising programs including purchasing direct mail and other media advertising, website development/operation and to pay Internet, Intranet, URL, 800 or similar number, and other charges, fees and/or expenses, including employing advertising agencies to assist with marketing efforts; supporting public relations, market research and other advertising, promotional and marketing activities; the reasonable costs of administering the Fund, including accounting expenses and the actual costs of salaries and fringe benefits paid to Franchisor’s employees engaged in administration of the Fund and/or creation, development and/or placement of any creative and/or implementation of any campaigns associated with the same. A brief statement regarding the availability of Row House franchises may be included in advertising and other items produced using the Fund.
- D. Franchisor may spend in any calendar year more or less than the total contributions to the Fund in that year. Franchisor may cause the Fund to invest any surplus for future use by the Fund. Franchisor (or

its affiliates) may borrow from its affiliates (or Franchisor) or other lenders on behalf of the Fund to cover deficits of the Fund.

- E. Franchisor, its affiliates, and/or their respective employees, agents, contractors, and designated vendors can provide goods, services, materials, etc. (including administrative services and/or “in-house advertising agency” services) and be compensated and/or reimbursed for the same by the Fund, provided that any such compensation must be reasonable in amount. Franchisor can arrange for goods, services, materials, etc. (including administrative services) to be provided by independent persons/companies and all related costs, fees, etc. will be paid by the Fund.
- F. The Fund need not be segregated from but will be accounted for separately from Franchisor’s other funds and Franchisor will not use the Fund for its general operating expenses. All taxes of any kind incurred in connection with or related to the Fund, its activities, contributions to the Fund and/or any other Fund aspect, whether imposed on Franchisor, the Fund or any other related party, will be the sole responsibility of the Fund. Franchisor will not be required to audit the Fund, but will provide an annual accounting of the Fund at the written request of Franchisee that is made 120 days after the fiscal year at issue. All interest earned on monies contributed to, or held in, the Fund will be remitted to the Fund and will be subject to the restrictions of the relevant franchise agreements.
- G. Franchisee acknowledges that the Fund Contributions are intended to maximize general public recognition of and the acceptance of the System and Marks generally, for the benefit of the System as a whole. Notwithstanding the foregoing, Franchisor undertakes no obligation, in administering the Fund Contributions to make expenditures that are equivalent or proportionate to Franchisee’s contribution, or to ensure that any particular Row House Studio benefits directly or pro rata from advertising or promotion conducted with the Fund Contributions.
- H. Franchisor maintains the right to terminate the collection and disbursement of the Fund Contributions and the Fund. Upon termination, Franchisor will disburse the remaining funds for the purposes authorized under this Agreement.

9.2 **Initial Marketing Spend; Local Marketing Activities.**

- A. *Grand Opening Marketing.* In addition to the Local Advertising Requirement, Franchisee is required to spend at least \$20,000 on certain sales and promotional activities that Franchisor designates or approves as part of the Grand Opening of the Studio that Franchisor typically requires Franchisee to conduct in at least the two months prior to the “soft opening” of the Studio through the launch and opening of the Studio (usually eight weeks after the soft opening). Franchisee may be required to expend all or some portion of these funds on products/services received from an Approved Supplier Franchisor designates or approves, and all materials used in connection with the Grand Opening Marketing program must be approved by Franchisor if not previously designated for use by Franchisor.
- B. *Local Advertising Requirement.* Franchisee shall spend during the term of this Agreement a minimum of two thousand dollars (\$2,000) per month on advertising in the Designated Market Area (either by way of direct promotion or participation in an Advertising Cooperative, as described in Section 11.4, below). Franchisee shall provide Franchisor with evidence that such monies have been expended in reports as required under this Agreement. Franchisor retains the right to require that Franchisee’s minimum local advertising expenditure be allocated (as directed by Franchisor) to advertising of certain types, using specific vendors, in particular channels or as a component of a broader campaign.
- C. *Advertising Standards.* Franchisee’s advertising will be in good taste and conform to ethical and legal standards and Franchisor’s requirements. Franchisor may require Franchisee to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial

identification) for any media, including the Internet, or otherwise. Franchisor retains the right to approve, disapprove, or revoke its approval of such advertising, in its sole discretion. Franchisee agrees not to use any materials or programs or medium of advertising disapproved by Franchisor.

- D. *Approval.* All advertising materials must be approved by Franchisor prior to use/publication. Franchisor may require Franchisee to (a) provide Franchisor with monthly reports detailing Franchisee's local advertising expenditures, and (b) expend all or some portion of the Local Advertising Requirement on designated activities or materials that are provided by designated or approved suppliers for these kind of services.
- E. *Opening Support Program.* Franchisee must also expend all required amounts that Franchisor prescribes or otherwise approves as part of Franchisee's Pre-Sales Phase plan, including any amounts due to Franchisor's approved supplier for the Opening Support Program.
- F. *Full Participation.* Franchisee must participate in all advertising and sales promotion programs that Franchisor may develop from time to time to promote and enhance the collective success of the System.

9.3 **Social Media Activities** As used in this Agreement, the term "Social Media" is defined as a network of services, websites, and other electronic, virtual, or digital mediums, including, but not limited to, blogs, microblogs, and social networking sites, video-sharing and photo-sharing sites, customer review sites, marketplace sites, Wikis, chat rooms and virtual worlds, that allows participants to communicate online and form communities around shared interests and experiences. While it can be a very effective tool for building brand awareness, it can also be devastating to a brand if used improperly. Therefore, Franchisee must strictly follow the Social Media guidelines, code of conduct, and etiquette as set forth in the Manual, which may require Franchisee to comply with Franchisor's then-current privacy policy. Any use of Social Media by Franchisee pertaining to the Studio must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. Franchisor reserves the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding the Studio on such websites/pages (e.g., a system-wide Facebook page). At Franchisor's request, Franchisee will promptly modify or remove any online communication pertaining to the Studio that does not comply with this Agreement or the Manual.

9.4 **Franchisee Marketing Groups.** Franchisor may decide to form one or more associations and/or sub-associations of Row House Studios to conduct various marketing-related activities on a cooperative basis (a "Co-Op"). If one or more Co-Ops (local, regional and/or national) are formed covering Franchisee's area, then Franchisee must join and actively participate. Franchisee will be entitled to one (1) vote if Franchisee is in Good Standing at the time the vote is taken. Franchisee will be considered in "Good Standing" if it is not in default of any obligation to Franchisor or any of Franchisor's affiliates, whether arising under this Agreement or any other agreement between Franchisee and Franchisor (or any of Franchisor's affiliates), the Manual or other System Standards. Franchisee may be required to contribute such amounts as are determined from time to time by such Co-Ops.

10. FINANCIAL REPORTS, AUDITS, COMPUTER SYSTEM AND INSURANCE REQUIREMENTS

10.1 **Records and Reports.** Franchisee shall maintain and preserve for four (4) years or such period as may be required by law (whichever is greater) from the date of their preparation such financial information relating to the Studio as Franchisor may periodically require, including without limitation, Franchisee's sales and use tax returns, register tapes and reports, sales reports, purchase records, and full, complete and accurate books, records and accounts prepared in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor. Franchisee agrees that its financial records shall be accurate and up-to-date at all times. Franchisee agrees to promptly furnish any and all financial information, including tax records and returns, relating to the Studio to Franchisor on request.

10.2 **Right to Conduct Audit or Review.** Franchisor shall have the right, in its sole determination, to require a review by such representative(s) as Franchisor shall choose, of all information pertaining to the Studio, including financial records, books, tax returns, papers, and business management software programs of Franchisee, at any time during normal business hours without prior notice for the purpose of accurately tracking unit and System-wide sales, sales increases or decreases, effectiveness of advertising and promotions, and for other reasonable business purposes. Such review will take place at the Studio or Franchisee's head office (if different), or both, and Franchisee agrees to provide all information pertaining to the Studio requested by Franchisor during its review. If (a) the audit is conducted because of a failure by Franchisee to furnish reports, supporting records or other required information or to furnish the reports and information on a timely basis, or (b) the audit otherwise reveals an underreporting of two percent (2%) or more by Franchisee, then Franchisee shall reimburse Franchisor for all costs of the audit or review including, without limitation, travel, lodging, wage expense and reasonable accounting and legal expense. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

10.3 **Computer System and Software.** Franchisee must acquire a computer for use in the operation of the Studio, as well as any audio-visual equipment Franchisor specifies. Franchisee agrees to record all of its receipts, expenses, invoices, member lists, class schedules and other business information required by Franchisor from time to time promptly in the computer system and use the software that Franchisor specifies or otherwise approves. Franchisor reserves the right to change the computer system, and the accounting, business operations, customer service and other software at any time. Franchisee must upgrade and maintain the computer system and software in the Studio, as required by Franchisor from time to time, and pay any fees associated with such upgrades. Franchisee will provide Franchisor with any passwords necessary to access the computer system and software at Franchisor's discretion.

10.4 **Information Security.** Franchisee may from time to time have access to information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information ("Personal Information"). Franchisee may gain access to such Personal Information from Franchisor, its affiliates, its vendors, or Franchisee's own operations. Franchisee acknowledges and agrees that, as between it and Franchisor, all Personal Information (other than Restricted Data, as defined below) is Franchisor's Confidential Information and is subject to the protections in Article 12 below. Franchisee acknowledges and agrees that Franchisor may from time to time share Franchisee's and/or its owners' names as well as personal and business addresses, telephone numbers, and e-mail addresses with Franchisor's affiliates and third-parties.

During and after the Term, Franchisee (and if Franchisee is a legal entity, each of its Owners) agree to, and to cause its respective current and former employees, representatives, affiliates, successors, and assigns to: (a) collect, disclose, process, retain, and use all Personal Information only in strict accordance with all applicable laws, regulations, orders, the guidance and codes issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any applicable Internet presence; (b) assist Franchisor with meeting its compliance obligations under applicable laws and regulations relating to Personal Information; and (c) promptly notify Franchisor of any communication or request from any customer or other data subject to access, correct, delete, opt-out of, or limit activities relating to any Personal Information.

If Franchisee becomes aware of a suspected or actual breach of security or unauthorized access involving Personal Information, Franchisee will notify Franchisor immediately and specify the extent to which Personal Information was compromised or disclosed. Franchisee also agrees to follow Franchisor's instructions regarding curative actions and public statements relating to the breach. Franchisor reserves the right to conduct a data security and privacy audit of any of the Studio and computer system at any time,

from time to time, to ensure that Franchisee is complying with Franchisor’s requirements. Franchisee must promptly notify Franchisor if it receives any complaint, notice, or communication, whether from a governmental agency, customer or other person, relating to any Personal Information, or Franchisee’s compliance with Franchisee’s obligations relating to Personal Information under this Agreement, and/or if Franchisee has any reason to believe that it will not be able to satisfy any of its obligations relating to Personal Information under this Agreement.

Notwithstanding anything to the contrary in this Agreement, Franchisee agrees that Franchisor does not control or own any of the following Personal Information (collectively, the “Restricted Data”): (a) any Personal Information of employees, officers, contractors, owners or other personnel of Franchisee, its affiliates, or the Studio; (b) such other Personal Information as Franchisor may from time to time expressly designate as Restricted Data; and/or (c) any other Personal Information to which Franchisor does not have access. Regardless of any guidance Franchisor may provide generally and/or any specifications that Franchisor may establish for Personal Information, Franchisee has sole and exclusive responsibility for all Restricted Data, including establishing protections and safeguards for such Restricted Data.

10.5 **Insurance.**

A. Prior to opening the Studio for business and throughout the entire Term, Franchisee will keep in force at Franchisee’s own expense and by advance payment of the premium, all insurance coverages required by applicable law, and that it believes are appropriate for its own protection; Franchisee must, at a minimum, maintain the minimum insurance coverages and coverage amounts specified in the Manual from time to time, which as of the Effective Date are as follows:

(1) **Commercial General Liability** insurance covering Franchisee’s day-to-day business operations and premises liability exposures with limits not less than 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 Franchisee
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

Such insurance shall include coverage for contractual liability (for liability assumed under an “insured contract”), products-completed operations, personal and advertising injury, premises liability, third party property damage and bodily injury liability (including death).

- B. All insurance policies must be written by an insurance company licensed in the state in which Franchisee operates its Studio. The insurance company must have at least an “A” Rating Classification as indicated in A.M. Best’s Key Rating Guide.
- C. Franchisor reserves the right, from time to time, in its discretion, to upgrade the insurance requirements or lower the required amounts as to policy limits, deductibles, scope of coverage, or rating of carriers in response to current industry standards, market conditions and/or landlord requirements. Within sixty (60) days of receipt of notice from Franchisor, Franchisee agrees to revise its coverage, as specified in any notice from Franchisor.
- D. Franchisor reserves the right to designate, or require pre-approval of, the provider of any insurance required in connection with the Studio.
- E. Franchisee’s obligation to obtain and maintain insurance shall not be limited by reason of any insurance that may be maintained by Franchisor nor relieve Franchisee of liability under the indemnity provisions set forth in this Agreement. At Franchisor’s designation, Franchisor, as well as its parents, affiliates, and subsidiaries, shall be included as additional insureds on the Studio’s insurance policies, including without limitation, the Studio’s Commercial General Liability and any Umbrella Excess Liability insurance policies. All insurance policies must waive any subrogation rights or other rights to assert a claim back against Franchisor and shall contain a clause requiring notice to Franchisor thirty (30) days in advance of any cancellation or material change or cancellation to any such policy. Franchisee shall give Franchisor certificates of coverage at least annually. Failure to obtain or the lapse of any of the required insurance coverage shall be grounds for the immediate termination of this Agreement pursuant to Section 15.1, and Franchisee agrees that any losses, claims or causes of action arising after the lapse of or termination of insurance coverage will be the sole responsibility of Franchisee and that Franchisee will hold Franchisor harmless from all such losses, claims and/or causes of action. In addition, but not to the exclusion of the foregoing remedy, if Franchisee fails to procure or maintain the required insurance, Franchisor shall have the right and authority, but not the obligation, to procure immediately the insurance and Franchisee shall reimburse Franchisor for the cost of the insurance plus reasonable expenses immediately upon written notice. Franchisee is required to submit to Franchisor a copy of a Certificate of Insurance, with Franchisor as an additional insured, showing compliance with the foregoing requirements at least thirty (30) days before Franchisee commences operation of the Studio. Franchisor shall have a security interest in all insurance proceeds to the extent Franchisee has any outstanding obligations to Franchisor.

11. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

11.1 **Independent Contractor.** The only relationship between Franchisor and Franchisee created by this Agreement is that of independent contractor. The business conducted by Franchisee is completely separate and apart from any business that may be operated by Franchisor and nothing in this Agreement shall create a fiduciary relationship between them or constitute either Party as agent, legal representative, subsidiary, joint venturer, partner, employee, servant or fiduciary of the other Party for any purpose whatsoever. Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a license from Franchisor, and Franchisee agrees to take such action including exhibiting a notice to that effect in such content, form and place as Franchisor may specify. It is further specifically agreed that Franchisee is not an affiliate of Franchisor and that neither Party shall have authority to act for the other in any manner to create any obligations or indebtedness that would be binding upon the

other Party. Neither Party shall be in any way responsible for any acts and/or omissions of the other, its agents, servants or employees and no representation to anyone will be made by either Party that would create an implied or apparent agency or other similar relationship by and between the Parties.

11.2 Indemnification. Franchisee agrees to indemnify, defend and hold Franchisor, its owners, affiliates, successors and assigns, and the directors, officers, owners, managers, employees, servants, and agents of each (collectively, the “Indemnitees”), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys’ fees and court costs), that are brought against any of the Indemnitees (collectively, the “Claims”) that arise out of or are otherwise related to Franchisee’s (a) breach or attempted breach of, or misrepresentation under, this Agreement or in connection with the offer/sale of the Studio prior to the execution of this Agreement, (b) ownership, construction, development, management, or operation of the Studio in any manner, (c) gross negligence or intentional misconduct, and/or (d) alleging Franchisee’s or its representatives’ violation of Applicable Laws as set forth in Section 8.5 above. Notwithstanding the foregoing, any Indemnitee may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination. Indemnitees need not seek recovery from any insurer or other third-party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against Franchisee under this Section. Any Indemnitee’s failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that person may recover from Franchisee under this Section.

12. CONFIDENTIAL INFORMATION

12.1 Franchisor’s Confidential Information.

A. Franchisee acknowledges and agrees that all information relating to the System and to the development and operation of the Studio, including, without limitation, the Manual, Franchisor’s training program, members and supplier lists, customer data, or other information or know-how distinctive to the development or operation of a Row House Studio (all of the preceding information is referred to herein as the “Confidential Information”) is considered to be proprietary and trade secrets of Franchisor. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to Franchisor or its affiliates, or any Restricted Data. Franchisee (and its Owners, if Franchisee is a legal entity) agrees that during and after the Term, Franchisee will, and cause its spouses, immediate family members, affiliates, and assigns to: (i) process, retain, use, collect, and disclose Confidential Information strictly to the limited extent, and in such a manner, as necessary for the development and operation of the Studio in accordance with this Agreement, and not for any other purposes of any kind; (ii) process, retain, use, collect, and disclose Confidential Information strictly in accordance with the privacy policies and System Standards and Franchisee’s and its representative’s instructions; (iii) keep confidential and not disclose, sell, distribute, or trade Confidential Information to any person other than those of Franchisee’s employees, independent contractors, and representatives who need to know such Confidential Information for the purpose of assisting Franchisee in its operation of the Studio in accordance with this Agreement; (iv) not make unauthorized copies of any portion of Confidential Information; (v) adopt and maintain administrative, physical, and technical safeguards to prevent unauthorized use or disclosure of any portion of Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to key personnel, and/or by requiring persons who have access to such Confidential Information to be bound by contractual obligations to protect such Confidential Information and preserve Franchisor’s rights and controls in such Confidential Information, in each case that are no less protective or beneficial to Franchisor than the terms of this Agreement; and (vi) at Franchisor’s request, destroy or return any portion of the

Confidential Information. Upon Franchisor's request, Franchisee shall require the Studio's employees and any independent contractors to execute a nondisclosure and non-competition agreement in a form satisfactory to Franchisor. Franchisee shall not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of its Studio in accordance with this Agreement. If Franchisee or Franchisee's employees or any independent contractors learn about an unauthorized use of any Confidential Information, Franchisee must promptly notify Franchisor. Franchisor is not obligated to take any action but will respond to the information as it deems appropriate. If Franchisee at any time conducts, owns, consults with, is employed by or otherwise assists a similar or competitive business to that franchised hereunder, the doctrine of "inevitable disclosure" will apply, and it will be presumed that Franchisee is in violation of this covenant; and in such case, it shall be Franchisee's burden to prove that Franchisee is not in violation of this covenant.

- B. Franchisee acknowledges that Franchisor is not making any representations or warranties, express or implied, with respect to the Confidential Information. Franchisor and its affiliates have no liability to Franchisee and its affiliates for any errors or omissions from the Confidential Information.
- C. Franchisee agrees that any new concept, process or improvement in the operation or promotion of the Studio developed by or on behalf of Franchisee that relates to or enhances Row House Studios or the System, or any aspect of Franchisor's business, shall be the sole property of Franchisor, and Franchisee shall promptly notify Franchisor and shall provide Franchisor with all necessary information and execute all necessary documents to memorialize said ownership, or, if necessary, Franchisee's assignment of such ownership to Franchisor, without compensation. Franchisee acknowledges that Franchisor may utilize or disclose such information to other Franchisees.
- D. Notwithstanding the foregoing, nothing in this Agreement restricts or prohibits Franchisee from initiating communications directly with, responding to any inquiries from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or from filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the U.S. Securities and Exchange Commission, or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. Franchisee does not need the prior authorization of Franchisor to engage in conduct protected by the preceding sentence, and Franchisee does not need to notify Franchisor that Franchisee has engaged in such conduct. Nothing in this provision is intended to exert controls over Franchisee's relationships with its employees or to create or imply an employment relationship between Franchisor and Franchisee or Franchisee's employees.

12.2 **Injunctive Relief.** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of this Article 12. Franchisee acknowledges and agrees that any failure to comply with the requirements of this Article 12 will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to injunctive relief as specified in Section 16.5 herein to enforce the terms of this Article 12. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 12. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

13. COVENANTS NOT TO COMPETE

13.1 **Non-Competition Covenants of Franchisee.**

- A. *During the Term of this Agreement.* Franchisee acknowledges that it will receive valuable, specialized training and confidential information regarding the System and Franchisor and its affiliates' businesses.

During the Term, Franchisee and its owners, principals, or guarantors (“**Restricted Parties**”) may not, without Franchisor’s prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or entity: (i) teach or lead, or train individuals to teach or lead, any rowing-based fitness 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; (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 (collectively, each, a “**Competitive Business**”) at any location in the United States; (iii) 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; (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.

- B. *After the Term of this Agreement.* For two years after the expiration or termination of this Agreement or an approved Transfer to a new franchisee, the Restricted Parties shall be subject to the same restrictions as in Section 13.1.A (During Term), except the restrictions in Section 13.1.A(i) and 13.1.A(ii) shall be geographically limited to any location within a ten-mile radius of the 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 individuals that are Restricted Parties, the time period in this Section 13.1.B will run from the expiration, termination, or Transfer of this Agreement or from the termination of the individual’s relationship with Franchisee, whichever occurs first.

13.2 **Enforcement of Covenants.**

- A. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of the covenants in this Article 13. Franchisee acknowledges and agrees that in view of the nature of the System and the business of Franchisor, the restrictions contained in this Article 13 are reasonable and necessary to protect the legitimate interests of the System and Franchisor. Franchisee further acknowledges and agrees that Franchisee’s violation of the terms of this Article 13 will cause irreparable injury to Franchisor for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to preliminary and permanent injunctive relief and damages, as well as, an equitable accounting of all earnings, profits, and other benefits arising from such violation, which remedies shall be cumulative and in addition to any other rights or remedies to which Franchisor shall be entitled. Franchisee agrees to waive any bond that may be required or imposed in connection with the issuance of any preliminary or provisional relief. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys’ fees, incurred by Franchisor in connection with the enforcement of this Article 13. If Franchisee violates any restriction contained in this Article 13, and it is necessary for Franchisor to seek equitable relief, the restrictions contained herein shall remain in effect until two (2) years after such relief is granted. If Franchisee contests the enforcement of Article 13 and enforcement is delayed pending litigation, and if Franchisor prevails, the period of non-competition shall be extended for an additional period equal to the period of time that enforcement of this Article 13 is delayed.
- B. Franchisee agrees that the provisions of this covenant not to compete are reasonable. If, however, any court should find this Article 13 or any portion of this Article 13 to be unenforceable and/or unreasonable, the court is authorized and directed to reduce the scope or duration (or both) of the provision(s) in issue to the extent necessary to render it enforceable and/or reasonable and to enforce the provision so revised.

- C. Franchisor shall have the right, in Franchisor’s discretion, to reduce the scope of any covenant not to compete set forth in this Agreement, or any portion thereof, without Franchisee’s consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply with any covenant as so modified.

14. TRANSFER OF INTEREST

14.1 **Franchisor’s Approval Required.** 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 the Franchisee 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 Franchisee mean either (a) 20% or more of the direct or indirect legal or beneficial ownership interests in the Franchisee 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 Franchisee or the Studio to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition. This Agreement is personal to Franchisee, and Franchisor has granted the rights in this Agreement in reliance on Franchisee and its owners’ business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any owner nor or any successors to any part of Franchisee’s interest in this Agreement may make any Transfer or permit any Transfer to occur without obtaining Franchisor’s prior written consent, except as provided in Section 14. Any purported Transfer, without Franchisor’s prior written consent, will be null and void and will constitute an Event of Default (as herein defined), for which Franchisor may terminate this Agreement without opportunity to cure.

14.2 **Conditions for Approval of Transfer.** If Franchisee or any of its owners desire to make a Transfer, Franchisee must promptly provide Franchisor with advance written notice and must submit a copy of all proposed contracts and other information concerning the Transfer and transferee that Franchisor reasonably requires. Franchisor has the right to communicate with both Franchisee, its counsel, and the proposed transferee on any aspect of a proposed Transfer. No Transfer that requires Franchisor’s consent may be completed until at least 60 days after Franchisor receives written notice of the proposed Transfer. Franchisor has the sole and absolute discretion to withhold its consent, except as otherwise provided in Sections 14.2.C (Transfer for Convenience), 14.2.D (Permitted Transfers), and 14.3 (Death or Disability of Franchisee), and Franchisor may condition its consent on compliance with any conditions that Franchisor specifies. If the Studio is not open and operating, Franchisor will not consent to Franchisee’s Transfer of this Agreement, and Franchisor are under no obligation to do so. Franchisor’s consent to a Transfer does not constitute a waiver of any claims that Franchisor has against the transferor, nor is it a waiver of Franchisor’s right to demand exact compliance with the terms of this Agreement.

- A. **Control Transfer.** For a proposed Control Transfer, in addition to any other conditions that Franchisor reasonably specifies, the following conditions apply (unless waived by Franchisor):
- a. When Franchisee provides written notice of the proposed Transfer, Franchisee must pay to Franchisor a non-refundable deposit of \$2,500 to cover Franchisor’s administrative costs incurred in reviewing the proposal. The deposit will be applied towards the Transfer Fee in the event that the Transfer is completed, but will not be refunded if the Transfer is not completed.

- b. Franchisee or the transferee must pay to Franchisor the applicable Transfer Fee, which is currently Ten Thousand Dollars (\$10,000.00). Franchisee must make such payment by wire transfer from the proceeds of the sale at the closing if Franchisor so requests.
- c. Franchisee must satisfy all of its accrued monetary obligations to Franchisor and must be in compliance with all obligations to Franchisor under this Agreement and any other agreement that Franchisee has with Franchisor and its affiliates as of (i) the date of the request for Franchisor's approval of the Transfer or Franchisee must make arrangements satisfactorily to Franchisor to come into compliance by the date of the Transfer and (ii) the date of the Transfer.
- d. Franchisee and its owners must execute a general release, in a form that Franchisee prescribes, in favor of Franchisee, its affiliates, and its 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. Franchisee and its owners must agree to remain liable for all of the obligations to Franchisee in connection with the Studio arising before the effective date of the Transfer, and execute any and all instruments that Franchisee reasonably request to evidence such liability.
- f. Franchisee and its Owners must continue to be bound by the provisions of Sections 4 (Trademark Standards), 12 (Confidential Information), 11.2 (Indemnification), and 13 (Covenants 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. Franchisee must provide Franchisor with written notice from Franchisee's landlord indicating that Franchisee's landlord has agreed to transfer the site lease to Franchisee's transferee.
- h. Franchisee's proposed transferee (or, if the transferee is not an individual, all owners of any legal or beneficial interest in the transferee) must demonstrate to Franchisor's satisfaction that such transferee meets all of Franchisor's then-current qualifications to become a Row House franchisee, including not having any involvement with a Competing Business, and if the transferee is already a Row House franchisee, the transferee must not be in default under any of their agreements with Franchisor and must have a good record of customer service and compliance with the System Standards.
- i. Franchisee's proposed transferee and their representatives must successfully complete Franchisor's then-current training requirements at their expense.
- j. Franchisee's proposed transferee (and, if the transferee is not an individual, such owners of a legal or beneficial interest in the transferee as Franchisor may request) must (i) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge and guarantee all of Franchisee's obligations under this Agreement and (ii) must execute Franchisor's then-current form of personal guarantee.
- k. Franchisee's proposed transferee (and, if the transferee is not an individual, such owners of a legal or beneficial interest in the transferee as Franchisor 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, Franchisor's then-current franchise agreement for new franchisees and such other agreements as Franchisor 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. Franchisee's proposed transferee must make arrangements to modernize, renovate, or upgrade the Studio, at its expense, to conform to Franchisor's then-current System Standards for new Row House Studios.
- m. Franchisee's proposed transferee must covenant that it will continue to operate the Studio under the Marks and using the System.

- n. Franchisor must determine, in Franchisor's sole discretion, that the purchase price and payment terms will not adversely affect the operation of the Studio. If Franchisee or its owners finance any part of the purchase price, Franchisee 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 Franchisor and Franchisor's affiliates and otherwise to comply with this Agreement.
- B. Non-Control Transfers. For any Transfer that does not result in a Control Transfer, in addition to any other conditions that Franchisor reasonably specifies, Franchisee and/or the transferee must satisfy (unless waived by Franchisor) the conditions in Sections 14.2.A(b) (pay the applicable Transfer Fee), 14.2.A(c) (comply with obligations), 14.2.A(d) (sign general release), 14.2.A(e) (remain liable for pre-Transfer obligations), 14.2.A(f)(remain bound to certain provisions), 14.2.A(h)(transferee meets qualifications), and 14.2.A(j) (sign assignment and guaranty). Franchisee and its owners must sign the form of agreement and related documents that Franchisor then specify to reflect the new ownership structure.
- C. Transfer for Convenience. Franchisor will consent to the assignment of this Agreement to an entity that Franchisee forms for the convenience of ownership, provided that: (i) the entity has and will have no other business besides operating Row House Studios; (ii) Franchisee satisfies the conditions in Sections 14.2.A(b) (pay the applicable Transfer Fee), 14.2.A(c) (comply with obligations), 14.2.A(d) (sign general release), 14.2.A(e) (remain liable for pre-Transfer obligations), 14.2.A(f)(remain bound to certain provisions), 14.2.A(h)(transferee meets qualifications), and 14.2.A(j) (sign assignment and guaranty);and (iii) the Owners hold equity interests in the new Entity in the same proportion shown on Exhibit 1.
- D. Permitted Transfers. The other provisions in this Section do not apply, including Franchisor's right of first refusal and right of approval, to the following Transfers:
- a. Security Interests. Franchisee may grant a security interest in the site (if Franchisee owns the site), the Studio, any Operating Assets, this Agreement, or any direct or indirect legal and/or beneficial interest in Franchisee to a financial institution or other party that provided or provides any financing Franchisee's acquisition, development, and/or operation of the Studio, but only if that party signs Franchisor's then-current form of lender consent to protect Franchisor's 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 14.
 - b. Transfer to a Trust. Any owner who is an individual may Transfer his or her ownership interest in Franchisee (or any of its 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 Franchisee (or its owner) held by the trust. Franchisee must provide Franchisor with advance written notice of such proposed Transfer and copies of the trust documentation that demonstrates Franchisee's 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 14.2.D(b) are subject to all applicable terms and conditions of this Section 14.

14.3 **Death or Disability of Franchisee**. If Franchisee or any owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to Franchisor 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 14, as applicable, except there shall be no Transfer Fee due. In addition, if the deceased or incapacitated person is Franchisee or the Operating Principal, then Franchisor will have the right (but not the obligation) to take over operation of the Studio until the Transfer is completed and to

charge a reasonable management fee. 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 then-current requirements to be a franchisee the executor may transfer the decedent’s interest to another successor that Franchisor has 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 14.3 within 120 days after the date of death or appointment of a personal representative or trustee, Franchisor may terminate this Agreement.

14.4 **Relocation.** If Franchisee relocates the Studio from to a new location, then Franchisor will charge Franchisee for the reasonable costs that it incurs in connection with any proposed relocation (the “Relocation Fee”).**Franchisor’s Right of First Refusal.** Franchisor has the right, exercisable within 30 days after receipt of the notice of Franchisee’s intent to Transfer and such documentation and information that Franchisor requires, to send written notice to Franchisee that Franchisor intends to purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third-party or, at Franchisor’s option, the cash equivalent thereof. If Franchisee and Franchisor cannot agree on the reasonable equivalent in cash or if the Transfer is proposed to be made by gift, Franchisor will designate, at Franchisor’s expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. Franchisor may purchase the interest at the fair market value determined by the appraiser or may elect at that time to not exercise its rights. Franchisor must receive, and Franchisee and its 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 the business prior to the closing of Franchisor’s purchase. Closing on the purchase must occur within 90 days after the date of Franchisor’s notice to the seller electing to purchase the interest. Franchisor may assign its right of first refusal to another entity or person either before or after Franchisor exercises it. However, Franchisor’s right of first refusal will not apply with regard to Transfers to an entity under Section 14.2.D (Permitted Transfers) or 14.3 (Death, or Disability of Franchisee) or Transfers to Franchisee’s spouse, son, or daughter.

If Franchisor elects not to exercise its rights under this Section, the transferor may complete the Transfer after complying with the applicable provisions in Section 14.2. Closing of the Transfer must occur within 90 days of Franchisor’s 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 Franchisor’s right of first refusal. Any material change in the terms of the offer from a third-party after Franchisor has 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 Franchisor’s determination that the Transfer was on terms substantially the same as those offered to us..

14.6 **Transfer by Franchisor.** Franchisor shall have the right to transfer, assign or delegate all or any part of its rights or obligations herein to any person or legal entity, directly or indirectly, by merger, assignment, pledge or other means.

15. DEFAULT AND TERMINATION OF AGREEMENT

15.1 **Termination of Franchise by Franchisor.** Any one or more of the following constitutes an “Event of Default” under this Agreement giving Franchisor the right to terminate this Agreement:

A. Franchisee or any owner makes any material misrepresentations or omissions in connection with Franchisee’s application to Franchisor for the franchise, this Agreement, or any related documents, or

Franchisee submits to Franchisor any report or statement that Franchisee knows or should know to be false or misleading;

B. Franchisee, or its Key Manager or any other personnel required to attend, fail to successfully complete initial training to Franchisor's satisfaction at least ten days before the Opening Deadline;

C. Franchisee fails to sign a lease for the site or purchase agreement that Franchisee has approved for a site that Franchisor has accepted by the Site Acquisition Deadline;

D. Franchisee fails to open for business by the Opening Deadline;

E. Franchisee fails to renovate the Studio as required within the applicable time periods;

F. Franchisee fails to maintain possession of the site and fails to secure Franchisor's approval of and enter into a lease for a new, accepted site within 90 days after the expiration or termination of the original site lease;

G. Franchisee voluntarily suspends operation of the Studio without Franchisor's prior written consent for five or more consecutive business days on which Franchisee was required to operate, unless Franchisor determines, in its sole discretion, that the failure was beyond Franchisee's control;

H. After multiple attempts to reach Franchisee via telephone, e-mail, or other written correspondence, Franchisee fails to communicate with Franchisor within seven days after Franchisor sends Franchisee a written communication in accordance with the Notice Section of this Agreement notifying Franchisee of Franchisor's attempts to reach Franchisee and Franchisor's need to receive a response from Franchisee.

I. Franchisee's Operating Principal, Key Managers, or any representatives that Franchisor designates fail to attend or participate in two or more required franchise conventions, meetings, and teleconferences during any 12-month period, without Franchisor's prior written consent;

J. Any owner or any 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 Franchisor believes is likely to have an adverse effect on the franchise system, the Marks and any associated goodwill, or the Row House concept (an "**Adverse Effect**") or Franchisee, any owner, or any of officers or directors has engaged in or engages in activities that, in Franchisor's reasonable opinion, are reasonably likely to have an Adverse Effect;

K. Franchisee uses any of the Marks or any other identifying characteristic of Franchisor other than in the operation or promotion of the Studio;

L. Franchisee or any of its owners, directors, or officers disclose or divulge the contents of the Manuals or other Confidential Information contrary to Section 12 (Confidential Information);

M. Any Transfer occurs that does not comply with Section 14 (Transfer of Interest), including a failure to transfer to a qualified successor after death, disability, or bankruptcy within the time allowed by Section 14.3 (Death or Disability of Franchisee);

N. Franchisee or any owner violates the noncompete covenants in Section 13 (Covenants Not to Compete);

O. Franchisee breaches or fails 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 Franchisor or applicable public officials, whichever occurs first;

P. Franchisee becomes insolvent or makes an assignment for the benefit of creditors, execution is levied against Franchisee's business assets, or a suit to foreclose any lien or mortgage is instituted against Franchisee and not dismissed within 30 days;

i. Franchisee fails, refuses, or neglects to pay any monies owing to Franchisor or its affiliates or fails to make sufficient funds available to Franchisor as provided in Section 5.11 (Electronic Transfer) within ten days after receiving written notice of default or 30 days after due date of the payment, whichever is the shorter period; (ii) Franchisee has previously been given at least two notices of nonpayment for any reason within the last 24 months and Franchisee subsequently fails to timely pay when due any monies; or (iii) Franchisee fails to do all things necessary to give Franchisor access to the information contained in Franchisee's computer system within 10 days after receiving notice;

Q. Franchisee is more than 60 days past due on its obligations to suppliers and trade creditors in an amount exceeding \$2,000, unless Franchisee has given Franchisor prior notice that the failure to pay is a result of a bona fide dispute with such supplier or trade creditor that Franchisee is diligently trying to resolve in good faith;

R. Franchisee fails to pay when due any federal, state or local income, service, sales or other taxes due on the Studio's operation, unless Franchisee is in good faith contesting the liability for these taxes;

S. Franchisee underreports Gross Sales 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;

T. Franchisee refuses to permit, or tries to hinder, an examination, inspection, or audit of its books and records, the Studio, or the site as required by this Agreement;

U. Franchisee fails 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 Franchisor provides written notice of such default or Franchisee subsequently cures the default;

V. Franchisee or its affiliates default under any other franchise agreement or other agreement between Franchisee or its affiliates and Franchisor or its affiliates, provided that the default would permit Franchisor or its affiliate to terminate such agreement;

W. Franchisee breaches or fails to comply with any other covenant, agreement, standard, procedure, practice, or rule prescribed by Franchisor, whether contained in this Agreement, in the Manuals, or otherwise in writing and fails to cure such breach or failure to Franchisor's satisfaction within 30 days (or such longer period as Applicable Laws may require) after Franchisor provides Franchisee with written notice of the default; or

X. Franchisee is 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.

15.2 **Cross-Default.** If there are now, or hereafter shall be, other franchise agreements or any other agreements in effect between Franchisee or any of its affiliates and Franchisor or any of its affiliates, a default by Franchisee or any of its affiliates and/or owners under the terms and conditions of this Agreement or any other such agreement, shall at the option of Franchisor, constitute a default under this Agreement and all such other agreements.

15.3 **Obligations of Franchisee upon Termination, Expiration or Non-Renewal.** Franchisee covenants and agrees that upon expiration or termination of this Agreement for any reason, unless Franchisor directs Franchisee otherwise:

A. **Payment of Costs and Amounts Due.** Franchisee will pay upon demand all sums owing to Franchisor and its affiliates. If this Agreement is terminated due to an Event of Default, Franchisee will promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default. These payment obligations will give rise to and remain, until paid in full, a lien in favor of Franchisor against the Studio premises and any and all of the personal property, fixtures, equipment, and inventory that Franchisee owns at the time of the occurrence of the Event of Default. Franchisor is hereby authorized at any time after the Effective Date to make any filings and to execute such documents on Franchisee's behalf to perfect such lien. Franchisee also will pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, that Franchisor incurs after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Section 15.3.

B. **Discontinue Use of the System and the Intellectual Property.** Franchisee 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.

C. Return of Confidential Information. Franchisee must immediately return to Franchisor, at Franchisee's expense, all copies of the Manuals, all customer information, and all other Confidential Information (and all copies thereof). Franchisee may not use any Confidential Information or sell, trade, or otherwise profit in any way from any Confidential Information at any time following the expiration or termination of this Agreement.

D. Cease Identification with Franchisor. Franchisee must immediately take all action required (i) to cancel all assumed name or equivalent registrations relating to Franchisee's use of the Marks and (ii) to, in accordance with Franchisor's directions, cancel or transfer to Franchisor or its 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**"). Franchisee acknowledges that as between Franchisee and Franchisor, Franchisor has the sole rights to and interest in all Identifiers. If Franchisee fails to comply with this Section 15.3, Franchisee hereby authorizes Franchisor and irrevocably appoint Franchisor or its designee as Franchisee's 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 Franchisor. The telephone company, the postal service, registrars, Internet Service Providers listing agencies, and other providers may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's exclusive rights in such Identifiers and Franchisor's authority to direct their transfer.

E. Franchisor's Right to Purchase Studio Assets.

- a. Exercise of Option. Upon termination of this Agreement for any reason (other than Franchisee's termination in accordance with Section 15.5 (Termination By Franchisee)) or expiration of this Agreement without signing a successor franchise agreement, Franchisor has the option to purchase the inventory, supplies, Operating Assets, and other assets used in the operation of the Studio that Franchisor designates (the "**Purchased Assets**"). As a first step in exercising this option, Franchisor must give Franchisee written notice within 15 days after the date of termination or expiration of Franchisor's intent to conduct due diligence (the "**Exercise Notice**"). Franchisor has the unrestricted right to exclude any assets it specifies relating to the Studio from the Purchased Assets and not acquire them. Franchisee agrees to provide Franchisor the financial statements and other information Franchisor reasonably requires, and to allow Franchisor to inspect the Studio and its assets, to determine whether to exercise its option. If Franchisee, its owners, or one of its affiliates owns the site, Franchisor may elect to include a fee simple interest in the site as part of the Purchased Assets or, at Franchisor's option, lease the site from Franchisee, its owner (or an entity controlled by such owner), or Franchisee's affiliate for an initial 10-year term with one renewal term of five years (at Franchisor's option) on commercially reasonable terms, which shall include the right to sublease the site to another party. Franchisee and its owners agree to cause the affiliate or any entity controlled by such owner to comply with these requirements. If Franchisee leases the site from an unaffiliated lessor, Franchisee agrees (at Franchisor's option) to assign the lease to Franchisor 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. Franchisor may require Franchisee 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 Franchisor decides to decline its right to exercise this option (or the expiration of the option, if Franchisor fails to provide an Exercise Notice by the deadline) or (ii) the closing of the purchase. However, Franchisor may, at any time during that period, assume the management of the Studio itself or appoint a third party (who may be its affiliate) to manage the Studio.

- 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 Competing Business (and not a Row House Studio). However, the purchase price will not include any value for any rights granted by this Agreement, goodwill attributable to the Marks, the brand image, any Confidential Information or Franchisor's 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 computer system) used in operating the Studio, the equipment's useful life shall be determined to be no more than three years. If Franchisor and Franchisee cannot agree on fair market value for the Purchased Assets, Franchisor will select an independent appraiser after consultation with Franchisee, and his or her determination of fair market value will be the final and binding purchase price.
- d. Closing. Franchisor will pay the purchase price at the closing, which will take place within 60 days after the purchase price is determined, although Franchisor may decide after the purchase price is determined not to complete the purchase. Franchisor may set off against the purchase price, and reduce the purchase price by, any and all amounts Franchisee owes Franchisor or its affiliates. Franchisor is entitled to all customary representations, warranties, and indemnities in Franchisor's 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 Franchisee's business prior to the closing of the purchase. At the closing, Franchisee agrees to deliver instruments transferring to Franchisor: (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 Franchisor), with all sales and transfer taxes paid by Franchisee; and (y) all of the Studio's licenses and permits which may be assigned or transferred. If Franchisee 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. Franchisee and its owners further agree to sign general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliates, and its and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns.
- e. Assignment. Franchisor may assign its rights under this Section 15.3 to any individual or entity (which may be affiliated with Franchisor), and that person or entity will have all of the rights and obligations under this Section 15.3.

F. De-identification of the Site. If Franchisor does exercise its option to acquire the site lease or the site, Franchisee will make such modifications or alterations to the site immediately upon termination or expiration of this Agreement that Franchisor deems necessary to distinguish the appearance of the site from a Row House Studio, including, but not limited to, removing the signs, the Marks, and any Trade Dress so as to indicate to the public that Franchisee is no longer associated with Franchisor. If Franchisee does not comply with the requirements of this Section, Franchisor 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. Franchisee agrees to reimburse Franchisor on demand for its expenses in making such changes.

G. Reimbursement of Unused Classes. In addition to any procedures that Applicable Laws require, Franchisor may require Franchisee to notify all of the Studio's customers of the termination or expiration of this Agreement in a manner that Franchisor specifies and offer each of them the option to receive a refund of all unused prepaid class credits, which Franchisee is solely responsible for refunding to them in a manner that Franchisor may specify. Franchisor must approve in writing the content of any such

notice, prior to Franchisee contacting any of the Studio's customers, and may elect to send the notice on Franchisee's behalf.

H. Promote Separate Identity. Franchisee will not, directly or indirectly, in any manner, identify itself, or any individual connected with it, as a former Row House franchisee or as otherwise having been associated with Franchisor.

I. Comply with Noncompete. Franchisee and its owners must comply with the covenant not to compete in Section 13 (Covenants Not to Compete).

J. Injunctive and Other Relief. Franchisee acknowledges that its failure to abide by the provisions of this Section 15 will result in irreparable harm to Franchisor and that its remedy at law for damages will be inadequate. Accordingly, Franchisee agrees that if it breaches any provisions of this Section 15, Franchisor is entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

K. Lost Revenue Damages. Franchisor and Franchisee agree that Franchisor will suffer compensable damages including, among others, the amount of the Royalty and Fund Contributions it would have received, and for which it bargained in entering into this Agreement, if Franchisee terminates this Agreement without cause or Franchisor terminates this Agreement because of Franchisee's breach (the "Lost Revenue Damages"). Franchisor and Franchisee acknowledge that, because Royalty and Fund Contributions are calculated as a percentage of the Studio's Gross Sales, it will be impossible to calculate Lost Revenue Damages once the Studio ceases operation. To bring certainty to that determination, Franchisor and Franchisee agree that Lost Revenue Damages will equal the net present value of: (1) the lesser of 36 or the number of calendar months remaining on the Term absent the termination, multiplied by (2) the sum of the Royalty and Fund Contribution percentages in effect as of the termination date, multiplied by (3) the average monthly Gross Sales of the Studio during the 24 full calendar months immediately preceding the termination date, minus (4) any cost savings Franchisor experienced as a result of the termination; provided, however, that if (i) as of the termination date, the Studio had not operated a full 24 calendar months, monthly average Gross Sales will equal the highest monthly Gross Sales achieved during the period in which it operated, and (ii) if the termination was based on Franchisee's unapproved closure of the Studio, average monthly Gross Sales would be based on the 24 full calendar months immediately preceding the closure of the Studio.

Franchisor and Franchisee acknowledge and agree that (a) their agreement on the calculation of Lost Revenue Damages is a reasonable determination of actual damages that will be suffered by Franchisor in the event of a termination as described above and is not a penalty, and (b) Lost Revenue Damages represent only lost Royalty and Fund Contributions, and the right to recover such damages is not exclusive of and does not replace any other rights Franchisor has under this Agreement or applicable law if this Agreement is terminated as described above, including the right to seek other damages it suffers as a result of a termination as described above or the events on which such termination was based.

15.4 Franchisor's Rights and Remedies in Addition to Termination. If Franchisee shall be in default in the performance of any of its obligations or breach any term or condition of this Agreement, in addition to Franchisor's right to terminate this Agreement, and without limiting any other rights or remedies to which Franchisor may be entitled at law or in equity, or if Franchisor has issued a notice to Franchisee in exercise of its rights to purchase the Studio under Section 15.3.E above, then, Franchisor may, at its election, immediately or at any time thereafter, and without notice to Franchisee, cure such default on Franchisee's behalf and, in its discretion, either directly or through its designee, enter upon and take possession of the Studio, for a period not to exceed 180 days, and thereafter take, in the name of Franchisee, all other actions necessary to effect the provisions of this Agreement. Franchisee agrees that any such entry or other action shall not be deemed a trespass or other illegal act, and Franchisor shall not be liable in any manner to

Franchisee for so doing, and Franchisee shall pay the entire cost thereof to Franchisor on demand, including reasonable compensation to Franchisor for the management of the Studio. If Franchisor exercises its rights under this Section, then Franchisor is not required to use Franchisee's employees and reserves the right to designate its own personnel to manage and operate the Studio.

During the period in which Franchisor or its designee operates the Studio under this Section, Franchisee will cooperate with Franchisor and its designees to support the operation of the Studio in compliance with all the System Standards, including making available any and all books, records, and accounts. Franchisee agrees that all funds derived from the operation of the Studio during this period will be held and used solely by Franchisor or its designee, will be used to pay expenses associated with the operation of the Studio (including payment of any fees and other amounts owed by Franchisee to Franchisor under this Agreement and Franchisor's then-current fee for such interim operation of the Studio), and will be accounted for separately from Franchisor's other revenue and expenses.

Franchisee agrees that Franchisor or its designee must exercise only a reasonable degree of care in operating the Studio and is under no duty to take extraordinary measures or, in any way, fund the operations to ensure the Studio's success or continued operations during or after such period. Franchisee agrees that it continues to bear the sole liability for any and all accounts payable, obligations, and/or contracts, including all obligations under the Studio lease and all obligations to its vendors and employees and contractors, unless and until Franchisor expressly assumes them in connection with the purchase of the Studio under Section 15.3.E above. Franchisor may elect to cease such interim operations of the Studio at any time with notice to Franchisee. Franchisor (or its designee) will not be liable to Franchisee or its owners for any debts, losses, or obligations the Studio incurs, or to any of Franchisee's creditors.

Franchisor's decision to operate the Studio on an interim basis, will not affect Franchisor's right to terminate this Agreement under Section 15.1.A(4) above. Franchisee's indemnification obligations set forth under Section 11.2 will continue to apply during any period that Franchisor or its designee operate the Studio.

15.5 Termination By Franchisee. Franchisee may terminate this Agreement only if: (i) Franchisor commits a material breach of this Agreement; (ii) Franchisee gives Franchisor written notice of the breach; (iii) Franchisor fails to cure the breach, or to take reasonable steps to begin curing the breach, within 60 days after receipt of notice; and (iv) Franchisee is in full compliance with the obligations under this Agreement. If Franchisor cannot reasonably correct the breach within this 60-day period but Franchisor provides Franchisee, within this 60-day period, with reasonable evidence of Franchisor's 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 Franchisee delivers to Franchisor written notice of termination for failure to cure within the allowed period. Any attempt to terminate this Agreement without complying with this Section 15.5 (including by taking steps to de-identify the Studio or otherwise cease operations under this Agreement) will constitute a default by Franchisee.

16. RESOLUTION OF DISPUTES

16.1 Governing Law. Franchisor and Franchisee agree that all matters relating to arbitration will be governed by the substantive and procedural provisions of the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.), which they acknowledge and agree will supersede any conflicting provisions of any state's laws relating to arbitration. Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other applicable federal laws, this Agreement and any other agreement between Franchisor (or its parents, affiliates, and subsidiaries) and Franchisee (or its parents, affiliates, and subsidiaries, if applicable), and the rights granted and relationships created thereunder, shall be governed by the internal laws of the Commonwealth of Virginia, without regard to its conflicts of laws rules, except that the provisions regarding competitive activities shall be interpreted

and enforced in accordance with the laws of the state in which the Studio is located. The Parties further acknowledge and agree that the adoption of Virginia, law in this Section is not intended to circumvent or, in any manner, satisfy any jurisdictional requirements contained in any such laws that are expressly and specifically directed to the offer or sale of franchises or the relationships between franchisors and franchisees.

16.2 **Internal Dispute Resolution.** Franchisee agrees that, except as set forth in Section 16.5 below, before it or any of its owners or representatives initiates an arbitration or litigation against Franchisor, its parents, affiliates, and subsidiaries, or their respective owners, officers, directors, employees or representatives, Franchisee will provide Franchisor with written notice of the underlying claim or dispute (the “**Dispute**”) specifying, in detail, the precise nature and grounds of the Dispute. Within thirty (30) days after delivery of such claim or dispute to Franchisor, Franchisor and Franchisee will use good faith efforts to discuss and resolve the Dispute informally for a reasonable period which shall be no more than sixty (60) days unless mutually extended by the Parties.

16.3 **Mediation.** Except as provided in Section 16.5 below, the Parties agree to submit any Dispute they are unable to resolve informally, as described in Section 16.2 above, to 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 Charlottesville, Virginia, unless Franchisor no longer has an office there, in which case it will be held in the metropolitan area of Franchisor’s then-current principal place of business. The mediation shall be governed by the rules of the AAA.) day.

16.4 **Other Proceedings (Right to Injunctive Relief).** Nothing in this Agreement, including the provisions of Sections 16.2 and 16.3, bars Franchisor’s right to seek and obtain in any court of competent jurisdiction injunctive or other equitable relief against actual or threatened conduct that it believes is likely to cause loss or damage to the Marks, its proprietary information, or the System, in each case, under customary equity rules, including applicable rules for obtaining restraining orders and injunctions. Franchisee agrees that Franchisor may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. Franchisee agrees that Franchisor will not be required to post a bond to obtain injunctive relief and that Franchisee’s only remedy if an injunction is entered against it will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

16.5 **Consent to Jurisdiction.** Subject to the obligation to submit to mediation under Section 16.3 above, Franchisor and Franchisee agree that all controversies, disputes, or claims between them or any Franchisor Parties and Franchisee Parties arising out of or related to this Agreement or any other agreement between a Franchisor Party and a Franchisee Party or their relationships with each other must be commenced exclusively in state or federal court closest to Franchisor’s (or its successor’s or assign’s, as applicable) then-current principal place of business (currently, Charlottesville, Virginia), and the Parties irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts.

16.6 **Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee’s recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to

claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the Term if it is terminated due to Franchisee's default, which the Parties agree and acknowledge Franchisor may claim under this Agreement.

16.7 **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

16.8 **WAIVER OF CLASS ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE OPERATIONS OF THE STUDIO, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD-PARTY.

16.9 **Attorneys' Fees and Costs.**

- A. If legal action or arbitration is necessary to enforce the terms and conditions of this Agreement, the prevailing Party shall be entitled to recover reasonable compensation for preparation, investigation, court costs, arbitration costs (if applicable) and reasonable attorneys' fees, from the non-prevailing Party as fixed by an arbitrator or court of competent jurisdiction.
- B. Separate and distinct from the right of a prevailing Party to recover expenses, costs and fees in connection with any legal proceeding or arbitration, the prevailing Party shall also be entitled to receive all expenses, costs and reasonable attorneys' fees incurred in connection with the enforcement of any arbitration award or judgment entered. Furthermore, the right to recover post-arbitration award and post judgment expenses, costs and attorneys' fees shall be severable and shall survive any award or judgment and shall not be deemed merged into such judgment.
- C. Apart from the obligations in Sections 16.10.A and 16.10.B, Franchisee agrees and acknowledges that it will be responsible for the legal fees and other costs that Franchisor incurs in connection with certain modifications that Franchisor agrees to make to the Franchise Agreement, including without limitation, modifications made to address the following situations: (i) relocation; or (ii) any other amendment to extend a given performance deadline of Franchisee, modify the Designated Territory awarded hereunder, or otherwise modify, amend or supplement this Agreement in any way at the request of Franchisee or as necessary for Franchisee to avoid this Agreement being in default or subject to termination. Franchisor may set forth flat fee amounts designed to help defray the costs associated with addressing certain of the foregoing situations in the context of this Agreement or any other agreement with Franchisor, whether in the Manual or otherwise in a writing distributed to System franchisees.

16.10 **No Withholding of Payments.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

16.11 **Limitation of Actions.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration

of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware, or should have become aware after reasonable investigation, of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

16.12 **Third-Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Article 16, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

17. MISCELLANEOUS PROVISIONS

17.1 **Severability.** Each article, section, paragraph, term and provision of this Agreement, or any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held by an arbitrator or by a court of competent jurisdiction to be unenforceable due to any applicable existing or future law or regulation, such portion shall not impair the operation of or have any effect upon, the remaining portions of this Agreement which will remain in full force and effect. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

17.2 **Waiver and Delay.** No failure, refusal or neglect of Franchisor to exercise any right, power, remedy or option reserved to it under this Agreement, or to insist upon strict compliance by Franchisee with any obligation, condition, specification, standard or operating procedure in this Agreement, shall constitute a waiver of any provision of this Agreement and the right of Franchisor to demand exact compliance with this Agreement, or to declare any subsequent breach or default or nullify the effectiveness of any provision of this Agreement. Subsequent acceptance by Franchisor of any payment(s) due it under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

The following provision applies if Franchisee or the franchise granted hereby are subject to the franchise registration or 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 acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17.3 **Franchisor's Discretion.** Except as otherwise specifically referenced herein, all acts, decisions, determinations, specifications, prescriptions, authorizations, approvals, consents and similar acts by Franchisor may be taken or exercised in the sole and absolute discretion of Franchisor, regardless of the impact upon Franchisee. Franchisee acknowledges and agrees that when Franchisor exercises its discretion or judgment, its decisions may be for the benefit of Franchisor or the System and may not be in the best interest of Franchisee as an individual franchise owner.

17.4 **Notices.** All notices which the Parties hereto may be required or permitted to give under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, postage paid, or by reliable overnight delivery service, addressed as follows:

If to Franchisor: Row House Franchising, LLC
126 Garrett St Ste J
Charlottesville, Virginia 22902 Attention: President

If to Franchisee: At the Studio's address or, if the Studio has been permanently closed, to:

Except for Franchisor's right to send notices to the Studio's address as indicated above, either Party may change its notice address at any time by written notice given to the other Party as herein provided. Notices will be deemed delivered when actually delivered if delivered by hand, three (3) business days after postmark by the United States Postal Service if delivered by certified or registered mail, or the next business day after deposit with reliable overnight delivery service if delivered in that manner.

17.5 **No Recourse Against Nonparty Affiliates.** Franchisee agrees that it will look only to Franchisor to perform under this Agreement. Franchisor's affiliates are not parties to this Agreement and have no obligations under it. Franchisee may not look to Franchisor's affiliates for performance. Franchisee agrees that Franchisor's and its affiliates' members, managers, owners, directors, officers, employees and agents shall not be personally liable or named as a party in any action between Franchisor or its affiliates and Franchisee or its affiliates or their respective owners.

17.6 **Non-Disparagement.** Franchisee agrees that it will not (and to use its best efforts to cause its current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) (i) make any untrue or derogatory statements concerning Franchisor and its affiliates, as well as their present and former officers, employees, shareholders, directors, agents, attorneys, servants, representatives, successors and assigns; or (ii) undertake any act which would (a) subject the Marks to ridicule, scandal, reproach, scorn, or indignity, (b) which would negatively impact the goodwill of Franchisor or its affiliates, the Marks, the System, or any other brands owned or controlled by Franchisor or its affiliates, or (c) constitute an act of moral turpitude.

17.7 **Security Interest.** Franchisee hereby collaterally assigns to Franchisor the lease for the Authorized Location and grants Franchisor a security interest in all of the assets of the Studio, including but not limited to inventory, accounts, supplies, equipment, contracts, cash derived from the operation of the Studio and sale of other assets, and proceeds and products of all those assets. Franchisee agrees to execute such other documents as Franchisor may reasonably request in order to further document, perfect and record its security interest. If Franchisee defaults in any of its obligations under this Agreement, Franchisor may exercise all rights of a secured creditor granted to Franchisor by law, in addition to Franchisor's other rights under this Agreement and at law. If an approved third-party lender requires that Franchisor subordinate Franchisor's security interest in the assets of the Studio as a condition to lending Franchisee working capital for the construction or operation of the Studio, Franchisor will agree to subordinate pursuant to terms and conditions determined by Franchisor. This Agreement shall be deemed to be a Security Agreement and Financing Statement and may be filed for record as such in the records of any county and state that Franchisor deems appropriate to protect its interests.

17.8 **Survival.** All of Franchisor's and Franchisee's (and Franchisee's Owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force

and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expires. Without limiting the generality of the foregoing, the parties expressly acknowledge that each of the following provisions of this Agreement will survive the Agreement's expiration or termination: Section 10.4 (Information Security); Section 11 (Relationship of the Parties; Indemnification); Section 12 (Confidential Information); Section 13.1.B (Non-Competition Covenants of Franchisee; After the Term of this Agreement); Section 13.2.B (Non-Solicitation Covenants; After the Term of this Agreement); Section 15.3 (Obligations of Franchisee upon Termination, Expiration or Non-Renewal); Section 16 (Resolution of Disputes); Section 17 (Miscellaneous Provisions); Section 18 (Acknowledgements); and Section 19 (Entire Agreement).

18. ACKNOWLEDGMENTS

18.1 THE SUBMISSION OF THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER AND THIS AGREEMENT SHALL BECOME EFFECTIVE ONLY UPON THE EXECUTION HEREOF BY THE FRANCHISOR AND THE FRANCHISEE. THE DATE OF EXECUTION BY THE FRANCHISOR SHALL BE CONSIDERED TO BE THE DATE OF EXECUTION OF THIS AGREEMENT.

18.2 THIS AGREEMENT SHALL NOT BE BINDING ON THE FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF THE FRANCHISOR. 18.3 FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT, THE FRANCHISE DISCLOSURE DOCUMENT ("FDD"), AND THE EXHIBITS HERETO CONSTITUTE THE ENTIRE AGREEMENT OF THE PARTIES. THIS AGREEMENT TERMINATES AND SUPERSEDES ANY PRIOR AGREEMENT BETWEEN THE PARTIES CONCERNING THE SAME SUBJECT MATTER.

18.4 FRANCHISEE AGREES AND ACKNOWLEDGES THAT FULFILLMENT OF ANY AND ALL OF FRANCHISOR'S OBLIGATIONS WRITTEN IN THIS AGREEMENT OR BASED ON ANY ORAL COMMUNICATIONS WHICH MAY BE RULED TO BE BINDING IN A COURT OF LAW SHALL BE FRANCHISOR'S SOLE RESPONSIBILITY AND NONE OF FRANCHISOR'S AGENTS, REPRESENTATIVES, NOR ANY INDIVIDUALS ASSOCIATED WITH FRANCHISOR SHALL BE PERSONALLY LIABLE TO FRANCHISEE FOR ANY REASON.

19. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the exhibits hereto, constitute the entire and only agreement between the Parties concerning the granting, awarding and licensing of Franchisee as an authorized Row House Studio franchisee at the Studio location, and supersede all prior and contemporaneous agreements. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the Parties other than those set forth herein. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either Party unless mutually agreed to by the Parties and executed by their authorized officers or agents in writing. This Agreement does not alter agreements between Franchisor and Franchisee for other locations. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the FDD that Franchisor furnished to Franchisee. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates set forth below to be effective as of the Effective Date.

ROW HOUSE FRANCHISING, LLC,
a Delaware limited liability company

“FRANCHISEE”

[if an individual]

By: _____
Name: _____
Title: _____
EFFECTIVE DATE: _____

[Name], individually
Sign: _____
Date: _____

[if a legal entity]

[Name], a [state/type]
By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT 1
TO
FRANCHISE AGREEMENT**

1. **Name and Address of Franchisee:**

Franchisee Name: _____
Attention: _____
Address: _____
Email Address: _____

2. **Form of Owner (check and complete one):**

___ Individual
___ Corporation ___ Limited Liability Company ___ Partnership
State Formed: _____ Date: _____

3. **Owners.** The following identifies the owner that Franchisee has designated as, and that Franchisor approves to be, the Operating Principal and lists the full name of each person who is one of Franchisee's owners, or an owner of one of Franchisee's owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	<u>Owner's Name</u>	<u>Type / %-age of Interest</u>
Operating Principal:	_____	_____ %
Other Owners:	_____	_____ %
	_____	_____ %

4. **Key Manager:** _____

5. **Authorized Location** (if determined on Effective Date): _____

6. **Designated Territory** (if determined on Effective Date): _____

7. **Site Selection Area** (if Authorized Location and Designated Territory undetermined as of Effective Date):

**EXHIBIT 2
TO
FRANCHISE AGREEMENT**

AUTHORIZED LOCATION ADDENDUM

This Addendum is made to the Franchise Agreement (the “Franchise Agreement”) between Row House Franchising, LLC (“Franchisor”), and _____ (“Franchisee”), dated _____, 20__.

1. Preservation of Agreement. Except as specifically set forth in this Addendum, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This Addendum is attached to and upon execution becomes an integral part of the Franchise Agreement.

2. Authorized Location. The parties hereto agree that the Authorized Location referred to in Section 1.1 of the Franchise Agreement shall be the following:

_____.

3. Designated Territory, if any. Pursuant to Section 1.2 of the Franchise Agreement, Franchisee’s Designated Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

ACKNOWLEDGED AND ACCEPTED:

“FRANCHISEE”

[if an individual]

[Name], individually

Sign: _____

Date: _____

[if a legal entity]

[Name], a [state/type]

By: _____

Name: _____

Title: _____

Date: _____

**EXHIBIT 3
TO
FRANCHISE AGREEMENT**

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT

For value received, and in consideration for, and as an inducement to Row House Franchising, LLC (the “Franchisor”) to execute the Franchise Agreement (the “Franchise Agreement”), dated _____, 20__ (the “Effective Date”), by and between Franchisor and _____ or his assignee, if a partnership, corporation or limited liability company is later formed (the “Franchisee”), the undersigned (each a “Guarantor”), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns the full and timely performance by Franchisee of each obligation undertaken by Franchisee under the terms of the Franchise Agreement.

Upon demand by Franchisor, Guarantor will immediately make each payment required of Franchisee under the Franchise Agreement. Guarantor hereby waives any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Franchise Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of Guarantor under this Guarantee, Indemnification and Acknowledgment (the “Guarantee”), Franchisor may, without notice to Guarantor, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee.

Guarantor waives notice of amendment of the Franchise Agreement and notice of demand for payment by Franchisee and agrees to be bound by any and all such amendments and changes to the Franchise Agreement.

Guarantor hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonable attorneys’ fees, reasonable costs of investigations, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Franchise Agreement, any amendment, or any other agreement executed by Franchisee referred to therein.

Guarantor hereby acknowledges and agrees to be individually bound by all obligations and covenants of Franchisee contained in the Franchise Agreement, including those related to non-competition and confidentiality.

If Guarantor is a business entity, retirement or investment account, or trust acknowledges and it agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor’s account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

This Guarantee shall terminate upon the expiration or termination of the Franchise Agreement, except that this Guarantee shall continue in full force and effect with respect to all obligations and liabilities of Franchisee and Guarantor that arise from events that occurred on or before the effective date of such expiration or termination or that are triggered by or survive expiration or termination of the Franchise Agreement This Guarantee is binding upon each Guarantor and its respective estate, executors, administrators, heirs, beneficiaries, and successors in interest.

The validity of this Guarantee and the obligations of Guarantor(s) hereunder shall in no way be terminated, restricted, diminished, affected or impaired by reason of any action that Franchisor might take or be forced to take against Franchisee, or by reason of any waiver or failure to enforce any of the rights or remedies reserved to Franchisor in the Franchise Agreement or otherwise.

The use of the singular herein shall include the plural. Each term used in this Guarantee, unless otherwise defined herein, shall have the same meaning as when used in the Franchise Agreement.

The provisions contained in Article 16 of the Franchise Agreement (Resolution of Disputes), including, without limitation, Section 16.1 (Governing Law), Section 16.3 (Mediation), Section 16.4 (Mandatory Binding Arbitration), Section 16.6 (Consent to Jurisdiction), and Section 16.10 (Attorneys' Fees and Costs), are incorporated into this Guarantee by reference and shall govern this Guarantee and any disputes between the Guarantors and Franchisor. The Guarantors shall reimburse Franchisor for all costs and expenses it incurs in connection with enforcing the terms of this Guarantee.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the Effective Date.

GUARANTORS	
Area Developer (if applicable): [Name of Developer] By: _____ Name: _____ Title: _____ Address: _____	
OWNER/GUARANTOR	SPOUSE/GUARANTOR
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____

**EXHIBIT 4
TO
FRANCHISE AGREEMENT**

ADDENDUM TO LEASE

This Addendum to Lease (this “Addendum”) modifies and supplements that certain lease dated _____, 20__ (the “Lease”), by and between Tenant and Landlord concerning the premises located at _____ (the “Premises”)

Landlord and Tenant, intending that Row House Franchising, LLC, a Delaware limited liability company, (“Franchisor”) (and its successors and assigns) be a third-party beneficiary of this Addendum, agree as follows:

- (1) Tenant may display the trademarks, service marks and other commercial symbols owned by Franchisor and used to identify the service and/or products offered at the Studio, including the name “Row House,” the Studio design and image developed and owned by Franchisor, as it currently exists and as it may be revised and further developed by Franchisor from time to time, and certain associated logos in accordance with the specifications required by Franchisor, subject only to the provisions of applicable law and in accordance with provisions in the Lease no less favorable than those applied to other tenants of Landlord;
- (2) Tenant shall not, and the Landlord shall not permit Tenant to, sublease or assign all or any part of the Lease or the Premises, or extend the term or renew the Lease, without Franchisor’s prior written consent;
- (3) Landlord shall concurrently provide Franchisor with a copy of any written default notice sent to Tenant and thereupon grant Franchisor the right (but not the obligation) to cure any deficiency or default under the Lease, should Tenant fail to do so, within five (5) days after the expiration of the period in which Tenant may cure the default;
- (4) The Premises shall be used only for the operation of a Row House Studio;
- (5) Tenant may, without Landlord’s consent (but subject to providing Landlord with written notice thereof), at any time assign this Lease or sublease the whole or any part of the Premises to Franchisor or any successor, subsidiary or affiliate of Franchisor;
- (6) In the event of an assignment of the Lease to Franchisor as described in (6) above, Franchisor may further assign this Lease, subject to Landlord’s consent, such consent not to be unreasonably withheld based on the remaining obligations of assignee under the Lease, to a duly authorized franchisee of Franchisor, and thereupon Franchisor shall be released from all further liability under the Lease;
- (7) Franchisor, and its designated agents, will have the right to enter the Premises to make any modifications necessary to protect the Row House brand and franchise system;
- (8) Tenant agrees that Landlord may, upon Franchisor’s request, disclose all reports, information, and data in Landlord’s possession with respect to sales made in, upon, or from the Premises, to Franchisor;
- (9) Until changed by Franchisor, notice to Franchisor shall be sent as follows:

Row House Franchising, LLC
126 Garrett St Ste J
Charlottesville, Virginia 22902
Attn: President

(10) Landlord acknowledges that Tenant’s operations at the Premises are independently owned and operated, and that Tenant alone is responsible for all obligations under the Lease, unless and until, Franchisor (or its affiliate or designee) expressly assumes such obligations in writing signed by an officer of Franchisor (or its applicable affiliate or designee);

(11) Any lien of Landlord in Tenant’s trade fixtures, “trade dress,” signage and other property at the Premises is hereby subordinated to Franchisor’s interest in such items;

(12) None of the provisions in this Addendum or any rights granted Franchisor hereunder, may be amended absent Franchisor’s prior written consent.

AGREED:

TENANT

LANDLORD

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT B

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Secretary of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, 14th Floor Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance - Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501-3185
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703

EXHIBIT C
FINANCIAL STATEMENTS

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
FOR THE YEAR ENDED DECEMBER 31, 2023

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 3
Financial Statements	
Balance sheet	4
Statement of operations and changes in members' deficit	5
Statement of cash flows	6
Notes to financial statements	7 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members
Purvelo Franchising, LLC

Opinion

We have audited the accompanying financial statements of Purvelo Franchising, LLC (a limited liability company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations and changes in members' deficit and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Purvelo Franchising, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses from operations and negative cash flow from operations, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that 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 Purvelo Franchising, 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 Purvelo Franchising, 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 Purvelo Franchising, 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.



New York, New York
August 8, 2024

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
BALANCE SHEET
DECEMBER 31, 2023

ASSETS

Current asset:	
Accounts receivable	\$ <u>880</u>
TOTAL ASSETS	\$ <u><u>880</u></u>

LIABILITIES AND MEMBERS' DEFICIT

Current liabilities:	
Accrued expenses	\$ 13,358
Deferred revenues	1,200
Marketing fund liability	<u>16,062</u>
Total current liabilities	30,620
Long-term liability:	
Deferred revenues, net of current portion	<u>10,300</u>
Total liabilities	40,920
Commitments and contingencies (Note 8)	
Members' deficit	<u>(40,040)</u>
TOTAL LIABILITIES AND MEMBERS' DEFICIT	\$ <u><u>880</u></u>

See accompanying notes to financial statements.

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2023

Revenues:	
Franchise fees	\$ 500
Royalties	46,114
Marketing fund fees	16,062
Other fees	<u>11,515</u>
Total revenues	74,191
Selling, general and administrative expenses	<u>362,427</u>
Net loss	(288,236)
Members' deficit - beginning	(37,029)
Member contributions	<u>285,225</u>
MEMBERS' DEFICIT - ENDING	<u><u>\$ (40,040)</u></u>

See accompanying notes to financial statements.

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:	
Net loss	\$ (288,236)
Adjustments to reconcile net loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(880)
Accrued expenses	4,228
Marketing fund liability	16,062
Due to Parent	(32,927)
Deferred revenues	<u>11,500</u>
Net cash used in operating activities	(290,253)
Cash provided by financing activities:	
Member contributions	<u>285,225</u>
Net decrease in cash	(5,028)
Cash - beginning	<u>5,028</u>
CASH - ENDING	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Purvelo Franchising, LLC (the "Company") was formed on May 23, 2022, as a Virginia limited liability company. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "Purvelo" name and system that provide a cycle studio model offering boutique spin and other fitness class offerings.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statement has 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 the Company's 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 Company's financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

The Company derives its revenues from franchise fee, royalties, marketing fund fees, and other fees.

Franchise fees, royalties and marketing fund fees

Contract consideration from franchisees primarily consists of initial or renewal franchise fees, sales-based royalties and sales-based marketing fund fees payable by a franchisee. The initial franchise fees are nonrefundable and are collected when the underlying franchise agreement is signed by the franchisee. Sales-based royalties and marketing fund fees are payable weekly. Renewal fees are payable when an existing franchisee renews the franchise agreement for an additional term.

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

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Franchise fees, royalties and marketing fund fees (continued)

Initial and renewal franchise fees are allocated to the right to access the Company's intellectual property, and are recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Royalties are earned based on a percentage of franchisee's gross revenues. 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.

Marketing fund fees

The Company maintains a marketing fund established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. marketing fund fees are 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 marketing fund and therefore recognizes the revenues and expenses related to the marketing fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the marketing fund are highly interrelated and therefore are accounted for as a single performance obligation. As a result, revenues from the marketing fund represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur.

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

Other fees

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

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. Unbilled accounts receivable, which are included in accounts receivable, represent amounts the Company has an unconditional right to receive payment for, although invoicing is subject to contractual billing requirements. The Company assesses collectibility by reviewing accounts receivable and its contract assets on a collective basis where similar risk characteristics exist. In determining the amount of the allowance for doubtful accounts, management considers historical collectibility and makes judgments about the creditworthiness of the pool of franchisees based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions are considered in adjusting the historical losses to determine the appropriate allowance for doubtful accounts. Uncollectible accounts are written off when all collection efforts have been exhausted. There was no allowance for doubtful accounts at December 31, 2023.

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

As a limited liability company, the Company is treated as a partnership for federal and state income tax purposes. Accordingly, no provision has been made for income taxes in the accompanying financial statements, since all items of income or loss are required to be reported on the income tax returns of the members, who are responsible for any taxes thereon.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB Accounting Standards Codification ("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.

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

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through August 8, 2024, the date on which these financial statements were available to be issued. Except as disclosed in Notes 3 and 8, there were no other material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. SUBSTANTIAL DOUBT ABOUT THE COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN

The Company has sustained net loss, negative cash flows from operations and has accumulated members' deficit of \$288,236, \$290,253 and \$40,040, respectively. Since inception, the Company's operations have been funded primarily through capital contributions. Management has indicated that the Company is growing and, as such, is incurring expenditures in the near term to benefit the future as it expects to grow the franchisee base and expand into new markets.

Subsequent to the year ended December 31, 2023, managing member of the Company (the "Parent"), contributed \$263,024 to the Company to be used for working capital purposes and management has taken several actions to improve operating cash flows through reduction of operating expenses. Additionally, management anticipates that the revenues from existing franchisees are expected to increase as the franchised units opened for operations during 2023 are now operating for a full year in 2024 and a full year of fees are expected to be collected for 2024 and thereafter. Management of the Company has been advised that the Parent will continue to provide any financial assistance needed by the Company should its cash flows from operations combined with its cash balances not be sufficient to meet its working capital needs. However, subsequent to December 31, 2023, the Company entered into guarantee agreements with affiliates as further detailed in Note 8. Should there be additional liabilities in conjunction with these guarantees in excess of net assets of the Company, there can be no assurance that management's plans will be sufficient and that the Company will have

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. SUBSTANTIAL DOUBT ABOUT THE COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN (CONTINUED)

adequate available cash to sustain its operations in addition to the obligations under the guarantees. Accordingly, there is substantial doubt about the Company's ability to continue as a going concern for the 12 months following the date that these financial statements were available to be issued.

NOTE 4. RECENTLY ADOPTED ACCOUNTING STANDARDS

In June 2016, the FASB issued Accounting Standards ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* ("ASC 326"), which along with subsequently issued related ASUs, requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired.

The Company's financial asset is accounts receivable from franchisees. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The Company adopted ASC 326 using the modified retrospective method at January 1, 2023, and it did not have a material impact on the financial statements.

NOTE 5. FRANCHISED OUTLETS

The following data represents the Company's franchised outlets as of and for the year ended December 31, 2023

Franchises sold	2
Franchises terminated	-
Franchises purchased	-
Franchised outlets in operation	2
Franchisor owned outlets in operation	-

NOTE 6. 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.

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7. 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 the Company's ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenue, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenues by timing of recognition for the year ended December 31, 2023, were as follows:

<i>Point in time:</i>	
Royalties	\$ 46,114
Marketing fund fees	16,062
Other fees	<u>11,515</u>
Total point in time	73,691
<i>Over time:</i>	
Franchise fees	<u>500</u>
Total revenues	<u>\$ 74,191</u>

Contract balances

Contract assets include accounts receivable. The balance as of December 31, 2023, was \$880. There was no accounts receivable balance as of December 31, 2022.

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees which are presented as "Deferred revenues" in the accompanying balance sheet. A summary of significant changes in deferred revenues during the year ended December 31, 2023, is as follows:

Deferred revenues - beginning of year	\$ -
Current year deferred revenue additions	12,000
Revenue recognized during the year	<u>(500)</u>
Deferred revenues - end of year	<u>\$ 11,500</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>
2024	\$ 1,200
2025	1,200
2026	1,200
2027	1,200
2028	1,200
Thereafter	<u>5,500</u>
Total	<u>\$ 11,500</u>

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Contract balances (continued)

Deferred revenues at December 31, 2023, consisted of the following:

Franchise units not yet opened	\$ -
Opened franchise units	<u>11,500</u>
Total	<u>\$ 11,500</u>

NOTE 8. RELATED-PARTY TRANSACTIONS

Related-party revenues

The Company receives royalties and marketing fund fees from locations owned and operated by an entity related through common ownership of the Parent. For the year ended December 31, 2023, royalties and marketing fund fees earned from this entity totaled \$31,748 and \$10,703, and are included in "Royalties" and "Marketing fund fees," respectively, in the accompanying statement of operations and changes in members' deficit.

Management service arrangement

The Company entered into a management service arrangement with the Parent. Pursuant to the management service arrangement, the Company has agreed to pay a management fee to the Parent for providing provides certain administrative support service on behalf of the Company. For the year ended December 31, 2023, the management fees charged from the Parent amounted to \$99,265, which is included in "Selling, general and administrative expenses" in the accompanying statement of operations and changes in members' deficit.

Guarantees

Subsequent to December 31, 2023, the Company entered into guarantee agreements with other franchisor entities affiliated through common ownership of the Parent ("franchisor entities"), to guarantee the duties and obligations of those franchisor entities under their respective franchise registration and franchise agreements identified in their 2024 franchise disclosure document. The Company will continue to guarantee such duties and obligations until the earlier of (a) all such obligations of the franchisor entities under its franchise registrations and franchise agreements are satisfied or (b) until the liability of franchisor entities to its franchisees under the franchise agreements has been completely discharged.

NOTE 9. MARKETING FUND

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect marketing fund fees 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. Funds collected and not yet expended on the franchisees' behalf totaled \$16,062 as of December 31, 2023.

Purvelo Franchising, LLC

Financial Statements

Year Ended December 31, 2022

Purvelo Franchising, LLC
Financial Statements
Year Ended December 31, 2022

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Balance Sheet	3
Statement of Income	4-6
Statement of Changes in Members' Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7-9



Independent Auditors' Report

**To the Members of
Purvelo Franchising, LLC
Charlottesville, Virginia**

Opinion

We have audited the accompanying financial statements of Purvelo Franchising, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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.

Auditors' Responsibilities for the Audit of the Financial Statement: (Continued)

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 Purvelo Franchising, LLC 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 Purvelo Franchising, LLC ability to continue as a going concern for a reasonable period of time.

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

April 28, 2023

Purvelo Franchising, LLC

Balance Sheet
December 31, 2022

ASSETS

CURRENT ASSETS

Cash \$ 5,028

TOTAL ASSETS \$ 5,028

LIABILITIES

CURRENT LIABILITIES

Accrued payroll and taxes \$ 1,863

Payroll liabilities 7,268

Due to other organizations 32,927

Total Current Liabilities \$ 42,058

TOTAL LIABILITIES \$ 42,058

MEMBERS' EQUITY \$ (37,030)

TOTAL LIABILITIES AND MEMBERS' EQUITY \$ 5,028

See accompanying notes and Independent Auditors' Report.

Purvelo Franchising, LLC

Statement of Income
Year Ended December 31, 2022

OPERATING EXPENSES

Advertising	\$ 22,128
General and administrative	16,482
Meals	598
Office	10,604
Payroll related expenses	76,731
Payroll taxes	12,278
Professional fees	221,934
Supplies	21
Travel	14,819
Vehicle	<u>27</u>

TOTAL OPERATING EXPENSES \$ 375,622

NET INCOME (LOSS) \$ (375,622)

See accompanying notes and Independent Auditors' Report.

Purvelo Franchising, LLC

Statement of Changes in Members' Equity
Year Ended December 31, 2022

	<u>Members'</u> <u>Equity</u>
Balance at beginning of year	\$ -
Capital contributions	690,100
Net income (loss)	(375,622)
Distributions	<u>(351,508)</u>
Balance at end of year	<u><u>\$ (37,030)</u></u>

See accompanying notes and Independent Auditors' Report.

Purvelo Franchising, LLC
Statement of Cash Flows
Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	\$ (375,622)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in:	
Accrued payroll and taxes	1,863
Payroll liabilities	7,268
Due to other organizations	<u>32,927</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ <u>(333,564)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Members' contributions	\$ 690,100
Members' distributions	<u>(351,508)</u>
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	<u>338,592</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVILANTS	\$ 5,028
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u><u>5,028</u></u>

See accompanying notes and Independent Auditors' Report.

Purvelo Franchising, LLC

Notes to the Financial Statements December 31, 2022

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

Purvelo Franchising, LLC (the “Company”) is a limited liability corporation, formed on May 23, 2022 under the laws of the Commonwealth of Virginia. The Company operates as the central and franchiser organization for the franchising of various businesses that provide a cycle studio model offering spin and other fitness class offerings.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting, which is in accordance with generally accepted accounting principles.

Revenue Recognition:

The Company has adopted FASB ASU 2014-09, Revenue from Contracts with Customers (Topic 606) “ASC 606”, and several related amendments, issued by the Financial Accounting Standards Board “FASB”. Revenue is recognized in accordance with a five-step revenue model, as follows: identify the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations, and recognizing revenue as the entity satisfies a performance obligation.

The following describes principal activities from which the Company generates its revenues and the associated revenue recognition policy:

Franchise Service Fees

Franchise service fees consist of royalty, call center, technology, national advertising and service fees charged to franchisees. Royalties generally range from 4% to 6% of the franchisee’s gross sales, depending on the particular franchise concept and upon other factors. The Company recognizes revenue for royalties as they become billable when the underlying franchisee sales occur. Call center, technology and service fees provide a distinct benefit from the franchise right and are therefore separate performance obligations. Fees for these services are generally billed as a monthly fixed or usage-based amount and are recognized as revenue as the services are performed. The Company administers national advertising funds (“NAF”) which are funded by the franchisees and are used to pay for the costs of preparing and producing various advertising and marketing materials for the franchisees. The advertising funded through the NAF benefits the franchise brands overall, rather than the individual franchise owners, and therefore is not a performance obligation separate from the overall franchise right. Any underspending of the NAF contributions is recorded as accrued and other liabilities on the consolidated balance sheets.

Franchise Sales Fees

Franchise sales fees consist of initial franchise, renewal and termination fees. The Company’s primary performance obligation under the franchise agreements is granting rights to use the Company’s intellectual property over the term of the franchise agreement. Initial franchise fees are not a service distinct from the overall initial franchise right performance obligation and are therefore recognized on a straight-line basis over the franchise agreement term.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Revenue Recognition: (Continued)

Other Revenues

Other revenues consist primarily of rebates and product sales revenues. Rebates received from third-party vendors in return for the Company maintaining a buying program that connects the vendors with the Company's franchise customers are recognized as revenue as they become due, which is generally on a quarterly basis. Rebates are calculated as a percentage of third-party sales. The Company sells products to franchisee customers. The Company acts as an agent in respect of certain third-party products that are sold through the Company's online platforms. The Company has no inventory risk on these products as they are dropped shipped to the franchisees and the third-party vendor are primarily responsible for fulfilling the orders.

Cash and Cash Equivalents:

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, such as money market accounts. The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

Accounts Receivable and Allowance for Doubtful Accounts:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Uncollectible accounts are written off against the allowance when collection of the amounts appears doubtful. As of December 31, 2022, there was no allowance for doubtful accounts and no accounts were written off during the year.

Property and Equipment:

Property and equipment are carried at cost less accumulated depreciation and includes expenditures, which substantially increase the useful lives of existing property and equipment. Maintenance and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the respective accounts and any gain or loss on the disposition is credited or charged to income. Depreciation is computed using the straight-line method based on the estimated useful lives of the individual assets. Depreciation expense for the year ended December 31, 2022 was \$0.

Use of Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Taxes:

The Company is a limited liability company and is not subject to federal or state income taxes. Accordingly, no provision has been made for federal or state income taxes since these taxes are the responsibility of individual members. The Company utilizes a two-step approach for recognizing and measuring uncertain tax positions accounted for in accordance with the asset and liability method. The first step is to evaluate the tax position for recognition by determining whether evidence indicates that it is more likely than not that a position will be sustained if examined by a taxing authority. The second step is to measure the tax benefit as the largest amount that is 50% likely of being realized upon settlement with a taxing authority. There were no amounts recorded at December 31, 2022 related to uncertain tax positions.

Advertising:

The Company expenses advertising production costs as they are incurred and advertising communications costs the first time the advertising takes place.

Date of Management's Review:

The Company has evaluated subsequent events through April 28, 2023, the date the financial statements were available to be issued. No events have occurred as of April 28, 2023, that would require adjustment to, or disclosure in, the financial statements.

NOTE 3—RELATED PARTY TRANSACTIONS

Included in Due to other organizations are amounts due to the Company's parent of \$20,000, \$8,627, and \$4,300.

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

Purvelo Franchising LLC

Balance Sheet

As of March 31, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 Cash	
1003 Bill.com Money Out Clearing	0.00
1004 Purvelo Franchising, LLC - Carter Bank	0.00
Total 1000 Cash	0.00
1001 Purvelo Franchising, LLC - AUB	-446.02
Total Bank Accounts	\$ -446.02
Accounts Receivable	
1100 Accounts Receivable	502.77
Total Accounts Receivable	\$502.77
Total Current Assets	\$56.75
Other Assets	
1900 Due from (to) Affiliates	
1908 Due from (to) Extraordinary Brands	-986,840.58
Total 1900 Due from (to) Affiliates	-986,840.58
Total Other Assets	\$ -986,840.58
TOTAL ASSETS	\$ -986,783.83
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	0.00
Total Accounts Payable	\$0.00
Other Current Liabilities	
2100 Accrued Expenses	
2110 Payroll Liabilities	
2111 Federal Taxes (941/943/944)	-450.56
2112 Federal Unemployment (940)	0.00
2115 WA Paid Family and Medical Leave Tax	-107.87
2116 WA SUI Employer	-1,075.00
2117 WA Workers Compensation	0.00
Purvelo Franchising, LLC	202.40
Total 2110 Payroll Liabilities	-1,431.03
Total 2100 Accrued Expenses	-1,431.03
2200 Deferred Revenue	
2201 Initial Franchise Fees	7,200.00

Purvelo Franchising LLC

Balance Sheet

As of March 31, 2024

	TOTAL
Total 2200 Deferred Revenue	7,200.00
Direct Deposit Payable	0.00
Payroll Liabilities	
Federal Taxes (941/943/944)	12,429.44
Federal Unemployment (940)	120.28
FL Unemployment Tax	189.00
Medical Insurance	4,900.32
VA Income Tax	2,729.50
VA SUI Employer	152.97
WA Paid Family and Medical Leave Tax	0.00
WA SUI Employer	0.00
WA Workers Compensation	0.00
Total Payroll Liabilities	20,521.51
Total Other Current Liabilities	\$26,290.48
Total Current Liabilities	\$26,290.48
Long-Term Liabilities	
2600 Non-Current Deferred Revenue	
2601 Initial Franchise Fees	60,900.00
Total 2600 Non-Current Deferred Revenue	60,900.00
Total Long-Term Liabilities	\$60,900.00
Total Liabilities	\$87,190.48
Equity	
3002 Partner distributions	-336,945.14
3003 Partner investments	30,100.00
3004 Retained Earnings	-676,516.68
Net Income	-90,612.49
Total Equity	\$ -1,073,974.31
TOTAL LIABILITIES AND EQUITY	\$ -986,783.83

Purvelo Franchising LLC

Balance Sheet

As of June 30, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 Cash	
1003 Bill.com Money Out Clearing	0.00
1004 Purvelo Franchising, LLC - Carter Bank	0.00
Total 1000 Cash	0.00
1001 Purvelo Franchising, LLC - AUB	-446.02
Purvelo Franchising, LLC-1	-10,153.44
Total Bank Accounts	\$ -10,599.46
Accounts Receivable	
1100 Accounts Receivable	-3,036.93
Total Accounts Receivable	\$ -3,036.93
Total Current Assets	\$ -13,636.39
Other Assets	
1900 Due from (to) Affiliates	
1908 Due from (to) Extraordinary Brands	-1,150,563.05
Total 1900 Due from (to) Affiliates	-1,150,563.05
Total Other Assets	\$ -1,150,563.05
TOTAL ASSETS	\$ -1,164,199.44
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	10,513.65
Total Accounts Payable	\$10,513.65
Other Current Liabilities	
2100 Accrued Expenses	
2110 Payroll Liabilities	
2111 Federal Taxes (941/943/944)	-450.56
2112 Federal Unemployment (940)	0.00
2115 WA Paid Family and Medical Leave Tax	-107.87
2116 WA SUI Employer	-1,075.00
2117 WA Workers Compensation	0.00
Purvelo Franchising, LLC	-10,078.27
Total 2110 Payroll Liabilities	-11,711.70
Total 2100 Accrued Expenses	-11,711.70
2200 Deferred Revenue	
2201 Initial Franchise Fees	7,200.00

Purvelo Franchising LLC

Balance Sheet

As of June 30, 2024

	TOTAL
Total 2200 Deferred Revenue	7,200.00
Direct Deposit Payable	0.00
Payroll Liabilities	
CA PIT / SDI	117.08
Federal Taxes (941/943/944)	22,915.10
Federal Unemployment (940)	444.24
FL Unemployment Tax	0.00
GA Income Tax	561.33
MD Income Tax	19.47
Medical Insurance	5,989.28
NE Income Tax	520.26
NJ Income Tax	0.00
NYS Income Tax	1.07
PA Income Tax	132.84
VA Income Tax	5,320.10
VA SUI Employer	-142.40
WA Paid Family and Medical Leave Tax	0.00
WA SUI Employer	0.00
WA Workers Compensation	0.00
Total Payroll Liabilities	35,878.37
Total Other Current Liabilities	\$31,366.67
Total Current Liabilities	\$41,880.32
Long-Term Liabilities	
2600 Non-Current Deferred Revenue	
2601 Initial Franchise Fees	60,900.00
Total 2600 Non-Current Deferred Revenue	60,900.00
Total Long-Term Liabilities	\$60,900.00
Total Liabilities	\$102,780.32
Equity	
3002 Partner distributions	-336,945.14
3003 Partner investments	30,100.00
3004 Retained Earnings	-676,516.68
Net Income	-283,617.94
Total Equity	\$ -1,266,979.76
TOTAL LIABILITIES AND EQUITY	\$ -1,164,199.44

Purvelo Franchising LLC

Profit and Loss January - March, 2024

	TOTAL
Income	
4100 Franchise Service Fees	
4110 Royalties	9,194.83
4130 Technology Fees	6,110.00
4140 Ad Fund Fees	3,064.94
Total 4100 Franchise Service Fees	18,369.77
Total Income	\$18,369.77
GROSS PROFIT	\$18,369.77
Expenses	
5001 Franchise Service Expenses	
5200 Departmental Expenses	
5240 Software Licenses	49.99
5250 Travel	9,557.68
5290 Other	159.00
Total 5200 Departmental Expenses	9,766.67
Total 5001 Franchise Service Expenses	9,766.67
5401 Franchise Sales Expenses	
5600 Departmental Expenses	
5630 Professional Fees	14,000.00
5640 Software Licenses	188.70
5692 Broker Networks	850.00
5693 Broker Shows	498.00
Total 5600 Departmental Expenses	15,536.70
Total 5401 Franchise Sales Expenses	15,536.70
5701 Gen & Adm Expenses	
5900 Departmental Expenses	
5940 Software Licenses	330.00
5993 Office	127.60
5996 Bank Fees	1,014.62
Total 5900 Departmental Expenses	1,472.22
Total 5701 Gen & Adm Expenses	1,472.22
Payroll expenses	
Company Contributions	
Health Insurance	1,633.44
Total Company Contributions	1,633.44
Taxes	6,210.11
Wages	74,123.12
Total Payroll expenses	81,966.67

Purvelo Franchising LLC

Profit and Loss

January - March, 2024

	TOTAL
Reimbursements	240.00
Total Expenses	\$108,982.26
NET OPERATING INCOME	\$ -90,612.49
NET INCOME	\$ -90,612.49

Purvelo Franchising LLC

Profit and Loss

April - June, 2024

	TOTAL
Income	
4100 Franchise Service Fees	
4110 Royalties	7,159.02
4130 Technology Fees	6,110.00
4140 Ad Fund Fees	2,386.37
Total 4100 Franchise Service Fees	15,655.39
Total Income	\$15,655.39
GROSS PROFIT	\$15,655.39
Expenses	
5001 Franchise Service Expenses	
5200 Departmental Expenses	
5210 Contractors	1,000.00
5240 Software Licenses	224.89
5250 Travel	5,491.27
5290 Other	318.00
Total 5200 Departmental Expenses	7,034.16
Total 5001 Franchise Service Expenses	7,034.16
5401 Franchise Sales Expenses	
5600 Departmental Expenses	
5640 Software Licenses	188.70
5650 Travel	952.91
Total 5600 Departmental Expenses	1,141.61
Total 5401 Franchise Sales Expenses	1,141.61
5701 Gen & Adm Expenses	
5800 Personnel Costs	
5810 Salaries	162,348.60
5850 Payroll Taxes	12,761.97
5860 Health Benefits	544.48
Total 5800 Personnel Costs	175,655.05
5900 Departmental Expenses	
5930 Professional Fees	10,513.65
5940 Software Licenses	1,002.00
5950 Travel	259.34
5996 Bank Fees	576.58
Total 5900 Departmental Expenses	12,351.57
Total 5701 Gen & Adm Expenses	188,006.62
Reimbursements	12,478.45
Total Expenses	\$208,660.84
NET OPERATING INCOME	\$ -193,005.45
NET INCOME	\$ -193,005.45

EXHIBIT D

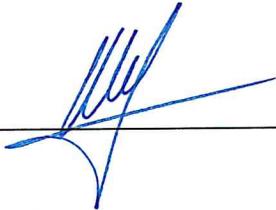
GUARANTY OF PERFORMANCE

For value received, Purvelo Franchising, LLC, a Virginia limited liability company (the "Guarantor"), located at 1000 W. Main Street, Charlottesville, Virginia 22903, absolutely and unconditionally guarantees to assume the duties and obligations of Row House Franchising, LLC located at 126 Garrett Street, Suite J, Charlottesville, Virginia, 22902 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns. The Guarantor signs this guarantee at Audubon, Pennsylvania on the 27th day of June, 2024.

GUARANTOR:

Purvelo Franchising, LLC

By: _____



Name: _____

Paul Flick

Title: _____

CEO

EXHIBIT E

STATEMENT OF PROSPECTIVE FRANCHISEE

**ROW HOUSE FRANCHISING, LLC
STATEMENT OF PROSPECTIVE FRANCHISEE**

**[Note: Dates and Answers Must Be Completed
in the Prospective Franchisee's Own Handwriting.]**

**** If the state franchise registration and disclosure laws of California, Hawaii, Illinois, Indiana, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin apply to you, then you are not required to complete this Statement of Prospective Franchisee. Do not sign this Statement if you are a resident of Maryland or the franchise is to be operated in Maryland. ****

Since the Prospective Franchisee (also called “me,” “our,” “us,” “we” and/or “I” in this document) and Row House Franchising, LLC (also called the “Franchisor” or “Row House”) both have an interest in making sure that no misunderstandings exist between them, and to verify that no violations of law might have occurred, and understanding that the Franchisor is relying on the statements I/we make in this document, I/we assure the Franchisor as follows:

A. The following dates and information are true and correct:

1. _____, 20____ The date on which I/we received a Uniform Franchise Disclosure Document about a Franchise.
Initials _____

2. _____, 20____ The date when I/we received a fully completed copy (other than signatures) of the Franchise Agreement, Development Agreement (if appropriate) and all other documents I/we later signed.
Initials _____

3. _____, 20____ The earliest date on which I/we signed the Franchise Agreement, Development Agreement or any other binding document (not including any Letter or other Acknowledgment of Receipt.)
Initials _____

4. _____, 20____ The earliest date on which I/we delivered cash, check or other consideration to the Franchisor, or any other person or company.
Initials _____

B. Representations and Other Matters:

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, “side deals,” options, rights-of-first-refusal or otherwise of any type (collectively, the “representations”), including, but not limited to, any which expanded upon or were inconsistent with the Disclosure Document, the Franchise Agreement, or any other written documents, have been made to or with me/us with respect to any matter (including, but not limited to, advertising, marketing, site location and/or development, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise) nor have I/we relied in any way on any such representations, except as expressly set forth in the Franchise Agreement, or a written Addendum thereto signed by the Prospective Franchisee and the Franchisor, except as follows:

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: _____

2. No oral, written, visual or other claim, guarantee or representation (including, but not limited to, charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise), which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, was made to me/us by Franchisor, its affiliates or agents/representatives, nor have I/we relied in any way on any such information, except as follows:

Prospective Franchisee's Initials: _____

3. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including, but not limited to, the Prospective Franchisee obtaining any financing, the Prospective Franchisee's selection, purchase, lease or otherwise of a location, any operational matters or otherwise) or the Prospective Franchisee fully performing any of the Prospective Franchisee's obligations, nor is the Prospective Franchisee relying on the Franchisor or any other entity to provide or arrange financing of any type, nor have I/we relied in any way on such, except as expressly set forth in the Franchise Agreement, Development Agreement (if and as appropriate) or a written Addendum thereto signed by the Prospective Franchisee and the Franchisor, except as follows:

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: _____

4. The individuals signing for the "Prospective Franchisee" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Prospective Franchisee and each of such individuals has received the Uniform Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, Development Agreement (if and as appropriate), each written Addendum and any Personal Guarantees.

Prospective Franchisee's Initials: _____

5. I/we have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and the Franchisor has strongly recommended that I/we obtain such independent professional advice. I/we have also been strongly advised by the Franchisor to discuss my/our proposed purchase of, or investment in, a Row House Studio Franchise with existing Franchisees prior to signing any binding documents or paying any sums and I/we have been supplied with a list of existing Row House Studio Franchisees.

Prospective Franchisee's Initials: _____

6. I confirm that, as advised, I've spoken with past and/or existing Row House Studio Franchisees, and that I made the decision as to which, and how many, Row House Studio Franchisees to speak with.

Prospective Franchisee's Initials: _____

7. I/we understand that: entry into any business venture necessarily involves some unavoidable risk of loss or failure, the purchase of a Row House Franchise (or any other) is a speculative investment, an investment beyond that outlined in the Disclosure Document may be required to succeed, there exists no guaranty against possible loss or failure in this or any other business and the most important factors in the success of any Row House Franchise, including the one to be operated by me/us, are my/our personal business, marketing, sales, management, judgment and other skills.

Prospective Franchisee's Initials: _____

If there are any matters inconsistent with the statements in this document, or if anyone has suggested that I sign this document without all of its statements being true, correct and complete, I/we will (a) immediately inform the President of Row House Franchising, LLC and (b) make a written statement regarding such next to my signature below so that the Franchisor may address and resolve any such issue(s) at this time and before either party goes forward.

I/we understand and agree that the Franchisor does not furnish or endorse, or authorize its salespersons or others to furnish or endorse, any oral, written or other information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, that such information (if any) not expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein) is not reliable and that I/we have not relied on it, that no such results can be assured or estimated and that actual results will vary from unit to unit, franchise to franchise, and may vary significantly.

Prospective Franchisee's Initials: _____

I/we understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

Date: _____

If the franchised business that you will operate is located in Maryland or if you are a resident of Maryland, the following shall apply:

Any acknowledgments or representations of the franchisee which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law 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.

If any California franchisee completes this Statement of Prospective Franchisee, we will disregard and will not rely on such Statement of Prospective Franchisee.

This Statement of Prospective Franchisee does not waive any liability we may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

PROSPECTIVE FRANCHISEE (Individual)

Signature

Printed Name

Signature

Printed Name

PROSPECTIVE FRANCHISEE (Corp., LLC or Partnership) [Must be accompanied by appropriate personal guarantee(s)]

Legal Name of Entity

a _____
State of incorporation, formation, etc.

By: _____
Name

Signature

Title: _____

EXHIBIT F

TABLES OF CONTENTS OF OPERATIONS MANUAL

Row House
Operations Brand Standards Manual

TABLE OF CONTENTS

CHAPTER 1: GENERAL INFORMATION	1
SECTION 1.1 – THE PURPOSE OF THE MANUAL	2
SECTION 1.2 – HOW TO USE THIS MANUAL	3
SECTION 1.3 – THE ROW HOUSE STORY	5
SECTION 1.4 – ROW HOUSE CORE VALUES	7
CHAPTER 2: THE FRANCHISE RELATIONSHIP	1
SECTION 2.1 – THE FRANCHISEE/ FRANCHISOR RELATIONSHIP	2
SECTION 2.2 – OUR RESPONSIBILITIES	4
SECTION 2.3 – YOUR OBLIGATIONS	6
SECTION 2.4 – ESTABLISHING YOUR BUSINESS ENTITY	17
SECTION 2.5 – TRANSFER YOUR FRANCHISE AGREEMENT	20
CHAPTER 3: FRANCHISE REQUIREMENTS.....	1
SECTION 3.1 – THE FRANCHISEE/ FRANCHISOR RELATIONSHIP	2
CHAPTER 4: OPERATIONAL STANDARDS.....	1
SECTION 4.1 – THE IMPORTANCE OF STANDARDS	2
SECTION 4.2 – THE STANDARDS	4
CHAPTER 5: PERSONNEL.....	1
SECTION 5.1 – OVERVIEW AND DISCLAIMER	2
SECTION 5.2 – LAWS AND REQUIREMENTS	3
SECTION 5.3 – JOB DESCRIPTIONS.....	4
SECTION 5.4 – LEAD SOURCES FOR HIRING	9
SECTION 5.5 – ROW HOUSE SUPPORT CALLS	10
CHAPTER 6: STUDIO OPERATIONS BEST PRACTICES	1
SECTION 6.1 – OVERVIEW	2
SECTION 6.2 – ROW HOUSE SERVICES.....	3
SECTION 6.3 – FREE TRIAL	5
SECTION 6.4 – ATTIRE & RETAIL	6
SECTION 6.5 – THE CLIENT	8
SECTION 6.6 – RETAIL	11
SECTION 6.7 – DAILY ACTIVITIES	12
SECTION 6.8 – CLUB READY	13
CHAPTER 7: SALES.....	1

SECTION 7.1 – THE CLIENT	2
SECTION 7.2 – COMPETITION	3
SECTION 7.3 – MEMBERSHIP RATES	5
SECTION 7.4 – ROW HOUSE LAUNCH	6
SECTION 7.5 – PRE-SALE	7
SECTION 7.6 – OBJECTIONS	8
SECTION 7.7 – SIGN THEM UP	9
SECTION 7.8 – TURNOVER	10
SECTION 7.9 – SALES MANAGEMENT BEST PRACTICES	11
SECTION 7.10 – SALES TOOLS	12
SECTION 7.11 – SALES TIME LINE	13
CHAPTER 8: CRISIS MANAGEMENT	1
SECTION 8.1 – DEFINING A CRISIS	2
SECTION 8.2 – CRISIS COMMUNICATION	3
CHAPTER 9: STUDIO ADMINISTRATION	1
SECTION 9.1 – KEY PERFORMANCE INDICATORS AND PROFITABILITY	2
SECTION 9.2 – MANAGING THE NUMBERS	4
SECTION 9.3 – INVENTORY CONTROL	6
SECTION 9.4 – RISK MANAGEMENT	7
SECTION 9.5 – DATA SECURITY	11

Total Pages: 94

EXHIBIT G
FORM OF GENERAL RELEASE

ROW HOUSE FRANCHISING, LLC
GENERAL RELEASE OF ALL CLAIMS

_____ (FRANCHISEE”) and _____, an individual (“GUARANTOR”) enter into this General Release on _____, with reference to the following facts:

1. On _____, **ROW HOUSE FRANCHISING, LLC**, a Virginia limited liability company (“FRANCHISOR”), and FRANCHISEE entered into a Franchise Agreement (the “**Franchise Agreement**”) to operate a Franchised Business located at _____ (the “**Premises**”). GUARANTOR guaranteed FRANCHISEE’s performance under the Franchise Agreement pursuant to a Guarantee and Assumption of Obligations (the “Guarantee”). In consideration of FRANCHISOR’S processing and approval of _____, the Franchise Agreement provides that FRANCHISEE must sign this General Release as a condition to such _____. All capitalized terms not otherwise defined in this General Release shall have the same meaning as in the Franchise Agreement and/or the Guarantee.

2. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, FRANCHISEE and GUARANTOR hereby release and forever discharge FRANCHISOR, its parents and subsidiaries and the directors, officers, employees, attorneys and agents of said corporations, and each of them, from any and all claims, obligations, liabilities, demands, costs, expenses, damages, actions and causes of action, of whatever nature, character or description, known or unknown (collectively “Damages”), which arose on or before the date of this General Release, including any Damages with respect to the Franchise Agreement, the Franchised Business, the Premises and the Guarantee. FRANCHISEE waives any right or benefit which FRANCHISEE or GUARANTOR may have under Section 1542 of the California Civil Code or any equivalent law or statute of any other state. Section 1542 of the California Civil Code reads as follows:

"Section 1542. Certain claims not affected by general release. 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."

3. This General Release sets forth the entire agreement and understanding of the parties regarding the subject matter of this General Release and any agreement, representation or understanding, express or implied, heretofore made by any party or exchanged between the parties are hereby waived and canceled.

4. This Agreement shall be binding upon each of the parties to this General Release and their respective heirs, executors, administrators, personal representatives, successors and assigns.

Any general release provided hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any general release provided hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act, and the rules adopted thereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this General Release as of the day and year set forth above.

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

GUARANTOR:

_____, **an individual**

EXHIBIT H

STATE SPECIFIC ADDENDA

Certain states have laws governing the franchise relationship and require modifications to the Disclosure Document, Franchise Agreement, Area Development Agreement, and other documents related to the sale of a franchise. The State Specific Addenda (“Addenda”) below will modify these agreements to comply with specific state laws. The terms of the Addenda will only apply if you meet the requirements of the applicable state. The terms of the Addenda will override any inconsistent provision of the Disclosure Document, Franchise Agreement, Area Development Agreement, or any related documents.

If your state requires these modifications, you will sign the Acknowledgment below, along with the Franchise Agreement, Area Development Agreement, and any other related agreements.

CALIFORNIA

California Corporations Code Section 31125 requires us to give to you a Franchise Disclosure Document approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement and/or Area Development Agreement.

The Franchise Agreement and Area Development Agreement contain mandatory non-binding mediation provisions. Such mediations will occur in Charlottesville, Virginia. The parties will each bear their own costs of mediation and will share equally the cost of the mediator or mediation service. The Franchise Agreement and Area Development Agreement require mediation. The mediation must take place in the metropolitan area in which our headquarters are located at the time of the dispute (currently Charlottesville, Virginia). The prevailing party in arbitration may recover its fees and costs. In addition, the Franchise Agreement and Area Development Agreement requires litigation in the federal or state courts in Charlottesville, Virginia. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Area Development Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement and Area Development Agreement require the application of the laws of the State of Virginia. These provisions may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement and Area Development Agreement contain a covenant not to compete provisions that extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

The Franchise Agreement and Area Development Agreement contain liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must sign a general release of claims if you renew or transfer your Franchise Agreement or if you transfer your Area Development Agreement. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

Item 6 of the Franchise Disclosure Document is amended to state the highest interest rate allowed by law in California is 10% annually.

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

OUR WEBSITE (www.therowhouse.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

California Business and Professions Code sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise.

For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or Area Development Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

Addendum to the FDD

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

Addendum to the Franchise Agreement

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

Addendum to the Area Development Agreement

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

{See the last page of this Exhibit H for your Signature.}

ILLINOIS

Addendum to the Franchise Disclosure Document

The following information is added to Item 17 of this Disclosure Document:

Illinois law shall apply to and govern the Franchise Agreement and Area Development Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement or development agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement or development agreement may provide for arbitration to take place outside of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in Sections 20 and 21 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.

Addendum to the Franchise Agreement and Area Development Agreement

In recognition of the Illinois Franchise Disclosure Act and the Rules and Regulations promulgated thereunder, the Franchise Agreement and Area Development Agreement shall be modified as follows:

Illinois law shall apply to and govern the Franchise Agreement and Area Development Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement or development agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement or development agreement may provide for arbitration to take place outside of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in Sections 20 and 21 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.

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

{See the last page of this Exhibit H for your Signature.}

INDIANA

Item 13 of the Franchise Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the Franchise Disclosure Document is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

No competing business for two (2) years within the Designated Territory.

The “Summary” column in Item 17.t. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement or Area Development Agreement in Indiana. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and Area Development Agreement, including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, Area Development Agreement, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Virginia law applies.

Despite anything to the contrary in the Franchise Agreement and Area Development Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Disclosure Document, Franchise Agreement, Area Development Agreement, or Virginia law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the agreement, will supersede the provisions of the Franchise Agreement or Area Development Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement or Area Development Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement and Area Development Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1(9).
5. The following provision will be added to the Franchise Agreement and Area Development Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

{See the last page of this Exhibit H for your Signature.}

MARYLAND

The Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement are amended as follows:

Franchise Disclosure Document

Item 17 of the Franchise Disclosure Document provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

Item 17 of the Franchise Disclosure Document is amended to state “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Item 17 of the Franchise Disclosure Document is amended to state “Any claim arising under the Maryland Franchise and Disclosure Law must be brought within 3 years after the grant of the franchise.”

Item 17v of the Franchise Disclosure Document is amended to state “A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

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

Franchise Agreement

Section 31 (Acknowledgments) of the Franchise Agreement is deleted.

A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any provision contained in the Franchise Agreement that requires the Franchisee to assent to a release, estoppel or waiver of liability is not intended to nor shall it act as a release estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

Area Development Agreement

A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any provision contained in the Area Development Agreement that requires the Franchisee to assent to a release, estoppel or waiver of liability is not intended to nor shall it act as a release estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

{See the last page of this Exhibit H for your Signature.}

MINNESOTA

Despite anything to the contrary in the Franchise Agreement and Area Development Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement or Area Development Agreement that would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document, Franchise Agreement, or Area Development Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement or Area Development Agreement that would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement or Area Development Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Area Development Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. The State of Minnesota considers it unfair to not protect the franchisee's right to use the trademark. Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), to the extent required by law, Item 13 of the Franchise Disclosure Document is amended to state that the Franchisor will protect the franchisee's right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify franchisees from any loss, costs, or expenses arising out of any claim, suit or demand regarding the use of the franchisor's primary trade name.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release of liability imposed by Minn. Stat. Chapter 80C; provided, this shall not bar the voluntary settlement of disputes. The Disclosure Document, Franchise Agreement, and Area Development Agreement are modified accordingly to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement and Area Development Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement or Area Development Agreement conflicts with Minnesota law, Minnesota law will prevail.

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

including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rule §§ 2860.0100 through 2860.9930, are met independently without reference to this Amendment.

{See the last page of this Exhibit H for your Signature.}

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

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
 - B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
 - C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
 - D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.
3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations

issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

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

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

Sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement requiring that you sign a general release, estoppel, or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement, requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Items 17(q) and 17(r) of the Franchise Disclosure Document, Section 19(a) of the Franchise Agreement, and Section 13(b) of the Area Development Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement are amended accordingly to the extent required by law.

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

{See the last page of this Exhibit H for your Signature.}

RHODE ISLAND

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.” The Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement are amended accordingly and to the extent required by law.

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

{See the last page of this Exhibit H for your Signature.}

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Row House Franchising, LLC for use in the Commonwealth of Virginia is amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Area Development Agreement involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the franchise, that provision may not be enforceable.

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

{See the last page of this Exhibit H for your Signature.}

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT, AND RELATED AGREEMENTS

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 and Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Area 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 Franchise Agreement or Area Development Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

{See the last page of this Exhibit H for your Signature.}

WISCONSIN

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

{Signatures on following page}

APPLICABLE ADDENDA

If any one of the preceding State Specific Addenda (“Addenda”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Area Development Agreement, and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Area Development Agreement, and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Disclosure Document or, as applicable, Franchise Agreement, Area Development Agreement, or other specified agreement(s).

- | | | |
|-------------------------------------|---------------------------------------|-------------------------------------|
| <input type="checkbox"/> California | <input type="checkbox"/> Minnesota | <input type="checkbox"/> Virginia |
| <input type="checkbox"/> Hawaii | <input type="checkbox"/> New York | <input type="checkbox"/> Washington |
| <input type="checkbox"/> Illinois | <input type="checkbox"/> North Dakota | <input type="checkbox"/> Wisconsin |
| <input type="checkbox"/> Indiana | <input type="checkbox"/> Rhode Island | |
| <input type="checkbox"/> Maryland | <input type="checkbox"/> South Dakota | |

FRANCHISOR:

ROW HOUSE FRANCHISING, LLC

Dated: _____, 20____

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

EXHIBIT I

LIST OF CURRENT FRANCHISEES

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
1.	Rupprecht, Kurt; Ballinger, Cameron	6149 N. Scottsdale Rd., #A06	Scottsdale	Arizona	85250	480-550-7811	2
2.	Wayman, Jennifer	410 El Camino Real, Suite C	Belmont	California	94402	650-600-9809	2
3.	Lillian Crane**	1875 South Bascom Ave., #2560	Campbell	California	95008	408 412-7769	2
4.	Brauks, Ashley	41 Auto Center Dr.	Foothill Ranch	California	92610	949 600-8840	0
5.	Minero, Anthony	18127 Chatsworth St	Granada Hills	California	91344	818 699-9190	0
6.	Roby, Shannon; Roby, Robert	25642 Crown Valley	Ladera Ranch	California	92694	949 404-4488	0
7.	Hornbrook, Heather	20 Crescent Dr.	Pleasant Hill	California	94523	925 392-0926	2
8.	Peiris, Anishka	3903A Santa Rita Rd	Pleasanton	California	94588	925 400-9520	2
9.	Makhmoor, Hamed & Sahar	12853 El Camino Real Suite 207	San Diego	California	92130	858-925-7183	0
10.	Watanabe, Tomoo	55 Holger Way., Ste. 10	San Jose	California	95134	408 217-1102	2
11.	Gruen, Adam	505 Colorado Ave.	Santa Monica	California	90401	424 230-8258	0
12.	Galvan, Karlos; Amaya, Frank	33195 Temecula Pkwy, Ste. A-2	Temecula	California	92592	951 331-3400	0
13.	Galvan, Karlos	15020 Kensington Park Dr, Suite 140	Tustin	California	92780	657-859-6072	0
14.	Plavdjian, Ester	3825 E Thousand Oaks Blvd., Unit I-J	Westlake Village	California	91362	818-675-5061	0
15.	Erica Hulings	5616 South Gibraltar Way, Unit G	Centennial	Colorado	80015	720-699-7788	0
16.	Schilling, Andrew	5475 W. 20th Ave.	Edgewater	Colorado	80214	720 699-1290	2
17.	Johnson, Anne	9358 Dorchester Street, Suite 104	Highlands Ranch	Colorado	80129	720-924-7970	2
18.	Jasunas, James (Jay)**	10278 W. Centennial Rd., #103	Littleton	Colorado	80127	303-630-9165	0
19.	Gautam, Ajay; Malhotra, Ritka	535 Monroe Turnpike, Unit C	Monroe	Connecticut	6468	203-273-6179	3
20.	Zaltsman, Alex	5 Broad St.	Stamford	Connecticut	6901	914 650-0429	0
21.	Laboissonniere, Laura	374 Post Rd E	Westport	Connecticut	6880	203-635-2223	0
22.	Carpe, Barry	901 W Street, NW	Washington	DC	20001	202 630-2162	2
23.	Carpe, Barry	1155 21st NW, Ste. P-108	Washington	DC	20036	202 525-7786	2
24.	Stewart, Wayne	23666 U.S. Highway 19 North, Suite 10	Clearwater	Florida	33765	727-304-5778	2
25.	Kyrogrou, Georgia	6504 North State Road 7	Coconut Creek	Florida	33073	516-647-3420	0
26.	Jessica Eilbeck	1561 San Marco Blvd	Jacksonville	Florida	32205	904 720-2011	0
27.	Bake, Roberta	315 N. Cattlemen Road	Sarasota	Florida	34243	941 444-2010	0
28.	Figueroa, Ray; Figueroa Angelica	3838 W Neptune, Suite D119	Tampa	Florida	33629	214-284-1186	0
29.	Figueroa, Ray; Figueroa Angelica	28163 Paseo Dr., #180	Wesley Chapel	Florida	33543	813 540-3769	2

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
30.	Kandavalli, Venkat; Kandavalli, Sreelatha; Mandadapu, Madhavi	425 Peachtree Parkway	Cumming	Georgia	30041	678 862-4804	0
31.	Garcia, Eddie	1317 Dunwoody Village Pkwy	Dunwoody	Georgia	30338	404 474-8976	5
32.	McKay, Gary; McKay, Kathy	44940 St. Andrews Church Rd Suite G-H	California	Maryland	20653	301 686-7788	0
33.	Tall, Stephen; Tall, Anne	25 Lovejoy Wharf	Boston	Massachusetts	2114	857-702-2769	2
34.	Parker, Jamie; Segall, Jacob	17620 W. 13 Mile Road	Beverly Hills	Michigan	48025	248-419-1371	0
35.	Carr, Brad	2-4 Clarkson Wilson Center	Chesterfield	Missouri	63017	314 391-2136	0
36.	Stanley, Jane; Stanley, Ryan	6264 Lewis Street	Parkville	Missouri	64152	913-231-1627	0
37.	Mihal, Doug; Mihal, Maryann "Mimi"	10746 Sunset Hills Plaza	St. Louis	Missouri	63127	314 782-1777	3
38.	Rooney, Cory	2501 South 90th Street	Omaha	Nebraska	68124	402 251-5501	3
39.	Zaltsman, Alex	70 Hudson St., Suite 125	Jersey City	New Jersey	7302	201-800-4960	3
40.	Zaltsman, Alex	638 Bloomfield Ave.	Montclair	New Jersey	7042	973 500-6550	0
41.	Trujillo, Pedro	275 Pascack Rd.	Township of Washington	New Jersey	7676	201 431-7444	3
42.	Zaltsman, Alex	233 E. 34th Street	New York	New York	10016	949-800-8381	3
43.	Zaltsman, Alex	269 W 23rd St	New York	New York	10011	646-850-0540	0
44.	Schuster, Jeff; Schuster, Neala	282 South Sharon Amity Road, Unit 284A	Charlotte	North Carolina	28211	7044904739	0
45.	Boynton, Andrea	1101 Mercantile Drive, Suite 130	Raleigh	North Carolina	27609	984-500-3040	0
46.	Shah, Kinchit	2231 Cloverdale Ave	Winston-Salem	North Carolina	27106	336-310-6667	0
47.	Swanson, Niki	1643 West Lane Ave.	Upper Arlington	Ohio	43221	614-212-2045	0
48.	Harlan, Megan	4820 E. 61st, Suite 120	Tulsa	Oklahoma	74136	918-500-6695	0
49.	Hammers, Jennifer	6252A Northway Drive	Pittsburgh	Pennsylvania	15237	412-385-4501	0
50.	Ramsey, Chad; Ramsey Michelle	1201 Liberty Pike, Ste. 107	Franklin	Tennessee	37067	615-716-1174	2
51.	Ramsey, Chad; Ramsey Michelle	4107 Charlotte Avenue	Nashville	Tennessee	37209	615-697-6910	4
52.	Goldstein, Brian	6702-A Ferris St.	Bellaire	Texas	77401	281-971-3242	2
53.	Guerin, Vickie; LeBlanc Lindsey	4001 State Highway 6, Suite 400	College Station	Texas	77845	979-599-9319	1
54.	Kimberling, Ryan	4351 Cross Timbers Road Suite 300	Flower Mound	Texas	75028	469 639-2114	2
55.	Dillingham, Steven; Dillingham, Sara	5729 Lebanon Road, Suite 154	Frisco	Texas	75034	972-972-4769	0
56.	Rahming, LaShonda	7901 Eldorado Pkwy, Suite 145	Mckinney	Texas	75069	469 782-9881	2
57.	Cowley, Tracy	2000 Hughes Landing Blvd., #400	The Woodlands	Texas	77380	346 220-6099	0
58.	Qureshi, Fahad	917 N St Asaph Street	Alexandria	Virginia	22314	703-935-4500	2

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
59.	Carpe, Ellen	44185 Ashbrook Marketplace Plaza Ste. 140	Ashburn	Virginia	20147	703-260-8380	0
60.	Dunleavy, Tom; Dunleavy Catherine	4463 Market Commons Drive	Fairfax	Virginia	22033	703-803-4000	0
61.	Krumwiede, Kip; Krumwiede, Lana	14210 Midlothian Tpke	Midlothian	Virginia	23113	804-419-3100	0
62.	Krumwiede, Kip; Krumwiede, Lana	1601 Willow Lawn Dr.	Richmond	Virginia	23230	804-545-9750	0
63.	Sheetal Guttigoli	7405 168th Ave NE, Suite B	Redmond	Washington	98052	425-292-5976	0
64.	Combs, Niki	419 Fairview Av N	Seattle	Washington	98109	206-338-6007	0
65.	Sheetal Guttigoli	4203 SW Oregon Street	Seattle	Washington	98116	206-397-8828	0

**Franchisee has not communicated with us within the last 10 weeks of the issuance date of this Franchise Disclosure Document.

**FRANCHISEES THAT HAVE SIGNED FRANCHISE AGREEMENTS BUT ARE NOT YET
OPEN AS OF DECEMBER 31, 2023**

	Franchisee	City	State	Contact
1.	Rupprecht, Kurt; Ballinger, Cameron	Phoenix	Arizona	kurt.rupprecht@therowhouse.com
2.	Wayman, Jennifer	Menlo Park	California	jennifer.wayman@therowhouse.com
3.	Kaplun, Inna	Pasadena	California	inna.kaplun@therowhouse.com
4.	Wayman, Jennifer	Redwood City	California	jennifer.wayman@therowhouse.com
5.	Cole, Kevin	Sacramento	California	kevin.cole@therowhouse.com
6.	Lillian Crane	Saratoga	California	lillian.crane@therowhouse.com
7.	Saakian, Rafael; Amamchyan, Elizabeth	Sherman Oaks	California	rafael.saakian@therowhouse.com
8.	Considine, Megan RH	Denver	Colorado	megan.considine@therowhouse.com
9.	Jasunas, James (Jay)	Denver	Colorado	jay.jasunas@therowhouse.com
10.	Jasunas, James (Jay)	Denver - Castlerock	Colorado	jay.jasunas@therowhouse.com
11.	Borek, Greg	Navy Yards	DC	greg.borek@therowhouse.com
12.	Jenkins, Valyn & Josh	Waldorf	Maryland	valyn.jenkins@clubpilates.com
13.	Trauzzi, Chris; Hard, Marjie	Lynnfield	Massachusetts	marjie.hard@clubpilates.com
14.	Tall, Stephen; Tall, Anne	Newburyport	Massachusetts	anne.tall@therowhouse.com
15.	David Houten; Reble Houten	Henderson	Nevada	david.houten@therowhouse.com
16.	Trujillo, Pedro; Johnson, Jodi	North Haledon	New Jersey	jodi.johnson@therowhouse.com
17.	Trujillo, Pedro; Johnson, Jodi	Park Ridge	New Jersey	jodi.johnson@therowhouse.com
18.	Zaltsman, Alex	Westfield	New Jersey	alex.zaltsman@therowhouse.com
19.	Capers, Alexis; Capers, William	Philadelphia	Pennsylvania	alexis.capers@therowhouse.com
20.	Varzino, Robert	Murfreesboro	Tennessee	robert.varzino@therowhouse.com
21.	Martin, Cristina; Martin, Michael	Austin	Texas	michael.martin@therowhouse.com
22.	Payne, Marilyn	Lubbock	Texas	marilyn.payne@therowhouse.com
23.	Goldstein, Brian	Hedwig Village	Texas	brian.goldstein@therowhouse.com
24.	Cynthia Herrera	McAllen	Texas	cynthia.herrera@therowhouse.com
25.	Dillingham, Steven; Dillingham, Sara	Fairview	Texas	sara.dillingham@therowhouse.com
26.	Qureshi, Fahad	Northern VA	Virginia	fahad.qureshi@therowhouse.com
27.	Phillips, Margaret	Williamsburg	Virginia	margaret.phillips@therowhouse.com
28.	Martinez, Ben	Seattle	Washington	ben.martinez@therowhouse.com

EXHIBIT J

LIST OF FRANCHISEES THAT LEFT THE SYSTEM OR NOT COMMUNICATED

**LIST OF FRANCHISEES TERMINATED, CANCELED, NOT RENEWED
OR FRANCHISEES WHO HAVE NOT COMMUNICATED IN PREVIOUS 10-WEEKS
AS OF 12/31/2023**

	Franchisee	City	State	Contact Information	
1.	Shaffer, Mark	Carlsbad	California	mark.shaffer@therowhouse.com	Ceased Operations - Other
2.	Redmon, Dwayne	Folsom	California	dwayne.redmon@therowhouse.com	Ceased Operations - Other
3.	Redmon, Dwayne	San Diego	California	dwayne.redmon@therowhouse.com	Ceased Operations - Other
4.	Shaffer, Mark	San Diego	California	mark.shaffer@therowhouse.com	Ceased Operations - Other
5.	Redmon, Dwayne	San Francisco	California	dwayne.redmon@therowhouse.com	Ceased Operations - Other
6.	Wayman, Jennifer	Santa Clara	California	jennifer.wayman@therowhouse.com	Ceased Operations - Other
7.	Makhmoor, Hamed & Sahar	Solana Beach	California	Hamed.makhmoor@cyclebar.com	Reacquired
8.	Brown, Mitch*	Solana Beach	California	mitch.brown@cyclebar.com	Ceased Operations - Other
9.	Makhmoor, Hamed & Sahar	Temecula	California	Hamed.makhmoor@cyclebar.com	Transfer
10.	Redmon, Dwayne	Walnut Creek	California	dwayne.redmon@therowhouse.com	Ceased Operations - Other
11.	Considine, Megan RH	Greenwood Village	Colorado	megan.considine@therowhouse.com	Ceased Operations - Other
12.	Parmeter, Tim; Kimble, Danielle	Oviedo	Florida	tim.parmeter@therowhouse.com	Reacquired
13.	Brown, Mitch*	Oviedo	Florida	mitch.brown@cyclebar.com	Ceased Operations - Other
14.	Sullivan, Bob; Sullivan, Michelle*	Sarasota	Florida	bob.sullivan@therowhouse.com	Transfer
15.	Figueroa, Ray; Figueroa, Angelica*	Tampa	Florida	ray.figueroa@therowhouse.com	Termination
16.	Parmeter, Tim; Kimble, Danielle	Winter Park	Florida	tim.parmeter@therowhouse.com	Reacquired
17.	Brown, Mitch*	Winter Park	Florida	mitch.brown@cyclebar.com	Ceased Operations - Other
18.	Redmon, Dwayne	Atlanta	Georgia	dwayne.redmon@therowhouse.com	Ceased Operations - Other
19.	Nagarajan, Vikram	Cumming	Georgia	vikram.nagarajan@therowhouse.com	Transfer
20.	Cunningham, Kirk	Roswell	Georgia	kirk.cunningham@therowhouse.com	Reacquired
21.	Brown, Mitch*	Roswell	Georgia	mitch.brown@cyclebar.com	Ceased Operations - Other
22.	Nelson, Brett	Naperville	Illinois	brett.nelson@therowhouse.com	Reacquired
23.	Brown, Mitch*	Naperville	Illinois	mitch.brown@cyclebar.com	Ceased Operations - Other
24.	Nelson, Brett*	Wheaton	Illinois	brett.nelson@therowhouse.com	Termination
25.	Brown, Mitch*	Rochester Hills	Michigan	mitch.brown@cyclebar.com	Ceased Operations - Other
26.	Brown, Mitch*	Savage	Minnesota	mitch.brown@cyclebar.com	Ceased Operations - Other
27.	Wilke, Greg	St. Louis	Missouri	greg.wilke@therowhouse.com	Transfer
28.	Safranski, Michael & Tricia*	Omaha	Nebraska	tricia.safranski@clubpilates.com	Termination
29.	Golub, Josh	Brooklyn	New York	josh.golub@therowhouse.com	Reacquired
30.	Brown, Mitch*	Brooklyn	New York	mitch.brown@cyclebar.com	Ceased Operations - Other
31.	Debra Frohlich	New York	New York	debra@fitizensholdings.com	Reacquired

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

	Franchisee	City	State	Contact Information	
32.	Debra Frohlich	New York	New York	debra@fitizensholdings.com	Reacquired
33.	Zaltsman, Alex	New York	New York	alex.zaltsman@therowhouse.com	Ceased Operations - Other
34.	Economou, Nick*	New York	New York	nick.economou@therowhouse.com	Termination
35.	Economou, Nick*	New York	New York	nick.economou@therowhouse.com	Termination
36.	Schuster, Jeff	Charlotte	North Carolina	jeff.schuster@therowhouse.com	Transfer
37.	Wagner, Carole	Raleigh	North Carolina	carole.wagner@therowhouse.com	Transfer
38.	Chambers, Chanel*	Raleigh	North Carolina	chanel.chambers@therowhouse.com	Termination
39.	Chambers, Chanel*	Raleigh	North Carolina	chanel.chambers@therowhouse.com	Termination
40.	Wagner, Carole*		North Carolina	carole.wagner@therowhouse.com	Termination
41.	Brown, Mitch*	Columbus	Ohio	mitch.brown@cyclebar.com	Ceased Operations - Other
42.	Brown, Mitch*	Plain City	Ohio	mitch.brown@cyclebar.com	Ceased Operations - Other
43.	Brown, Mitch*	Hilton Head	South Carolina	mitch.brown@cyclebar.com	Ceased Operations - Other
44.	Wieczorek, Adam; Wieczorek, Kayla	Sioux Falls	South Dakota	adam.wieczorek@therowhouse.com	Ceased Operations - Other
45.	Pierce, Cody	Keller	Texas	cody.pierce@therowhouse.com	Ceased Operations - Other
46.	Pierce, Cody	Las Colinas	Texas	cody.pierce@therowhouse.com	Ceased Operations - Other
47.	Gelling, Tracey	Mckinney	Texas	tracey.gelling@therowhouse.com	Transfer
48.	Pierce, Cody	Southlake	Texas	cody.pierce@therowhouse.com	Ceased Operations - Other
49.	Mears, Johnathan	Chesterfield	Virginia	johnathan.mears@therowhouse.com	Ceased Operations - Other
50.	Brown, Mitch*	Henrico	Virginia	mitch.brown@cyclebar.com	Ceased Operations - Other
51.	Mears, Johnathan	Midlothian	Virginia	johnathan.mears@therowhouse.com	Transfer
52.	Mears, Johnathan	Richmond	Virginia	johnathan.mears@therowhouse.com	Transfer

*Studio opened and closed in 2023.

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

**THESE FRANCHISEES HAVE NOT COMMUNICATED WITH US IN THE 10-WEEKS PRIOR TO THE
ISSUANCE OF THIS DISCLOSURE DOCUMENT**

	Franchisee	City	State	Contact Information
1.	Lillian Crane	Campbell	California	lillian.crane@therowhouse.com
2.	Jasunas, James (Jay)	Littleton	Colorado	jay.jasunas@therowhouse.com

Receipt

Street Pizza Gordon Ramsay

Franchise Disclosure Document | 2024

97033482.1

EXHIBIT K

FORM OF AREA DEVELOPMENT AGREEMENT

ROW HOUSE FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT

DEVELOPER

DATE OF AGREEMENT

TABLE OF CONTENTS

- 1. OWNERSHIP; PRINCIPALS.....1**
- 2. GRANT OF DEVELOPMENT RIGHTS2**
 - A. Grant and Term.2
 - B. Development Area; Reservation Of Rights.....2
 - C. Development Schedule3
 - D. Locating Sites for Studios3
 - E. Execution of Franchise Agreements3
- 3. STUDIO CLOSINGS.....4**
- 4. DEVELOPMENT FEE.....4**
- 5. NO LICENSE TO THE MARKS4**
- 6. COVENANTS REGARDING COMPETITIVE ACTIVITIES4**
 - A. In-Term Covenants.4
 - B. Post-Term Covenants.5
 - C. Publicly Traded Corporations.5
 - D. Covenants of Others.5
 - E. Enforcement of Covenants.5
- 7. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION6**
 - A. Independent Contractor.....6
 - B. Indemnification6
- 8. TERMINATION.....6**
 - A. Termination of Franchise by Franchisor6
 - B. Obligations of Developer upon Termination or Expiration7
- 9. TRANSFER OF INTEREST7**
 - A. By Franchisor7
 - B. By Developer and its Owners.....7
- 10. DEVELOPER’S RECORDS AND REPORTS.....7**
- 11. NOTICES AND PAYMENTS7**
- 12. INCORPORATION OF OTHER TERMS7**
- 13. MISCELLANEOUS PROVISIONS.....8**
 - A. Severability8
 - B. Waiver and Delay8
 - C. Franchisor’s Discretion.....8
 - D. Developer’s Responsibility8
 - E. No Recourse Against Nonparty Affiliates8
 - F. Non-Disparagement.....8
- 14. ENTIRE AGREEMENT9**

EXHIBITS

EXHIBIT A Ownership Interests; Development Area; Development Schedule; and Other Agreement Terms

EXHIBIT B Guarantee, Indemnification, and Acknowledgment

**ROW HOUSE FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT**

This Area Development Agreement (this “Agreement”) is made effective as of the Effective Date by and between **ROW HOUSE FRANCHISING, LLC**, a Virginia limited liability company with its principal business address at 126 Garrett Street, Suite J, Charlottesville, VA 22902 (“Franchisor”), and the person or entity identified as the “Developer” in the signature blocks below (“Developer,” and together with Franchisor, the “Parties”). The Effective Date is the date Franchisor signs this Agreement as shown beneath its signature hereto.

RECITALS:

WHEREAS, Franchisor owns, administers and grants franchises for a system of fitness studios (the “Studios”) that are currently identified by and use the trademark “Row House” and other related trademarks and service marks designated from time to time by Franchisor (the “Marks”), that reflect distinctive interior design and display procedures, and color scheme and décor (the “Trade Dress”), and that use certain of Franchisor’s certain intellectual property including trade secrets, copyrights, confidential and proprietary information, and designated training and exercise methods and know-how, fitness equipment, furniture and fixtures, marketing, advertising and sales promotions, cost controls, accounting and reporting procedures, and personnel management systems (together with the Marks and Trade Dress, the “System”). Studios offer specialized instruction and related services that Franchisor authorizes from time to time and offer and sell certain merchandise and other products Franchisor authorizes for sale from time to time.

WHEREAS, based on Developer’s own investigation and diligence, Developer has requested that Franchisor grant Developer the right to acquire multiple franchises (each a “Franchise”) for the development and operation of Studios (the “Development Rights”) in a defined geographic area (the “Development Area”) pursuant to an agreed upon schedule (the “Development Schedule”) set forth in this Agreement and, to support Developer’s request, Developer and, if applicable, its owners have provided Franchisor with certain information about its and their background, experience, skills, financial condition and resources (collectively, the “Application Materials”). In reliance on, among other things, the Application Materials, Franchisor is willing to grant Developer the Development Rights on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of and reliance on the foregoing Recitals (which are incorporated herein by reference), the agreements described below, and other valuable consideration, receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. OWNERSHIP; PRINCIPALS

If Developer is not a natural person (a “Business Entity”), Developer agrees, represents and warrants to Franchisor that: (1) it was validly formed and is and will maintain, throughout the Term (defined in Section 2.A below), its existence and good standing under the laws of the state of its formation and qualified to do business in the jurisdictions covered by the Development Area; (2) Exhibit A to this Agreement describes all of Developer’s owners and their interests in Developer as of the Effective Date; (3) each of Developer’s owners that has at least 10% direct or indirect ownership interests in Developer, and their spouse, will sign and deliver to Franchisor its then-standard form of Guarantee, Indemnification, and Acknowledgment (the “Guarantee”), the current form of which is attached as Exhibit B hereto; (4) the only business Developer will own or operate during the Term will be the exercise of the rights granted to it under this Agreement and any other agreement between it and Franchisor or its successors and assigns; and

(5) at Franchisor’s request, Developer will furnish Franchisor true and correct copies of all documents regarding Developer’s formation, existence, standing, and governance.

2. GRANT OF DEVELOPMENT RIGHTS

A. Grant and Term. Franchisor grants Developer the Development Rights, which must be exercised in strict compliance with this Agreement. The Development Rights may be exercised from the Effective Date and, unless sooner terminated as provided herein, continuing through the earlier of (1) the date on which the last Studio, which is required to be opened in order to satisfy the Development Schedule, opens for regular business, or (2) the last day of the last Development Period (defined in Section 2.C) (collectively, the “Term”). Developer accepts the grant of the Development Rights and agrees to, at all times, faithfully, honestly, and diligently perform its obligations under this Agreement and fully exploit the Development Rights during the Term and throughout the entire Development Area. Developer may not subcontract or delegate to any third parties any of its rights or obligations under this Agreement.

B. Development Area; Reservation Of Rights. The Development Rights may only be exercised for Studios to be located in the Development Area identified on Exhibit A hereto. As long as Developer is in compliance with this Agreement and except with respect to Non-Traditional Locations (defined below), Franchisor will not, until the earlier of (a) the date the Designated Territory is defined for the final Franchise Developer was granted the right to operate under this Agreement, or (b) the expiration or termination of this Agreement for any reason, , own or operate, or license a third party the right to own or operate, a Studio utilizing the Marks and System from a physical location within the Development Area . A “Non-Traditional Location” is (a) any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, “big box” gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations).

For the avoidance of doubt, Franchisor reserves for itself and its affiliates all rights not expressly granted to Developer in this Agreement and the right to do all things that Franchisor does not expressly agree in this Agreement not to do, in each case, without regard to proximity to the Development Area and without any compensation to Developer, and on such terms and conditions as Franchisor deems appropriate. Without limitation, Franchisor and its affiliates may, themselves or through authorized third parties (and Developer is not granted the right to): (a) open and operate, and license third parties the right to open or operate, Studios utilizing the Marks and System outside the Development Area; (b) market, offer and sell products and services similar to those offered by Studios (such as private label products that Franchisor may develop and training programs) under a different trademark or trademarks at any location, both within or outside the Development Area; (c) use the Marks and other aspects of the System, as well as any other marks Franchisor may designate, to distribute products and services through alternate channels of distribution, including without limitation, via the Internet and other e-commerce channels, catalog sales, direct mail or wholesale, anywhere either within or outside the Development Area; (d) acquire, or be acquired by, or merge with, any company, including a company operating or licensing one or more businesses offering products or services similar to those offered by any Studio located within or outside the Development Area, and subsequently operate (or license a third-party the right to operate) these businesses and allow them to incorporate certain elements of the System (excluding the Marks and Trade Dress) regardless of location; (e) develop or become associated with and engage in other businesses, including other fitness concepts and systems, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the Development Area; (f) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited by this

Agreement; and (g) open and operate, or license third parties the right to open or operate, Studios at Non-Traditional Locations both within and outside the Development Area.

C. Development Schedule. The Development Schedule is set forth on Exhibit A hereto. Each period described in the Development Schedule is a “Development Period.” Developer (or its approved affiliate) must open and operate Studios in the Development Area, each pursuant to a written franchise agreement and related agreements signed by Franchisor and a franchisee (each a “Franchise Agreement”), as necessary to satisfy the requirements of each Development Period, but Developer shall not be required to open, in total, more than the cumulative number of Studios shown for the last Development Period. The Development Schedule is not a representation (express or implied) by Franchisor that the Development Area can support, or that there are or will be sufficient sites for, the number of Studios specified in the Development Schedule or during any particular Development Period. Franchisor is relying on Developer’s knowledge and expertise of the Development Area and Developer’s representation that it has conducted its own independent investigation and has determined that it can satisfy the development obligations under each Development Period of the Development Schedule.

Notwithstanding anything contained in this Section, Franchisor will provide Developer with a one-time reasonable extension of time not to exceed 90 days to comply with its development obligations in any one of the Development Period as set forth in the Development Schedule (see Exhibit A), provided: (i) Developer has already executed a lease for, or otherwise obtained, a Site (defined in Section 2.D below) that Franchisor approves for any Studio(s) it is required to open and operate during that Development Period; and (ii) Developer notifies Franchisor of its need for such an extension no less than 30 days prior to expiration of that Development Period. The Parties agree and acknowledge that Franchisor’s grant of this one-time extension under this Section will not extend, modify or otherwise affect the expiration of any of Developer’s subsequent Development Periods or subsequent development obligations.

D. Locating Sites for Studios. Despite any assistance Franchisor may provide, Developer is entirely responsible to locate and present to Franchisor proposed sites for Studios in the Development Area as necessary to comply with the Development Schedule (each a “Site”). Developer agrees to give Franchisor all information and materials it requests to assess each proposed Site as well as Developer’s and its proposed affiliate’s financial and operational ability to develop and operate a Studio at the proposed Site. Franchisor has the absolute right to reject any site or any affiliate (a) that does not meet Franchisor’s criteria or (b) if Developer or its affiliates are not then in compliance with any existing Franchise Agreements executed pursuant to this Agreement or operating its or their Studios in compliance with the mandatory specifications, standards, operating procedures and rules that Franchisor periodically prescribes for operating Studios. Franchisor agrees to use its reasonable efforts to review and evaluate the proposed Sites within 30 days after it receives all requested information and materials. If Franchisor accepts a proposed Site, Developer (or its approved affiliate) must timely sign a separate Franchise Agreement for the Site as described in Section 2.E below.

E. Execution of Franchise Agreements. Simultaneously with the execution of this Agreement, Developer (or its approved affiliate) must sign and deliver to Franchisor a Franchise Agreement and related documents representing the first Franchise Developer is obligated to acquire under this Agreement. Developer (or its approved affiliate) must thereafter open and operate a Studio according to the terms of that Franchise Agreement (“Initial Franchise Agreement”). Thereafter, once Franchisor has accepted a Site, and prior to signing a lease or otherwise securing possession of the Site, Developer (or its approved affiliate) must sign Franchisor’s then-current form of Franchise Agreement and related documents, the terms of which, with the exceptions provided hereunder, may differ substantially from the terms contained in the form of Franchise Agreement Franchisor is using to grant Franchises on the Effective Date, except that the percentage of Gross Sales on which Royalty Fees is calculated will be the same as expressed in the first Franchise Agreement signed concurrently with the execution of this Agreement. Each

Franchise Agreement will govern the development and operation of the Studio at the accepted Site identified therein. Franchisor may refuse to issue and enter into a Franchise Agreement if (a) in its sole discretion, it has not approved Developer's proposed affiliate, (b) Developer has not established to Franchisor's satisfaction that it has the operational and financial capacity to develop and operate the proposed Studio, (c) Developer and its affiliates are not then in compliance with any agreements to which they are a party with Franchisor or its affiliates, (d) Developer or its affiliates have failed to pay any amounts owed to Franchisor or its affiliates during the preceding 12 months, or (e) Developer or its approved affiliates and their respective owners fail to sign and return to Franchisor the Franchise Agreement and all ancillary agreements and required fees within 15 days following Franchisor's delivery of the execution of copy of the Franchise Agreement to Developer or its approved affiliate.

3. STUDIO CLOSINGS

If, with Franchisor's permission, Developer (or its approved affiliate) permanently closes any of its Studios, the closed Studio will count toward satisfaction of the Development Schedule only if (a) as of the end of the Development Period in which the Studio closes, Developer and its affiliates are otherwise in compliance with this Agreement, all Franchise Agreements executed pursuant to this Agreement, and all other agreements with Franchisor or its affiliates, and (b) within nine (9) months after Franchisor grants its permission for the closed Studio to close, Developer (or its approved affiliate) develops and commences operation of a replacement Studio in compliance with an applicable Franchise Agreement. If, during the Term, Developer transfers a Studio in accordance with the transferred Studio's Franchise Agreement, the transferred Studio shall continue to be counted in determining Developer's compliance with the Development Schedule so long as it continues to be operated as a Studio. If, at any time, the transferred Studio ceases to be operated as a Studio, it will not count toward satisfaction of the Development Schedule.

4. DEVELOPMENT FEE

Concurrently with the execution of this Agreement, Developer must pay to Franchisor a nonrecurring and nonrefundable area development fee equal to the amount shown on Exhibit A hereto (the "Development Fee"). The Development Fee is deemed fully earned by Franchisor upon execution of this Agreement in consideration of lost development opportunities and is nonrefundable under any circumstances. For each Franchise Agreement applicable to the Studios Developer is required to open in satisfaction of the Development Schedule, Developer shall not be required to pay the initial franchise fee under each Franchise Agreement so long as Developer and its affiliates are in compliance with this Agreement and all other agreements with us, including each Franchise Agreement.

5. NO LICENSE TO THE MARKS

Notwithstanding any provision to the contrary under this Agreement, this Agreement does not grant Developer (or any of its affiliates) any right to use the Marks. The right to use the Marks is granted only under Franchise Agreements. Developer (and its affiliates) may not use any Mark as part of any corporate or trade name or as its (or their) primary business name or with any prefix, suffix or other modifying words, terms, designs, symbols or in any modified forms.

6. COVENANTS REGARDING COMPETITIVE ACTIVITIES

A. In-Term Covenants. Developer acknowledges that it will receive valuable, specialized training and confidential information regarding the System and Franchisor and its affiliates' businesses. During the Term, Developer and its owners will not, without Franchisor's prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(1) teach or lead, or train individuals to teach or lead, any rowing-based fitness 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;

(2) 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;

(3) 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;

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

(5) use any vendor relationship established through Developer’s association with Franchisor for any purpose other than to purchase products or equipment for use or retail sale in the Studio.

B. Post-Term Covenants. For two years after the expiration or termination of this Agreement or an approved transfer to a new franchisee, Developer and its owners shall be subject to the same restrictions as in Section 6(A), except the restrictions in Section 6(A)(1) and 6(A)(2) shall be geographically limited to any location within a ten-mile radius of the 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 6(B) will run from the expiration, termination, or transfer of this Agreement or from the termination of the owner’s relationship with Developer, whichever occurs first.

C. 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 6.

D. Covenants of Others. The owners personally bind themselves to this Section 6 by signing the Guarantee that is attached as Exhibit B to this Agreement. Developer must also obtain from its officers, directors, managers, owners’ spouses, and other individuals that Franchisor may designate executed agreements containing nondisclosure and non-compete covenants similar in substance to those contained in this Section 6 as Franchisor prescribes in the Manuals and otherwise. The agreements must be in a form acceptable to Franchisor and specifically identify Franchisor as having the independent right to enforce them.

E. Enforcement of Covenants. Developer acknowledges and agrees that (i) the time, territory and scope of the covenants provided in this Section 6 are reasonable and necessary for the protection of Franchisor’s legitimate business interests; (ii) Developer has 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 6 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. Developer agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to Franchisor’s enforcement of the covenants contained in this Section 6. Developer acknowledges that any breach or threatened breach of this Section 6 will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Developer consents to

the issuance of an injunction prohibiting any conduct violating the terms of this Section 6. Such injunctive relief will be in addition to any other remedies that Franchisor may have.

7. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

A. Independent Contractor. The only relationship between Franchisor and Developer created by this Agreement is that of independent contractor. The business conducted by Developer is completely separate and apart from any business that may be operated by Franchisor and nothing in this Agreement shall create a fiduciary relationship between them or constitute either Party as agent, legal representative, subsidiary, joint venturer, partner, employee, servant or fiduciary of the other Party for any purpose whatsoever. Developer is not an affiliate of Franchisor, and neither Party shall have authority to act for the other in any manner to create any obligations or indebtedness that would be binding upon the other Party. Neither Party shall be in any way responsible for any acts and/or omissions of the other, its agents, servants or employees and no representation to anyone will be made by either Party that would create an implied or apparent agency or other similar relationship by and between the Parties.

B. Indemnification. Developer agrees to indemnify, defend and hold Franchisor, its owners, affiliates, successors and assigns, and the directors, officers, owners, managers, employees, servants, agents of each (collectively, the “Indemnitees”), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys’ fees and court costs), that are brought against any of the Indemnitees that arise out of or are otherwise related to Developer’s or an Indemnitee’s (a) breach or attempted breach of, or misrepresentation under, this Agreement or in connection with the exercise of the Development Rights in any manner other than as authorized herein, (b) ownership, construction, development, management, or operation of any Studios that Developer or its affiliates own, (c) gross negligence or intentional misconduct, and/or (d) alleging Developer’s or its representatives’ violation of Applicable Laws as set forth in Section 13.D below. Notwithstanding the foregoing, any Indemnitee may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Developer of all expenses and fees incurred in connection with such defense. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination. Indemnitees need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against Developer under this Section. Any Indemnitee’s failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that person may recover from Developer under this Section.

8. TERMINATION

A. Termination of Franchise by Franchisor. Franchisor may terminate this Agreement upon notice to Developer for any of the following reasons:

(1) You fail to pay any fees or execute any Franchise Agreement by any deadline specified in the Development Schedule;

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

(3) 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

(4) You breach or otherwise fail to comply fully with any other provision contained in this Agreement, including, but not limited to, Section 6.

B. Obligations of Developer upon Termination or Expiration. If this Agreement expires or is terminated pursuant to Section 8(A), Franchisor may, in its sole election, declare this Agreement and any and all other rights granted to Developer under this Agreement to be immediately terminated and of no further force or effect. Upon termination of this Agreement for any other reason whatsoever, Franchisor will retain the Development Fee and Developer will not be relieved of any of its obligations, debts, or liabilities hereunder, including without limitation any debts, obligations, or liabilities which have accrued prior to such termination. Developer's failure to open and thereafter operate Studios in accordance with the Development Schedule will not, in itself, constitute cause for us to terminate any previously executed Franchise Agreement. **TRANSFER OF INTEREST** By Franchisor. Franchisor shall have the right, in its discretion, without the need for Developer's consent, to transfer, assign or delegate all or any part of its rights or obligations herein.

D. By Developer and its Owners. This Agreement and the rights granted to Developer under this Agreement are personal to Developer and neither this Agreement, nor any of the rights granted to Developer hereunder nor any controlling equity interest in Developer may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by Developer without Franchisor's prior written approval, which Franchisor may grant or withhold for any or no reason. If Developer or its owners intend to transfer any interest in Developer or this Agreement, Franchisor shall have a right of first refusal in accordance with the procedure set forth in Section 14.5 of the Initial Franchise Agreement.

10. DEVELOPER'S RECORDS AND REPORTS

Developer must keep accurate records concerning all transactions and written communications between Franchisor and Developer relating to its activities under this Agreement. Franchisor's duly authorized representative has the right, following reasonable notice, at all reasonable hours of the day to examine all Developer's records with respect to the subject matter of this Agreement, and has full and free access to records for that purpose and for the purpose of making extracts. All records must be kept available for at least three (3) years after preparation. Developer must furnish to Franchisor monthly written reports regarding Developer's progress on its compliance with the Development Schedule and in satisfaction of its other obligations under this Agreement.

11. NOTICES AND PAYMENTS

All notices which the Parties hereto may be required or permitted to give under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, postage paid, or by reliable overnight delivery service. Notices sent to Franchisor must be delivered to the address shown in the opening paragraph of this Agreement, attention: President. Notices sent to Developer must be delivered to the address shown on Exhibit A hereto, to the attention of the person indicated on Exhibit A. Either Party may change its notice address at any time by written notice given to the other Party as herein provided. Notices will be deemed delivered when actually delivered if delivered by hand, three (3) business days after postmark by the United States Postal Service if delivered by certified or registered mail, or the next business day after deposit with reliable overnight delivery service if delivered in that manner.

12. INCORPORATION OF OTHER TERMS.

Section 12 (Confidential Information), Section 16 (Resolution of Disputes), Section 17 (Miscellaneous), and Section 18 (Acknowledgements) of the Initial Franchise Agreement are incorporated by reference in this Agreement and will govern all aspects of the relationship between Developer and Franchise and the construction of this Agreement as if fully restated within the text of this Agreement.

13. MISCELLANEOUS PROVISIONS

A. Severability. Each provision of this Agreement, or any portion thereof, shall be considered severable and if any such provision is held by an arbitrator or by a court of competent jurisdiction to be unenforceable due to any applicable existing or future law or regulation, such portion shall not impair the operation of or have any effect upon, the remaining portions of this Agreement which will remain in full force and effect. No right or remedy conferred upon or reserved to Franchisor or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

B. Waiver and Delay. No failure, refusal or neglect of Franchisor to exercise any right, power, remedy or option reserved to it under this Agreement, or to insist upon strict compliance by Developer with any obligation, condition, specification, standard or operating procedure in this Agreement, shall constitute a waiver of any provision of this Agreement and the right of Franchisor to demand exact compliance with this Agreement, or to declare any subsequent breach or default or nullify the effectiveness of any provision of this Agreement. Subsequent acceptance by Franchisor of any payment(s) owed to it under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

The following provision applies if Developer or the franchise granted hereby are subject to the franchise registration or 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 acknowledgement signed or agreed to by a Developer in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

C. Franchisor's Discretion. Except as otherwise specifically referenced herein, all acts, decisions, determinations, specifications, prescriptions, authorizations, approvals, consents and similar acts by Franchisor may be taken or exercised in the sole and absolute discretion of Franchisor, regardless of the impact upon Developer. Developer acknowledges and agrees that when Franchisor exercises its discretion or judgment, its decisions may be for the benefit of Franchisor or the System and may not be in the best interest of Developer as an individual area developer.

D. Developer's Responsibility. It is Developer's sole responsibility to conduct its business hereunder in compliance with all applicable federal, state and local laws and regulations ("Applicable Laws"). Developer acknowledges that nothing in this Agreement shall, or may be construed to, create any type of employer or joint employer relationship between (a) Developer or any of Developer's personnel, and (b) Franchisor in any matter.

E. No Recourse Against Nonparty Affiliates. Developer agrees that it will look only to Franchisor to perform under this Agreement. Franchisor's affiliates are not parties to this Agreement and have no obligations under it. Developer may not look to Franchisor's affiliates for performance. Developer agrees that Franchisor's and its affiliates' members, managers, owners, directors, officers, employees and agents shall not be personally liable or named as a party in any action between Franchisor or its affiliates and Developer or its affiliates or their respective owners.

F. Non-Disparagement. Developer agrees that it will not (and will use its best efforts to cause its current and former owners, officers, directors, principals, agents, partners, employees,

representatives, attorneys, spouses, affiliates, successors and assigns not to) (i) make any untrue or derogatory statements concerning Franchisor and its affiliates, as well as their present and former officers, employees, shareholders, directors, agents, attorneys, servants, representatives, successors and assigns; or (ii) undertake any act which would (a) subject the Marks to ridicule, scandal, reproach, scorn, or indignity, (b) negatively impact the goodwill of Franchisor or its affiliates, the Marks, other components of the System, or any other brands owned or controlled by Franchisor or its affiliates, or (c) constitute an act of moral turpitude.

14. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the exhibits hereto, constitute the entire and only agreement between the Parties concerning the granting and awarding the Development Rights granted hereunder, and supersede all prior and contemporaneous agreements. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the Parties other than those set forth herein. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either Party unless mutually agreed to by the Parties and executed by their authorized officers or agents in writing. This Agreement does not alter other agreements between Franchisor or its affiliates and Developer or its affiliates. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Developer. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

[Signature Page Follows]

[signature page to Area Development Agreement]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates set forth below to be effective as of the Effective Date.

ROW HOUSE FRANCHISING, LLC,
a Virginia limited liability company

[NAME OF DEVELOPER]

By: _____
Name: _____
Title: _____
EFFECTIVE DATE: _____

By: _____
Name: _____
Capacity: _____
Date: _____

**EXHIBIT A
TO
AREA DEVELOPMENT AGREEMENT**

1. Name and Address of Developer:

Developer Name: _____
 Attention: _____
 Address: _____

 Email Address: _____

2. Form of Owner (check and complete one):

___ Individual
 ___ Corporation ___ Limited Liability Company ___ Partnership
 State Formed: _____ Date: _____

3. Owners. The following identifies the owner that Developer has designated as, and that Franchisor approves to be, the Operating Principal and lists the full name of each person who is one of Developer’s owners, or an owner of one of Developer’s owners, and fully describes the nature of each owner’s interest (attach additional pages if necessary).

<u>Owner’s Name</u>	<u>Type / %-age of Interest</u>
Operating Principal: _____	_____ %
Other Owners: _____	_____ %
_____	_____ %

4. The Development Fee is _____

5. The Development Area is comprised of: _____, as depicted on the map attached to this Exhibit. If the Development Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of the Development Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

6. The Development Schedule is as follows:

Expiration of Development Period	Number of New Studios to be Opened During the Development Period	Number of Studios Open as of the End of the Development Period

7. **Additional Terms or Modifications to This Agreement** (which terms, if any, will control any inconsistencies between the following and the terms in the body of this Agreement):

[insert as applicable]

ROW HOUSE FRANCHISING, LLC,
a Virginia limited liability company

[NAME OF DEVELOPER]

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

By: _____
Name: _____
Capacity: _____
Date: _____

MAP OF DEVELOPMENT AREA

EXHIBIT B TO DEVELOPMENT AGREEMENT
GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT

For value received, and in consideration for, and as an inducement to Row House Franchising, LLC (the “Franchisor”) to execute the Area Development Agreement (the “Development Agreement”), dated _____, 20__ (the “Effective Date”), by and between Franchisor and _____ or his assignee, if a partnership, corporation or limited liability company is later formed (the “Developer”), the undersigned (each a “Guarantor”), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns the full and timely performance by Developer of each obligation undertaken by Developer under the terms of the Development Agreement.

Upon demand by Franchisor, Guarantor will immediately make each payment required of Developer under the Development Agreement. Guarantor hereby waives any right to require Franchisor to: (a) proceed against Developer for any payment required under the Development Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of Guarantor under this Guarantee, Indemnification and Acknowledgment (the “Guarantee”), Franchisor may, without notice to Guarantor, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust or compromise any claims against Developer.

Guarantor waives notice of amendment of the Development Agreement and notice of demand for payment by Developer and agrees to be bound by any and all such amendments and changes to the Development Agreement.

Guarantor hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonable attorneys’ fees, reasonable costs of investigations, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Development Agreement, any amendment, or any other agreement executed by Developer referred to therein.

Guarantor hereby acknowledges and agrees to be individually bound by all obligations and covenants of Developer contained in the Development Agreement, including those related to non-competition.

If Guarantor is a business entity, retirement or investment account, or trust acknowledges and it agrees that if Developer (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor’s account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

This Guarantee shall terminate upon the expiration or termination of the Development Agreement, except that this Guarantee shall continue in full force and effect with respect to all obligations and liabilities of Developer and Guarantor that arise from events that occurred on or before the effective date of such expiration or termination or that are triggered by or survive expiration or termination of the Development Agreement. This Guarantee is binding upon each Guarantor and its respective estate, executors, administrators, heirs, beneficiaries, and successors in interest.

The validity of this Guarantee and the obligations of Guarantor(s) hereunder shall in no way be terminated, restricted, diminished, affected or impaired by reason of any action that Franchisor might take or be forced

to take against Developer, or by reason of any waiver or failure to enforce any of the rights or remedies reserved to Franchisor in the Development Agreement or otherwise.

The use of the singular herein shall include the plural. Each term used in this Guarantee, unless otherwise defined herein, shall have the same meaning as when used in the Development Agreement.

The provisions contained in Article 12 of the Development Agreement (Resolution of Disputes), including, without limitation, Section 12.A (Governing Law), Section 12.C (Mediation), Section 12.D (Mandatory Binding Arbitration), Section 12.F (Consent to Jurisdiction), and Section 12.J (Attorneys' Fees and Costs), are incorporated into this Guarantee by reference and shall govern this Guarantee and any disputes between the Guarantors and Franchisor. The Guarantors shall reimburse Franchisor for all costs and expenses it incurs in connection with enforcing the terms of this Guarantee.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the Effective Date.

GUARANTOR(S)	SPOUSE(S)
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Not Registered
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement, area development agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Row House Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

Applicable state laws in (a) Michigan requires that we provide you the Disclosure Document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale and (b) New York and Rhode Island require us to provide you the Disclosure Document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Row House Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit B to this Disclosure Document).

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
RJ Krone	126 Garrett St Ste J, Charlottesville, VA, 22902	(877) 827-8074

Issuance Date: August 12, 2024

I received a Disclosure Document dated August 12, 2024. The Disclosure Document included the following Exhibits:

- A. FORM OF FRANCHISE AGREEMENT AND EXHIBITS
- B. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
- C. FINANCIAL STATEMENTS
- D. GUARANTY OF PERFORMANCE
- E. STATEMENT OF PROSPECTIVE FRANCHISEE
- F. TABLE OF CONTENTS OF MANUAL
- G. FORM OF GENERAL RELEASE
- H. STATE SPECIFIC ADDENDA
- I. LIST OF CURRENT FRANCHISEES AND, IF APPROPRIATE, THEIR OUTLETS
- J. LIST OF FRANCHISEES THAT LEFT THE SYSTEM IN THE PAST YEAR
- K. FORM OF AREA DEVELOPMENT AGREEMENT
- L. RECEIPTS

Dated: _____

Individually and as an Officer

Printed Name

of _____
(a _____ Corporation/Partnership/LLC)

[Keep this page for your records]

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[Sign and return this page]