FRANCHISE DISCLOSURE DOCUMENT

SWEAT 440

SWEAT440 FRANCHISE SYSTEMS, LLC
a Florida limited liability company
1919 Purdy Avenue
Miami Beach, Florida 33139
Email: franchise@sweat440.com
Telephone: 888-507-9328
Website: www.sweat440.com

Sweat440 Franchise Systems, LLC offers individual and multiple unit franchises for the operation of membership-based fitness studios that combine the motivational mindset of small group training with the convenience of workout times that best suit each individual (the "Studio").

The total investment necessary to begin the operation of one Studio is from $287,900 to $685,900. This includes between $86,500 to $100,000 that must be paid to us or our affiliates.

If you sign a Multi-Unit Development Agreement, you must also pay us a multi-unit development fee, the amount of which varies depending upon the total number of Studios you agree to develop We require you to develop a minimum of two units under the Multi-Unit Development Agreement. The total investment necessary to develop two Studios under the Multi-Unit Development Agreement is from $560,800 to $1,356,800. This includes between $158,000 to $190,000 that must be paid to us or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Cody Patrick at 1919 Purdy Avenue, Miami Beach, Florida, franchising@sweat440.com, or 888-507-9328.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov 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: March 11, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
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 discretion. 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 A 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 SWEAT440® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a SWEAT440® franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What you Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by litigation only in the state where our corporate headquarters are located, currently Florida. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the state where our corporate headquarters are located, currently Florida, than in your own state.

2. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchisor is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

5. **Unopened Franchises**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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.

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

To simplify the language in this disclosure document, "we" means Sweat440 Franchise Systems, LLC, the franchisor. "You" means the person who buys the franchise. If a corporation, partnership, or limited liability company buys a franchise, "you" also may refer to the shareholders of the corporation, partners of the partnership, or members of the limited liability company.

The Franchisor

We are a Florida limited liability company formed in November 2018. Our principal place of business is at 1919 Purdy Avenue, Miami Beach, Florida 33139, and our telephone number is 888-507-9328. Our agents for service of process are disclosed in Exhibit E.

Our Business Experience

We sell franchises under the name "SWEAT440" (the "Studio") for the operation of membership-based fitness studios that combine the motivational mindset of small group training with the convenience of workout times that best suit each individual. We have offered franchises for SWEAT440® Studios since July 2019.

The SWEAT440® Studio concept was created in 2018 by Brickhouse Athletics, LLC, our predecessor and parent company ("Parent"). Our Parent shares our principal business address. Through various affiliated entities, Parent owns and operates two SWEAT440® Studios, all in Florida. The businesses owned and operated by our Parent are substantially similar to the Studio. The affiliated entities do not offer franchises nor provide products or services to the SWEAT440® franchisees.

In January 2024, our Parent acquired a majority interest in Lead Team, LLC ("LeadTeam") and LeadTeam is now our affiliate. You must use LeadTeam in developing your approved Studio advertising and promotional activities in your local geographic area for local advertising and Studio promotion, and for local digital marketing management. LeadTeam shares our principal business address.

Except as described above, neither we, Parent, nor LeadTeam have offered franchises in any other line of business. Other than as described, we have no affiliates, predecessors or parents that are required to be disclosed in this Item 1.

Franchise Offered

SWEAT440® Studios offer 40-minute workout classes that incorporate a combination of mobility training, cross-training, strength training, and HIIT (high-intensity interval training) aimed to burn fat, boost metabolism, and make both beginners and experienced fitness enthusiasts sweat. There are four stations at each Studio, and clients spend ten minutes at each station to complete their 40-minute workout. Additional clients can join every ten minutes providing added convenience to clients with busy schedules by eliminating the need to arrive at a specific time. Your customers will be members of your Studio.

If you are an individual unit franchisee, the SWEAT440® Franchise Agreement will grant to you the right to use our trademark, formats, designs, methods, specifications, standards, and operating and marketing procedures ("System") in a single SWEAT440® location. You will operate your Studio under the service mark and trade name "Sweat440" and other trade names, trademarks and service marks that we specify or designate for use in connection with our System, as we may modify. Our System includes standards, policies, and procedures for layout, equipment, operations, merchandise procurement and inventory, training, membership sales, customer service, maintaining quality and consistency of service offering, IT and software systems, assistance with advertising, promotion, public relations, social media. We may change, improve and further develop the System over time.

If you are a multi-unit franchisee, you are provided an agreed upon geographic area (the "Designated Area") in which you will be required to open and operate an agreed number of SWEAT440® Studios according to a designated timetable under a multi-unit development agreement (the "Multi-Unit Development Agreement"). Before signing the Multi-Unit Development Agreement, we will agree with you on the Designated Area, the number of Studios, and a timetable for opening each Studio. You will sign our then-current Franchise Agreement for each Studio developed under the Multi-Unit Development Agreement. A copy of the Multi-Unit Development Agreement is attached as Exhibit C.

Market, Competition

The market for fitness and exercise concepts is well established. Your Studio will compete with other fitness and exercise businesses, some of which may offer the same or similar programs and classes to those offered by SWEAT440®. These competitors may range from franchise systems, independents, chains, and other businesses offering similar programs and classes. In addition, many of these competitors may have substantial financial, marketing, and other resources and they may already be well established in your market. The ability of each SWEAT440® Studio to compete depends on the market, household income levels, availability of qualified trainers to teach classes, employee selection and training, customer service, overhead costs, changing local market and economic conditions, and many other factors both within and outside your or our control. We do not expect there to be any material seasonal variations in the market.

Laws and Regulations

We are not aware of any laws or regulations applicable to a SWEAT440® Studio that would not apply generally to fitness and exercise businesses. As a SWEAT440® franchisee you are responsible to ensure your compliance with all applicable federal, state, county or local laws and regulations, which apply generally to the fitness and exercise industry including health, smoking restrictions, non-discrimination, employment, sexual harassment and advertising laws. In addition, many states and municipalities have laws and regulations that apply to membership contracts, including requiring specific provision in the contract, limiting the length of the contract, and termination rights. There may be other laws and regulations applicable to businesses generally with which you must comply. You should consult with your attorney or other professionals regarding these and other laws and regulations that may affect the operation of a SWEAT440® Studio before you sign a Franchise Agreement. You must obtain all applicable permits and

licenses. It is your continuous responsibility to investigate and satisfy all federal, state, and local laws and regulations as they vary from place to place and may change from time to time.

ITEM 2
BUSINESS EXPERIENCE

Mr. Cody Patrick, Chief Executive Officer

Mr. Patrick is our co-founder and has served as our Chief Executive Officer since November 2018, and the Chief Executive Officer of our Parent since July 2017, in Miami Beach, Florida. Since May 2010, Mr. Patrick has also served and continues to serve as the founder, owner, and CEO of Sunset Harbor Innovative Fitness Training in Miami Beach, Florida.

Mr. Matthew Miller, Chief Brand Officer

Mr. Miller is our co-founder and has served as our Chief Brand Officer since July 2022. Mr. Miller served as our Chief Operations Officer from November 2018 to July 2022 and has served as the Chief Operations Officer of our Parent since July 2017, in Miami Beach, Florida. Since June 2008, Mr. Miller has also served and continues to serve as the founder, owner, and CEO of Miller Sports Training and Fitness in Miami Beach, Florida.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

The "Initial Franchise Fee" for a Studio franchise is $60,000. The Initial Franchise Fee is paid to us when you sign the Franchise Agreement. The Initial Franchise Fee must be paid in lump sum, is non-refundable, and is fully earned when it is paid. If you are a veteran of the United States Armed Forces (with evidence of enrollment), then we will give you a $5,000 discount off your Initial Franchise Fee.

If you sign a Multi-Unit Development Agreement, you will pay us a "Multi-Unit Development Fee," the amount of which varies depending upon the total number of Studios you agree to develop. The Multi-Unit Development Fee is paid to us in lump sum when you sign the Multi-Unit Development Agreement, and is not refundable under any circumstances. The table below lists the amount of the Multi-Unit Development Fee based on the total number of Studios to be developed under the Development Schedule.

Total Number of Studios to be Developed	2	3-5	6-9	10
Multi-Unit Development Fee for Each Studio	$55,000	$45,000	$40,000	$35,000

You will not be required to pay an Initial Franchise Fee for those Studios you agreed to establish under the Development Schedule. If you request an extension of your development schedule under the Multi-Unit Development Agreement, we may grant you one 3-month extension for $5,000 per Studio.

For each SWEAT440® Studio you develop, you must use our affiliate and designated media vendor, LeadTeam, to implement our recommended "Market Introduction Plan" in conducting the Studio opening campaign and for ongoing local marketing. You must spend $20,000 to $30,000, as LeadTeam determines, in connection with the Market Introduction Plan. The Market Introduction Plan includes a Marketing Management Fee paid to LeadTeam equal to $400 per month after you sign the Franchise Agreement, which will increase to $1,200 per month 4 months prior to your scheduled opening.

For the first SWEAT440® Studio you develop, you must pay us an initial training fee equal to $5,000 when you sign the Franchise Agreement.

Finally, for each SWEAT440® Studio you develop we will provide you with the services of at least one of our employees or agents for three to five days to assist you in the opening and initial operations of the Studio. You are responsible for the travel, lodging, and other reasonable costs we incur in providing the opening assistance, and we estimate our costs to conduct the opening assistance are between $500 and $1,000 per day.

The amounts paid are not refundable.

ITEM 6
OTHER FEES

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Royalty Fee	Greater of: (a) 7% of weekly Gross Sales; or (b) $350 per week.	Payable weekly by electronic funds transfer ("EFT"). Due each Wednesday based on preceding week's Gross Sales	You must begin paying the Royalty Fee on the earlier of: (a) the date your Studio opens; or (b) the Studio opening deadline. See Note 2.
Brand Fund Fee	Currently $420 per month	Payable by EFT at same time as Royalty Fee	We may increase the Brand Fund Fee upon written notice, provided that we will not increase the Brand Fund Fee more than 10% each year after 2022. For example, if we do not increase the fee in 2023 or 2024, but increase it 2025, then we may account for a 10% increase for years 2023, 2024 and 2025. You must begin paying the Brand Fund Fee the earlier of the date the Studio opens or the date the Studio should have been open (either under the Franchise Agreement or Multi-Unit Development Agreement). See Item 11.
Local Advertising	$1,200 per month	Minimum amount must be spent during each calendar month	Up to $2,300 per month. See Note 3.
Marketing Management Fee	Currently, $1,200	Minimum amount must be spent during each calendar month	See Note 4
Successor Fee	Currently $10,000	At least 30 days before the initial franchise agreement expires	We may increase the Successor Fee in the future, but it will not exceed 50% of our then-current initial franchise fee
Testing and Evaluation Fee	Reasonable cost of inspection will vary under circumstances	Payable when you request our approval of a proposed supplier or product	Includes wages, travel, and other reasonable expenses incurred by our employees or designees.
Initial Training Fee – Transfer	Currently $5,000 per person	When incurred	Transferee must pay the initial training fee for each employee that attends the initial training. Will not exceed $7,500 per person.
Remedial Training Fee	Currently $500 per day, plus costs	When incurred	We may require the Operating Principal and Studio Manager attend additional training up to 5 days each calendar year. You are responsible for all travel and living expenses for you and your employees. Will not exceed $1,000 per person.
Costs and Attorneys' Fees	Will vary under circumstances	When incurred	We may recover costs and reasonable attorneys' fees if you lose in a dispute with us.
Collections Fees	Will vary under circumstances	When incurred	You must pay us for any costs we incur in submitting any amounts due and owing to us under the Franchise Agreement to collections.
Designated Software License Fee	Currently $695 per month	Paid monthly	You must pay us or our designated software supplier a monthly software fee. We may adjust the Software License Fee, immediately upon written notice. See Note 5. See Items 8 and 11.

Type of Fee	**Amount** (See Note 1)	Due Date	Remarks
Interest Expenses	Greater of 1½% per month or the maximum rate permitted by law	When due	Payable if you do not timely pay Royalty Fee, Brand Fund Fee, or other amounts owed to us or our affiliates.
Convention	Currently $1,000 per participant, plus costs	When incurred	Will not exceed $1,500 per person. See Note 5.
Transfer Fee (Single Unit)	25% of then-current standard Initial Franchise Fee, plus costs for reviewing transfer documents. Transferee must pay the initial training fee	Before completion of transfer	See Note 7.
Transfer Fee (Multi-Unit)	$5,000 for each unmet development obligation, plus costs for reviewing transfer documents. Transferee must pay the development training fee	Before completion of transfer	See Note 8.
Relocation Fee	$5,000 or such greater amount to reimburse us for services we provide in connection with the relocation		We reserve the right to charge this fee if you desire to change the location of your Studio.
Securities Offering Fee	Greater of $10,000 or actual costs	When incurred	See Note 9.
Securities Update Fee	Actual costs	When incurred	Payable if you request information from us to update or otherwise satisfy any of your on-going securities reporting requirements.
Insurance	Cost of insurance.	Payable before opening	If you fail to obtain and maintain required insurance, we may immediately obtain insurance and you must promptly reimburse us for insurance, including late charges, together with an administrative fee equal to 5% of the insurance premium.
Audit	Will vary under circumstances	When incurred	See Note 10.
Management Fee	The greater of (a) $2,000 per week, or (b) 20% of Gross Sales, plus our actual out-of-pocket costs for travel, meals and lodging	When incurred	Only applicable if the Studio Manager dies, is disabled, or their role terminates, and you fail to find a suitable replacement for the Studio Manager within 30 days.
Liquidated Damages	An amount equal to (i) the total amount of Royalty Fees, Technology Fees, and Brand Fund Fees payable by you over the previous 12 months (or the annualized amount of Royalty Fees, Technology Fees, and Brand Fund Fees if your Studio has not been open for at least 12 months or the minimum royalty and brand fund fees owed if the Studio did not open); (ii) divided by twelve (12); and then (iii) multiplied by the lesser of (a) 36, or (b) the number of months remaining in the Initial Term from date of termination	When the franchise agreement is terminated prior to the end of the initial term	This is not a penalty, but is an attempt to calculate our damages for lost future revenue resulting from your breach or termination of the Franchise Agreement.

Type of Fee	**Amount** (See Note 1)	Due Date	Remarks
Remodeling Expenses	Will vary under circumstances	When incurred	See Note 11.
Income and Sales Taxes	We may collect from you the cost of all taxes arising from our licensing of intellectual property to you in the state where your Studio is located, as well as any assessment on fees and any other income we receive from you	Payable monthly by electronic funds transfer at same time as Royalty Fee	Only imposed if your state collects these taxes or assessments.
Extension Fee (Multi-Unit)	$5,000 per Studio	As incurred.	The extension will not be longer than 3 months. If we permit the extension, you will only be granted one extension per Studio.

Notes:

(1) Except where otherwise noted, all fees are payable to us, are non-refundable, and are uniformly imposed.

(2) "Gross Sales" means the aggregate amount of revenues generated from the sale of memberships, Services, Products, merchandise, and other goods or services, whether for cash, on credit, or otherwise made or provided at or in connection with the Studio. The term "Gross Sales" does not include: (1) any federal, state, municipal or other sales tax, value added tax, or retailer's excise tax paid or accrued by you; (2) any adjustment for refunds, credits, allowances, returns, and discounts allowed to customers on sales; (3) any proceeds from insurance with respect to property damage or liability; or (4) uncollectible amounts, subject to the limitation that uncollectible amounts cannot exceed 0.5% of Gross Sales for any fiscal year of the franchisee and subsequent collections of charged off amounts must be included in Gross Sales when they are collected. A sale is made at the earlier of delivery of the product or service, or receipt of payment.

(3) You must spend at least $1,200 per month on approved local advertising. We may direct how you spend your local advertising and currently, we require you to spend your local advertising requirement on local digital marketing using LeadTeam. During the first 6 months of operation, you must spend an additional $1,000 of your required local advertising using LeadTeam. If the Studio's monthly sales decrease by more than 5% in any 3-month period, then you must spend an additional $1,000 on required local advertising using LeadTeam, above the required local advertising, until sales either meet or exceed the monthly sales level prior to the decrease. We may increase the local advertising requirement up to $2,300 per month.

(4) In addition to the amounts that you must spend on local advertising, you must pay Lead Team a Marketing Management Fee of $1,200 per month to manage your digital marketing. LeadTeam may increase the Designated Media Vendor Management Fee, up to 10% per year.

(5) You must obtain your software from our designated software provider and pay them or us a monthly software fee. Currently, you must pay us $695 per month for the Software License Fee. We may adjust the Software License Fee, immediately upon written notice;

provided that the portion of the Software License Fee attributable to our costs will not increase more than our costs increase and the portion of the Software License Fee attributable to our overhead and administrative costs will not be more than 25% of the Software License Fee.

(6) We may hold an annual convention at a time, date, and location we select, and we may require you to attend. If you choose not to attend the convention, we may still require you to pay us a fee to cover the convention expense. All expenses, including your and your employees' transportation to and from the Convention, as well as lodging, meals, and salaries during the Convention are your sole responsibility.

(7) You pay the transfer fee when the Franchise Agreement, the Studio, or a material interest in you is transferred. You do not pay the transfer fee under the following circumstances: (i) the transferee is an entity controlled by you, (ii) the transferee has been a franchisee in good standing for at least 3 years, (iii) the transferee has managed a franchised or company-owned Studio for at least 3 years, (iv) the transferee is a member of the franchisee's immediate family and meets the criteria for a new franchisee, or (v) the transferee obtains the business due to franchisee's death or disability.

(8) You pay the transfer fee when the Multi-Unit Development Agreement or a material interest in you is transferred. You do not pay the transfer fee under the following circumstances: (i) you are in complete compliance with the terms of this Agreement and all other agreements between the parties; (ii) the proposed transferee has been approved by us as meeting our then-current standards for multi-unit or single unit franchisees; (iii) the proposed transferee has completed any required training program; (iv) you pay us a transfer fee of $5,000 for each unmet development obligation pursuant to the Development Schedule being transferred; and (v) you and each Principal Owner, (if applicable) sign a general release, in form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law.

(9) You pay the securities offering fee if you decide to raise monies by selling securities, including common or preferred stock, bonds, debentures, or general or limited partnership interests in you or any of your affiliates. In addition to paying us the securities offering fee, you must (a) submit any written information to us before you include it in any registration statement, prospectus, or similar offering circular or memorandum, and (b) obtain our written consent to the method of financing before any offering or sale of securities, and (c) include the language we require in the offering.

(10) If an examination or audit discloses an understatement of Gross Sales by 2% or less, you will immediately pay to us the Royalty Fees and other fees due plus applicable interest. If an examination or audit discloses an understatement of Gross Sales by more than 2% but less than 5%, you will immediately pay to us the Royalty Fees and other fees due, applicable interest, and the costs associated with the examination or audit. If the audit reveals an understatement of 5% or more we may terminate the franchise agreement and you may not have an opportunity to cure.

(11) You must remodel your Studio within 90 days from notice from us. Any refurbishing must comply with our then-current standards for SWEAT440® businesses. The scope of refurbishing may range from simply painting the Studio to completely refurbishing the entire Studio, including replacement of fixtures, equipment, design, signs, supplies, and décor. We cannot estimate the current cost for a refurbishing project because the refurbishing requirements will vary from SWEAT440® business to business. You may make these payments in whole or in part to various third parties. If you relocate your Studio, you will incur certain build-out or remodeling expenses at the new Studio premises in addition to paying us the relocation fee.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement

Type of Expenditure (See Note 1)	**Amount** (See Note 2)	**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
Initial Franchise Fee See Note 3	$60,000	Lump Sum	When you sign the Franchise Agreement	Us
Initial Training Fee	$5,000	Lump Sum	When you sign the Franchise Agreement	Us
Lease Deposit and Rent - 3 months See Note 4	$25,000 to $60,000	As Agreed Upon	Before Opening	Landlord, Various Third Parties
Leasehold Improvements See Note 4	$50,000 to $300,000	As Agreed Upon	Before Opening	Landlord, Various Third Parties
Signage See Note 5	$10,000 to $15,000	As Agreed Upon	Before Opening	Various Suppliers
Architect and Engineering Fees See Note 6	$0 to $10,000	As Agreed Upon	Before Opening	Various Third Parties
Construction Management See Note 7	$15,000 to $17,000	As Agreed Upon	Before Opening	Various Third Parties
Furniture and Fixtures See Note 8	$15,000 to $25,000	As Agreed Upon	Before Opening; Payable Upon Delivery	Various Suppliers
Equipment See Note 9	$50,000 to $75,000	As Agreed Upon	Before Opening	Various Suppliers
Initial Inventory See Note 10	$4,700 to $7,500	As Agreed Upon	As Ordered	Various Suppliers
Professional Services See Note 11	$3,500 to $5,000	As Agreed Upon	As Incurred	Various Professionals
Pre-Opening Travel, Labor See Note 12	$3,700 to $6,400	As Incurred	Before Opening	Various Third Parties
Market Introduction Plan See Note 13	$20,000 to $30,000	As Incurred	As Ordered	Affiliate

Type of Expenditure (See Note 1)	Amount (See Note 2)	Method of Payment	When Due	To Whom Payment Is To Be Made
Studio Permits and Licenses See Note 14	$250 to $500	As Incurred	As Incurred	Government Agencies
Miscellaneous Pre-opening Expenses See Note 15	$5,750 to $18,500	As Incurred	Before Opening	Various Third Parties and Us
Storage Facility Expenses See note 16	$0 to $1,000	As incurred	As Incurred	Various Third Parties
Additional Funds – First Three Months See Note 17	$20,000 to $50,000	As Incurred	As Incurred	Various Third Parties
TOTAL See Note 18	$287,900 to $685,900			

Notes:

(1) Type of Expenditure. The typical size of a SWEAT440® Studio ranges from 2,500 to 3,500 square feet, which includes one fitness studio, locker rooms with showers, retail boutique and other customer and office space. For several items discussed below, your cost will increase as the number of square feet increases. The size of your Studio is principally determined by requirements or restrictions that your landlord and appropriate municipality or zoning boards may impose, and availability and cost of leasable space. This Table reflects your estimated initial investment for a single Studio operated under a Franchise Agreement. This information assumes that you will lease the premises for your Studio.

(2) Amount. Except where otherwise noted, all fees that you pay to us are non-refundable. Third party lessors, contractors and suppliers will decide if payments to them are refundable.

(3) Initial Franchise Fee. You pay us the Initial Franchise Fee as more fully described in Item 5.

(4) Leasehold Improvements. Typical locations for your Studio are vibrant, high traffic, downtown areas or other accessible urban locations. Assuming that you will lease the premises for your Studio, you will need to make certain leasehold improvements to the leased premises to comply with our approved plans and specifications. Leasehold improvements include lighting, flooring and partition walls. We anticipate that you will negotiate the cost of leasehold improvements as part of your rental expense, but anticipate you may pay a range from $25 to $100 per square foot in leasehold improvements. The exact cost or impact on your rental expense will depend on several factors, including the condition of the premises, whether you elect to do more than the minimum required renovations, the landlord's agreement to reimburse you for certain improvements, the size and location of the premises for your Studio and other economic factors. Although we do not recommend that you purchase the land and building for your Studio, you will incur significantly greater costs in developing your Studio if you choose to do so. We estimate

that you may pay from $25 to $80 per square foot in rental expenses (including common area maintenance (CAM) and taxes) for your Studio premises. The exact amount of rental expense will vary greatly, depending on the location of the Studio premises, the portion of rent representing the value of leasehold improvements at the Studio premises, local market conditions and other factors. You will incur greater start-up costs if you cannot negotiate the cost of leasehold improvements as part of your rental expense.

(5) Signage. This is an estimate of the cost to produce interior and exterior signage. The low estimate covers the fabrication of standard signage, while the high estimate takes into consideration a larger sign fabrication, as well as the configuration of the building, zoning laws and requirements, and restrictions imposed by your landlord. We have the right to approve any variations to signage, at our sole discretion, so it is best to obtain an estimate for signage before signing a lease. Signage should be agreed upon in your lease to ensure your landlord will approve the brand standard signage.

(6) Architect and Engineering Fees. You must use our designated architect to produce blueprint drawings for your Studio. Prior to submitting the blueprint drawings to the local municipality for review and approval, you must submit them to use for our approval. We will assess their conformity to our requirements and could potentially return them to your architect for additional modifications. Any modifications may incur additional architectural costs. Your exact costs will depend on if an engineer is necessary. You also must use our designated project manager to construct the Studio. You are responsible for ensuring that the plans meet all state and local requirements including Americans with Disabilities Act (ADA).

(7) Construction Management. We require that you work with a construction management services vendor that we designate or approve.

(8) Furniture and Fixtures. This estimate is for the cost of furniture and fixtures for areas of the Studio, including the lobby, locker rooms, and merchandise displays. The size and configuration of your Studio may affect your actual costs.

(9) Equipment. In order to ensure that each client receives the SWEAT440® experience, we require that you purchase the fitness equipment, flooring, functional accessories, certain branded items, and certain computer hardware and software that we specify from approved suppliers, which may include us or our affiliate. The size and configuration of your Studio may affect the amount of equipment required and your actual costs. The lower estimate is for two-person stations while the higher estimate is for three-person stations.

(10) Initial Inventory. You must offer for sale merchandise and other SWEAT440® and other branded items including apparel, accessories, and other items. The lower estimate is for a minimum inventory while the higher estimate is for a greater inventory level. You will need certain consumable items to operate your Studio to our standards. This estimate includes the cost of printing materials such as business cards and other supplies you will need to open and operate your Studio.

(11) Professional Services. These fees are representative of the costs to engage professionals for the start-up of a franchised business. We strongly recommend that you seek the assistance of an experienced franchise attorney and accountant for the initial review and resulting advisories concerning this franchise opportunity, this Disclosure Document, and subsequently, the Franchise Agreement and Multi-Unit Development Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as a part of starting your SWEAT440® Studio. It is best to have a clear understanding from your professional advisors of the services they will provide and their fees for providing such services prior to engaging them to perform any services on your behalf.

(12) Pre-Opening Travel. We do not charge tuition or a materials charge for the initial training; however, you are responsible for all costs associated with attending training. Your costs will vary depending upon your point of origin, method of travel, class of accommodation, and living expenses. These estimates cover the cost of any transportation, accommodation, meals, and compensation expenses incurred during the training period. The estimate does not include the salary of the Studio Manager while attending training. The duration of the training program for franchisees and/or their Operating Principals and a Studio Manager is three days. Training will be held at our headquarters in Miami, Florida, or another location of our choosing. The lower estimate in this range covers moderately priced travel expenses, while the higher estimate covers higher priced flights, rental car, and accommodations. Your choice of mode of travel and level of accommodations will determine your total cost for attending our initial training program and may be higher than what is estimated here. The range may be higher or lower based on the cost of labor in your area, the amount that you pay your staff, benefits you offer employees, and the number of employees you hire to begin your Studio.

(13) Market Introduction Plan. You must spend a minimum of $20,000 for Studio opening campaign expenses before the Studio opens, including digital and grassroots marketing. This amount will be determined by LeadTeam after a market assessment and may be as high as $30,000. We will provide you with approved advertising and marketing materials for the Studio. You may request modifications to the Plan or the advertising and marketing materials to meet your local market needs however, we must approve any changes before they are implemented. Your actual costs may vary based on media costs in your market area, whether you are the first SWEAT440® Studio in the market, the time of year that you open, and the pace with which you are able to build your membership. You may need to spend more than the amount estimated. At our request, you must submit documentation to verify that you have spent the required amount under the Market Introduction Plan. See Item 8.

(14) Studio Permits and Licenses. You are responsible for obtaining and maintaining all required permits and licenses necessary to operate your Studio. This estimate is based on our experience in opening and operating our company-owned Studio in the greater Miami, Florida area. You will need to check with your advisors and state and local government authorities regarding these requirements.

(15) Miscellaneous Pre-Opening Expenses. Miscellaneous expenses include insurance prepayment, uniforms, utility deposits, pre-payments, and other pre-opening and opening costs, including costs associated with on-site visits and opening assistance.

(16) Storage Facility Expenses. We recommend that you order your fitness equipment around the same time you sign for your lease. If the fitness equipment arrives before you have access to your leased space, or if the leased space is not large enough to hold the equipment prior to installation, then we recommend you rent some storage space. If you need to rent storage space, we estimate that you will need between 100 and 200 square feet of storage space.

(17) Additional Funds – First Three Months. This amount estimates the expenses you will incur during the first 3 months of Studio operations, including initial wages and benefits, insurance premiums, utilities, taxes, cleaning assistance, and supplies. It does not include inventory costs beyond the opening inventory costs identified in the Table and does not include your compensation during this 3-month period or interest payments on any loans. These amounts are estimates, and we cannot guarantee that you will not incur additional expenses in starting the business. Your costs will depend on factors such as how much you follow our System, your management skills, experience, local economic conditions, the local market for SWEAT440® services and products, the prevailing wage rate, competition, the amount of the initial investment you decide to finance, and the sales level reached during the initial period.

(18) Total. This estimate is based upon our affiliate's experience in opening and operating one SWEAT440® Studio in the greater Miami, Florida area. We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements.

B. Multi-Unit Development Agreement (With 2-Pack Example)

Type of Expenditure (See Note 1)	**Amounts** (See Note 2)	**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
Multi-Unit Development Fee See Note 3	$110,000	Lump Sum	When you sign the Multi-Unit Development Agreement	Us
Initial Investment to Open the First Studio See Note 4	$227,900 to $625,900	See Table A of this Item 7.		
Initial Investment to Open the Second Studio See Note 4	$222,900 to $620,900	See Table A of this Item 7.		
TOTAL	$560,800 to $1,356,800			

Notes:

(1) Type of Expenditure. The typical size of a SWEAT440® Studio ranges from 2,500 to 3,500 square feet, which includes one fitness studio, locker rooms with showers, retail boutique and other customer and office space. For several items discussed below, your

cost will increase as the number of square feet increases. The size of your Studio is principally determined by requirements or restrictions that your landlord and appropriate municipality or zoning boards may impose, and availability and cost of leasable space. This Table reflects your estimated initial investment for two Studios operated under a Franchise Agreement. This information assumes that you will lease the premises for your Studios.

(2) Amount. Except where otherwise noted, all fees that you pay to us are non-refundable. Third party lessors, contractors and suppliers will decide if payments to them are refundable.

(3) Multi-Unit Development Fee. If you sign a Multi-Unit Development Agreement, you pay us the Multi-Unit Development Fee as more fully described in Item 5. The Multi-Unit Development Fee is paid to us to cover the costs of providing you with a protected territory to develop the Studios pursuant to the Multi-Unit Development Agreement.

(4) Initial Investment to Open a Studio. This figure represents the total estimated initial investment required to open a Studio that you agree to open and operate under the Development Agreement. You will be required to enter into our then-current form of franchise agreement for each Studio you open under your Development Agreement. The range may change for the second Studio. The range includes all the items outlined in Part A of this Item 7, excluding the Initial Franchise Fee for the Studios.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of products and services throughout the SWEAT440® system, you must comply with and maintain our quality standards.

Designated Products and Services

You must purchase for use or sale at your Studio only those products and services we approve for sale at your Studio (the "Products and Services") and other services or products we designate from Authorized Suppliers. "Authorized Suppliers" means suppliers of Products, Services, merchandise, décor, furniture, signs, equipment, or other goods and services used in the operation of the Studio who have been approved, in writing, by us. We or our designees may be the sole source of supply for certain services and products. Currently, we are not the only supplier of any Products and Services except as described in this Item 8.

Additionally, LeadTeam provides marketing and related services to the Brand Fund and directly to franchisees. You must use LeadTeam in developing your approved Studio advertising and promotional activities in your local geographic area for local advertising and Studio promotion, and to manage the Studio's local digital marketing. We will not grant our approval for you to use an alternative supplier to LeadTeam.

You must participate in our call center program ("Call Center"). Currently, Red Valley Staffing is our required vendor for the Call Center. The current monthly cost for their service is $1,800.

We (directly or through an affiliate) may in the future, receive rebates or other payments from suppliers, based directly or indirectly on sales of products, advertising materials and other items to franchisees, and from other service providers, which payments may range from less than 1% up to 10% or more of the manufacturer's costs of those items purchased by franchisees. Currently, we (directly or through an affiliate), receive rebates or other payments within that range from certain approved suppliers from whom you must purchase certain fitness equipment, flooring, functional accessories, branded items, and certain computer hardware and software before you open your Studio.

Location of your Studio; Real Estate Lease

You must locate a site for your Studio that we approve, and you may not sign a lease for the site until we have given our consent in writing and you have signed the Lease Addendum attached to the Franchise Agreement. You must use the site location specialist we designate to assist you in finding potential sites for your Studio (currently Sabor Life). We approve locations on a case-by-case basis, considering items such as size, appearance, other physical characteristics of the site, demographic characteristics, traffic patterns, competition from other businesses in the area, and other commercial characteristics, such as rental obligations and other lease terms (including those that we require be in the lease). You are not required to purchase, lease, or sublease the Studio premises from us or our affiliate.

Fixtures, Equipment, Furniture & Signs

You must construct and develop your Studio. We will furnish to you prototypical drawings and specifications for your Studio, including standards for build-out, layout, equipment, décor, utility requirements, and signage requirements. You must meet our specifications and standards in developing your Studio.

You must submit construction plans and specifications to us for our approval before you begin construction of your Studio, and you must submit all revised plans and specifications to us during the course of construction. We require that you work with a construction management services vendor that we designate or approve, which currently is Cresa or Build'M. In addition, you must use our designated architect to complete any modification to our basic plans and specifications. You are solely responsible for ensuring that the plans and specifications comply with the Americans With Disabilities Act and all other applicable federal, state and local laws, ordinances, building code and permit requirements and lease requirements and restrictions. You must engage a qualified project manager we designate to supervise the construction, build-out, or remodeling of the Studio location.

In developing and operating your Studio, you may purchase only the types of construction and decorating materials, fixtures, equipment, furniture, décor, and signs that we require and have approved as meeting our specifications and standards for quality, design, appearance, function and performance. You must purchase certain fitness equipment, functional accessories, certain branded items, and certain computer hardware and software from certain approved suppliers before you open your Studio. We estimate that the cost for these items will range from $50,000 to $75,000. You may purchase some of these items from any supplier who can satisfy our standards

and specifications. We or our affiliate may be an approved supplier of one or more of the other items.

Computer Hardware, Software, Merchant Services and Communication Services

You must purchase the computer hardware and software we designate, including any proprietary software, as detailed in the Operations Manual (collectively, the "Computer System"). Currently, we require you to purchase your opening equipment from certain approved suppliers. You must purchase the following required hardware: 7 computers, 2 monitors and 1 iPad. Additionally, we require you to purchase the equipment required to provide high-speed internet connection at the Studio.

You must use the SWEAT440® proprietary combination of computer hardware and software, iSweat ("the iSweat Platform"), and pay us the monthly Software License Fee, which is $695 per month. See Item 6 for more information. We currently require you to use FIT Radio for music streaming in the Studio (which is currently $147 per Studio per month) and Mariana Tek for your customer management system (which is currently part of the monthly Software License Fee. The Authorized Supplier and Software License Fee are subject to change immediately upon written notice. You must purchase or license other required software from our Authorized Suppliers, and you must pay the required fees directly to the Authorized Suppliers.

Insurance

You must purchase and maintain for each Studio you operate, at your expense, the following types of insurance: (a) property insurance; (b) business income insurance; (c) commercial general liability insurance with at least $1,000,000 per occurrence and $2,000,000 annual aggregate; (d) professional liability insurance; (e) employment practices liability insurance with at least $1,000,000 per occurrence and $2,000,000 annual aggregate; (f) commercial umbrella with coverage of no less than $3,000,000; and (g) workers compensation insurance in the amounts required by law. All insurance policies must name us and our affiliates as additional insureds.

Advertising and Promotional Approval

You must use our designated media vendor, currently LeadTeam, to implement our recommended "Market Introduction Plan" in conducting the Studio opening campaign and for ongoing local marketing. LeadTeam will provide you with local media planning systems. You must use our recommended media plan in promoting the Studio. You also must use only our approved advertising and promotional materials in promoting the Studio. You also must participate in the Call Center and engage our designated vendor, currently Red Valley Staffing, 90 days prior to opening.

Supplier and Product Approval

Aside from those Products and Services and certain other items described above which you must purchase from us, our affiliates (if any) or a source we designate, we will provide you with lists of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved products, other inventory items, fixtures, furniture, equipment, signs, supplies and other items or services necessary to operate your Studio ("Approved Supplies List"). The Approved

Suppliers List may specify the specific manufacturer of a specific product or piece of equipment and you can purchase those products only from a source identified on the Approved Suppliers List. We, an affiliate or a third-party vendor or supplier periodically may be the only approved supplier for certain products. The lists specify the suppliers and the products and services, which we have approved for use in the System. We may revise these lists and provide you with a copy of approved lists as we deem advisable.

If you want to use any unapproved product, material, fixture, equipment, sign or other item, or purchase any items from any supplier that we have not approved, you must first notify us in writing and must submit to us, at our request and at your expense, sufficient specifications, photographs, drawings, samples, or other information for us to determine whether the product, services, material, fixture, equipment, sign, or other item complies with our specifications, or the supplier meets our approved supplier criteria. We will notify you of our decision within a reasonable time following our receipt of all information requested. You will pay us any costs and expenses, including travel, lodging and compensation, we incur in inspecting, evaluating, reviewing, and/or testing your proposed brand and/or supplier. We may re-inspect the facilities and products of any supplier or approved item, and we may revoke our approval of any item or supplier, which fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or supply. As part of the approval process, we may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark use, and indemnification. We do not provide material benefits to you based on your use of designated or approved sources of supply.

We apply certain general criteria in approving a proposed supplier, including the supplier's quality and pricing of products, ability to provide products/services that meet our specifications, responsiveness, ability to provide products/services within the parameters required by the System, quickness to market with new items, financial stability, credit program for franchisees, freight costs, and the ability to provide support to the System (merchandising, field assistance, education and training respecting sales and use of products and services).

We will notify you in writing if we elect to revoke our approval of a supplier. If we revoke our approval of a supplier, you will have 30 days to stop offering, selling or using those products or other items or services in your Studio.

One or more of our officers has an interest in us, our Parent and LeadTeam. No officer owns a material interest in any other supplier.

During our last fiscal year, which ran from November 1, 2023 until December 31, 2024, we received $26,556 as a result of franchisees' purchases of products or services. The revenue that we received was less than 2% of our total revenue of $1,360,392. During its last fiscal year, which ended December 31, 2024, LeadTeam received $391,235 as a result of franchisees' purchases of products or services.

Miscellaneous

We may negotiate prices for products for the benefit of the System, but not for any individual franchisee. We are not aware of any purchasing or distribution cooperative in the System.

We estimate that the purchase or lease of products, equipment, software, signs, fixtures, furnishings, supplies, advertising and sales promotion materials and other items that meet our specifications will represent approximately 35% to 50% of the cost to develop the Studio and 15% to 20% of the cost to operate your Studio.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Multi-Unit Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2(A) and 6(A)	Articles 3 and 4	Item 11
b. Pre-opening purchases/leases	Article 6	None	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6 and Section 7(A) and 7(B)	Section 4(A)	Item 5, 7, and 11
d. Initial and ongoing training	Sections 7(A)-(D), 14(C) and 15(A)	Section 9(A)	Items 7 and 11
e. Opening	Sections 6(G)-6(H), 7(E) and 15(A)	None	Items 5 and 11
f. Fees	Article 4 and Sections 3(B), 5(A)-(D), 6(E), 6(I), 7(D), 7(H), 9(E), 14(C)-14(E)	Article 5 and Sections 13(C) and 13(D)	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	Article 9 and Sections 5(B), 5(F), 6(D)-(G), 7(G)	Section 3(C)	Items 11 and 16
h. Trademarks and proprietary information	Articles 2, 8 and 12	Articles 2 and 8	Items 13 and 14
i. Restriction on products/services offered	Sections 9(D), 9(F) and 9(J)	None	Items 8 and 16
j. Warranty and customer service requirements	Section 9(I)	None	Item 11
k. Territorial development and sales quotas	Section 2(A)	Section 3(C) and Exhibits A and B	Item 12
l. Ongoing product/service purchases	Sections 5(A), 6(D), 6(E), 9(A), 9(M), 9(P)	None	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Articles 6 and 9	None	Item 11
n. Insurance	Section 9(M)	None	Items 6, 7 and 8
o. Advertising	Article 5 and Section 6(H)	Section 8(D)	Items 6, 7 and 11
p. Indemnification	Section 17(B)	Section 11(B)	None
q. Owner's participation/management/staffing	Sections 9(E) and 9(L)	Article 9	Items 11 and 15
r. Records and reports	Article 10	Article 10	Item 6

Obligation	Section in Franchise Agreement	Section in Multi-Unit Development Agreement	Disclosure Document Item
s. Inspections and audits	Article 11	None	Item 6
t. Transfer	Article 14	Article 13	Items 6 and 17
u. Renewal	Sections 3(B)-(C)	None	Items 6 and 17
v. Post-termination obligations	Article 16 and Sections 13(C)-(D)	Article 14	Item 17
w. Non-competition covenants	Sections 13(B) and 13(C)	Sections 12(B) and 12(C)	Item 17
x. Dispute resolution	Article 18	Article 15	Item 17

ITEM 10
FINANCING

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

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

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

Pre-Opening Assistance. Before you open your Studio, we will:

(1) Assist you in selecting the site for your Studio (Franchise Agreement – Section 6(A), Multi-Unit Development Agreement – Section 4(C).

(2) Provide you with basic layout and specifications for your Studio, including those for dimensions, interior design and layout, building materials, fixtures, equipment, furniture, signs and décor (Franchise Agreement – Section 6(B)). We currently do not deliver or install any items.

(3) Provide to you an onsite visit of the "Authorized Location" (as defined in Item 15) if the Studio is your first or second SWEAT440® franchise (Franchise Agreement – Section 6(C)).

(4) Assist you in developing your Market Introduction Plan (Franchise Agreement – Section 6(G) and 6(H)).

(5) Provide the pre-training materials and initial training program described below to you and the "Studio Manager" and the "Operating Principal" (as defined in Item 15) (Franchise Agreement – Section 7(B)).

(6) Provide to you access to the confidential Operations Manual. You must keep the Operations Manual confidential and discontinue using it when the Franchise Agreement terminates (Franchise Agreement – Section 7(G)).

Site Selection. If you already have a potential site for a Studio, you may propose the location to us. We may consent to the site after we have independently evaluated it. The site for the Studio will be identified in Exhibit A to the Franchise Agreement. We will provide you with our general site selection and evaluation criteria. You are solely responsible, however, for locating and obtaining a site which meets our standards and criteria and that is acceptable to us. If you do not have an Authorized Location for the Studio at the time you sign the Franchise Agreement, the Authorized Location must be identified and approved by us in writing and a lease must be signed within 180 days after the date of the Franchise Agreement. If you fail to find an Authorized Location, if you fail to find an Authorized Location of which we approve, or if you fail to sign a lease for the Authorized Location within 180 days of signing the Franchise Agreement, we may terminate the Franchise Agreement.

You must submit to us the information we require related to the proposed site. The general site and evaluation criteria which you should consider include demographic characteristics of the proposed location, traffic patterns, parking, the predominant character of the neighborhood, the proximity to other businesses (including other SWEAT440® Studios), and other commercial characteristics, and the proposed location, size of premises, appearance and other physical characteristics. We will notify you in writing within 30 days after we receive your complete site report and other materials we request whether the proposed site satisfies our site selection criteria. Our review of a site for the Studio does not represent any recommendation or guarantee as to the success of the proposed site.

If you request an on-site visits to the Studio, and we agree to provide additional visits, we will charge you the travel, lodging, accommodations, compensation, and other reasonable expenses we incur, which we currently estimate to cost between $500 and $1,000.

You are solely responsible for ensuring that the plans and specifications comply with the Americans With Disabilities Act and all other applicable federal, state and local laws, ordinances, building code and permit requirements and lease requirements and restrictions. You must engage a qualified project manager we designate to supervise the construction, build-out, or remodeling of the Studio location.

Development Time. The typical length of time between our acceptance of the Franchise Agreement and the opening of your Studio varies from 5 to 12 months. This period may be longer or shorter, depending on the time of year, availability of financing, local construction delays, how soon you can attend training or other factors. You must complete development and open your Studio within the time period stated in your Franchise Agreement, which generally will be 300 days after you sign the Franchise Agreement. You must meet or exceed the pre-opening sales requirements we determine, as provided in the Operations Manual, before we will grant to you our approval that you may open your Studio.

Ongoing Assistance. During the operation of your Studio, we will:

(1) Make available on-site opening support to assist you in the opening and initial operations of your Studio for up to 5 days, at our discretion (Franchise Agreement – Section 6(E)).

(2) Provide advisory services relating to Studio operations, including products and services offered for sale, selecting, purchasing and marketing products and services, marketing assistance and sales promotion programs, and operating, administrative, bookkeeping, accounting, inventory control and general operating procedures (Franchise Agreement – Section 7(F)).

(3) Periodically provide you with updated and revised materials for the Operations Manual (Franchise Agreement – Section 7(G)).

(4) Operate the Brand Fund (Franchise Agreement – Section 5(A)).

Quality Assurance Audits. While not required of us, we may perform periodic "Quality Assurance Audits" of your Studio where we or our representative will conduct an examination of the Studio to ensure you and the Studio satisfy our standards for appearance, cleanliness, customer service, operations, and promotion of the brand. We do not have to give you prior notice before we or our representative conducts the quality audit. You must achieve a score of 90 or more, or you may be in default under your Franchise Agreement. If you receive more than two scores of less than 90 in the same twelve-month period, we may terminate your Franchise Agreement.

Advertising Programs. We establish and conduct various advertising programs as follows:

We will establish and operate a marketing and development fund (the "Brand Fund") to promote and develop SWEAT440®. You will pay us a monthly Brand Fund Fee of $420 per month. We may increase the Brand Fund Fee upon written notice, provided that we will not increase the Brand Fund Fee more than 10% each year. For example, if we do not increase the fee in 2025 or 2026, but increase it 2027, then we may account for a 10% increase for years 2025, 2026 and 2027. You must begin paying the Brand Fund Fee the earlier of the date the Studio opens or the date the Studio should have been open (either under the Franchise Agreement or Multi-Unit Development Agreement). We will deposit the Brand Fund Fee in the Brand Fund that we manage through a separate account. The Brand Fund is not a trust or escrow account. We may use the Brand Fund to conduct national, regional, and local advertising, marketing, promotional and public relations campaigns, including for expenses we or our affiliates incur in connection with the general promotion of the Marks and the SWEAT440® brand, including, but not limited to, (a) web-based and app-based marketing, such as email marketing, search engine optimization, development and maintenance of the website(s), and the development and maintenance of Social Media accounts; (b) gift card programs, materials, and implementation; (c) community involvement and public relations; (d) creation, development, production, and execution of marketing plans and materials; (e) conducting customer surveys, interviews, or other programs aimed at understanding customer experiences with the System; (f) conduct a mystery shopper program; (g) research and development pertaining to the advancement of the brand, such as technology, fitness equipment or fitness conventions; and (h) all costs of managing or implementing the Brand Fund, including any amounts paid to our employees or other third parties retained to carry out the purposes of the Brand Fund or to promote the Marks of the System. We contract with various outside advertising agencies and third party vendors to produce certain advertising production and promotional materials and to create and implement public relations campaigns. We will determine the use of monies in the Brand Fund. We are reimbursed for reasonable administrative costs and overhead incurred in administering the Brand Fund.

We may offer for sale through approved suppliers any sales or advertising materials, merchandise, premium items, or point-of-purchase materials that we develop with money from the Brand Fund ("Brand Fund Materials").

We are not required to spend any particular amount on marketing, advertising, or production in the area in which your Studio is located. Brand Fund Fees not spent in any fiscal year will be carried over for future use. We may make loans to the Brand Fund bearing reasonable interest to cover any deficit of the Brand Fund and cause the Brand Fund to invest in a surplus for future use by the Brand Fund. Brand Fees will not be used for advertising principally directed at the sale of franchises, other than Brand Fees used to create and maintain our website, which may include franchise development information. At your request, we will provide you with an annual unaudited statement of the receipts and disbursements of the Brand Fund for the most recent calendar year.

Each SWEAT440® franchisee under the same form of franchise agreement must pay the Brand Fund Fee at the same rate. In addition, each Studio that we or our affiliates own that is substantially similar to a franchised Studio will contribute to the Brand Fund on the same basis as SWEAT440® franchisees that opened at the same time as the Studio.

As of our last fiscal year, which ran from November 1, 2023 through December 31, 2024, we spent the Brand Funds Fees as follows: 40% on analytics software, 10% on administrative costs, 30% on equipment and 20% of marketing development.

You must use LeadTeam in developing your approved Studio advertising and promotional activities in your local geographic area for local advertising and Studio promotion. You also may develop advertising materials for your own use, at your own cost, if your materials are factually correct, accurately depict the Marks, and communicate the brand position and character that we have established for SWEAT440® Studios. If you develop advertisement materials, you must provide a copy of the materials to us for our review and written approval before you use the advertising materials. If we do not approve those advertising or promotional materials within 10 days from the date you submit those materials to us, you may not use the materials; however, we reserve the right to approve those materials at any later time.

Before the Studio opens, you must spend $20,000 to $30,000 for local Studio advertising as part of your Market Introduction Plan. You must use an Authorized Supplier (if any) and implement our recommended media plan in conducting the Studio opening campaign. Currently, our Authorized Supplier for the Market Introduction Plan is LeadTeam. The Market Introduction Plan includes a Marketing Management Fee paid to LeadTeam equal to $400 per month after you sign the Franchise Agreement and $1,200 per month beginning 4 months prior to your scheduled opening. Upon reasonable request, you must provide us with an accounting of your expenditures on the Market Introduction Plan.

After you Studio opens, you must spend at least $1,200 per month on approved local advertising. We may direct how you spent your local advertising and currently, we require you to spend your local advertising requirement on local digital marketing using LeadTeam. During the first 6 months of operation, you must spend an additional $1,000 of your required local advertising

using LeadTeam. If the Studio's monthly sales decrease by more than 5% in any 3-month period, then you must spend an additional $1,000 on required local advertising using LeadTeam, above the required local advertising, until sales either meet or exceed the monthly sales level prior to the decrease. We may increase the local advertising requirement up to $2,300 per month.

In addition to the amounts that you must spend on local advertising, you must pay Lead Team a Marketing Management Fee of $1,200 per month to manage your digital marketing. LeadTeam may increase the Designated Media Vendor Management Fee, up to 10% per year.

You are not required to participate in a cooperative.

We do not have an advertising council composed of franchisees.

Computer System. You must purchase the Computer System we designate from us, our affiliates, or a designated third party supplier, including the Mariana Tek Platform, and pay us the monthly Software License Fee, which is $695 per month. The Authorized Supplier and the Software License Fee are subject to change. At this time, we require you to purchase the Computer System, as described in the Operations Manual, although we may designate a different supplier or a different Computer System in the future. We estimate that the initial cost for the Computer System will range from $7,000 to $10,000. See Item 6 for more information. The Authorized Supplier and Software License Fee are subject to change immediately upon written notice. You must purchase or license other required software from our Authorized Suppliers, and you must pay the required fees directly to the Authorized Suppliers. The Authorized Supplier and the Software License Fee are subject to change.

We reserve the right to change the Computer System that we have selected for use in Studios. You may have to purchase new or replacement software from us. We periodically may update or change the Computer System we designate in response to business, operations, marketing conditions, or changes in technology. We estimate that the cost for support, maintenance and repair of the Computer System will range from $1,000 to $3,000 per year.

We will provide you with a current list of approved suppliers (including required and recommended suppliers) through updates to the Operations Manuals or other forms of communication.

We estimate that communication services at the highest speed possible with data transfer will cost approximately $300 per month for an online merchant services and communication system. If we designate a new third party supplier for the Computer System, we also may designate a supplier for merchant processing services including wireless back-up where available and communication services, and your fees may change.

You may be required to obtain ongoing maintenance and repairs respecting the Computer System, as well as upgrades or updates respecting the Proprietary Software. There are no contractual limitations on the frequency and cost of additional maintenance or repair. You must incorporate these upgrades and updates to the Computer System. We will have independent access to certain operational and financial information and data produced by your Computer System, including Customer Data. (Franchise Agreement, Section 6(E)). "Customer Data" includes any name, address, email address, telephone number, date of birth, demographic data, behavioral data,

customer service history, financial data, transaction data, correspondence, and other information for any potential, current, or former customer (whether stored in electronic, physical, or other forms or formats). There are no contractual limitations on our right to access the information and data, including Customer Data.

Pre-Training Program. We may provide pre-training courses online or in the Operations Manual. Before you or the Studio Manager attend any in-person training, you (or if you are an entity, the Operating Principal) and the Studio Manager must complete the pre-training courses we provide.

Franchisee Training. Before you open your first Studio we will provide the initial training program to you (or if you are an entity, the Operating Principal) and the Studio Manager. If you are opening your second or subsequent Studio, we will provide the initial training program to the Studio Manager. Our initial training program is conducted at our headquarters in Miami, Florida, another location we designate, or virtually. The initial training program includes classes conducted at other designated locations and on-the-job training provided at our local Studios and will last three to five days. We plan to offer the initial training once a month or as needed. The initial training program includes instruction relating to Studio operations, fitness class instruction, understanding equipment use and maintenance, customer service, advertising and promotional programs, accountability for advertising and promotional activities, methods of controlling operating costs, and train-the-trainer instruction.

You may not open your Studio unless the Studio Manager successfully completes the initial training program to our satisfaction. If we determine that the proposed Studio Manager is not qualified to manage the Studio, we will allow you to select a substitute Studio Manager to complete the initial training program to our satisfaction, at your expense. In addition, you (or the Designated Owner if you are an entity) and your Studio Manager must attend and successfully complete those portions of the initial training program to our satisfaction, as we direct.

The initial training program consists of the following:

SINGLE STUDIO TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation Seminar: Why Sweat440, Our System Method, and Operations Manual Overview	4	0	Virtually or Miami, Florida
Software Overview: Online Booking, Client Check-In, Billing, Memberships, Refunds, Employees Scheduling, Front Desk Role	6	0	Virtually or Miami, Florida
Marketing and Sales: Website, Google Search Engine Optimization, Social Media Advertising, Content Creation, Class Pass, Sales Pitches, and Demographics	4	0	Virtually or Miami, Florida
Financial Management: Setting Prices, Managing Operating Costs, Staffing	2	0	Virtually or Miami, Florida
Employees: Hiring, Wage Setting, Payroll Processing, Employee Handbooks, Human Relationships, Scheduling	2	0	Virtually or Miami, Florida

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Training Staff: Standards of Behavior, Uniforms, Culture and Vibe, Basic Physiology, Cuing, Front Desk Review	2	0	Virtually or Miami, Florida
Customer Experience: Standard Greeting, Culture and Vibe, Presenting the Method to First Timers, Smiles and Positivity Over Challenges And Judgements, High-Fives, Salutations And Thank You, Refund Policies, Hold Policies	5	0	Virtually or Miami, Florida
Conducting the Class: Equipment Overview, Cleaning, Maintaining, and Fixing Equipment and Flooring, Music Selection and Volume	1	2	Virtually or Miami, Florida
Experiential Training with guidance	0	10	Miami, Florida
Experiential Training without guidance	0	6	Miami, Florida
Closing and Debrief	4	0	Virtually or Miami, Florida
Total	**30**	**16**	

The instructional materials for all training programs include the Operations Manuals, handouts and visual aids, and will include lecture, classroom discussion, hands-on demonstrations and/or practice training at a SWEAT440® Studio.

Cody Patrick and Christina WooChing will oversee all training programs. Cody Patrick is our founder and CEO, and has over two decades of experience in fitness training. Christina WooChing has been with us since March 2020, and has her bachelor's degree in Athletic Training from Luther College and a Master's Degree in Exercise Physiology from Barry University. Prior to SWEAT440 she was the Assistant Director of Fitness and Wellness at the University of Miami and has managed multiple other fitness clubs in Miami.

We charge a $5,000 fee for the initial training program for your first Operating Principal and Studio Manager. We do not charge a fee for the initial training program for your Studio Managers if it is your second or subsequent Studio. If we must provide the initial training for an additional Studio Manager at the same Studio for any reason, you will pay a fee of $500 per day for that training. You are responsible for travel and living expenses that you, Operating Principal, and Studio Manager incur while attending any one of these training programs. See Item 7 for additional information on travel and living expenses.

We will provide you with the services of at least one of our employees or agents for three to five days to assist you in the opening and initial operations of the Studio. You are responsible for the travel, lodging, and other reasonable costs incurred in providing this opening assistance. We may determine the time at which our employee is available to you.

In addition, all fitness instructors must meet our then-current qualifications. We may require that you (or if you are an entity, the Operating Principal), and Studio Manager attend supplemental and refresher training programs during the term of the Franchise Agreement for up to 5 days each calendar year. We may determine the time and place of this additional training and may charge you a reasonable fee for the training.

The instructional materials for all training programs include the Operations Manuals, handouts and visual aids, and will include lecture, classroom discussion, and hands-on demonstrations.

Operations Manual. We will allow, during the term of the Franchise Agreement, access to our Operations Manual (the "Operations Manual"). As of December 31, 2024, the table of contents of the Operations Manual is as follows:

Table of Contents in Operations Manual	Number of Pages
Acknowledgement of Receipt	1
Table of Contents	8
How to Use the Manual, Manual Updates	3
Introduction	9
Offerings, Products & Pricing	6
Financial Management	9
Customer Service Philosophy & Policies	10
Operations	17
Safety & Security	20
Labor Management	36
Sales & Marketing	48
TOTAL	**167**

ITEM 12
TERRITORY

FRANCHISE AGREEMENT

If, on the date you sign your Franchise Agreement, you do not have an Authorized Location that we have consented to, we will designate a "Designated Search Area" within which you are to find an Authorized Location. The designation of a Designated Search Area does not grant you any territorial rights in that Designated Search Area, but does limit the area in which you may locate your Studio.

After you sign a lease for an Authorized Location, you will receive a "Protected Territory" that will typically be comprised of a geographic area of up to 50,000 people and will be comprised of the geographic area encompassed around your Authorized Location in a radius, polygon or other drawn area by us. Your Protected Territory will represent an area equal to the lesser of a 3-mile radius or 50,000 people surrounding the Authorized Location. If you are in a densely populated area, such as in a downtown metropolitan area, your Protected Territory may be much smaller. Your Protected Territory will be exclusive.

We and our affiliates reserve the following rights without compensation to you: (1) to directly operate, or to grant other persons the right to operate, Studios at any location outside your Protected Territory; (2) to promote, sell, and distribute any Services, Products, memberships, merchandise, or other goods or services authorized for sale at Studio; (3) to modify, add, or remove services, merchandise, products, equipment, supplies, and other goods and services authorized for

sale and use at Studios; (4) to promote, sell, and distribute any ancillary products and services such as memorabilia under the Marks through dissimilar channels of distribution including direct mail, wholesale activities, and by any electronic means; (5) to promote the System and the Studios generally, including on the Internet or any other existing or future form of one or more electronic commerce, and to create, operate, maintain, and modify, or discontinue the use of, websites and Social Media accounts using the Marks; (6) to develop, establish, and promote other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing any rights to you; and (7) to add or substitute different trademarks, trade names, service marks, symbols, logos, emblems, and other intellectual property for the Marks at no cost to us.

There are no restrictions on you accepting or soliciting customers. Except as we may authorize in writing, you will not conduct any business or offer to sell or advertise memberships, Products, or Services on the Internet (or any other existing or future form of electronic communication) including e-mail marketing or other digital marketing.

You may relocate your Studio only with our written consent, which we will not unreasonably withhold. If we permit you to relocate your Studio, you will pay us a relocation fee of $5,000 or more as necessary to pay for the costs we incur in providing services that assist you in relocating your Studio. In addition, you will need to build out the Studio consistent with our then-current standards for new Studios.

We do not grant to you any options, rights of first refusal, or similar rights to acquire additional franchises within a particular territory.

Except as disclosed below, neither we nor any affiliate operates, franchises, or has any current plans to operate or franchise any business selling the products and services authorized for sale at a Studio under any other trademark or service mark.

MULTI-UNIT DEVELOPMENT AGREEMENT

If you enter into a Multi-Unit Development Agreement, you will receive certain protected rights to develop more than one Studio within a designated geographic area (the "Designated Area") to be described in Exhibit A attached to the Multi-Unit Development Agreement. The size of the Designated Area will vary, depending on the number of Studios you intend to open, the population density, and the demographics in the area in which you desire to operate. The Designated Area may be one or more counties or cities in rural areas, and may be a portion of a metropolitan statistical area in heavily populated major cities. We will not establish another franchised or company-owned SWEAT440® Studio in the Designated Area during the term of the Multi-Unit Development Agreement so long as you meet the Development Schedule, comply with all other provisions described in the Multi-Unit Development Agreement, and you otherwise comply with the provisions of each related Franchise Agreement. Once the Multi-Unit Development Agreement is expired (upon the earlier of the date the final Studio lease is signed or the last day of the Development Schedule) or terminated, you will have no protected rights in the Designated Area beyond the Protected Territories assigned under any Franchise Agreement.

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

We and our affiliates reserve the right, without compensation to you: (1) to own and operate, and to grant other persons the right to own and operate, Studios at locations outside the Designated Area; (2) to sell within and outside the Designated Area the products and services authorized for sale at Studios under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution and pursuant to conditions we deem appropriate; (3) to sell the products and services authorized for sale at Studios under the Marks through dissimilar channels of distribution, including by electronic means such as the Internet and by websites we establish, and pursuant to conditions we deem appropriate within and outside the Designated Area; (4) to advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks; and (5) own and operate, and to grant other persons the right to own and operate, SWEAT440® Studios to "Captive Market Locations." A "Captive Market Location" is a Studio location within a regional, enclosed, or similarly situated shopping center or mall, airport or other transportation terminal, sports facility, hospital, college or university campus, corporate campus, a department within an existing retail store, hotel or motel, grocery store, or other similar type of location that has a restricted trade area

If you do not comply with the Development Schedule and the Multi-Unit Development Agreement, we may terminate the Multi-Unit Development Agreement or terminate your protected rights to develop Studios in the Designated Area and grant individual or multiple unit franchises within the Designated Area to third parties.

ITEM 13
TRADEMARKS

We grant you the right to operate your Studio under the name "SWEAT440," a federally registered service mark and other trademarks or service marks (the "Marks"). You do not receive any right under the Multi-Unit Development Agreement to use the Marks. Those rights are granted under the Franchise Agreement.

The following schedule lists only the principal Marks that you are licensed to use. Our Parent has filed all required affidavits and renewal registrations for those Marks listed below.

Principal Trademarks	U.S. Registration Or Serial No.	Registration Or Application Date	Principal/Supplemental Register
SWEAT440	Serial: 87707489; Reg.: 5567218	September 18, 2018	Principal
	Serial: 88032202; Reg.: 5690024	March 5, 2019	Principal

Our Parent owns the Marks and have licensed us the perpetual right to use the Marks and to sublicense the use of the Marks to operate Studios under a trademark license agreement dated June 3, 2019 (the "Trademark License Agreement"). Our Parent may terminate the License Agreement for our failure or refusal to perform any duty under the License Agreement, for the misuse of the Marks materially impairs the goodwill associated with the Marks, if we violate any provision under the Trademark License Agreement or we do not comply with our Parent's instructions concerning the quality of the Marks. If the Trademark License Agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the sublicenses provided that the franchisees comply with all other terms of their Franchise Agreements. The Trademark License Agreement contains no other limitations.

We have the right to periodically change the list of Marks. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks when the Franchise Agreement expires or terminates. You are not permitted to make any changes or substitutions respecting the Marks unless we direct in writing. You may not use any Mark or portion of any Mark as part of any corporate or any trade name, or any modified form or in the sale of any unauthorized product or service, or in any unauthorized manner. You may not use any Mark or portion of any Mark on any website without our prior written approval.

There are currently no effective material determinations by the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the principal Marks that are relevant to your use in any state. There are currently no agreements in effect that significantly limit our rights to use or license the use of any principal Marks in any manner material to the franchise.

You must immediately notify us of any apparent infringement of or challenge to your use of any Marks, and we have sole discretion to take any action we deem appropriate. We are unaware of any infringing uses or superior rights that could materially affect your use of the principal Marks.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation relating to the Marks and we will have the sole right to decide to pursue or settle any infringement actions relating to the Marks. You must notify us promptly of any infringement or unauthorized of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you will make these changes or substitutions at your own expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do claim copyright ownership and protection for the Operations Manual and for certain other written materials we provide to assist you in operating your Studio.

We own certain proprietary information, patents, confidential information, and trade secrets relating to the operation of Studios, including information in the Operations Manual

("Confidential Information"). You must keep confidential during and after the term of the Franchise Agreement the Confidential Information and any trade secrets. When your Franchise Agreement expires or terminates, you must return to us all copyright material, including the Operations Manual, and trade secrets. You must notify us immediately if you learn of an unauthorized use of the Confidential Information. We are not obligated to take any action and we will have the sole right to decide the appropriate response to any unauthorized use of the Confidential Information. You must comply with all changes to the Operations Manual and any other written materials we provide you at your sole expense. We own and will periodically establish policies under which we or you may use Studio customer data.

You receive the right to use our Parent's proprietary process for managing a fitness center and providing customers with an effective and efficient workout (the "Flex-Time Process"). Our Parent has applied for a provisional patent application for the Flex-Time Process:

U.S. Patent Application Number	Date Filed	Type	Application Title	Brief Description
62/852,382	5/24/19	Provisional Application for Utility Patent	Fitness Method	Process for managing a fitness center and providing guests an efficient and effective workout using automated systems.

Our Parent has licensed us the perpetual right to use the Flex-Time Process and to sublicense the use of the Flex-Time Process to operate Studios under a patent license agreement dated June 3, 2019 (the "License Agreement"). Our right to use or license the Flex-Time Process is not materially limited by any agreement or known infringing use. There are no currently effective determinations of the United States Patent and Trademark Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials or patents. Our Parent may terminate the License Agreement for our failure or refusal to perform any duty under the License Agreement, for the misuse of the Marks materially impairs the goodwill associated with the Marks, if we violate any provision under the Trademark License Agreement or we do not comply with our Parent's instructions concerning the quality of the Marks. If the License Agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the sublicenses provided that the franchisees comply with all other terms of their Franchise Agreements. The License Agreement contains no other limitations. You must comply with all changes to the Flex-Time Process and any other patents we license you, at your sole expense.

You must tell us immediately if you learn about an infringement or challenge to our use or license of any of these patents. We will take action that we think is appropriate. The License Agreement does not address patent infringement claims; however, we intend to protect the patent rights and to defend you against infringement claims arising from your use of patented items in accordance with our standards and specifications. You must also agree not to contest our interest in these or our other trade secrets.

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

If you are a single-unit franchisee, your Studio may be managed by a "Studio Manager." The Studio Manager can be you or someone you appoint, who we approve, and who successfully completes our required training to be the Studio Manager. The Studio Manager is responsible for day-to-day Studio operations. In addition, if you are not the Studio Manager, you (or if you are an entity the Operating Principal) must remain active in overseeing the general management and operation of the Studio, must have authority to sign all contracts on your behalf and must successfully complete the training we require (the "Operating Principal"). The Studio Manager and Operating Principal may be the same person.

If the Studio Manager dies, is permanently disabled or their role terminates, you must appoint a competent Studio Manager acceptable to us within 30 days from the date of death or permanent disability. The appointed Studio Manager must promptly and satisfactorily complete our designated training program. If an approved Studio Manager is not appointed within 30 days, we may immediately appoint a Studio Manager to maintain Studio operations on your behalf until an approved assignee can assume the management and operation of the Studio, and you will pay us the greater of (i) $2,000 per week, or (ii) 20% of Gross Sales for the weeks the appointed Studio Manager maintains the Studio operations on your behalf. We may cease to provide management services at any time.

If you enter into a Multi-Unit Development Agreement, you must appoint a "Regional Manager." The Regional Manager can be you or someone you appoint, who we approve, and who successfully completes our required training to be the Regional Manager. The Regional Manager must devote their full-time efforts to the obligations under the Multi-Unit Development Agreement. You, the Operating Principal, or Regional Manager must supervise the development and operations of Studios franchised under the Multi-Unit Development Agreement, but may appoint a Studio Manager to be engaged in the day-to-day operations of any Studio. You may appoint a Regional Manager to oversee the operations of up to five studios. The person who is responsible for the day-to-day supervision of the Multi-Unit Development Agreement assumes his/her responsibilities on a full-time basis and may not engage in any other business or other activity that requires any significant management responsibility, time commitments, or otherwise may conflict with his/her obligations. If you are a corporation, partnership, or limited liability company, you may not engage in any business or activities other than the ownership and operation of Studios under Multi-Unit Development Agreement.

Each individual who owns a 5% or greater interest in the franchisee entity is considered a "Principal Owner" and must sign the Guaranty and Assumption of Obligations attached to the Franchise Agreement (and the Multiple Unit Franchise Agreement, if applicable). These people agree to discharge all obligations of the franchisee entity to us under the Franchise Agreement and are bound by all of its provisions, including maintaining confidentiality, as described in Item 14, and complying with the non-compete covenants, as described in Item 17. In addition, the Operating Principal and Studio Manager must sign a written agreement to maintain the confidentiality of our Confidential Information and trade secrets described in Item 14 and comply with the non-compete covenants described in Item 17.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell in your Studio all, and only, those Products and Services that we have approved. You must at all times maintain an inventory of approved products and other items in such quantities and variety that we direct. We may add new Products or Services that you must offer at or use in your Studio. Our right to modify the approved list of Products and Services to be offered at a Studio is not limited.

In addition, you may only offer those types and classes of memberships we designate and under such terms as we periodically describe in the Operations Manual. You also must comply with our then-current reciprocity policy described in the Operations Manual. Currently, you must allow all customers that have purchased a membership at another Studio to attend classes at your Studio with a reduced amount to the customer and without any reimbursement to you.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in the Franchise Agreement	Summary
a. Length of the franchise term	Franchise Agreement Article 3	10 years.
b. Renewal or extension of the term	Franchise Agreement Article 3	If you are in good standing, you can renew the Franchise Agreement for 2 additional 5-year terms.
c. Requirements for you to renew or extend	Article 3	You may renew your Franchise Agreement if the following are satisfied: we are still providing Sweat440 franchises; you provide notice between 9 and 6 months before the agreement ends; you comply with current franchise agreement; you and your Studio Manager meet our new franchisee requirements; you and you Studio Manager satisfactorily complete any new/refresher training programs; sign new agreement (which may contain materially different terms than your original Franchise Agreement); remodel; provide proof you will maintain possession of the Studio premises; you have the required licenses or permits for the Studio; pay renewal fee; and sign a general release of claims.
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Sections 15	We may terminate the Franchise Agreement only if you default.

Provision	Section in the Franchise Agreement	Summary
g. "Cause" defined – curable defaults	Sections 15(A) and (B)	You have 30 days to cure failure to open Studio when required, failure to complete training, failure to comply with System standards, failure to conform to System, submission of false reports or concealing revenue, a violation of any material provision of the Agreement, failure to comply with federal, state and local laws (not including health and safety laws and regulations), an unauthorized assignment or transfer, or failure to pay Royalty and other fees if we don't send notice. You have 10 days to cure a default under another agreement if the default results in acceleration of debt of $200,000 or more. You have 5 days from notice to cure failure to pay Royalty and other fees. You have 72 hours to cure a health or safety violation.
h. "Cause" defined – non-curable defaults	Sections 15(A) and (B)	Failure on 3 or more occasions in any 12 months to comply with any provision, default is not curable, a material misrepresentation on franchise application, conviction of or proof that you have committed a felony or other crime which harms the Studio's reputation, government action against you which injures the goodwill associates with the Marks, insolvency, an assignment of assets to creditors, Studio abandonment, defaults which injures the goodwill associated with the Marks, receiver or custodian is appointed over the Studio, bankruptcy, operation of the Studio results in a threat to public health or safety, lease expires or is terminated, audit shows understatements of Gross Sales more than 5%, failure to meet applicable sales minimums 2 or more times in 12 months, or 3 separate audits show an understatement of Gross Sales of 2% or more in 36 months, or termination of the Multi-Unit Development Agreement or any other agreement between you and us.
i. Your obligations on termination/ nonrenewal	Article 16 and Section 13(C)	Cease operation of the Studio and use of Marks, pay all amounts due us and our affiliates and authorized suppliers, stop using and return manuals and other materials, assign to us the Studio telephone number and telephone listing or (at our option) disconnect the telephone number, remove all signs and other materials containing any Marks, comply with obligations under any proprietary software license/access agreements, cancel all fictitious or assumed name filings, cease using Confidential Information and trade secrets, sell back to us or return all Products, and agree not to divert Studio customers to any competing business for 2 years (also see o, r below).
j. Assignment of contract by us	Section 14(A)	Assignee must fulfill our obligations under the agreement.
k. "Transfer" by you-defined	Sections 14(B) and 14(C)	Includes transfer to an entity if the ownership and management of Studio if substantially unchanged, and transfer of the Studio or its assets, or your interest in the franchise agreement or any material ("material interest") ownership change.
l. Our approval of transfer by franchisee	Sections 14(B), (C) and (D)	We have the right to approve all transfers of the Franchise Agreement, but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 14(C)	New franchisee qualifies and pays for and completes training, all amounts owed us or our affiliates or any suppliers are paid, and you are in good standing, new franchisee assumes existing Agreement or (at our option) signs then-current agreement, we approve transfer agreement, transfer fee paid, lease assigned (if applicable), you sign non-compete agreement and general release, and you do not retain a security interest in the agreement.
n. Our right of first refusal to acquire your business	Section 14(F)	We can match any offer for your business.
o. Our option to purchase your business	Section 16(C)	When the Franchise Agreement expires or terminates, we may purchase assets at book value.

Provision	Section in the Franchise Agreement	Summary
p. Your death or disability	Section 14(D)	Franchise must be assigned by estate to an approved buyer within reasonable time not exceeding 6 months.
q. Non-competition covenants during the term of the franchise	Section 13(B)	No involvement with anyone or any business that offers or conducts fitness classes or instruction or that offers, distributes or sells, at wholesale or retail, exercise apparel and accessories, products, or any other related business that is competitive with or similar to the Studio.
r. Non-competition covenants after the franchise is terminated or expires	Sections 13(C) and 17(A)	No business that offers or conducts fitness classes or instruction or that offers, distributes or sells, at wholesale or retail, exercise apparel and accessories, products, or any other related business that is competitive with or similar to the Studio within 15 miles of the Studio or within 15 mile radius of the former site of the Studio.
s. Modification of the agreement	Sections 2(B), 7(G) and 18(F)	Generally, no modifications except in writing signed by both parties. However, we may modify Operations Manual, Marks, System, and goods/services to be offered to your Studio.
t. Integration/merger clause	Section 18(P)	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in the franchise disclosure document. .
u. Dispute resolution by arbitration or mediation	Not applicable.	Not applicable.
v. Choice of forum	Section 18(D)	Except for actions we bring for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes will be subject to litigation in the state where our corporate headquarters is located at the time the litigation is filed, currently Florida (subject to applicable state law).
w. Choice of law	Section 18(E)	The law of Florida will apply, without regard to any conflict of laws principals of Florida (subject to applicable state law).

This table lists certain important provisions of the Multi-Unit Development Agreement. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in the Multi-Unit Development Agreement	Summary
a. Length of the franchise term	Section 3(A)	Term expires on the last day of the last Development Period as stated in the Development Schedule
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Sections 14	We may terminate the Franchise Agreement only if you default.
g. "Cause" defined – curable defaults	Sections 14(A)	Failure to pay any fees to us, our affiliates, other SWEAT440 franchisees or approved suppliers with 10 days from receiving notice of termination. Failure to cure any breach within 30 days from receiving notice of termination for any breach of the Multi-Unit Developer Agreement.

Provision	Section in the Multi-Unit Development Agreement	Summary
h. "Cause" defined – non-curable defaults	Sections 14(B)	Immediate threat or danger to public health or safety; failure on 3 or more occasions in the consecutive 12 months to comply with any provision of the Agreement; unauthorized transfer; material misrepresentation or omission in your application for development rights; convicted or, plead guilty or not contest to a felony, crime of moral turpitude, or any other crime or offense that we believe will injure the Marks, System, or goodwill; unauthorized use or disclosure of Confidential Information; you become insolvent or otherwise cannot pay your obligations; misuse of unauthorized us of the Marks; develop or use unauthorized websites or social media; we terminate the Franchise Agreement or any other agreement between you and us.
i. Your obligations on termination/nonrenewal	Section 13(C)	Cease using Confidential Information and trade secrets, sell back to us or return all Products, and agree not to divert Studio customers to any competing business for 2 years (also see o, r below).
j. Assignment of contract by us	Section 13(A)	Assignee must fulfill our obligations under the agreement.
k. "Transfer" by you-defined	Section 13(B) and 13(C)	Includes transfer to an entity if the ownership and management of Studio if substantially unchanged, and transfer of the Studio or its assets, or your interest in the franchise agreement or any material ("material interest") ownership change.
l. Our approval of transfer by franchisee	Sections 13(B), (C) and (D)	We have the right to approve all transfers of the Franchise Agreement, but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 13(C)	You are in complete compliance with the Development Agreement, the transferee meets our then-current standards for multi-unit and single unit owners, transferee completes any required training program, transfer fee paid, and you and each guarantor signs a general release.
n. Our right of first refusal to acquire your business	Section 13(F)	We can match any offer for your business.
o. Our option to purchase your business	Not Applicable	Not Applicable
p. Your death or disability	Section 13(D)	Franchise must be assigned by estate to an approved buyer within reasonable time not exceeding 6 months.
q. Non-competition covenants during the term of the franchise	Section 12(B)	No involvement with anyone or any business that offers or conducts fitness classes or instruction or that offers, distributes or sells, at wholesale or retail, exercise apparel and accessories, products, or any other related business that is competitive with or similar to the Studio.
r. Non-competition covenants after the franchise is terminated or expires	Sections 12(C)	No business that offers or conducts fitness classes or instruction or that offers, distributes or sells, at wholesale or retail, exercise apparel and accessories, products, or any other related business that is competitive with or similar to the Studio within 15 miles of the Studio or within 15 mile radius of the former site of the Studio.
s. Modification of the agreement	Sections 15(C)	Generally, no modifications except in writing signed by both parties.
t. Integration/merger clause	Section 15(L)	Only the terms of the development agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and development agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable.	Not applicable.

Provision	Section in the Multi-Unit Development Agreement	Summary
v. Choice of forum	Section 15(D)	Except for actions we bring for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes will be subject to litigation in the state where our corporate headquarters is located at the time the litigation is filed, currently Florida.
w. Choice of law	Section 15(E)	The law of Florida will apply, without regard to any conflict of laws principals of Florida.

ITEM 18
PUBLIC FIGURES

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

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.

Part I: Studio Gross Revenue

The table below presents data we obtained from our Parent (for South Beach and Miami-Brickell), an officer (Coral Gables, Charlotte-Noda) and franchisees (the remaining Studios) that we collected respecting the historic Gross Revenue for the Studios that were open for the for the full 12 months ending December 31, 2024, including one Studio that opened in early January 2024. The information below does not include on Studio operated by an officer that temporarily closed and relocated in 2024, the 5 Studios that opened in 2024 or the one Studio that closed during 2024. No Studio closed during the 12-month period that had been open less than 12 months.

2024 Studio Gross Revenue

Studio Name	Opening Date	2024 Fiscal Year Gross Revenue	Monthly Average Gross Revenue	Minimum Monthly Gross Revenue	Maximum Monthly Gross Revenue	Median Monthly Gross Revenue
South Beach	Apr-18	$1,295,055	$107,921	$88,579	$143,323	$100,386
Miami - Brickell	Sep-19	$1,452,077	$121,006	$106,464	$140,003	$118,748
Coral Gables	Nov-19	$777,901	$64,825	$47,730	$102,772	$55,241
NYC - Chelsea	Nov-19	$1,105,235	$92,103	$84,167	$99,560	$91,694
NYC - Financial District	Apr-22	$729,327	$60,777	$53,944	$72,489	$59,147
Doral	Aug-22	$889,303	$74,109	$67,724	$83,191	$72,921

Austin - Highland	Sep-22	$336,138	$27,751	$23,856	$31,121	$27,555
Miami Lakes	Oct-22	$936,282	$78,024	$71,094	$87,602	$77,408
Upper East Side	Feb-23	$1,074,000	$89,500	$78,531	$106,230	$86,922
Madison	Feb -23	$137,328	$11,444	$9,474	$13,034	$11,351
Coral Springs	Apr-23	$314,313	$26,193	$21,597	$30,086	$26,574
Deerfield Beach	Apr-23	$540,846	$45,070	$37,944	$65,793	$43,304
Toms River	Apr-23	$670,576	$55,881	$47,360	$92,400	$51,186
Charlotte – NoDa	Jun-23	$494,460	$41,205	$36,180	$47,651	$40,827
Austin Zilker	Sept-23	$334,515	$27,879	$25,067	$30,323	$27,911
South Miami	Oct-23	$557,542	$46,462	$36,938	$60,630	$46,466
Miami Midtown	Jan-24	$565,175.	$47,098	$31,215	$52,762	$48,480

Notes:

1. Our Parent operates the Studios in South Beach and Miami-Brickell ("Parent Studios"). One of our officers operates the Studio in Coral Gables and Charlotte, North Carolina. Franchisees operate the remaining Studios described above.

2. "Gross Revenue" means the aggregate amount of revenues generated from the sale of memberships, Services, Products, merchandise, and other goods or services, whether for cash, on credit, or otherwise made or provided at or in connection with the Studio. The term "Gross Sales" does not include: (1) any federal, state, municipal or other sales tax, value added tax, or retailer's excise tax paid or accrued by you; (2) any adjustment for refunds, credits, allowances, returns, and discounts allowed to customers on sales; (3) any proceeds from insurance with respect to property damage or liability; or (4) uncollectible amounts, subject to the limitation that uncollectible amounts cannot exceed 0.5% of Gross Sales for any fiscal year of the franchisee and subsequent collections of charged off amounts must be included in Gross Sales when they are collected. A sale is made at the earlier of delivery of the product or service, or receipt of payment. The Gross Revenue in this Item 19 is for the single Parent-owned Studio for the first full 12 months in operation.

3. The figures above do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Revenue figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in managing your Studio.

Part 2: Parent Studios 2024 Income Statement

The information in the tables below includes the historic Gross Revenue, expenses and EBITDA during the 12 month period ending December 31, 2024 for each of the two locations owned and operated by our Parent based on information that our Parent provided to us.

	South Beach	Miami-Brickell
Gross Revenues	$1,295,055	$1,452,077
Salary & Payroll Expense	$183,180	$231,048
Rent	$293,255	$305,230
Marketing	$53,118	$59,550
Credit Card Fees	$37,161	$39,552
Repair & Maintenance	$7,767	$10,723
Gym Supplies & Equipment	19,377	$24,918
Janitorial Expense	$18,250	$18,250
Professional Fees	$11,214	$7,140.00
Utilities	$19,525	$18,125
Monthly Brand Fee	$5,040	$5,040
Software Subscription & Support	$11,940	$11,940
Other Expenses	$18,178	$37,584
EBITDA	$617,050	$682,977
Royalties (Imputed)	$90,654	$101,645
Adjusted EBITDA	$526,396	$581,331

Notes to the table above:

1. "Salary & Payroll Expense" includes all labor costs, including direct payroll and payroll taxes, benefits, manager's salary, and payroll processing fees. Franchisees may experience similar salary expenses but will be impacted by staffing model decisions (which franchisees alone must decide), market driven pay rate differences and individual Store staff performance.

2. "Rent" includes monthly rent expenses, property taxes, and common area maintenance fees. Rent expenses will vary significantly depending on a franchisee's market.

3. "Marketing" includes all local marketing expenses, including amounts spent with LeadTeam.

4. "Credit Card Fees" includes those fees associated with accepting payment from customers via credit card.

5. "Repair & Maintenance" includes expenses associated with the upkeep and general repair of the premises.

6. "Gym Supplies & Equipment" includes the purchase and repair of gym equipment and related supplies, such as cleaning supplies.

7. “Janitorial Expense” includes commercial cleaning fees.

8. “Professional Fees” includes legal and accounting fees.

9. “Utilities” includes water, electricity, gas, trash and recycling, and internet.

10. “Monthly Brand Fee” includes the Monthly Brand Fund Fee equal to $420 per month.

11. “Software Subscription and Support Fee” includes the monthly Designated Software License Fee of $695 and additional expenses for email addresses, Zoom phone lines, server management expenses and training software.

12. “Other Expenses” includes all other expenses not included in the other categories above such as bank fees and bad debt.

13. “EBITDA” is equal to the Gross Revenue less expenses.

14. “Royalties” means the current royalty equal to 7% of Gross Revenue. These Studios do not pay a royalty fee but franchisee would have incurred this expense, so we have included these amounts in the table as if these Studios had incurred that expense.

15. “Adjusted EBITDA” is equal to the EBITDA less the Royalties.

Part 3: Number of Members as of December 31, 2024

The table below presents the number of members each Studio had as of December 31, 2024 for all Studios open and operating as of December 31, 2024. We obtained this information from our Parent (for South Beach and Miami-Brickell), an officer (Coral Gables) and franchisees (the remaining Studios). Studios offer different membership types, including unlimited monthly memberships and class packs.

Studio Location	Opening Date	Number of Members as of December 31, 2024
South Beach	Apr-18	790
Miami – Brickell	Sep-19	743
Coral Gables	Nov-19	518
NYC – Chelsea	Nov-19	632
NYC - Financial District	Apr-22	564
Doral	Aug-22	573
Austin – Highland	Sep-22	260
Miami Lakes	Oct-22	652
Madison	Feb-23	141
Upper East Side	Feb-23	709
Coral Springs	Apr-23	264
Deerfield Beach	Apr-23	351
Toms River	Apr-23	533
Charlotte – NoDa	Jun-23	404
South Miami	Oct-23	406
Austin – Zilker	Sep-23	206
Midtown Miami	Jan-24	357
Las Olas	Jan-24	352
Nashville	Apr-24	108
Coconut Grove	Jun-24	462
Ocean Township	Jun-24	388
Pembroke Pines	Nov-24	268

Part 4: Recommended Membership Tiers

The following table includes our recommended pricing for three different unlimited monthly membership tiers. Tiers are determined based on prices charged by competitors in the market. Studios also offer class packs and single class passes.

	0-99	**100-199**	**200-299**	**300-399**	**400-499**	**500+**
Tier 1 Unlimited Monthly	$89	$ 99	$129	$149	$169	$189
Tier 2 Unlimited Monthly	$99	$129	$149	$169	$189	$209
Tier 3 Unlimited Monthly	$149	$169	$189	$209	$229	$249

Part 5: Number of Members at Opening

The table below presents the number of members each Studio had as of the date the Studio opened, for all Studios open and operating as of December 31, 2024. We obtained this information from our Parent (for South Beach and Miami-Brickell), officers (Coral Gables, Charlotte and Nashville) and franchisees (the remaining Studios).

Studio Location	**Opening Date**	**Number of Members at Opening**
South Beach*	Apr-18	0
Miami - Brickell*	Sep-19	0
Coral Gables*	Nov-19	0
NYC - Chelsea*	Nov-19	0
NYC - Financial District*	Apr-22	0
Doral	Aug-22	308
Austin – Highlands	Sep-22	99
Miami Lakes	Oct-22	465
Madison	Feb-23	107
Miami - Upper East Side	Feb-23	356
Deerfield Beach	Apr-23	84
Coral Springs	Apr-23	146
Toms River	Apr-23	348
Charlotte – NoDa	Jun-23	116
Austin – Zilker	Sep-23	193
South Miami	Oct-23	206
Midtown Miami	Jan-24	316
Nashville	Apr-24	135
Coconut Grove	Jun-24	285
Ocean Township	Jun-24	286
Las Olas	Sept-24	251
Pembroke Pines	Nov-24	257

*These Studios opened before we launched our presale program.

Notes to all tables above:

1. This financial performance representation was prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to their contents or form.

2. There are no material financial and operational characteristics of the company-owned outlets that are reasonably anticipated to differ materially from future operational franchise outlets.

3. Written substantiation of all financial performance information presented in this financial performance representation will be made available to you in our main office upon reasonable request.

4. Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Other than the preceding financial performance representation, we do not make any financial performance representations. We do not authorize our employees or representatives to make any representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Cody Patrick, 1919 Purdy Avenue, Miami, FL 33139, 888-507-9328, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NUMBER 1
System Wide Studio Summary
For Fiscal Years 2022 - 2024

Studio Type	Year	Studios at the Start of the Year	Studios at the End of the Year	Net Change
Franchised	2022	1	5	+4
	2023	5	13	+8
	2024	13	17	+4
Company-Owned*	2022	3	3	0
	2023	3	5	+2
	2024	5	5	0
Total Studios	**2022**	**4**	**8**	**+4**
	2023	**8**	**18**	**+10**
	2024	**18**	**22**	**+4**

* All “Company-Owned” outlets include any SWEAT440® Studios owned by our Parent described in Item 1 or SWEAT440® Studios owned by our officers.

TABLE NUMBER 2
Transfers of Studios From Franchisee to New Owners (Other than the Franchisor)
For Fiscal Years 2022 - 2024

State	Year	Number of Transfers
TOTAL	2022	0
	2023	0
	2024	0

TABLE NUMBER 3
Status of Franchised Studios
For Fiscal Years 2022 - 2024

State	Year	Studios at the Start of the Year	Studios Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Studios at the End of the Year
Alabama	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	1	0	0	0	1
Florida	2022	0	2	0	0	0	0	2
	2023	2	4	0	0	0	0	6
	2024	6	4	0	0	0	0	10
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
New York	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	1	0	0
	2024	0	0	0	0	0	0	0
Texas	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
TOTAL	**2022**	**1**	**4**	**0**	**0**	**0**	**0**	**5**
	2023	**5**	**9**	**0**	**0**	**1**	**0**	**13**
	2024	**13**	**5**	**1**	**0**	**0**	**0**	**17**

** The New York Studio is owned and operated by one of our owners.

TABLE NUMBER 4
Status of Company-Owned* Studios
For Fiscal Years 2022 - 2024

State	Year	Studios at the Start of the Year	Studios Opened	Studios Reacquired From Franchisees	Studios Closed	Studios Sold to Franchisees	Studios at the End of the Year
Florida	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
North Carolina	2022	0	0	0	0	0	0
	2023	0	1	1	0	0	1
	2024	1	0	0	0	0	1
Tennessee	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
	2024	1	0	0	0	0	0
TOTAL	**2022**	**3**	**0**	**0**	**0**	**0**	**3**
	2023	**3**	**1**	**1**	**0**	**0**	**5**
	2024	**5**	**0**	**0**	**0**	**0**	**5**

* All "Company-Owned" outlets include any SWEAT440® Studios owned by our Parent described in Item 1 or SWEAT440® Studios owned by our officers. The Tennessee location relocated in 2024.

TABLE NUMBER 5
Projected Openings As of December 31, 2024

State	Franchise Agreements Signed But Studio Not Opened	Projected New Franchised Studios through the End of the Current Fiscal Year	Projected New Company-Owned Studios through the End of the Current Fiscal Year
Florida	4	4	0
New Jersey	28	2	0
New York	0	2	0
North Carolina	0	1	0
TOTAL	**32**	**9**	**0**

Our 2022 fiscal year ran from November 1, 2021 through October 31, 2022. Our 2023 fiscal year ran from November 1, 2022 through October 31, 2023. Our 2024 fiscal year ran from November 1, 2023 through December 31, 2024.

A list of SWEAT440® franchisees as of October 31, 2023 is included on Exhibit D. Also included on Exhibit D is a list of franchisees who had a SWEAT440® franchise terminated, canceled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement nor transferred a SWEAT440® franchise in the previous fiscal year.

If you buy a SWEAT440® franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

As of the issuance date of this disclosure document, there is no trademark specific franchisee association.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A are our audited financial statements for the fourteen month period ended December 31, 2024 and for the fiscal years ended October 31, 2023 and 2022. In 2024, we changed our fiscal year end from October 31st to December 31st.

ITEM 22
CONTRACTS

The Franchise Agreement (and all exhibits, including the Disclosure Acknowledgement Addendum and the State Addendum) is attached as Exhibit B. The Multi-Unit Development Agreement (and all exhibits, including the Disclosure Acknowledgment Addendum and State Addendum) is attached as Exhibit C. The State Addenda to this Franchise Disclosure Document are attached as Exhibit F.

ITEM 23
RECEIPTS

The very last two (2) pages of this Disclosure Document, and attached as Exhibit G, are your and our copies of the Receipt of this Disclosure Document. The very last page of this Disclosure Document should be detached and returned to us acknowledging your receipt of this Disclosure Document. The next to last page is a duplicate receipt to be kept by you for your records. If these two (2) pages or any other pages or exhibits are missing from your copy of the Disclosure Document, please contact us at the following address or telephone number:

Sweat440 Franchising Systems, LLC
Attn: Cody Patrick
1919 Purdy Avenue
Miami Beach, Florida 33139
franchising@sweat440.com
888-507-9328
www.sweat440.com

EXHIBIT A

FINANCIAL STATEMENTS

SWEAT440 FRANCHISE SYSTEMS, LLC
(A Limited Liability Company)

FINANCIAL STATEMENTS

FOURTEEN-MONTH PERIOD ENDED DECEMBER 31, 2024

AND FISCAL YEARS ENDED OCTOBER 31, 2023 AND 2022

SWEAT440 FRANCHISE SYSTEMS, LLC
(A Limited Liability Company)
FOURTEEN-MONTH PERIOD ENDED DECEMBER 31, 2024
AND FISCAL YEARS ENDED OCTOBER 31, 2023 AND 2022

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Citrin Cooperman & Company, LLP
Certified Public Accountants

225 Broadhollow Road, Suite 401
Melville, NY 11747
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INDEPENDENT AUDITOR'S REPORT

To the Member
Sweat440 Franchise Systems, LLC

Opinion

We have audited the accompanying financial statements of Sweat440 Franchise Systems, LLC (a limited liability company), which comprise the balance sheets as of December 31, 2024 and October 31, 2023, and the related statements of operations and changes in member's deficit and cash flows for the fourteen-month period ended December 31, 2024 and for the fiscal years ended October 31, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sweat440 Franchise Systems, LLC as of December 31, 2024 and October 31, 2023, and the results of its operations and its cash flows for the fourteen-month period ended December 31, 2024 and for the fiscal years ended October 31, 2023 and 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sweat440 Franchise Systems, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sweat440 Franchise Systems, 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 Sweat440 Franchise Systems, 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 Sweat440 Franchise Systems, LLC's ability to continue as a going concern for a reasonable period of time.

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

Citrin Cooperman & Company, LLP

Melville, New York
March 11, 2025

SWEAT440 FRANCHISE SYSTEMS, LLC
(A Limited Liability Company)
BALANCE SHEETS
DECEMBER 31, 2024 AND OCTOBER 31, 2023

	2024	2023
ASSETS		
Current assets:		
Cash	$ 51,869	$ 80,726
Accounts receivable	26,751	12,453
Franchise fees receivable	189,000	-
Other receivables	-	13,000
Prepaid commissions - current	7,990	7,990
Other current assets	10,099	-
Total current assets	285,709	114,169
Other assets:		
Prepaid commissions - net of current	57,655	66,977
TOTAL ASSETS	$ 343,364	$ 181,146
LIABILITIES AND MEMBER'S DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	$ 25,089	$ 9,890
Due to member	55,145	71,471
Deferred revenues - current	84,997	63,150
Total current liabilities	165,231	144,511
Long-term liabilities:		
Deferred revenues - net of current	786,471	435,917
Total liabilities	951,702	580,428
Commitments and contingencies (Notes 6, 7 and 8)		
Member's deficit	(608,338)	(399,282)
TOTAL LIABILITIES AND MEMBER'S DEFICIT	$ 343,364	$ 181,146

See accompanying notes to financial statements.

SWEAT440 FRANCHISE SYSTEMS, LLC
(A Limited Liability Company)
STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S DEFICIT
FOR THE FOURTEEN-MONTH PERIOD ENDED DECEMBER 31, 2024
AND FOR THE FISCAL YEARS ENDED OCTOBER 31, 2023 AND 2022

	2024	2023	2022
Revenues:			
Royalties	$ 852,684	$ 395,117	$ 105,570
Technology fees	221,840	144,931	78,218
Franchise fees	130,600	140,772	83,149
Brand fund fees	107,415	60,545	18,301
Vendor rebates	26,556	15,944	-
Transfer fees	17,000	-	-
Other revenues	4,297	-	-
Equipment	-	268,000	166,549
Total revenues	1,360,392	1,025,309	451,787
Operating expenses	1,419,448	1,324,438	725,252
Loss from operations	(59,056)	(299,129)	(273,465)
Other income	-	-	8,210
Net loss	(59,056)	(299,129)	(265,255)
Member's equity (deficit) - beginning	(399,282)	(175,153)	90,102
Member contributions	265,000	75,000	-
Member distributions	(415,000)	-	-
MEMBER'S DEFICIT - ENDING	$ (608,338)	$ (399,282)	$ (175,153)

See accompanying notes to financial statements.

SWEAT440 FRANCHISE SYSTEMS, LLC
(A Limited Liability Company)
STATEMENTS OF CASH FLOWS
FOR THE FOURTEEN-MONTH PERIOD ENDED DECEMBER 31, 2024
AND FOR THE FISCAL YEARS ENDED OCTOBER 31, 2023 AND 2022

	2024	2023	2022
Cash flows from operating activities:			
Net loss	$ (59,056)	$ (299,129)	$ (265,255)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Write-off of note receivable	-	25,872	-
Bad debt expense	-	9,922	-
Changes in operating assets and liabilities:			
Accounts receivable	(14,298)	(5,768)	(9,801)
Franchise fees receivable	(189,000)	-	-
Due from related parties	-	-	187
Inventories	-	-	37,032
Other receivables	13,000	69,001	(37,289)
Prepaid commissions	9,322	(3,252)	(26,867)
Prepaid franchisee equipment	-	117,678	(117,678)
Note receivable	-	-	(38,872)
Other assets	(10,099)	-	-
Accounts payable and accrued expenses	15,199	(37,963)	37,459
Due to member	(16,326)	51,966	(177,972)
Deferred revenues	372,401	(772)	288,851
Deferred equipment revenue	-	(268,000)	233,000
Net cash provided by (used in) operating activities	121,143	(340,445)	(77,205)
Cash flows from financing activities:			
Member distribtions	(415,000)	-	-
Member contributions	265,000	75,000	-
Net cash provided by (used in) financing activities	(150,000)	75,000	-
Net decrease in cash	(28,857)	(265,445)	(77,205)
Cash - beginning	80,726	346,171	423,376
CASH - ENDING	$ 51,869	$ 80,726	$ 346,171

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Sweat440 Franchise Systems, LLC (the "Company"), a wholly-owned subsidiary of Brickhouse Athletics, LLC (the "Licensor"), was formed on November 19, 2018, as a Florida limited liability company to sell franchises pursuant to a license agreement dated June 3, 2019, between the Company and the Licensor. Pursuant to the Company's standard franchise agreement, franchisees will operate businesses known as "Sweat440" in the United States of America. Franchisees will be engaged in operating membership-driven fitness studios that combine the motivational mindset of small group training with the convenience of workout times that best suit each individual.

Effective November 1, 2023, the Company changed its fiscal year end of October 31 to report on a calendar year end of December 31 and, as a result, the current year financial statements include the Company's results of operations and cash flows for the fourteen-month period ended December 31, 2024, and, accordingly, the current period results of operations are not comparable with those of the prior years.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying disclosures. These estimates may be adjusted due to changes in future economic, industry or other financial conditions. Estimates are used in accounting for, among other items, revenue recognition and uncertain income tax positions. Actual results could ultimately differ from these estimates.

Concentration of Credit Risk

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with high credit quality financial institutions and attempts to limit the amount of credit exposure with any one institution.

Revenue and Cost Recognition

The Company derives its revenues from franchise fees, royalty fees, technology fees, marketing fees and vendor rebates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Cost Recognition (Continued)

Franchise Fees, Royalties, Brand Fund Fees and Technology Fees

Contract consideration from franchisees primarily consists of franchise fees, sales-based royalties, brand fund fees and technology fees. Franchise fees consist of initial franchise fees and up-front multi-unit development fees ("MUDs"). MUDs grant a franchisee the right to develop two or more franchise territories. The Company collects an up-front fee for the grant of such rights. The initial franchise fees and up-front MUDs are nonrefundable and collected when the underlying franchise agreement is signed by the franchisee. Sales-based royalties are payable weekly and, technology fees and brand fund fees are payable monthly. During 2023, brand fund fees were amended to a fixed fee of $420 per month. Renewal and transfer fees are payable when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligations under the franchise agreement mainly include granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit. The Company has determined that right to access its intellectual property and any preopening activities are highly interrelated and interdependent and, therefore, are accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

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

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 royalties are deemed collectible. Starting in 2022, sales-based technology fees were amended to fixed fees per month.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Cost Recognition (Continued)

Brand Fund

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

Equipment Revenues

Revenues and cost of revenues in connection with the sale of equipment are recognized when control of the promised goods is transferred to the franchisee upon delivery from the vendor. The Company collects the funds from the franchisee and pays the vendor directly for equipment, but at no point does the Company take possession of the equipment. The Company controls the order and delivery of the equipment to the franchisee. The Company has determined that it acts as a principal in the collection and administration of the equipment and, therefore, recognizes the revenues and related cost of revenues on a gross basis. Cost of revenues in connection with the sale of equipment for the fiscal years ended October 31, 2023 and 2022 amounted to $219,985 and $144,208, respectively, and is included in "Operating expenses" in the accompanying statements of operations and changes in member's deficit. Subsequent to October 31, 2023, the franchisees are purchasing equipment directly from the vendors.

Vendor Rebates

The Company is party to certain vendor arrangements for which it earns revenue share payable by the vendor based on a percentage or volume of equipment purchases made by the franchisees. Revenue from vendor arrangements are recognized when purchases are made by the franchisees.

Other Revenues

All other fees are recognized as services are rendered or when payment is received.

Incremental Costs of Obtaining a Contract

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Franchise Fees Receivable and Other Receivables

Accounts and franchise fees receivable primarily consist of billed amounts owed from franchisees for royalties, brand fund fees, and technology fees. Other receivables primarily consist of amounts owed from franchisees for equipment sold to them. Franchise fees receivable consist of unpaid franchise fees. Accounts and franchise fees receivable and other receivables are stated at the amount the Company expects to collect. Franchise fees receivable is net of $945,000 in franchise fees owed and commissions of $756,000 to be paid to the same party. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. The Company assesses collectibility by reviewing accounts and other receivables 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 creditoworthiness of the pool of customers based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for doubtful accounts. Uncollectible accounts are written off when all collection efforts have been exhausted. The Company did not require an allowance for doubtful accounts as of December 31, 2024 and October 31, 2023.

Under the prior accounting rules, the Company evaluated the following factors when determining the collectibility of specific franchisee accounts: franchisee credit-worthiness, past transaction history with the franchisee, current economic industry trends, and changes in franchisee payment terms.

Income Taxes

The Company is a single-member limited liability company and is therefore considered a disregarded entity for 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 member, who is responsible for any taxes thereon.

The Company recognizes and measures any unrecognized tax benefits in accordance with Financial Accounting Standards Board ("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. There were no uncertain tax positions recognized as December 31, 2024 and October 31, 2023.

Reclassifications

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Company expenses advertising costs as incurred; such costs totaled $157,394, $90,435 and $18,301 for the fourteen-month period ended December 31, 2024 and the fiscal years ended October 31, 2023 and 2022, respectively.

Subsequent Events

The Company has evaluated subsequent events through March 11, 2025, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the financial statements.

NOTE 3. RECENTLY ADOPTED ACCOUNTING STANDARDS

In June 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326*) ("ASC 326"), along with subsequently issued related ASUs, which 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 instruments include accounts and franchise fees receivable and other receivables.

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

NOTE 4. FRANCHISED OUTLETS

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

	2024	2023	2022
Franchises sold during the year	5	5	9
Franchised outlets in operation	21	13	6
Company-owned outlets in operation*	5	5	3

* Company-owned outlets include any Sweat440 studios owned by the Licensor or officers of the Company.

NOTE 5. REVENUES AND RELATED CONTRACT BALANCES

Disaggregated Revenues

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

Revenues by timing of recognition were as follows:

	2024	2023	2022
Point in time:			
Royalties	$ 852,684	$ 395,117	$ 105,570
Equipment	-	268,000	166,549
Technology fees	221,840	144,931	78,218
Transfer fees	17,000	-	-
Brand fund fees	107,415	60,545	18,301
Vendor rebates	26,556	15,944	-
Other revenues	4,297	-	-
Total point in time	1,229,792	884,537	368,638
Over time:			
Franchise fees	130,600	140,772	83,149
Total revenues	$ 1,360,392	$ 1,025,309	$ 451,787

Contract Balances

Contract assets include accounts receivable. The balances as of December 31, 2024 and October 31, 2023 and 2022, are $26,751, $12,453 and $16,607 respectively.

Contract liabilities are comprised of unamortized initial franchise fees and multi-unit development fees received from franchisees, which are presented as "Deferred revenues - current," "Deferred revenues - net of current" in the accompanying balance sheets.

	2024	2023
Deferred revenues - beginning of year	$ 499,067	$ 499,839
Additions during the year	503,001	140,000
Income recognized during the year	(130,600)	(140,772)
Deferred revenues - end of year	$ 871,468	$ 499,067

NOTE 5. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Contract Balances (continued)

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

Year ending December 31:	Amount
2025	$ 84,997
2026	84,997
2027	84,997
2028	84,997
2029	84,997
Thereafter	446,483
Total	$ 871,468

Deferred revenues consisted of the following at December 31, 2024 and October 2023:

	2024	2023
Franchise units not yet opened	$ 454,218	$ 160,134
Opened franchise units	417,250	338,933
Total	$ 871,468	$ 499,067

The direct and incremental costs, principally consisting of commissions recognized as "Prepaid commissions - current" and "Prepaid commissions - net of current" in the accompanying balance sheets, expected to be recognized over the remaining term of the associated franchise agreements, are as follows:

Year ending December 31:	Amount
2025	$ 7,990
2026	7,990
2027	7,990
2028	7,990
2029	7,557
Thereafter	26,128
Total	$ 65,645

NOTE 6. RELATED-PARTY TRANSACTIONS

License Agreement

On June 3, 2019, the Company entered into an exclusive license agreement with the Licensor for the use of the registered name "SWEAT440" (the "license agreement"). The term of the license agreement will continue until terminated by either party. Pursuant to the license agreement, the Company acquired the right to sell and operate SWEAT440 franchises in the United States of America, and the right to earn franchise fees, royalties, and other fees from franchisees. The Company paid the Licensor a one-time fee of $100 as defined in the license agreement.

Management Agreement

On January 1, 2021, the Company entered into a management agreement with the Licensor, pursuant to which the Company has agreed to reimburse the Licensor for certain expenses incurred by the Licensor that benefit the individual studios. The reimbursed expenses will be allocated to each studio, both corporate owned and franchised, on pro rata basis. Starting on January 1, 2024, half of the reimbursed expenses are allocated to the Company and half are split between the corporate studios. Total expenses allocated to the Company for the fourteen-month period ended December 31, 2024 and the fiscal years ended October 31, 2023 and 2022, amounted to $985,736, $750,698 and $322,017, respectively. As of December 31, 2024 and October 31, 2023, the balance due to the Licensor for unpaid reimbursed expenses amounted to $55,145 and $71,471, respectively.

Revenues

FIT NYC Chelsea, LLC, Meraki Fitness LLC, FIT NYC FiDi LLC, Meraki North Gulch LLC, and Pollywog - Charlotte - Noda LLC are individual franchisees that are owned and managed by related parties of the Company, entered into franchise agreements with the Company on September 25, 2020, January 1, 2021, and January 1, 2022, October 13, 2022, and September 15, 2023, respectively. The Company charges for royalty, technology, and brand fund fees in accordance with the respective franchise agreements.

The aggregate amounts charged to these franchisees for the fourteen-month period ended December 31, 2024 and the fiscal years ended October 31, 2023 and 2022, are as follows:

	2024	2023	2021
Royalties	$ 207,938	$ 160,766	$ 93,809
Technology fees	41,700	34,390	26,515
Brand fund fees	21,560	15,050	13,922
Total	$ 271,198	$ 210,206	$ 134,246

NOTE 7. MARKETING FUND

System Brand Fund

The Company reserves the right to collect from its franchisees a fixed monthly brand fund fee with the option to increase the fee not more than 10% each year in accordance with the Company's standard franchise agreement. The brand fund is to be utilized for the benefit of the franchisees through the general promotion of the trademark and the SWEAT440 System, with a portion designated to offset the Company's costs for its administration of the fund. Pursuant to the standard franchise agreement, the Company is required to account for the monies collected on behalf of the brand fund separately. For the fourteen-month period ended December 31, 2024 and the fiscal years ended October 31, 2023 and 2022, the Company collected Brand Fund Fees totaling $107,415, $60,545 and $18,301 respectively.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is, from time to time, involved in ordinary and routine litigation. Management presently believes that there are no proceedings, individually or in the aggregate, which will have a material adverse effect on the Company's financial position, results of operations or cash flows. Nevertheless, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include money damages and, in such event, could result in a material adverse impact on the Company's financial position, results of operations or cash flows for the period in which the ruling occurs. There is no pending litigation, or known threat of litigation, as of the date on which these financial statements were available to be issued.

Paycheck Protection Program Loan

The Company applied for Paycheck Protection loan forgiveness and received approval from the Small Business Administration ("SBA") in February 2021 for $28,500. If it is determined that the Company was not eligible to receive the Payment Protection loan or that the Company has not adequately complied with the rules, regulations, and procedures applicable to SBA's Loan Program, the Company could be subject to penalties and could be required to repay the amounts previously forgiven.

EXHIBIT B

FRANCHISE AGREEMENT

SWEAT440® FRANCHISE AGREEMENT

_____

YOU (FRANCHISEE)

_____

DATE OF AGREEMENT

Sweat440 Franchise Systems, LLC
FTC 2025 Franchise Agreement

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SWEAT440® FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into this ___ day of _____, 20____, between Sweat440 Franchise Systems, LLC, a Florida limited liability company, with a principal place of business at 1919 Purdy Avenue, Miami Beach, Florida 33139 ("we" or "us"), and _____, a corporation formed and operating under the laws of the State of _____, or _____, an individual, with a principal place of business at _____ ("you").

INTRODUCTION

A. We developed and own a system relating to the development and operation of businesses offering membership-driven fitness studios that combine the motivational mindset of small group training with the convenience of workout times that best suit each individual. We grant qualified persons the right to develop, own, and operate a SWEAT440® business at a specific location.

B. Our affiliate, Brickhouse Athletics LLC, is the owner of the SWEAT440® trademark, the Flex-Time Process, and other Marks and Patents used in operating the System and has granted us a license to use and license the use of the Marks and Patents.

C. You desire to obtain the right to develop and operate a SWEAT440® business using the System at a specific location.

AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

1. KEY DEFINITIONS

A. "Authorized Supplier" means suppliers of Products, Services, merchandise, décor, furniture, signs, equipment, architectural services, project management or contractor services, site location services, or other goods and services used in the operation of the Studio who have been approved, in writing, by us. Authorized Suppliers may include us or our affiliates.

B. "Confidential Information" means the methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, workout routines and plans, Operations Manual (as defined in Section 7(G)), systems, and knowledge of and experience in the operation and franchising of SWEAT440® businesses that we communicate to you or that you otherwise acquire in operating the Studio under the System. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you.

C. "Customer Data" means any name, address, email address, telephone number, date of birth, demographic data, behavioral data, customer service history, financial data, transaction

data, correspondence, and other information about any potential, current, or former customer whether stored in electronic, physical, or other forms or formats.

D. "Days" means calendar days, unless otherwise specified herein.

E. "Flex-Time Process" means the proprietary process designed and developed by our affiliate, Brickhouse Athletics, LLC, for use in the System.

F. "Gross Sales" means the aggregate amount of revenues generated from the sale of memberships, Services, Products, merchandise, and other goods or services, whether for cash, on credit, or otherwise made or provided at or in connection with the Studio. The term "Gross Sales" does not include: (1) any federal, state, municipal or other sales tax, value added tax, or retailer's excise tax paid or accrued by you; (2) any adjustment for refunds, credits, allowances, returns, and discounts allowed to customers on sales; (3) any proceeds from insurance with respect to property damage or liability; or (4) uncollectable amounts, subject to the limitation that uncollectible amounts cannot exceed 0.5% of Gross Sales for any fiscal year of the Studio and subsequent collections of charged off amounts must be included in Gross Sales when they are collected. For purposes of this Agreement, a sale is made at the earlier of delivery of the product or service, or receipt of payment.

G. "Marks" means the SWEAT440® trademark, trade name, and service mark and other trademarks, trade names, service marks, domain names, logos, slogans, and commercial symbols that we have designated, or may in the future designate, for use in the System.

H. "Operating Principal" means the individual who is the one (1) person appointed by you who has the authority to make decisions and sign on your behalf all contracts and commercial documents. If you are an entity, the Operating Principal is not required to have an ownership interest in you. The Operating Principal must participate in all training programs we require, and will be the single point of contact between you and us. Your Operating Principal is identified on the Ownership and Management Addendum attached as Exhibit B.

I. "Patents" means any patent we or our affiliates have designed, developed, created, filed or applied for, claimed or used, or may in the future design and develop, create, file or apply for, claim or use, in the System.

J. "Principal Owner" means any person or entity who directly or indirectly owns a five percent (5%) or greater interest in you. If any corporation or other entity other than a partnership is a Principal Owner, a "Principal Owner" also will mean a shareholder or owner of a five percent (5%) or greater interest in such corporation or other entity. If a partnership is a Principal Owner, a "Principal Owner" also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a five percent (5%) or greater interest in such general partner. If you are one or more individuals, each individual will be deemed a Principal Owner of you. Your Principal Owners are identified on the Ownership and Management Addendum attached as Exhibit B.

K. "Products" means all retail products, accessories, and other products that we periodically approve for sale in the Studio as we determine.

L. "Services" means the fitness training services and other related services as we may periodically modify and improve.

M. "Social Media" means any website or application that enables users to create and share content or to otherwise participate in social networking. Social Media includes, but is not limited to, Facebook, Twitter, Instagram, Pinterest, LinkedIn, YouTube, Tumblr, and Reddit.

N. "Studio" means the SWEAT440® business developed and operated under this Agreement which grants you the right to operate a SWEAT440® fitness studio.

O. "Studio Manager" means the designated individual responsible for the day-to-day operation of the Studio. The Studio Manager must successfully complete our required training program and all mandatory follow-up training programs. Your Studio Manager is identified on the Ownership and Management Addendum attached as Exhibit B.

P. "System" means the SWEAT440® system which includes the sale of Products and Services to individual consumers under the Marks, Patents, and the Flex-Time Process, using certain distinctive types of workout facilities, décor, products, studio layout, equipment (including the Computer System (as defined in Section 6(D) below)), supplies, Confidential Information, business techniques, methods and procedures, and sales promotion programs, as we periodically may modify and further improve.

2. GRANT

A. Grant of Franchise, Authorized Location and Protected Territory. Subject to the provisions contained in this Agreement, we grant to you a franchise (the "Franchise") to own and operate a SWEAT440® Studio at a site we approve (the "Authorized Location") and to use the Marks, Patents, and other aspects of the System in operating the Studio. The Authorized Location of the Studio is listed in Exhibit A, attached hereto. If you do not have an Authorized Location for the Studio at the time you sign this Agreement, the Authorized Location must be identified within the nonexclusive "Designated Search Area" listed in Exhibit A and approved by us in writing within one hundred and eighty (180) days after the date of this Agreement. In such circumstances, you shall select and propose to us for consent a specific site for the Authorized Location in the Designated Search Area which, when approved by us, shall be named in Exhibit A. If a location has not been selected by you and approved by us within one hundred and eighty (180) days of the date of this Agreement, then we may terminate this Agreement. You do not receive any territorial rights upon designation of the Designated Search Area, and we and our affiliates have the right to operate and franchise other SWEAT440® businesses within the Designated Search Area. After you sign a lease for an Authorized Location, you will receive a "Protected Territory" as described in Exhibit A to this Agreement.

B. Nature of Your Protected Territory. During the term of this Agreement (as described in Section 3), if you are in compliance with the terms of this Agreement, we will not directly operate or franchise other persons to operate any SWEAT440® business at a location within the Protected Territory. The license granted to you under this Agreement is personal in nature and may not be used at any location other than at the Studio. You will not open any other SWEAT440® business in the Protected Territory unless we permit you to do so under a separate franchise

agreement. You will not have the right to subfranchise or sublicense any of your rights under this Agreement.

C. Rights We Reserve. The rights granted to you under this Agreement are nonexclusive, and we and our affiliates have and retain all rights, except those expressly granted to you herein. Accordingly, we (for us and for our affiliates) retain the right:

i. to directly operate, or to grant other persons the right to operate, SWEAT440® businesses at any location outside your Protected Territory and without regard to the impact on your Studio (subject to any rights granted under a development agreement with us);

ii. to promote, sell, and distribute any Services, Products, memberships, merchandise, or other goods or services authorized for sale at SWEAT440® businesses;

iii. to modify, add, or remove services, merchandise, products, equipment, supplies, and other goods and services authorized for sale and use at SWEAT440® businesses;

iv. to promote, sell, and distribute any ancillary products and services such as memorabilia under the Marks through dissimilar channels of distribution including direct mail, wholesale activities, and by any electronic means and pursuant to conditions we deem appropriate within and outside the Protected Territory;

v. to promote the System and the SWEAT440® businesses generally, including on the Internet or any other existing or future form of one or more electronic commerce, and to create, operate, maintain, and modify, or discontinue the use of, websites and Social Media accounts using the Marks;

vi. to develop, establish, and promote other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing any rights to you;

vii. to add or substitute different trademarks, trade names, service marks, symbols, logos, emblems, and other intellectual property for the Marks at no cost to us.

3. TERM; RENEWAL RIGHTS

A. Term. The term of this Agreement will begin on the Effective Date and, unless otherwise terminated in accordance with this Agreement, will continue for a period of ten (10) years (the "Initial Term").

B. Renewal Agreement. You will have the right to continue the Franchise for two (2) additional terms of five (5) years each, provided that the following conditions are satisfied:

i. We are still offering Sweat440® franchises in the area where your Authorized Location is located;

ii. You have given us written notice at least one hundred eighty (180) days, but no more than two hundred seventy (270) days, before the end of the Initial Term of this Agreement of your intention to enter into a renewal agreement;

iii. You have complied with all of the material provisions of this Agreement and all other agreements between you and us or any of our respective affiliates, including the payment of all monetary obligations owed to us, to our affiliates or to your suppliers, and have complied with our material operating and quality standards and procedures;

iv. You provide documentation satisfactory to us that you have the right to maintain possession of the Authorized Location during the renewal term described in our then-current franchise agreement and have, at your expense, made such reasonable capital expenditures necessary to remodel, modernize, and redecorate the Authorized Location, and to replace and modernize the supplies, fixtures, signs, and equipment used in your Studio so that the Authorized Location reflects the then-current physical appearance of new SWEAT440® businesses, or are able to secure a new location which we have approved (such approval not to be unreasonably withheld), agree to make all required improvements to the Authorized Location, and install and update all required fixtures and equipment in compliance with our then-current standards and specifications for new SWEAT440® businesses;

v. You provide documentation satisfactory to us that you have all necessary licenses, permits, and insurance to operate the Studio for the duration of the renewal term;

vi. You and your Principal Owners meet all of our managerial, financial, and business standards for new and renewing franchisees;

vii. You (or if you are an entity, the Operating Principal) and the Studio Manager complete, to our satisfaction, any new training and supplemental programs as we may reasonably require. You are responsible for all travel, lodging, and compensation costs for the attendees;

viii. You have paid to us, at least thirty (30) days before the Initial Term of this Agreement expires our then-current Renewal Fee, which will not exceed 50% of our then-current standard initial franchise fee, in lieu of our then-current standard initial franchise fee applicable to new SWEAT440® businesses;

ix. You sign our then-current standard Franchise Agreement, which may differ materially from the provisions of this Agreement; and

x. You and each Principal Owner sign a general release, in a form acceptable to us, of all claims against us and our affiliates, officers, directors, employees, and agents.

C. Non-Renewal. If we notify you that your Franchise is not eligible for renewal, you will have six (6) months from the notice of non-renewal to sell your Franchise pursuant to Section 14 of this Agreement, provided that the transferee will sign our then-current franchise agreement for the full initial term. Nothing in this section shall constitute a waiver of our right to terminate this Agreement under Section 15 below.

4. FRANCHISE AND OTHER FEES

A. Initial Franchise Fee. You will pay us an "Initial Franchise Fee" of Sixty Thousand Dollars ($60,000). If you are a veteran of the United States Armed Forces (with evidence of enrollment), then we will give you a Five Thousand Dollar ($5,000) discount off your Initial Franchise Fee. The Initial Franchise Fee is payable when you sign this Agreement. We fully earn the Initial Franchise Fee when you sign this Agreement, and the Initial Franchise Fee is nonrefundable.

B. Royalty Fee. Starting with the earlier of the date the Studio opens or the Opening Deadline (as described in Section 6(F) below), you will pay us a non-refundable weekly fee (the "Royalty Fee") equal to the greater of: (1) seven percent (7%) of Gross Sales; or (2) $350 per week. You must pay the Royalty Fee on the Wednesday of each week. If Wednesday is a bank holiday, the Royalty Fee is due the next business day.

C. Electronic Transfer of Funds. You will pay us the Royalty Fees and all other fees (as described below) and any other amount due to us by electronic transfer of funds. You must execute any other documents necessary to permit us to initiate debt entries and/or credit correction entries to your designated bank account by electronic funds transfer ("EFT") and/or ACH. Your authorization will permit us to designate the amount to be transferred from your account. You will maintain a balance in your accounts sufficient to allow us to collect the amounts owed to us when due. You will be responsible for any penalties, fines, or similar expenses associated with the transfer of funds described herein. Upon written notice to you, we may designate another method of payment.

D. Interest on Late Payments. Royalty Fees, Brand Fund Fees, and all other amounts you owe to us or our affiliates will bear interest after the due date at the greater of: (i) one-and-one-half percent (1½%) per month; or (ii) the maximum contract rate of interest permitted by law in the state in which the Studio is located.

E. Application of Payments. We have discretion to apply amounts due to us or any of our affiliates any payments received from you to any amount we owe you.

F. Withholding Payments Unlawful. You agree that you will not withhold payment of any Royalty Fees, Brand Fund Fees or any other amount due to us, and that the alleged non-performance or breach of any of our obligations under the Franchise Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees, Brand Fund Fees or any other amounts due.

5. ADVERTISING

A. System Brand Fund. During the term of this Agreement, you will pay to us for deposit in a System Brand Fund (the "Brand Fund") a marketing fee (the "Brand Fund Fee") equal to Four Hundred and Twenty Dollars ($420) per month. We may increase the Brand Fund Fee upon written notice to you; provided that we will not increase the Brand Fund Fee more than ten percent (10%) each year. For example, if we do not increase the fee in 2025 or 2026, but increase the Brand Fund Fee in 2027, we may account for a ten percent (10%) increase for years 2025, 2026 and 2027. The Brand Fund Fee is due and payable in the same manner as the Royalty Fee described in Section

4(B) above. You must begin paying the Brand Fund Fee the earlier of the date the Studio opens or the date the Studio was required to be open under this Agreement. We will administer the Brand Fund as follows:

i. We will place all Brand Fund Fees we receive in the Brand Fund and will manage such Fund. The Brand Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Brand Fund.

ii. Disbursements from the Brand Fund will be made to pay for expenses we or our affiliates incur in connection with the general promotion of the Marks and the System, including, but not limited to, (a) web-based and app-based marketing, such as email marketing, search engine optimization, development and maintenance of the website(s), and the development and maintenance of Social Media accounts; (b) gift card programs, materials, and implementation; (c) community involvement and public relations; (d) creation, development, production, and execution of marketing plans and materials; (e) conducting customer surveys, interviews, or other programs aimed at understanding customer experiences with the System; (f) conduct a mystery shopper program; (g) research and development pertaining to advancement of the brand such as fitness equipment or fitness conventions and (h) all costs of managing or implementing the Brand Fund, including any amounts paid to our employees or other third parties retained to carry out the purposes of the Brand Fund or to promote the Marks of the System. The Brand Fund will not be used for activities whose sole purpose is for the sale of franchises. We solely will determine the means and methods of advertising, media use, scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs.

iii. We may offer through an approved supplier any sales, advertising, merchandise, premium items, and point-of-purchase materials developed with the Brand Fund monies (“Brand Fund Materials”).

iv. We cannot ensure that you will benefit directly or on a pro rata basis from the future placement of any such advertising in your local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of SWEAT440® businesses to the Brand Fund in that year. Any monies in the Brand Fund not expended in one (1) year will remain in the Brand Fund for use in future periods. In the event the Brand Fund has insufficient funds, we or our affiliates may loan monies to the Brand Fund and charge a reasonable rate of interest on the loaned monies. We will prepare an annual statement of the Brand Fund's operations and, upon reasonable request, will make the previous year’s annual statement available to you within sixty (60) days after our fiscal year end.

v. We and our affiliates will contribute to the Brand Fund on the same basis as franchisees for any SWEAT440® Locations we or they operate.

vi. Although the Brand Fund is intended to be of perpetual duration, we may terminate the Brand Fund. We will not terminate the Brand Fund until all monies in the

Brand Fund have been returned to contributors, without interest, on the basis of their respective contributions.

B. Local Advertising and Studio Promotion. In addition to the Brand Fund Fee due under Section 5(A) above, you must spend a minimum of One Thousand Two Hundred Dollars ($1,200) per month on approved local advertising. We may direct how you spend your local advertising and currently, we require you to spend your local advertising requirement on local digital marketing using our designated media vendor (which may be us or our affiliate). During the first six (6) months of operation, you must spend an additional One Thousand Dollars ($1,000) of your required local advertising using our designated media vendor. If the Studio's monthly sales decrease by more than five percent (5%) in any 3-month period, then you must spend an additional One Thousand Dollars ($1,000) on required local advertising using our designated media vendor, above the required local advertising, until sales either meet or exceed the monthly sales level prior to the decrease. We may increase the local advertising requirement up to Two Thousand Three Hundred Dollars ($2,300) per month upon written notice to you. In addition to the amounts that you spend on local advertising, you must pay our designated media vendor a marketing management fee of One Thousand Two Hundred Dollars ($1,200) per month to manage your digital marketing beginning when you sign this Agreement ("Marketing Management Fee"). Our designated media vendor may increase the Marketing Management Fee, up to Ten Percent (10%) per year. You may, but are not required to, spend additional amounts on "approved" Studio advertising and promotional activities in your local geographic area. Studio advertising and promotional activities are "approved" if either (i) we provided the materials, plans, or activities to you, or (ii) we reviewed your modified or alternative advertising and promotional materials, plans, or activities and provided to you written approval.

i. We may develop, and make available to you, advertising and promotional materials, plans, or activities. If we do so, you must use our recommended materials, plans, or activities in promoting the Studio or otherwise develop and obtain our advance written approval to any modified or alternative advertising and promotional materials, plans, or activities.

ii. If you desire to use any modified or alternative advertising and promotional materials, plans, or activities in promoting the Studio, you must submit all materials to us for our written approval before using any such materials, plans or activities, and our approval will not be unreasonably withheld. If we do not approve those advertising or promotional materials within ten (10) days from the date you submit those materials to us, you may not use the materials; however, we reserve the right to approve those materials at any later time. We will supply to you standards for proposed advertising or promotional materials, plans, or activities in the Operations Manual. If you use any advertising or promotional materials without submitting those materials to us, or if you use materials we disapprove, those amounts spent on those materials will not be credited toward your local advertising obligations described in this Section 5(B), and we reserve all rights and remedies afforded us in this Agreement.

iii. We reserve the right to require you to discontinue the use of any advertising or promotional activities, even if we previously provided the advertising or promotional

activities to you or we previously approved your proposed advertising or marketing activities.

iv. You must use our Authorized Suppliers (if any) in developing and conducting all or some of your approved Studio advertising and promotional activities in your local geographic area, as we designate.

C. National Accounts. We will have the exclusive right, on behalf of ourselves, our affiliate, you, and/or other franchisees utilizing the Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to "National Accounts," including National Accounts that you have solicited or serviced. The term "National Account" means any business or businesses under common control, ownership, or branding, which operate locations in or deliver products and services beyond one SWEAT440® business location, regardless of the volume of products and/or services to be purchased by the customer. Any dispute as to whether a particular customer is a National Account will be determined by us in our sole discretion, and our determination will be final and binding. You may not solicit any National Accounts without our prior written consent. If we enter into any agreements or approve any forms of agreement to provide services to National Accounts, then we may offer you the opportunity to participate in the National Accounts program. If we offer you the opportunity to participate in the National Accounts program, and you decline, you lose your right to participate in any future National Accounts programs, and we reserve the right to continue to offer other franchisees the right to participate in National Accounts program(s).

D. Participation in Certain Programs and Promotions. You must use your best efforts to advertise and promote your Studio, and must participate in all advertising and promotional programs we establish in the manner we direct. If we establish a gift card or gift certificate program, you must, at your expense, participate in, and honor all provisions of such program(s), as further described in the Operations Manual. You also must honor all coupons, discounts, and gift certificates as we may reasonably specify in the Operations Manual or otherwise in writing. You may otherwise advertise and sell the Products and Services at the Studio at whatever prices you determine.

6. DEVELOPMENT AND OPENING OF THE BUSINESS

A. Site Selection; Lease for Authorized Location. You are solely responsible for securing a site for the Studio that we have approved. We will provide you with reasonable assistance in connection with the selection and evaluation of proposed Studio sites, including site selection criteria, as we deem appropriate. You must use a site location specialist we designate to assist you in finding potential sites for your Studio. You must submit to us a complete site evaluation form (containing any information that we may require) for the proposed Studio location. We will notify you in writing within thirty (30) days after we receive your complete site evaluation form and other materials we request. If you enter into a lease for the Authorized Location, you must provide the proposed lease to us and receive our prior written approval (which will not be unreasonably withheld) of the proposed lease before you sign it. In addition, you and the landlord of the Authorized Location ("Landlord") must sign a Lease Addendum in the form attached hereto as Exhibit C, unless otherwise approved in advance by us. Once you and the Landlord execute and

register the lease, you must provide us with the date of execution of the lease and the date the lease was registered.

B. Development of the Studio. We will provide you with the prototype drawings and specifications for a SWEAT440® business, including standards for build-out, layout, equipment, décor, utility requirements, and signage requirements. Promptly after you sign a lease or acquire the Authorized Location, you will, at your expense:

i. with the assistance of an architect we designate, prepare and submit to us for approval (which will not be unreasonably withheld and must be granted prior to you submitting your plans for registration with the appropriate government officials) any proposed modifications to our basic plans and specifications. You are solely responsible for the Authorized Location's compliance with applicable federal, state, and local laws, ordinances, building codes, permit requirements, and lease or deed requirements and restrictions;

ii. contract with a construction management services vendor that we designate or approve to manage the build-out of the Studio;

iii. contract with a qualified project manager we designate to supervise the construction, build-out, or remodeling of the Authorized Location;

iv. obtain all required building, utility, sign, health, sanitation, and business permits and licenses, and any other required permits or licenses;

v. obtain all required insurance and workers compensation policies as required under this Agreement;

vi. construct all required improvements to the Authorized Location, purchase and install all required fixtures and equipment and decorate the Authorized Location in compliance with the plans and specifications we approve and in compliance with all applicable federal, state, and local laws, ordinances, building codes, permit requirements, and lease or deed requirements and restrictions; and

vii. establish filing, accounting, and inventory control systems.

C. Fixtures, Equipment, Furniture and Signs. In constructing and operating the Studio, you will only use those types of construction and decorating materials, fixtures, equipment, furniture, décor, and signs that we have approved for SWEAT440® businesses as meeting our required specifications and standards for appearance, function, and performance. You may purchase approved types of construction and decorating materials, fixtures, equipment, furniture, décor, and signs from any Authorized Supplier (which may include us and/or our affiliates). If you propose to purchase any material, fixture, equipment, furniture, décor, or sign we have not then approved, or any item from any supplier that is not an Authorized Supplier, you must first notify us in writing and provide to us sufficient specifications, photographs, drawings, and other information or samples for us to determine whether the material, fixture, equipment, furniture, décor, or sign complies with our required specifications and standards, or the supplier meets our

approved Authorized Supplier criteria, which determination we will make and communicate in writing to you within a reasonable time.

D. Computer System. In the Studio, you will purchase, install, and use only the technology hardware and software we designate in the Operations Manual (the "Computer System"). The Computer System may include one or more proprietary software programs developed by us or for us, or other software we designate (the "Designated Software"). You must use the Designated Software that we or our designated third-party supplier provides and licenses to you. The Designated Software will remain the confidential property of us or our third-party supplier. You must enter into our or our supplier's standard form software license agreement in connection with your use of the Designated Software, and you must pay us or our supplier's monthly software access fee and any initial software set-up fees. If implemented, you will pay the then-current fee for the replacement or additional Designated Software at or before the Designated Software is delivered to you. In addition, we reserve the right to charge you a reasonable monthly fee for computer software support we or our designee provides to you respecting the Designated Software. We reserve the right to assign our rights, title, and interest in any Designated Software to a third party we designate or to replace the Designated Software. In such event, you may be required to enter into a separate computer software license agreement specified by the third-party supplier of the Designated Software. It is your responsibility to protect yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders, and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures, and attacks. In addition, you must (i) maintain Internet access with a form of high-speed internet connection as we require in the Operations Manual; (ii) use an e-mail address we designate for all your communication with and for the Studio; (iii) use our designed merchant card processor and our designated communication provider for certain services; (iv) use and, at our discretion, pay for all future updates, supplements, and modifications and replacements to the Computer System; and (v) not install or otherwise use unauthorized software or applications on any computer or other hardware devices.

E. Customer Data. You acknowledge and agree that we own and control the use of Customer Data, and we grant you a license to use the Customer Data during the term of this Agreement. You have no right to sell, transfer, sublicense, or otherwise share Customer Data to or with any third party unless you obtain our prior written approval. You will only use Customer Data for approved uses related to your Studio, unless you obtain our prior written approval. Upon reasonable request, you will transfer all Customer Data to us or our affiliate in accordance with the Operations Manual. You must provide to us usernames and passwords to access the Computer System, and we have the right to access Customer Data on the Computer System and at the Authorized Location. It is your sole responsibility to protect Customer Data from cyber attacks or unauthorized intruders, and you waive any claim you may have against us as the direct or indirect result of such attacks and intrusions. You are solely responsible for complying with any federal, state, and local laws or regulations concerning the storage, handling, and use of Customer Data.

F. Pre-Opening Requirements. You will complete development and open the Authorized Location for business no later than the date identified in Exhibit A (the "Opening

Deadline"). You may not open the Studio without our prior written approval. Prior to opening the Studio:

i. we will assist you, in connection with our designated media vendor, in developing your opening marketing plan ("Market Introduction Plan"), and you must submit to us for our approval any changes to accommodate any local and digital advertising requirements we may require in the Market Introduction Plan;

ii. you must satisfy the training requirements in accordance with Section 7 of this Agreement;

iii. you must develop the Studio in full compliance with the terms of this Agreement;

iv. you must meet or exceed the pre-opening sales requirements as we set forth in the Operations Manual (if any); and

v. you must complete the pre-opening checklist as provided in the Operations Manual.

G. Market Introduction Campaign. Before the Studio opens, you will spend between twenty thousand dollars ($20,000) and thirty thousand dollars ($30,000) in connection with the Market Introduction Plan, and our designated media vendor determines. Upon reasonable request, you will provide us with an accounting of your expenditures on the Market Introduction Plan. You understand and agree that we may require you to spend this amount on certain marketing or advertising activities, as described in the Operations Manual or otherwise in writing. You will use our Authorized Suppliers (if any) in conducting the Market Introduction Plan.

H. Relocation of Studio. You will not relocate the Studio from the Authorized Location without our prior written consent. If you relocate the Studio under this Section, the "new" franchised location of the Studio to which we consent (the "new" Authorized Location) in the Protected Territory, including the real estate and building, must comply with all applicable provisions of this Agreement and with our then-current specifications and standards for SWEAT440® businesses. We will not unreasonably withhold our consent to the proposed relocation, provided we have received at least ninety (90) days' written notice prior to the closing of the Studio at the existing Authorized Location, you have obtained a site acceptable to us, and you agree to open the new Authorized Location for the Studio within five (5) days after you close the Studio at the prior Authorized Location, and otherwise comply with any other conditions that we may require. You will pay to us a fee of five thousand dollars ($5,000) for services we will provide, or a greater amount to reimburse us for expenses we incur in connection with any relocation of the Studio, before we will review a proposed new Authorized Location. If you must relocate the Studio because the Authorized Location was destroyed, condemned, or otherwise became untenable by fire, flood, or other casualty, you must reopen the Studio at the new Authorized Location within six (6) months after you discontinue operation at the existing Authorized Location. There is no guarantee that an acceptable location will be available for relocation, and if you are unable to relocate your Studio within the Protected Territory and reopen your Studio within the time periods described in this Section 6(H), this Agreement will terminate.

7. TRAINING AND OPERATING ASSISTANCE

A. Pre-Training Requirements. Before attending any in-person training, such as the initial training program, we may require you (or if you are an entity, the Operating Principal) and the Studio Manager to complete pre-training courses in accordance with the Operations Manual. You are solely responsible for any costs incurred to complete the pre-training courses.

B. Initial Training. Before the Studio opens, if this is the first Studio that you or your affiliates are developing, we will provide to you (or if you are an entity, the Operating Principal) and the Studio Manager an initial training program on the operation of a Studio and you will pay us a five thousand dollar ($5,000) training fee. If this is the second or subsequent Studio that you or your affiliates are developing, we will not provide additional training to you (of if you are an entity, the Operating Principal) but we will provide the Studio Manger with an initial training program for no additional fee. The initial training program will be provided at our headquarters in Miami, Florida, another location of our choosing or virtually, at a date and time as we reasonably designate. You (or if you are an entity, the Operating Principal) and the Studio Manager must attend and successfully complete the entire initial training program. The training program includes up to three (3) to five (5) days of classroom and on-the job instruction relating to Studio operations, implementation and use of the Flex-Time Process, workout class instruction, understanding equipment use and maintenance, customer service, advertising and promotional programs, accountability for advertising and promotional activities, methods of controlling operating costs, and train-the-trainer instruction. If, during the initial training program, we determine that the Studio Manager is not qualified to manage the Studio, we will notify you and you must select and enroll a substitute Studio Manager in the initial training program.

C. Ongoing Training. After the Studio opens, we will provide training (at times we determine) to any new Studio Manager at your expense. We may require that you (or if you are an entity, the Operating Principal) and the Studio Manager attend all supplemental training that we designate for up to five (5) days each calendar year. We will charge you our then-current additional training fee for such supplemental and refresher training programs.

D. Costs and Expenses. You are solely responsible for the travel, lodging and compensation expenses you and your employees incur in attending the initial training program, the certification program, and any supplemental or refresher training programs.

E. Opening Assistance. We will provide you with the services of at least one (1) of our employees or agents for three (3) to five (5) days to assist you in the opening and initial operations of the Studio, and you are responsible for the travel, lodging, and other reasonable costs incurred. We may determine the time at which our employee is available to you.

F. Operating Assistance. We will advise you on operational issues and provide assistance in operating the Studio as we deem appropriate. We will provide such guidance, in our discretion, through our Operations Manual, bulletins, or other written materials, telephone conversations, and/or in-person meetings at our office or at the Studio in conjunction with an inspection. We will provide additional assistance or more in-depth assistance for a reasonable fee as we determine. Operating assistance may include general advice regarding the following:

i. additional Services and Products authorized for sale at SWEAT440® businesses;

ii. selecting, purchasing, and marketing additional merchandise, products, services, memberships, or other goods or services authorized for sale at SWEAT440® businesses;

iii. advertising and promotional assistance and sales promotion programs; and

iv. establishing and operating administrative, bookkeeping, accounting, inventory control, sales, and general operating procedures for the proper operation of a SWEAT440® business.

G. Operations Manual. We will provide on loan to you, during the term of this Agreement, a hard copy or electronic (Internet) access to the operations manual, which may include other handbooks, manuals, forms, training materials, and written materials (collectively, the "Operations Manual") for SWEAT440® businesses. The Operations Manual will contain mandatory and suggested specifications, standards, and operating procedures that we or our affiliates develop for SWEAT440® businesses and information relating to your other obligations. Any required specifications, standards, and operating procedures exist to protect our and our affiliates' interests in the System, Marks, and Patents, and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. We may add to, subtract from, and otherwise modify the Operations Manual to reflect changes in approved Services, Products and Authorized Suppliers, and specifications, standards and operating procedures of a SWEAT440® business. The master copy of the Operations Manual that we maintain at our principal office or in our database , and make available to you by electronic access, will control if there is a dispute involving the contents of the Operations Manual.

H. Convention. We may, in our discretion, hold a convention not more than once per calendar year at a time, date, and location to be selected by us (the "Convention"). We will determine the topics and agenda for the Convention to serve the purpose, among other things, of updating you and other franchisees on developments affecting franchisees, exchanging information between franchisees and our personnel regarding operations and programs, and recognizing franchisees for their achievements. We may require you to attend the Convention and pay our then-current registration fee. We reserve the right to charge you a fee to cover the convention expenses in the event you choose not to attend. All expenses, including your and your employees' transportation to and from the Convention, as well as lodging, meals, and salaries during the Convention are your sole responsibility. We may use Brand Fund Fees for purposes related to the Convention, including costs related to productions, programs, and materials.

8. INTELLECTUAL PROPERTY

A. Ownership and Goodwill of the Marks and Patents. You acknowledge that you have no interest in or to the Marks or Patents, and that your right to use the Marks and Patents is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards, and operating procedures that we suggest and require during the term of the Agreement. You agree that the use of the Marks, Patents, and

any goodwill established exclusively benefits us and our affiliates, and that you receive no interest in any goodwill related to your use of the Marks, Patents, or the System. You must not, at any time during the term of this Agreement or after your termination or expiration, contest or assist any other person in contesting the validity or ownership of any of the Marks or Patents. You understand and agree that we and our successors and assigns have the right to require you to adopt, at your expense, any new trademark, trade name, service mark, or trade dress as we or our successor and assigns may designate.

B. Limitations on Your Use of the Marks. You agree to use the Marks as the sole identification of the Studio, but you must identify yourself as the independent owner in the manner we direct. You must not use any Mark as part of any corporate or trade name or in any modified form, nor may you use any Mark in selling any unauthorized product or service or in any other manner we do not expressly authorize in writing. You agree to display the Marks prominently and in the manner we direct on all signs and forms. Subject to our rights described in this Agreement, you agree to obtain fictitious or assumed name registrations as may be required under applicable law.

C. Limitations on Your Use of the Patents. You agree to use any Patents we designate to operate the Studio in accordance with the System and Operations Manual. You must not use any Patent in any unauthorized way or in any other manner we do not expressly authorize in writing.

D. Restrictions on Internet, Website and Social Media Use. We retain the sole right to advertise the System on the Internet and to create, operate, maintain, and modify, or discontinue the use of, a website or Social Media accounts using the Marks. You have the right to access our website and view our Social Media accounts. Except as we may authorize in writing, you will not: (1) link or frame our website or Social Media accounts or content; (2) conduct any business or offer to sell or advertise memberships, Products, or Services on the Internet (or any other existing or future form of electronic communication) including e-mail marketing or other digital marketing; (3) create or register any Internet or email domain name in any connection with your franchise, the System, or the Marks that we now or hereafter may own or any other name that may be confusingly similar; (4) use any e-mail address which we have not authorized for use in operating the Studio; (5) engage in any search engine optimization; and (6) conduct any activity on Social Media on behalf of the Studio, the System, the Authorized Location, or any Marks.

E. Notification of Infringements and Claims. You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, Patent, or any claim by any person of any rights in any Mark, Patent, or any similar trade name, trademark, or service mark of which you become aware. You must not communicate with any person other than us and our counsel regarding any infringement, challenge, or claim. We or our affiliate may take any action we deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark or Patent. You will sign all documents, provide assistance and take all action as we or our affiliate may reasonably request to protect and maintain our or our affiliate's interests in any litigation or other proceeding or to otherwise protect and maintain our and our affiliate's interests in the Marks and any Patents and copyrights we license to you.

F. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks or Patents in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you respecting the Marks or Patents and will, at your expense, cooperate in all respects with us and our affiliates in any court or other proceedings involving the Marks or Patents. We and/or our affiliate will pay the cost and expense of all litigation we and you, and our affiliate incur, including without limitation attorneys' fees, specifically relating to the Marks and Patents we license to you, unless the litigation results from your misuse of the Marks or Patents in violation of this Agreement or the Operations Manual. We and our affiliate, and our respective legal counsel, will have the right to control any litigation related to the Marks and Patents we license to you, and we and our affiliate have the right to decide to pursue or settle any infringement actions related to the Marks and Patents we license to you.

G. Changes. You cannot make any changes or substitutions to the Marks or Patents unless we so direct in writing. We reserve the right, in our sole discretion, to modify, replace, or discontinue use of any Mark or Patent, or to use one or more additional or substitute trademarks, service marks, or other intellectual property. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after notice by us.

9. BUSINESS IMAGE AND OPERATING STANDARDS

A. Condition and Appearance of the Authorized Location. You agree to maintain the condition and appearance of the Studio (including any adjacent parking areas and grounds), and refurbish and modify its layout, décor, and general theme, as we may require to maintain the condition, appearance, efficient operation, ambience, and overall image of SWEAT440® businesses, as we may modify. You will replace worn out or obsolete fixtures, equipment, furniture, or signs; repair the interior and exterior of the Studio, adjacent parking areas and grounds; and periodically clean and redecorate the Studio. If at any time in our reasonable judgment the general state of repair, appearance, or cleanliness of the Authorized Location (including any parking areas and grounds) or its fixtures, equipment, furniture, décor, or signs do not meet our then-current required standards, we will so notify you, specifying the action you must take to correct the deficiency. If you fail, within ten (10) days after receipt of notice, to commence action and continue in good faith and with due diligence, to undertake and complete any required maintenance or refurbishing, we may (in addition to our rights under Section 15 below) enter the Authorized Location and correct the deficiencies on your behalf, and at your expense.

B. Remodeling the Authorized Location. You will, at your expense, make such reasonable capital expenditures necessary to remodel, modernize, and redecorate the Authorized Location, and to replace and modernize the supplies, fixtures, décor, signs, and equipment used in your franchised business so that your business reflects the then-current physical appearance of new SWEAT440® businesses. We may require you to take such action: (i) not more than twice during the Initial Term of this Agreement; (ii) as a condition to the transfer of any interest as further described in Section 14(C); (iii) as a condition of renewal; and (iv) otherwise during the term of the Agreement as further described in the Operations Manual. If any modification or remodeling requirement will exceed the cost of thirty-five thousand dollars ($35,000), you must satisfy all remodel requirements within one hundred eighty (180) days from the date we issue the remodel

requirements. If any modification or remodeling requirement will be thirty-five thousand dollars ($35,000) or less, you will use your best efforts to complete the remodel requirements as quickly as possible, but you must satisfy all remodel requirements within sixty (60) days from the date we issue the remodel requirements. You acknowledge and agree that the requirements of this Section 9(B) are both reasonable and necessary to insure continued public acceptance and patronage of SWEAT440® businesses and to avoid deterioration or obsolescence in connection with the operation of the Studio. If the Authorized Location is damaged or destroyed by fire or any other casualty, you will, within thirty (30) days, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) repairs or reconstruction, to restore the Authorized Location to its original condition before the casualty. If, in our reasonable judgment, the damage or destruction is of a nature or to an extent that you can repair or reconstruct the Authorized Location consistent with the then-current décor and specifications of a new SWEAT440® business without incurring substantial additional costs, we may require, by giving written notice, that you repair or reconstruct the Authorized Location in compliance with the then-current décor and specifications.

C. Studio Alterations. You cannot alter the Authorized Location or appearance of the Authorized Location or make any unapproved replacements of or alterations to the fixtures, equipment, furniture, décor, or signs of the Authorized Location without our prior written approval. We may, in our discretion and at your sole expense, enter the Authorized Location and correct any alterations to the Authorized Location that we have not previously approved.

D. Restriction on Use of the Authorized Location. You agree that you will not, without our prior written approval, offer at the Authorized Location any products or services we have not then authorized for use or sale for SWEAT440® businesses, nor will the Studio or the Authorized Location be used for any purpose other than the operation of a SWEAT440® business in compliance with this Agreement.

E. Your Hiring and Training of Employees. You will hire all employees of the Studio, and be exclusively responsible for the terms of their employment, compensation, scheduling, benefits, discipline, and all other personnel decisions respecting Studio employees without any influence or advice from us. You must implement a training and certification program for Studio employees in compliance with our requirements, and only employees who have earned certain certifications may perform certain services, as described in the Operations Manuals. You will maintain at all times a staff of trained and certified employees sufficient to operate the Studio in compliance with our standards. At all times, the Studio must be under the direct, on-site supervision of the Studio Manager. Any instructor teaching a fitness class at the Authorized Location must meet our then-current certification requirements described in the Operations Manual or otherwise in writing, which may include continuing education requirements. Upon reasonable request, we may provide supplemental training to your employees related to providing training services to customers, and you will pay us our then-current fee and our reasonable travel and lodging expenses we incur to provide the supplemental training.

F. Authorized Supplies, Equipment, and Products. You agree to offer and sell at the Studio all and only the Services and Products which we have approved as being suitable for sale and meeting the standards of quality and uniformity for the System. In addition, you agree to use in the operation of the Studio only such supplies, items, merchandise, and equipment which we

have approved as being suitable for use and meeting the standards of quality and uniformity for the System and are purchased from Authorized Suppliers (which may include us and/or our affiliates). We may periodically modify the lists of Authorized Suppliers. If you propose to offer for sale or use in operating the Studio any products, supplies, merchandise, and equipment which we have not approved, then you must first notify us in writing and provide sufficient information, specifications and samples concerning the brand and/or supplier to permit us to determine whether the brand complies with our specifications and standards and/or the supplier meets our approved supplier criteria. You will pay us any costs and expenses, including travel, lodging and compensation, we incur in inspecting, evaluating, reviewing, and/or testing your proposed brand and/or supplier. We will notify you within a reasonable time whether the proposed brand and/or supplier are approved. We may develop procedures for the submission of request for approved brands or suppliers and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by the approved supplier). We may impose limits on the number of suppliers and/or brands for any supplies, items, merchandise, or equipment sold or used in the Studio or otherwise related to the Franchise, and we may require that you use only one supplier for any supplies, items, merchandise, or equipment. You agree that certain materials, equipment, merchandise, supplies, and other items and supplies may only be available from one Authorized Supplier, and we or our affiliates may be that Authorized Supplier. WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING PRODUCTS, EQUIPMENT (INCLUDING ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER ITEMS THAT ARE MANUFACTURED OR DISTRIBUTED BY THIRD PARTIES AND THAT WE APPROVE FOR USE IN THE SYSTEM.

G. Health and Sanitation. You must comply with all applicable governmental health and sanitary standards in operating and maintaining your Studio and with any higher standards that we prescribe. In addition to complying with such standards, if the Studio will be subject to any governmental sanitary or health inspection under which it may be rated in one or more than one classification, the Studio will be maintained and operated so as to be rated in the highest available health and sanitary classification respecting each such inspection. If you fail to be rated in the highest classification or receive any notice that you are not in compliance with all applicable health and sanitary standards, you will immediately notify us of such failure or noncompliance. In such event and in addition to all other rights and remedies we have, you will take all immediate action we direct to remedy the situation.

H. Period of Operation. Subject to any contrary requirements of local law, your Studio must be opened to the public and operated during the hours and days as detailed in the Operations Manual. Any variance from this provision must be authorized by us in writing. You acknowledge and agree that if your Studio is closed for a period of three (3) consecutive days or five (5) or more days in any twelve (12)-month period without our prior written consent, unless such failure is due to an event of force majeure as further described in Section 19(L) below, such closure constitutes your voluntary abandonment of the Franchise and Studio and we have the right, in addition to other remedies provided for herein, to terminate this Agreement.

I. Standards of Service. You must at all times give prompt, courteous, and efficient service to your customers. You must, in all dealings with your customers and suppliers and the public, adhere to the highest standards of honesty, integrity, and fair dealing.

J. Specifications, Standards, and Procedures. You acknowledge that each detail of the appearance and operation of the Studio is important to us and other SWEAT440® businesses. You agree to maintain the highest standards of quality and service in the Studio, to use the Flex-Time Process in the operation of your Studio, and to comply with all mandatory specifications, standards, and operating procedures (whether contained in this Agreement, the Operations Manual, or any other written or oral communication to you) relating to the appearance or operation of a SWEAT440® business, including:

i. type and quality of Services and Products;

ii. communicating with us, our affiliates, Authorized Suppliers, customers, potential customers, and other third parties using the proper channels of communications;

iii. methods and procedures relating to marketing, customer service, and order processing;

iv. the safety, maintenance, cleanliness, function, and appearance of the Authorized Location and its fixtures, equipment, furniture, décor, and signs;

v. qualifications, dress, general appearance, and demeanor of Studio employees;

vi. the make and/or type of equipment (including Computer Systems) used in operating the Studio;

vii. use and illumination of exterior and interior signs, posters, displays, standard formats and similar items; and

viii. Studio advertising and promotion.

K. Compliance with Laws and Good Studio Practices. You must secure and maintain in force all required licenses, permits, and certificates relating to the operation of the Studio, including those relating to the operation of fitness or membership clubs, and must operate the Studio in full compliance with all applicable laws, ordinances and regulations, including any laws regulating the sale of memberships to fitness clubs, advertising and marketing, and labor and employment laws. You must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us in writing within three (3) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, injunction, award of decree, by any court, agency, or other governmental instrumentality that may adversely affect the operation or financial condition of you or the Studio. You must notify us immediately of any suspected data breach at or in connection with the Studio. You will not conduct any business or advertising practice which injures the Studio, the System, the Patents, or the goodwill associated with the Marks and other SWEAT440® businesses.

L. Management of the Studio and Conflicting Interests. You must at all times faithfully, honestly and diligently perform your obligations and continuously use your best efforts to promote and enhance the business of the Studio. You must have an Operating Principal at all times during the term of this Agreement. In addition, you must designate at least one Studio Manager at all times after the Studio opens. Your Operating Principal and Studio Manager may be the same individual, although, your Operating Principal may not serve as the Studio Manager of more than one SWEAT440® business. The Operating Principal must ensure that the Studio is operated in accordance with the terms and conditions of this Agreement, although this in no way relieves you of your responsibility to do so. The Operating Principal also must be readily and continuously available to us. Your Operating Principal, Studio Manager and any managers who will manage the Studio when the Operating Principal or Studio Manager is not present must attend and successfully complete all required training.

If at any time the Operating Principal or Studio Manager is not overseeing the Studio, we may immediately appoint a manager to maintain Studio operations on your behalf. If we appoint a Studio Manager to maintain the Studio operations on your behalf, you must pay us the greater of (i) two thousand dollars ($2,000) per week, or (ii) twenty percent (20%) of Gross Sales for the weeks the appointed Studio Manager maintains the Studio operations on your behalf, plus our actual out-of-pocket costs for travel, meals and lodging. Our appointment of a manager of the Studio does not relieve you of your obligations or constitute a waiver of our right to terminate this Agreement under Section 15 below. We are not liable for any debts, losses, costs, or expenses you incur in operating the Studio, or to any creditor of yours for any merchandise, materials, supplies or services purchased by the Studio while it is managed by our appointed manager. We may cease to provide management services at any time.

M. Insurance. You agree to purchase and maintain in force, at your expense, insurance at a minimum in the types of coverage and amounts we specify in the Operations Manual or otherwise in writing. All insurance policies will: (i) be issued by an insurance carrier(s) acceptable to us and that have an A.M. Best rating of A or higher; (ii) will name us and our affiliates, and their respective officers, directors, and employees, as an additional insured; (iii) contain a waiver of the insurance company's right of subrogation against us; (iv) contain the required minimum insurance coverage for each SWEAT440® business that you operate; (v) provide that we will receive thirty (30) days' prior written notice of a material change in or termination, expiration, cancellation, or non-renewal of any policy (or such shorter period as the insurance carrier may require and approved by us), and (vi) provide that we may select the attorney that will represent us in the event of a claim. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors, or omissions of us and other additional insureds. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If at any time you fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, upon reasonable request, any costs and premiums we incur.

At least two (2) weeks before you take possession and commence development of the Authorized Location and at such other times as we may require, for each insurance policy, you

will provide us with copies of the additional insured endorsement, declarations page, the certificate of insurance, and other evidence of compliance with these requirements as we periodically require. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require. Your obligation to obtain and maintain these insurance policies in the amounts specified will not be limited in any way by reason of any insurance that we may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described in Section 17 of this Agreement. Your insurance procurement obligations under this Section 9(M) are separate and independent of your indemnity obligations. We do not represent or warrant that any insurance that you are required to purchase will provide you with adequate coverage. The insurance requirements specified in this Agreement are for our protection. You should consult with your own insurance agents, attorneys, and other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits we require.

N. Participation in Internet Website. You will participate in a SWEAT440® website listed on the Internet or other online communications and participate in any intranet system we control. We will, at our discretion, determine the content and use of a SWEAT440® website and intranet system, and will establish rules under which you may or will participate. We will retain all rights relating to the SWEAT440® website and intranet system and may alter or terminate the website or intranet system upon thirty (30) days' notice to you, and we will provide guidelines to you for updating your landing page on our website. You must use the SWEAT440® email address we will provide to you and you must abide by our Social Media and search engine optimization policies. Your general conduct on the Internet and the SWEAT440® intranet system, and specifically your use of the Marks or any advertising on the Internet (including the domain name and any other Marks we may develop as a result of participation on the Internet), will be subject to the provisions of this Agreement. You acknowledge that certain information obtained through your online participation on pthe website or intranet system is considered Confidential Information (as defined in Section 12 below), including access codes and identification codes. Your right to participate in the SWEAT440® website or intranet system or otherwise use the Marks or the System on the Internet will terminate when this Agreement expires or terminates.

O. Membership Agreements. You must offer the types and classes of membership agreements we designate under such terms as we specify, as described in the Operations Manual. All membership agreements must be in a form we designate or approve, provided that you must modify the membership agreement to the extent required under local law and notify us of such modifications. You must comply with our then-current reciprocity policy described in the Operations Manual, which will require you to allow customers from other SWEAT440® businesses to attend workout classes at your Studio at a discounted rate, as described in the Operations Manual.

P. Test Programs. We may require you, from time to time, to participate in programs to test or try out new products, services, equipment, policies or procedures. You will participate, at your own expense, in such programs and maintain and submit to us any records and reports that we may require.

Q. Sales Requirements. You must meet or exceed the minimum sales requirements we determine, as we set forth in the Operations Manuals. We may (i) delay the date you may open the

Studio until the date you meet or exceed the minimum pre-opening sales requirements we set forth in the Operations Manuals (if any); or (ii) terminate this Agreement if you fail to satisfy the applicable ongoing minimum sales requirements two (2) times in the same twelve (12) month period.

R. Call Center. You must participate in a call center program (the "Call Center") as described in the Operations Manuals. You must engage and pay our designated supplier (which may be us or our affiliates) Call Center services. We reserve the right to modify or cancel the Call Center at any time. You must comply with all standards and instructions that we impose in connection with the Call Center, including the timeliness of responding to customers, purchasing or upgrading necessary equipment to enable participation, and any other standards and instructions described in the Operations Manuals. We reserve the right to exclude you from participation in the Call Center if you fail to comply with any standards and/or instructions.

10. RECORDS AND REPORTS

A. Accounting and Records. During the term of this Agreement, you will at your expense maintain at the Authorized Location and retain for a minimum of seven (7) years from the date of their preparation complete and accurate books, records, and accounts (using such methods and systems of bookkeeping and accounting as we may require) relating to the Studio (the "Records"). You may maintain and retain the Records, and submit reports, electronically. The Records will include the following: (i) daily cash reports; (ii) cash receipts journal; (iii) general ledger; (iv) cash disbursements journal; (v) weekly payroll register; (vi) monthly bank statements and daily deposit slips and canceled checks; (vii) all tax returns relating to the Studio and of each of the Principal Owners; (viii) paid and unpaid suppliers' invoices; (ix) detailed and summary versions of dated cash registered tapes; (x) monthly balance sheets and profit and loss statements; (xi) weekly inventories; (xii) records of promotion and coupon redemption; and (xiii) such other records and information as we may periodically request.

B. Reports and Tax Returns. All financial statements, reports, and information must be on forms we approve, must be true and correct, and must be signed and verified by you.

You will provide to us the following: (a) the daily statements relating to Gross Sales for the preceding week; (b) a monthly chart of accounts detailing the operating performance, including gross revenue and other information, as specified in the Operations Manual for the preceding calendar month; (c) quarterly consolidated balance sheet, consolidated income statement, consolidated cash flow statement, a comparison of each statement to the prior quarter, and a narrative describing you results for the preceding calendar quarter; (d) annual profit and loss statement, source and use of funds statement, and a balance sheet for year-end, reviewed by an independent certified public accountant for the preceding calendar year, and all tax returns relating to the Studio and each Principal Owner for the preceding calendar year; and (e) copies of other Records and information as we may designate in the Operations Manual. You must provide this information to us on the date and in the manner that we specify in the Operations Manual.

Upon reasonable request, and as further described in the Operations Manual, you will promptly provide to us (1) quarterly profit and loss statements for the Studio for the immediately preceding calendar quarter; and (2) year-to-date profit and loss statement.

11. INSPECTIONS, AUDITS AND COLLECTIONS

A. Our Right to Inspect the Studio. To determine whether you are complying with this Agreement, we or our designee may, at any time during business hours and without prior notice to you, inspect the Studio and inspect and evaluate your Authorized Location, supplies, merchandise, equipment, storage, and other items or areas. You will fully cooperate with us and our designee making any inspection, and you will permit us or our designee to take photographs and video of the Studio and Authorized Location, and to interview employees and customers of the Studio. If we establish a mystery shopper program, we may require you to pay for the expense of mystery shopper visits at your Authorized Location.

B. Our Right to Examine Books and Records. We may, at all reasonable times and without prior notice to you, examine, audit, or request copies of the Records, including the books, records, and state and/or federal income tax records and returns of any Principal Owner. You must maintain all Records and supporting documents at all times at the Authorized Location. You will make financial and other information available at a location we reasonably request and will allow us and our designee(s) full and free access to any such information at the Studio. Upon reasonable request, you will make photocopies of all records we request and forward them to us or our designee(s) at such address as we designate in writing at your cost. You will fully cooperate with our designee and independent accountants hired to conduct any examination or audit.

C. Result of Audit; Unreported Gross Sales. The following remedies are in addition to all of our other remedies and rights under this Agreement and applicable law.

i. If any examination or audit discloses an understatement of Gross Sales of two percent (2%) or less, you will immediately pay to us the Royalty Fees and other fees due of the amount of the understatement, plus interest (at the rate provided in Section 4(D) above) from the date originally due until the date of payment.

ii. If any examination or audit discloses an understatement of Gross Sales of more than two percent (2%) but less than five percent (5%), you will immediately pay to us the amount of the understatement plus interest (at the rate provided in Section 4(D) above) from the date originally due until the date of payment, plus all costs associated with the examination or audit, including any travel, lodging, meals, compensation, and reasonable accounting and legal fees incurred by us.

iii. If any examination or audit discloses an understatement of Gross Sales of more than five percent (5%), we may immediately terminate you, upon written notice, and without any opportunity to cure, in accordance with Section 15.

iv. If any examination or audit discloses an understatement of Gross Sales of two percent (2%) or more on three (3) separate occasions in any thirty-six (36) month period, we may immediately terminate you, upon written notice, and without any opportunity to cure, in accordance with Section 15.

D. Collections. We reserve the right to send any amounts due and owing to us under this Agreement to a third-party collection agency. If we send any amounts due and owing to us under this Agreement to a third party collection agency, you will pay us the costs and expenses

related to such action, including, but not limited to, the following costs: (i) attorneys' fees, (ii) costs incurred in creating or replicating reports demonstrating Gross Sales of the Studio, (iii) court costs, including expert witnesses and discovery expenses, and (iv) any interest in accordance with Section 4(D) above.

12. CONFIDENTIAL INFORMATION, IMPROVEMENTS

A. Confidential Information. You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Studio pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary and is disclosed to you solely on the condition that you agree that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make copies of any Confidential Information disclosed in written form, unless we give you express written permission; (iv) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Studio employees; and (v) will sign a Confidentiality Agreement and will require the Studio Manager and other managers, employees and agents with access to the Confidential Information to sign such an agreement in a form we approve.

The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information, and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

B. Improvements. You must fully and promptly disclose to us all ideas, concepts, products, work out plans or routines, process methods, techniques, improvements, additions, and Customer Data relating to the development and/or operation of a SWEAT440® business or the System, any new or provisional Patent, and any new trade names, service marks, or other commercial symbols or associated logos relating to the operation of the Studio, or any advertising or promotion ideas related to the Studio (collectively, the "Improvements") that you and your Principal Owners, Studio Manager, employees and agents conceive or develop during the term of this Agreement. You and your Principal Owners, Studio Manager, agents and employees acknowledge and agree that any Improvement is our property, and you and your Principal Owners, Studio Manager, agents and employees must sign all documents necessary to evidence the assignment of the Improvement to us without any additional compensation. You acknowledge and agree that we may use the Improvement and disclose and/or license the Improvement for use by others. You must not introduce any Improvement or any additions or modifications of or to the System into the Studio without our prior written consent.

C. Trade Secrets. You understand and agree that you will come into possession of certain of our trade secrets concerning the manner in which it conducts business, excluding any Patents but including, but not necessarily limited to, the following: (i) methods of doing business;

(ii) business processes; (iii) strategic business plans; (iv) customer lists and information; (v) marketing and promotional campaigns; (vi) Designated Software; and (vii) our materials clearly marked or labeled as trade secrets ("Trade Secrets"). You agree that the Trade Secrets, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to us. You understand and agree that we derive independent economic value from the Trade Secrets not being generally known to, and not being readily ascertainable through proper means by, any other person. You will take reasonable measures to keep such information secret. Upon termination of this Agreement, you will not use, sell, teach, train, disseminate, or otherwise expose any other person, firm, corporation, association, or other entity or group, in any manner to any Trade Secret. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in the Operations Manuals.

13. COVENANTS

A. Organization. If you are a corporation, limited liability company, partnership or other entity, then you covenant that:

i. You are organized and validly exist under the laws of the state where you were formed;

ii. You are qualified and authorized to do business in the jurisdiction where the Studio is located;

iii. Your articles of incorporation, bylaws, operating agreement, member control agreement or other organizational documents ("Authorizing Documents") at all times will provide that your business activities will be limited exclusively to the ownership and operation of the Studio, unless you otherwise obtain our written consent;

iv. You have the power under the Authorizing Documents to sign this Agreement and comply with the provisions of this Agreement;

v. You must provide us copies of all Authorizing Documents and any other documents, agreements or resolutions we request in writing;

vi. The names of the Principal Owners are accurately stated on the Guaranty attached hereto as Exhibit D; and

vii. At all times, you will maintain a current schedule of the Principal Owners and their ownership interests (including the Principal Owners' names, address and telephone numbers) and will immediately provide us with an updated ownership schedule if there is any change in ownership.

B. Covenant Not to Compete During Term. You (and if you are an entity, each Principal Owner) and the Studio Manager will not, during the term of this Agreement, directly or indirectly or as an employee, agent, consultant, partner, officer, director, or shareholder of any other person, firm, entity, partnership or corporation: (i) divert or attempt to divert any business or customers of the Studio to any competitor or perform any act that would damage the goodwill

associated with the Marks or the System; or (ii) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any business (including any e-commerce or Internet-based business) that offers or conducts fitness classes or instruction or that offers, distributes or sells, at wholesale or retail, exercise apparel and accessories, products, or any other related business that is competitive with or similar to a SWEAT440® business except: (1) with our prior written consent; (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities; or (3) under a separate agreement between you and us.

C. Post-Term Covenant Not to Compete. You (and if you are an entity, each Principal Owner) and the Studio Manager will not, for a period of two (2) years after this Agreement expires or is terminated or the date on which you cease to operate the Studio, whichever is later, directly or as an employee, agent, consultant, partner, officer, director, or shareholder of any other person, firm, partnership, corporation, or entity: (1) divert or attempt to divert any business or customers of the Studio to any competitor, or perform any act that would damage the goodwill associated with the Marks or the System; or (2) own, operate, lease, franchise, conduct, engage in, be connected with, having any interest in, or assist any person or entity engaged in any business that offers or conducts fitness classes or instruction or that offers, distributes or sells, at wholesale or retail, exercise apparel and accessories, products, or any other related business that is competitive with or similar to a SWEAT440® business or any wholesale or retail business we then may operate that is located at the Studio or within a fifteen (15) mile radius of the former site of the Studio or any other then existing SWEAT440® business; provided, however, that this Section 13(C) will not apply to: (i) other SWEAT440® businesses that you operate under separate SWEAT440® franchise agreements; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities. For purposes of this Section, any form of e-commerce business or website that offers fitness classes or instruction, exercise products, apparel, and accessories, or any other related product, membership, service or other goods offered at a SWEAT440® business will be in violation of this provision if such e-commerce business or website offers, sells or otherwise makes its products or services available to individuals residing within or businesses located within a fifteen (15) mile radius of the former Authorized Location or any other then-existing SWEAT440® Studio. You agree that the length of time in this Section 13(C) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement.

D. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section and that injunctive relief is essential for our protection. You therefore agree that we may seek injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section. The covenants stated in this Section will survive the termination or expiration of this Agreement.

14. ASSIGNMENT

A. By Us. We may assign, transfer, delegate or subcontract all or any part of our rights and duties under this Agreement, including by operation of law, without notice to you and without your consent. You are not the third-party beneficiary of any of our contracts with third parties, including vendors or other franchisees. You acknowledge and agree that, following the effective

date of any such assignment, you will look solely to the transferee or assignee, and not to us, for the performance of all obligations under this Agreement.

B. Your Assignment to Corporation or Limited Liability Company. You (as an individual) may assign this Agreement to a corporation or a limited liability company that conducts no business other than the Studio (or other SWEAT440® businesses under franchise agreements with us), provided: (i) the ownership and management is substantially unchanged; (ii) the Studio Manager actively manages the Studio; (iii) you and all Principal Owners of the assignee entity sign the Personal Guaranty attached hereto as Exhibit D; (iv) you provide us thirty (30) days' written notice before the proposed date of assignment of this Agreement to the entity; (v) you allow us to conduct due diligence on the new entity to ensure it meets our then-current requirements for franchisees; (vi) you provide to us a certified copy of the articles of incorporation, operation agreement, organizational documents, and a list of all shareholders or members having beneficial ownership, reflecting their respective interest in the assignee entity; and (vii) the organizational documents and all issued and outstanding stock or membership certificates will bear a legend, in form acceptable to us, reflecting or referring to the assignment restrictions stated in Section 14(C) below.

C. Your Assignment or Sale of All or Substantially All of Your Assets. You understand that we have granted the Franchise under this Agreement in reliance upon your individual or collective character, aptitude, attitude, business ability, and financial capacity. You (or if you are an entity, the Principal Owners) will not transfer (voluntarily or involuntarily), assign, or otherwise dispose of, in one or more transactions, your entity or business, the Studio, all or substantially all of the assets of your business, the Studio, this Agreement, or any material interest in you ("material interest" to include a proposed transfer of twenty percent (20%) or more of the common (voting) stock of a corporate you or of the ownership interest in a limited liability company or partnership) unless you obtain our prior written consent (except as provided in Section 14(B) above). We will not unreasonably withhold our consent to an assignment of this Agreement, provided you are not in default under this Agreement and you comply with all of the following conditions:

i. The transferee (or the managing Principal Owners, if applicable) submits to us any documents we reasonably required to approve the transfer, demonstrates to our satisfaction that they meet our managerial, financial, and business standards for new SWEAT440® businesses, possesses a good business reputation and credit rating, has the aptitude and ability to conduct the franchised business, and is approved by us. You understand and agree that we may communicate directly with the transferee during the transfer process to respond to inquiries, as well as to insure that the transferee meets our qualifications;

ii. You have paid us, or the transferee has assumed, any outstanding indebtedness you owe us, our affiliates, and any suppliers;

iii. The transferee signs our then-current franchise agreement and new Principal Owners execute our then-current form of personal guaranty;

iv. Transferee pays us our then-current fee for training the new Operating Principal and Studio Manager, and the transferee and the new Studio Manager successfully

complete the pre-training and initial training programs required of new SWEAT440® businesses;

v. If required, the lessor of the Authorized Location consents to your assignment or sublease of the Authorized Location to the transferee;

vi. Transferee pays us a transfer fee equal to twenty five percent (25%) of our then-current initial franchise fee applicable to new Sweat440® businesses, plus any costs we incur;

vii. You (or if you are an entity, the Principal Owners) sign a general release of claims, in a form satisfactory to us, against us and our affiliates, officers, directors, employees, and agents, except to the extent limited or prohibited by applicable law; and

viii. The assignment or sale of assets cannot permit you to retain a security interest, or any other intangible asset, in this Agreement.

In connection with any proposed transfer of the Franchise, we may also consider the financial impact that a transfer of the Franchise may have on us, including a potential increase or decrease in the net effective Royalty Fee rate paid to us. We may require adjustments to the Agreement to account for or eliminate any financial impact to us as a condition of our approval. We may expand upon, and provide more details related to, the conditions for transfer and our consent as described in this Section 14(C), and may do so in the Operations Manual or otherwise in writing.

D. Death; Disability or Termination. If the Studio Manager dies, is permanently disabled, or their role as Studio Manager is terminated, you (or if you were the Studio Manager, your executor, administrator or other personal representative) must appoint a competent Studio Manager acceptable to us within a reasonable time, not to exceed thirty (30) days, from the date of death, permanent disability or termination. The appointed Studio Manager must promptly and satisfactorily complete our designated training program. If an approved Studio Manager is not appointed within thirty (30) days after the Studio Manager's death, permanent disability or termination, we may, but are not required to, immediately appoint a Studio Manager to maintain Studio operations on your behalf until an approved assignee can assume the management and operation of the Studio. If we appoint a Studio Manager to maintain the Studio operations on your behalf, you must pay us the greater of (i) two thousand dollars ($2,000) per week, or (ii) twenty percent (20%) of Gross Sales for the weeks the appointed Studio Manager maintains the Studio operations on your behalf. Our appointment of a Studio Manager does not relieve you of your obligations, and we will not be liable for any debts, losses, costs, or expenses you incur in operating the Studio or to any creditor of yours for any products, materials, supplies merchandise, or services purchased by the Studio while it is managed by our appointed manager. We may cease to provide management services at any time.

If you (or if you are an entity, the Operating Principal) die or are permanently disabled, as reasonably verified by us, your executor, administrator, or other personal representative must transfer your interest within six (6) months from the date of death or permanent disability to a person we approve. Such transfers, including transfers by devise or inheritance, will be subject to

conditions contained in Section 14(C) above. A transfer under this Section 14(D) is not subject to a transfer fee, but you must pay us the then-current fee for the initial training program and all costs relating to training or other requirements under this Agreement.

E. Public or Private Offerings. Subject to Section 14(C) above, if you (or if you are an entity, the Principal Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures, or general or limited partnership interests) in you or any affiliate of you, you agree to submit any written information to us before your inclusion in any registration statement, prospectus, or similar offering circular or memorandum. You must obtain our written consent to the method of financing before any offering or sale of securities and must pay us a securities offering fee of ten thousand dollars ($10,000). Further, you must reimburse us for any administrative costs associated with providing you your requested information for any public or private offering. Our written consent will not imply or represent our approval respecting the method of financing, the offering literature submitted to us or any other aspect of the offering. No information respecting us or any of our affiliates will be included in any securities disclosure document, unless we furnish the information in writing in response to your written request, which request will state the specific purpose for which the information is to be used. Should we, in our discretion, object to any reference to us or any of our affiliates in the offering literature or prospectus, the literature or prospectus will not be used unless and until our objections are withdrawn. We assume no responsibility for the offering. The prospectus or other literature used in any offering must contain the following language in boldface type on the first textual page:

"NEITHER SWEAT440 FRANCHISE SYSTEMS, LLC NOR ANY OF ITS AFFILIATES: (A) IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED, (B) ASSUMES ANY RESPONSIBILITY RESPECTING THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED HEREIN, OR (C) ENDORSES OR MAKES ANY RECOMMENDATION RESPECTING THE INVESTMENT CONTEMPLATED BY THIS OFFERING."

F. Our Right of First Refusal. If you (or if you are an entity, the Principal Owners) at any time desire to sell or assign for consideration the Franchise, the Studio, an ownership interest representing (in the aggregate) fifty percent (50%) or more of the ownership in you, or all or substantially all of your assets, you or your Principal Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser, and you must deliver a copy of the offer to us. We have the right, exercisable by written notice delivered to you or your Principal Owners within thirty (30) days following receipt of the proposed offer, to purchase the interest in the Studio or ownership interest in you for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of sixty (60) days to prepare for closing. If we do not exercise our right of first refusal, you or your Principal Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Principal Owners otherwise comply with this Section 14. If the sale to the proposed purchaser is not completed within sixty (60) days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again will have the right of first refusal.

G. Guaranty. If you are a corporation, limited liability company, partnership, or other entity, all of your Principal Owners will sign the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit D (the "Guaranty Agreement"). Any person or entity that at

any time after the date of this Agreement becomes a Principal Owner under the provisions of this Section 14 or otherwise will, as a condition of becoming a Principal Owner, sign the Guaranty Agreement.

15. OUR TERMINATION RIGHTS

A. Termination of Franchise Agreement - Grounds. You will be in default, and we may, at our option, terminate this Agreement, as provided herein, if:

i. you (or if you are an entity, the Operating Principal) or the Studio Manager fail to satisfactorily complete the initial training program or fail to open and commence full operations of the Studio at such time as provided in this Agreement;

ii. you or any of your managers, directors, officers or any Principal Owner makes a material misrepresentation or omission in the application for the Franchise;

iii. you or any of your managers, directors, officers or any Principal Owners knowingly submits false or misleading reports or information, or otherwise conceals any information or revenue from us, during the term of this Agreement;

iv. you or any of your managers (including the Studio Manager), directors, officers or any Principal Owner is convicted of, or pleads guilty or no contest to, a felony, a crime involving moral turpitude, or any other crime or offense, or the government takes any action against you, that we believe will injure the System, the Marks, or the goodwill associated therewith, or if we have proof that you have committed such a felony, crime, or offense;

v. you or any of your managers fail to operate the Studio in full compliance with federal, state and local laws and regulations;

vi. you fail to conform to the material requirements of the System or the material standards of uniformity and quality as described in the Operations Manual or as we have established under the System;

vii. you fail to pay Royalty Fees, Brand Fund Fees, or any other monetary obligations or liabilities due and owing to us or our affiliates, other SWEAT440® businesses, Authorized Suppliers or any lender;

viii. you voluntarily or otherwise "abandon" the Studio. The term "abandon" means your failure to operate the Studio during regular business hours for a period of three (3) consecutive days or five (5) or more days in any twelve (12)-month period without our prior written consent, unless such failure is due to an event of force majeure as further described in Section 19(L) below;

ix. you are insolvent within the meaning of any applicable state or federal law;

x. you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of your assets for the benefit of creditors;

xi. a receiver or other custodian is appointed over the Studio;

xii. you are in default under any agreement for indebtedness if such default results in the acceleration of indebtedness with an outstanding principal amount of two hundred thousand dollars ($200,000) or more;

xiii. a petition for bankruptcy is filed by or against you and such petition is not dismissed within sixty (60) days;

xiv. you are involved in any act or conduct which materially impairs or otherwise is prejudicial to the goodwill associated with the name "Sweat440" or any of the Marks or the System;

xv. you or a Principal Owner makes an unauthorized assignment or transfer of this Agreement, the Studio or an ownership interest in you;

xvi. the operation, maintenance, or construction of the Studio results that in violation of any federal, state or local government health code, or a threat or danger to the public health or safety, or in any manner that we determine jeopardizes the public health or safety;

xvii. your lease for the Authorized Location expires or is terminated for any reason (unless, through no fault of you, the lessor of the Authorized Location refuses to renew your lease and you relocate within the Protected Territory to a site we approve within ninety (90) days thereafter);

xviii. any examination or audit discloses an understatement of Gross Sales of more than five percent (5%);

xix. any examination or audit discloses an understatement of Gross Sales of two percent (2%) or more on three (3) separate occasions in any thirty-six (36) month period;

xx. you fail to meet the applicable minimum sales requirements, as set forth in Section 3(C) above, on two (2) or more occasions in any consecutive twelve (12) month period; and

xxi. you violate any material provision or obligation of this Agreement;

B. Procedure.

i. Except as described below, you will have thirty (30) days after your receipt from us of a written notice to remedy any default hereunder, and to provide evidence thereof to us. If you fail to correct the alleged default within that time, this Agreement will terminate without further notice to you effective immediately when the thirty (30) day period, or such longer period as applicable law may require, expires.

ii. You will have seventy-two (72) hours after your receipt from us of a written notice to remedy any default under item (xiv) under Section 15(A) above, and to provide

evidence thereof to us. If you fail to correct the alleged default within that time, this Agreement will terminate without further notice to you, effective immediately when the seventy-two (72) hour period expires, or such longer period as applicable law may require.

iii. You will have the earlier of five (5) days after your receipt from us of a written notice, or thirty (30) days from the date such payment was due, to remedy any default under item (vii) under Section 15(A) above, and to provide evidence thereof to us. If you fail to correct the alleged default within that time, this Agreement will terminate without further notice to you, effective immediately when the earlier of the five (5) day or thirty (30) day period expires, or such longer period as applicable law may require.

iv. You will have ten (10) days after your receipt from us of a written notice, to remedy any default under item (xii) under Section 15(A) above, and to provide evidence thereof to us. If you fail to correct the alleged default within that time, this Agreement will terminate without further notice to you, effective immediately when the ten (10) day period expires, or such longer period as applicable law may require.

v. We may terminate this Agreement immediately after your receipt from us of a written notice, with no opportunity to cure, if the termination results from any of the following: (a) you fail to comply with one or more material requirements of this Agreement on three (3) separate occasions within any twelve (12) month period; (b) the nature of your breach makes it not curable; (c) you willfully and repeatedly deceive customers relative to the source, nature or quality of goods sold; or (d) any default under items (ii), (iv), (viii), (ix), (x), (xi), (xiii), (xiv), (xvi), (xvii), (xviii), (xix), and (xx) of Section 15(A) above.

C. Cross Default. Any default or breach by you, your affiliates and/or any guarantor of yours of any other agreement between us or our affiliates and you and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by you and/or such other parties will be deemed a default or breach under any and all such other agreements between us or our affiliates and you, your affiliates and/or any guarantor of yours. If the nature of the default under any other agreement would have permitted us (or our affiliate) to terminate this Agreement if the default had occurred under this Agreement, then we will have the right to terminate all such other agreements in the same manner provided for in this Agreement for termination hereof. Your "affiliates" means any persons or entities controlling, controlled by, or under common control with you.

D. Applicable Law. If the provisions of this Section 15 are inconsistent with applicable law, the applicable law will apply.

16. YOUR OBLIGATIONS UPON TERMINATION

A. Post-Term Duties. If this Agreement expires or is terminated for any reason you will:

i. immediately cease operation of the Studio and using the Marks, Patents and Flex-Time Process, as well as any confusingly similar trademarks or service marks, including immediately ceasing to participate in any website or Social Media programs;

ii. immediately cease representing yourself as a franchisee or former franchisee;

iii. within ten (10) days after termination, pay all amounts due and owing to us or our affiliates, including all Royalty Fees, Brand Fund Fees, other fees, and accrued interest due under this Agreement;

iv. immediately discontinue using, and within ten (10) days return to us by priority United States mail with a tracking number, any hard copies of the Operations Manual and any other manuals, advertising materials, and any other printed materials relating to the operation, advertising, or promotion of the Franchise or System;

v. unless we exercise our option to purchase the Studio as described below, within ten (10) days after termination, return any unused, pre-paid membership fees to respective customers;

vi. assign to us or, at our discretion, disconnect the telephone number for the Studio. You acknowledge that we have the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and you authorize us, and appoint us as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer such numbers and listings to us;

vii. remove from the Authorized Location, and upon reasonable request return to us by priority United States mail with a tracking number, any signs, posters, fixtures, decals, wall coverings, and other materials that are distinctive of a Studio or bear the name "Sweat440" or other Marks;

viii. comply with all post-termination obligations under any software license agreement, including the return of all materials relating to any Designated Software;

ix. take all necessary action within fifteen (15) days to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks;

x. immediately cease using Confidential Information and Trade Secrets and return to us any documents in your possession that contain Confidential Information or Trade Secrets;

xi. at our option, we may purchase your inventory of products in good and saleable condition at your actual cost less a 30% stocking fee, and you will return to us any other remaining products at no cost to us; and

xii. comply with all other applicable provisions of this Agreement, including the non-compete provisions.

Upon termination of this Agreement for any reason, your right to use the name "Sweat440" and the other Marks, the Patents, and the System (including the Flex-Time Process) will immediately terminate and you (or if you are an entity, the Principal Owners) will not in any way associate yourself as associated with us. If you fail to remove any signs and other materials bearing

the Marks, you agree that we may enter the Authorized Location and do so at your expense. You acknowledge and agree that following termination or expiration of this Agreement, you will comply with any continuing obligation to cooperate with us on or relating to any litigation, acquisition or intellectual property rights

B. Redecoration. If this Agreement is terminated for any reason, and you either remain in possession of the Authorized Location of the former Studio to operate a separate business not in violation of Section 13 above, or enter into an agreement with a third party to allow such third party to directly operate a business at the Authorized Location of the former Studio, you will, at your expense, modify the exterior and interior appearance of the Authorized Location so that they will be easily distinguished from the standard appearance of SWEAT440® businesses. At a minimum, such changes and modifications to the Authorized Location will include: (i) repainting the Authorized Location with different colors; (ii) removing all signs and other materials bearing the name "Sweat440" and other Marks; (3) removing all fixtures which are indicative of SWEAT440® businesses; (4) discontinuing the use of SWEAT440® employee uniforms and refraining from using any uniforms which are confusingly similar; (5) discontinuing use of all Confidential Information regarding the operation of the Studio; and (6) taking such other action, at your expense, as we may reasonably require. If you fail to promptly initiate modifications to Authorized Location of the former Studio, or complete such modifications with any period of time we deem appropriate, you agree that we or our agents may enter the Authorized Location of the former Studio to make such modifications, at your risk and expense, without responsibility for any actual or consequential damages to your property or others, and without liability for trespass or other tort or criminal act.

C. Our Option to Purchase the Studio.

i. If this Agreement expires or is terminated for any reason, we have the option, upon thirty (30) days' written notice from the date of expiration or termination, to purchase from you all the tangible and intangible assets relating to the Studio, including the Authorized Location if you own the Authorized Location (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the "Purchased Assets") and to an assignment of your lease for (i) the Authorized Location (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (ii) any other tangible leased assets used in operating the Studio. If the landlord respecting the lease for the Authorized Location is an affiliate of you (controlling, controlled by or under common control with you) we will have the right to assume the lease on terms generally consistent with then-current market rates for space in the immediate area surrounding the Authorized Location. We may assign to a third party this option to purchase and assignment of leases separate and apart from the remainder of this Agreement. If we assume the lease for the Studio under this Section, you will pay, remove or satisfy any liens or other encumbrances on your leasehold interest and will pay in full all amounts due the lessor under the lease existing at or prior to assumption. We are not liable for any obligation you incur before the date we assume the lease.

ii. The purchase price for the Studio will be the "Book Value" (as defined below) of the Purchased Assets. "Book Value" means the net book value of the Purchased Assets, as disclosed in the last quarterly statement of the Studio provided to us under

Section 10(B) before termination or expiration, provided, however, that: (1) each depreciable asset will be valued on a "straight-line" basis without provision for salvage value; (2) we may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (3) we may exclude from Book Value any provision for goodwill or similar value attributable to intangible property. If we are not satisfied with the accuracy or fairness of any financial statements, or none has been submitted, our regularly employed firm of certified public accountants will determine (by audit) the Book Value. You and we will equally bear the cost of the audit. The results of the audit will be final and binding on both parties.

iii. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur no later than sixty (60) days after we deliver notice of our election to purchase the Studio, unless Book Value is determined by audit, in which case the closing will occur within a reasonable time, not to exceed sixty (60) days, after the results of the audit are made available. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate the Studio without interruption. We may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates. If we exercise our option to purchase the Studio, we may, pending the closing, appoint a manager to maintain Studio operations.

D. Survival. All obligations of you and us which, expressly or by their nature, survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire.

17. RELATIONSHIP OF THE PARTIES, INDEMNIFICATION

A. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture, or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself at the Authorized Location and in all dealings with customers, lessors, contractors, suppliers, public officials, and all others as the owner of the Studio under a franchise agreement from us and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials, as we require.

B. Your Indemnification Obligations. You agree to indemnify and hold us and our subsidiaries, affiliates, stockholders, members, directors, officers, employees, and agents harmless against, and to reimburse us or them for any loss, liability, or damages arising out of or relating to your ownership or operation of the Studio, and all reasonable costs of defending any claim brought against us or any of them or any action in which us or any of them is named as a party (including reasonable attorneys' fees and interest) unless the loss, liability, damage or cost is solely due to our gross negligence or willful misconduct. Further, you agree to indemnify and hold us and our subsidiaries, affiliates, stockholders, members, directors, officers, employees, and agents harmless against, and to reimburse us or them for any income tax, capital gains tax, gross receipts or excise tax, sales tax, and any other taxes that the state in which the Studio is located imposes as a result

of your operation of the Studio or the license of any of our intangible property in the jurisdiction in which the Studio is located. If more than one SWEAT440® business is located in such jurisdiction, they will share the liability in proportion to their Gross Sales from the franchised business, except in the case of sales taxes and gross receipts taxes, which will be divided in proportion to taxable sales to you. If applicable, this payment is in addition to the Royalty Fee payments described above. You must pay all losses, liability, damages, and taxes we incur pursuant to your obligations of indemnity under this Section 17(B) regardless of any settlement, actions, or defense we undertake or the subsequent success or failure of any settlement, actions or defense. Further, you agree to give us immediate notice of any such action, proceeding, demand, or investigation brought against you or the Franchise. We may designate counsel, at your expense, to defend or settle such action, proceeding, demand, or investigation brought against you or the Franchise. This obligation does not diminish your indemnification obligations under this Section 17(B).

C. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

18. ENFORCEMENT

A. Severability. All provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us are invalid or unenforceable, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Waiver of Obligations. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach.

C. Rights of Parties are Cumulative. Our and your rights are cumulative and no exercise or enforcement by either party of any right or remedy precludes the exercise or enforcement by such party of any other right or remedy to which such party is entitled by law or equity to enforce.

D. Venue. Any cause of action, claim, suit or demand allegedly arising from or related to this Agreement or the relationship of the parties must be brought exclusively in the state or federal court of competent jurisdiction in the state covering the location in which our corporate offices are located at the time the action is commenced. We also have the right to file any such suit against you in the federal or state court where the Studio is located. We and you both irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. The provisions of this Section 18(D) will survive the termination of this Agreement.

E. Governing Law. Subject to our rights under federal trademark laws and the Federal Arbitration Act, this Agreement will be governed by and construed under the laws of Florida, without regard to any conflict of laws principles of Florida. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state where your Studio is located.

F. Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by in writing and signed by you and us. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

G. References. If you consist of two or more individuals, such individuals will be jointly and severally liable, and references to "you" in this Agreement will include all such individuals. Any reference or use of the term "including" means including without limitation.

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

i. Our Rights. Whenever this Agreement provides that we have, reserve, or retain a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

ii. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of ours. Examples of items that will promote or benefit the System include enhancing the value of the Marks and Patents, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact), will substitute their judgment for our reasonable business judgment.

I. Liquidated Damages. If you terminate this agreement prior to the end of the Initial Term, or if we terminate this Agreement prior to the end of the Initial Term as a result of your breach of this Agreement, then you (or if you are an entity, you and the Principal Owners) will promptly pay to us a lump payment (as damages and not as a penalty) for our lost future revenue resulting from your breach or termination, in an amount equal to (i) the total amount of Royalty Fees, and Brand Fund Fees payable by you over the twelve (12)-month period preceding the termination (or the annualized amount of Royalty Fees and Brand Fund Fees if your Franchise has

not been open for at least twelve (12) months or the annualized minimum Royalty Fees and Brand Fund Fees if your Franchise did not open); (ii) divided by twelve (12); and (iii) multiplied by the lesser of (a) thirty-six (36), or (b) the number of remaining months in the Initial Term as of the date of the termination. You acknowledge and agree that a precise calculation of the full extent of damages we will incur as a result of your default and termination of this Agreement will be difficult to determine, and you and we agree that this lump sum payment is reasonable in light of the damages we will incur from the premature termination of this Agreement. This lump sum payment is in lieu of our damages for lost revenue resulting from your default and termination of this Agreement. In addition to the lump sum payment, you (or if you are an entity, you and the Principal Owners) will pay us all unpaid Royalty Fees and other amounts due and owing to us as of the date of the termination, as well as all costs and expenses, including interest and reasonable attorneys' fees, we incur in connection with obtaining any remedy available to us for any violation of this Agreement and subsequent termination and expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

J. WAIVER OF PUNITIVE DAMAGES. YOU AND WE AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

K. WAIVER OF JURY TRIAL. YOU, YOUR OWNERS AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU, YOUR OWNERS OR US.

L. Costs and Attorneys' Fees. The non-prevailing party will pay all costs, expenses, and interest including reasonable attorneys' fees the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

M. Force Majeure. If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include natural disasters, strikes, wars, and riots, except as may be specifically provided for elsewhere in this Agreement.

N. Notice of Potential Profit. We advise you that we and/or our affiliates periodically may make available to you goods, products and/or services for use in the Studio on the sale of which we and/or our affiliates may make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for services provided or rights license to such persons. You agree that our affiliates and we will be entitled to such profits and consideration.

O. Limitation of Actions. Subject to any applicable statute of limitations, you and we agree that neither party will have the right to bring any claim or action against the other party unless the action or claim is commenced within one (1) year after the offended party has knowledge of the facts giving rise to the action or claim.

P. Entire Agreement. The "Introduction" section, the exhibit(s) to this Agreement, and the Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

19. NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Agreement are deemed so delivered at the time delivered by hand, one (1) business day after sent by a recognized overnight delivery service which requires a written receipt, or three (3) business days after placed in the U.S. Mail by registered or certified mail, return receipt requested, postage prepaid, and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other party.

20. ACKNOWLEDGEMENTS

A. Success of Franchised Business. The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or the Principal Owners') ability as an independent businessperson, and your active participation in the daily affairs of the Studio, as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the business venture.

B. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross revenues, volume, potential earnings, or potential profits which you might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein or in the franchise disclosure document, to induce you to accept this Franchise and sign this Agreement.

C. Receipt of Documents. You acknowledge that you received a copy of the complete Franchise Agreement, and exhibits attached hereto, at least seven (7) calendar days before the date on which this Agreement was executed. You further acknowledge that you received the disclosure document required by the trade regulation rule of the Federal Trade Commission entitled "Franchise Disclosure Document" at least fourteen (14) calendar days prior to the date on which this Agreement was executed. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor. You further represent that you understand the provisions of this Agreement and agree to be bound.

D. Other Franchises. You acknowledge that other SWEAT440® businesses have or will be granted franchises at different times and in different situations, and further acknowledge

that the provisions of such franchises may vary substantially from those contained in this Agreement.

The parties have signed this Agreement on the date stated in the first paragraph.

WE:	**YOU**:
Sweat440 Franchise Systems, LLC a Florida liability company	(If you are a corporation or limited liability company)
	_____ Name of corporation or limited liability company
By _____ Its _____	By _____ Its _____
	(If you are an individual owner, You must sign below; if a partnership, all partners must sign below)
	_____ (Sign Your Name)
	_____ (Print Your Name)
	_____ (Sign Your Name)
	_____ (Print Your Name)

EXHIBIT A
TO FRANCHISE AGREEMENT

AUTHORIZED LOCATION

This Exhibit A is attached to and is an integral part of the SWEAT440® Franchise Agreement dated _____, 20_____ (the "Franchise Agreement"), between you and us.

1. Authorized Location. You and we agree that the Studio will be located at the following premises: _____ the "Authorized Location").

OR

If the Authorized Location is not determined as of the date of the Agreement, then the Designated Search Area for the Authorized Location, referred to in Section 2(A) of the Agreement, within which you shall, within 90 days from the date hereof, select and propose to us for our consent an Authorized Location, is as follows: _____.

By execution here, we consent to the above-stated Authorized Location, or the Designated Search Area, and you acknowledge and warrant that our consent does not constitute a guarantee, recommendation or endorsement of the Authorized Location or Designated Search Area and that the success of the SWEAT440® Studio to be operated from the Authorized Location is dependent upon your ability as an independent businessperson.

2. Protected Territory. Your Protected Territory shall be the area [included in the three (3) mile radius surrounding your Authorized Location.] [equal to 50,000 people surrounding the Authorized Location] as follows:

3. Opening Deadline. You and we agree that the Opening Deadline is: _____, 20_____.

4. Defined Terms. All capitalized terms contained in this Exhibit not defined herein will have the same meaning as provided in the Franchise Agreement.

WE:
SWEAT440 FRANCHISE SYSTEMS, LLC
a Florida liability company

By_____
Its_____

YOU:
(If you are a corporation or limited liability company)

_____
Name of corporation or limited liability company

By_____
Its_____

**(If you are an individual owner,
You must sign below; if a partnership,
all partners must sign below)**

_____
(Sign Your Name)

_____
(Print Your Name)

_____
(Sign Your Name)

_____
(Print Your Name)

EXHIBIT B
TO FRANCHISE AGREEMENT

OWNERSHIP AND MANAGEMENT ADDENDUM

1. Principal Owner(s). You represent and warrant to us that the following person(s) or entity, and only the following person(s) or entity, will be your Principal Owner(s):

NAME	HOME ADDRESS	PERCENTAGE OF INTEREST

2. Operating Principal. You represent and warrant to us that the following person, and only the following person, is your Operating Principal:

NAME	HOME ADDRESS	PERCENTAGE OF INTEREST

3. Studio Manager. You represent and warrant to us that the following person, and only the following person, is your Studio Manager:

NAME	HOME ADDRESS	PERCENTAGE OF INTEREST

4. Change. You must immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information. Upon notification, we will issue to you another addendum for you to execute.

5. Effective Date. This Addendum is effective as of this _____ day of _____, 20___.

_____ _____
Your Initials Our Initials

EXHIBIT C
TO FRANCHISE AGREEMENT

LEASE ADDENDUM

LEASE ADDENDUM

This Lease Addendum is entered into as of the date of the Lease Agreement by and between _____ ("Landlord") and _____ ("Tenant)".

Landlord and Tenant are parties to that certain Lease of even date covering the premises located at _____ (the "Lease"), which Tenant will use only to operate a SWEAT440® business under a Franchise Agreement between Tenant and Sweat440 Franchise Systems, LLC ("Franchisor"). Landlord and Tenant desire to amend the Lease to protect the various interests of Franchisor.

In consideration of the foregoing and the promises contained in the Lease, the parties agree as follows:

1. Permitted Use. Landlord and Tenant agree that so long as the Franchise Agreement remains in effect, Tenant may use the Lease premises only for a SWEAT440® business and Tenant may offer for sale and sell at the premises only those products and services which Franchisor approves. Landlord will permit Tenant to use and modify the Lease premises in accordance with the Franchise Agreement.

2. Notice of Default. Landlord will provide Franchisor, by certified U.S. mail or a recognized overnight delivery service at the address provided in Section 8 below, a minimum 30-day notice of any default under the Lease before Landlord initiates any action to terminate the Lease or exercise any remedy for such default.

3. Cure. Either Tenant or Franchisor may cure defaults under the Lease, and Landlord will accept performance of obligations due under the Lease, as specified in the Lease, by either Franchisor or Tenant. Franchisor will not, however, be under any obligation to cure any default, and nothing herein will require Franchisor at any time to comply with or take any action under the provisions of the Lease.

4. Rights of Franchisor After Cure. If Franchisor commences to cure any default under the Lease within the 30-day notice period described in Section 2 above, and if Franchisor thereafter diligently completes cure, Franchisor may, but will not be obligated to, give notice to Landlord and become Tenant under the Lease, in which event Landlord will not be entitled to terminate the Lease.

5. Assignment and Renewal. Landlord consents to an assignment or transfer of Tenant's rights under the Lease to Franchisor at any time during the term of the Lease and will not charge a fee, nor accelerate any debt owed, in connection with assignment or transfer; provided that such assignment or transfer is subject to Franchisor's written agreement to accept such assignment or transfer. Landlord will give Franchisor notice of expiration of the term of the Lease at least three months in advance thereof and grant Franchisor the right, but not the obligation, to exercise any then-existing renewal rights under the Lease. Tenant will not renew, assign, or transfer their interest in the Lease except with Franchisor's prior written content.

6. Right of Entry and Subordination. Landlord will give Franchisor access to the Studio at reasonable times on not less than 24 hours' notice (or such shorter notice as may be reasonable when circumstances dictate) either to inspect the Studio for compliance with our requirements, to make any modifications necessary to protect the franchise system and the Marks, to remove from the Studio any items bearing our marks or logos, or to take other action permissible under the agreements between Tenant and Franchisor. Landlord specifically subordinates any lien it may have in such items to Franchisor's rights as licensor of the marks or logos displayed on items.

7. Vacating Premises. Upon vacating the Lease premises, or termination of the Franchise Agreement or Lease (whichever occurs first), Tenant must remove all signs and materials bearing any of the marks or logos.

8. Notices. Landlord will send copies to Franchisor of any notices or correspondence related to this Lease sent to Tenant. Any notices or correspondence sent to Franchisor hereunder will be sent to:

Sweat440 Franchise Systems, LLC
1919 Purdy Avenue
Miami Beach, Florida 33139

9. Benefit. Landlord and Tenant acknowledge that they enter into this Agreement for the express benefit of Franchisor and that Franchisor is an intended beneficiary hereof.

10. Modification. This Addendum and the Lease shall not be amended or otherwise modified except in writing signed by Landlord, Tenant, and Franchisor.

11. Supremacy. This Addendum shall control and supersede any inconsistent provision of the Lease.

The parties have signed this Agreement the day and year first above written.

LANDLORD:	**TENANT**:
_____	_____
By _____	By _____
Its _____	Its _____

EXHIBIT D
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of that certain Franchise Agreement of the Effective Date (the "Agreement") by Sweat440 Franchise Systems, LLC ("we" or "us"), each of the undersigned (a "Guarantor") personally and unconditionally guarantees to us, and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement that _____ ("you" or "Franchisee") will timely pay and perform each and every undertaking, agreement, and covenant stated in the Agreement.

Further, the Guarantors, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including without limitation, the confidentiality and trade secret provisions contained in Section 12 and the non-compete provisions contained in Section 13, and agree that this Guaranty will be construed as though each of the Guarantors executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor's liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and the other Guarantors of you;

(2) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon demand if you fail to do so;

(3) Guarantor's liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of you or any assignee or successor;

(4) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and

(6) Guarantor will pay all reasonable attorneys' fees and all costs and other expenses we incur (including interest) in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

Sections 18(B) (Waiver); 18(E) (Governing Law); 18(D) (Venue); 18(K) (Jury Waiver); 18(P) (Entire Agreement); 18(F) (Modifications); 18(I) (Liquidated Damages); 18(L) (Attorneys' Fees); 17(C) (Survival); and 18(H) (Interpretation) of the Franchise Agreement apply to Guarantors and this Guaranty.

Each of the undersigned has signed this Guaranty as of the same day and year as the Agreement was executed.

GUARANTOR(S)	**PERCENTAGE OWNERSHIP IN YOU**

EXHIBIT E
TO SWEAT440® FRANCHISE AGREEMENT

DISCLOSURE ACKNOWLEDGMENT AGREEMENT

Applicant _____
(If corporation) State of Incorporation _____
Address of Applicant _____
Authorized Location Applied For _____

1. I have received all appropriate disclosure documents for the State(s) of _____ at least fourteen (14) calendar days, exclusive of the day I received them and the day I signed them, before signing the Franchise Agreement and/or payment of any monies.

2. I have signed and returned to Sweat440 Franchise Systems, LLC (you or your) the acknowledgment of receipt for each disclosure document given me.

3. I have had an opportunity to read the Franchise Agreement thoroughly and understand all of your covenants and obligations and my obligations as a franchisee of the SWEAT440® system. I understand that the Franchise Agreement contains all obligations of the parties and that you do not grant to me under the Franchise Agreement any right of first refusal.

4. I understand that this franchised business, as in all business ventures, involves risk and, despite assistance and support programs, the success of my business will depend largely upon me and my ability.

5. I received a copy of the revised Franchise Agreement or related agreement at least seven (7) calendar days before the date on which the Franchise Agreement or related agreement was signed.

6. I understand that you have or may establish a national marketing and promotional program which is not directed towards any specific franchise territory but is intended to benefit the entire SWEAT440® system nationwide. I further understand that amounts from the national marketing and development fund (if established) will be used to offset any in-house expenses you incur in providing marketing services, media planning, and network marketing support.

7. I have had no promises, guarantees, or assurances made to me, and no information provided to me regarding or relative to earnings, revenues, profits, expenses, or projected revenues for this franchise, except as disclosed in the franchise disclosure document. If I believe that I have received any such promises, guarantees, assurances, or information, I agree to describe it below (otherwise write "None").

_____
_____
_____
_____
_____

Applicants' Acknowledgment:

Name: _____ Name: _____
Date: _____ Date: _____

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

SWEAT440® MULTI-UNIT DEVELOPMENT AGREEMENT

_____
MULTI-UNIT FRANCHISEE

_____
DATE OF AGREEMENT

Sweat440 Franchise Systems, LLC
Multi-Unit Development Agreement 2025

SWEAT440®
MULTI-UNIT DEVELOPMENT AGREEMENT

TABLE OF CONTENTS

EXHIBITS

SWEAT440® MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (this "Agreement") is made this _____ day of _____, 20_____ (the "Effective Date") between Sweat440 Franchise Systems, L.L.C., a Florida limited liability company, having its principal place of business at 1800 Purdy Avenue, Suite 1708, Miami Beach, Florida 33139 ("we" or "us"), and _____, a _____ formed and operating under the laws of the state of _____ _____, or _____, an individual, and having its principal place of business at _____ ("you").

INTRODUCTION

A. We developed and own a system relating to the development and operation of businesses offering membership-driven fitness studios that combine the motivational mindset of small group training with the convenience of workout times that best suit each individual. We grant qualified persons the right and obligation to develop, establish, own, and operate more than one SWEAT440® businesses within a defined geographic area pursuant to a development schedule.

B. Our affiliate, Brickhouse Athletics LLC, is the owner of the SWEAT440® trademark and other Marks used in operating the System, and it has granted us a license to use and license the use of the Marks.

C. You desire to obtain the right to develop and operate SWEAT440® businesses using the System within a defined geographic area.

AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

1. **KEY DEFINITIONS**

A. "Confidential Information" means the methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, workout routines and plans, operations manuals, patents and other intellectual property we or our affiliates own, systems and knowledge of and experience in the operation and franchising of SWEAT440® businesses that we communicate to you or that you otherwise acquire in developing and operating Studios under the System. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you.

B. "Designated Area" means the geographic area described in Exhibit A to this Agreement.

C. "Development Schedule" means the period of time and cumulative number of Studios you must open and operate, as established in the Development Schedule described in Exhibit A to this Agreement.

D. "Franchise Agreement" means the then-current form of agreements (including franchise agreement and any exhibits, and other documents referenced therein), we customarily use in granting franchisees the right to own and operate a Studio. You acknowledge that the Franchise Agreement attached as Exhibit D is the current form of Franchise Agreement and we may, in our discretion, materially modify the standard form of Franchise Agreement customarily used in granting a SWEAT440® franchise.

E. "Marks" means the SWEAT440® trademark, trade name, and service mark and other trademarks, trade names, service marks, domain names, logos, slogans, and commercial symbols that we have designated, or may in the future designate, for use in the System.

F. "Principal Owner" means any person or entity who directly or indirectly owns a five percent (5%) or greater interest in you. If any corporation or other entity other than a partnership is a Principal Owner, a "Principal Owner" also will mean each shareholder or owner of a five percent (5%) or greater interest in such corporation or other entity. If a partnership is a Principal Owner, a "Principal Owner" also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a five percent (5%) or greater interest in such general partner. If you are one or more individuals, each individual will be deemed a Principal Owner of you.

G. "Regional Manager" means any manager selected by you and approved by us to oversee the development and operation of up to five (5) SWEAT440® Studios pursuant to this Agreement.

H. "Studio" means the SWEAT440® business developed and operated under a separate Franchise Agreement, which grants you the right to operate a SWEAT440® fitness studio.

I. "System" means the SWEAT440® system which includes the sale of products and services to individual consumers under the Marks, using certain distinctive types of workout facilities, décor, studio layout, equipment, supplies, Confidential Information, business techniques, methods and procedures, and sales promotion programs, as we periodically may modify and further improve.

2. USE OF SYSTEM

You acknowledge, and do not contest, our exclusive ownership and rights to each and every aspect of the System, as we may modify or further develop. Your right to use the System is specifically limited to the provisions of this Agreement and the Franchise Agreements for individual Studios executed by the parties thereto.

3. DEVELOPMENT RIGHTS AND OBLIGATIONS

A. Term of Agreement/Reservation of Rights. Subject to earlier termination as provided herein, this Agreement is for a term commencing on the Effective Date and expiring on the earlier of: (i) the last day of the last Development Period as stated in the Development Schedule; or (ii) the date the lease for the final Studio to be developed under the Development Schedule is signed. We (for ourselves and our affiliates) retain the right: (1) to own and operate, and to grant other persons the right to own and operate, SWEAT440® Studios at locations outside the Designated Area; (2) to sell within and outside the Designated Area the products and services authorized for sale at SWEAT440® Studios under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution and pursuant to conditions we deem appropriate; (3) to sell the products and services authorized for sale at SWEAT440® Studios under the Marks through dissimilar channels of distribution, including by electronic means such as the Internet and by websites we establish, and pursuant to conditions we deem appropriate within and outside the Designated Area; (4) to advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks; and (5) own and operate, and to grant other persons the right to own and operate, SWEAT440® Studios to "Captive Market Locations." A "Captive Market Location" is a Studio location within a regional, enclosed, or similarly situated shopping center or mall, airport or other transportation terminal, sports facility, hospital, college or university campus, corporate campus, a department within an existing retail store, hotel or motel, grocery store, or other similar type of location that has a restricted trade area.

B. Rights During Term. If you: (1) are in full compliance with the conditions contained in this Agreement, including the satisfaction of all development obligations as stated in Exhibit B; and (2) are in full compliance with all obligations under each franchise agreement entered into between you (or your affiliates) and us for individual Studios; then, during the term of this Agreement, we will: (i) grant franchises to you to own and operate Studios located within the Designated Area; and (ii) not operate (directly or through an affiliate), nor grant a franchise to a third party to operate, any Studio within the Designated Area, except franchises granted to you or your affiliate. If you fail to comply with the Development Schedule, we may terminate this Agreement under Section 14 below. Upon termination or expiration of this Agreement, all protected rights granted in this Section 3(B) will terminate or expire.

C. Development Obligations. During the term of this Agreement, you will honestly and diligently perform your obligations and continuously exert your best efforts to promote and enhance the development of the Studios within the Designated Area. You agree to open and continue to operate the cumulative number of Studios as required in the Development Schedule. For purposes of these development obligations, a Studio will be considered "open and operating" and will be counted toward the satisfaction of the Development Schedule if it is open and operating in the Designated Area as of the date stated in the Development Schedule and the franchisee is not in default under the applicable Franchise Agreement. A Studio which is permanently closed with our approval after having been open is deemed open and in operation for purposes of the Development Schedule if a replacement Studio is open and in operation within six (6) months from the date of closing; a replacement Studio does not otherwise count toward the development quota set forth in the Development Schedule.

D. Extension Fee. If you cannot comply with the Development Schedule, you may request in writing that we approve an extension of up to three (3) months of the time in which you must open a Studio. You must pay us a nonrefundable extension fee of Five Thousand Dollars ($5,000) when you request an extension to the Development Schedule for any Studio. If we grant such an extension, the extension will be limited to the period permitted by us not to exceed three (3) months. You will not receive more than one (1) extension per Studio (whether under this Agreement or the Franchise Agreement governing the Studio).

4. GRANT

Subject to Section 3 above, we agree to grant franchises to you or your affiliate to operate Studios located in the Designated Area under the following conditions:

A. Site Report. You deliver to us a complete site report (containing any information we require) for each site at which you propose to establish, develop, and operate a Studio and which you reasonably believe to comply with our site selection criteria. The proposed site is subject to our prior written acceptance, which will not be unreasonably withheld. We will accept or reject potential Studio locations you propose to us by delivering written notice to you within thirty (30) days after we receive your complete site evaluation form and other materials we request. You must obtain our acceptance of a site for the first Studio within ninety (90) days from the date of this Agreement. Our acceptance of any proposed Studio site is not a representation or warranty of any kind as to the suitability of the proposed location for a SWEAT440® Studio.

B. Financial Capability Criteria. You must meet our standard financial capability criteria. To this end, you must furnish to us financial statements and other information regarding you and the development and operation of the proposed Studios (including pro forma statements and investment and financing plans for the proposed Studio) as we reasonably require.

C. Franchise Agreement; Initial Franchise Fee. You (and your Principal Owners (if any)) must sign the Franchise Agreement for a specific Studio (other than your first Studio) and return the executed Franchise Agreement to us on the earlier of (a) securing a site or (b) at least two hundred forty (240) days prior to the date by which you must open the Studio pursuant to the Development Schedule. You will sign the Franchise Agreement for the initial Studio at the time you sign this Agreement. You will not be required to pay an initial franchise fee for those Studios you agreed to establish under the Development Schedule.

5. MULTI-UNIT DEVELOPMENT FEES

Upon execution of this Agreement, you must pay us a "Multi-Unit Development Fee," the amount of which varies depending on the total number of Studios you agree to develop. The total Multi-Unit Development Fee is described in Exhibit A to this Agreement. The Multi-Unit Development Fee is deemed fully earned by us upon execution of this Agreement and is nonrefundable. The number of Studios that you commit to open is described on the Development Schedule in Exhibit A to this Agreement.

6. SUPERIORITY OF INDIVIDUAL FRANCHISE AGREEMENT

All individual Franchise Agreements that you (or your affiliates) and we sign for Studios within the Designated Area are independent of this Agreement. The continued effectiveness of any individual Franchise Agreement does not depend on the continued effectiveness of this Agreement. If any conflict arises between this Agreement and any individual Franchise Agreement as to any individual Studio, the individual Franchise Agreement will control.

7. CONFIDENTIAL INFORMATION

A. Ownership and Use of Confidential Information. You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating Studios pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary and is a trade secret of ours and is disclosed to you solely on the condition that you agree that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; (iv) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to your employees; and (v) will require the Regional Manager and each of your officers, managers and other employees and agents with access to Confidential Information to sign a non-disclosure agreement in a form we approve. The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts, and provides us the opportunity, to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

B. Improvements. You must fully and promptly disclose to us, all ideas, concepts, methods, techniques, improvements, and additions relating to the development and/or operation of a SWEAT440® business or the System, or any new trade names, service marks, or other commercial symbols, or associated logos relating to the operation of a Studio, or any marketing, advertising or promotion ideas related to a Studio (collectively the "Improvements") conceived or developed by you and/or your employees during the term of this Agreement. You agree that we have the perpetual right to use and authorize others to use the Improvements without any obligation to you for royalties or other fees.

C. Trade Secrets. You understand and agree that you will come into possession of certain of our trade secrets concerning the manner in which it conducts business including, but not necessarily limited to: (i) methods of doing business; (ii) business processes; (iii) strategic business plans; (iv) customer lists and information; (v) marketing and promotional campaigns; and (vi) our materials clearly marked or labeled as trade secrets ("Trade Secrets"). You agree that the Trade Secrets, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to us. You understand and agree that we derive independent economic value from the Trade Secrets not being generally known to, and not being readily ascertainable through proper means by, any other person. You will take reasonable measures to keep such information secret. Upon termination of this Agreement, you will not use, sell, teach, train, disseminate, or otherwise expose any other person, firm, corporation, association, or other entity or group, in any manner to any Trade Secret. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, as we may specify in writing.

8. **TRADEMARKS**

A. Ownership of Marks. You acknowledge that you have no interest in or to the Marks and your right to use the Marks is derived solely from the individual Franchise Agreements entered into between you (or your affiliates) and us. You agree that all use of the Marks by you and any goodwill established exclusively benefits us. You agree that after termination or expiration of this Agreement, you will not, except with respect to Studios operated by you (or your affiliates) under individual Franchise Agreements, directly or indirectly, identify yourself or any business as a franchisee or former franchisee of, or otherwise associated with us or use in any manner any Mark or trade dress of a Studio or any colorable imitation thereof.

B. Limitations on Use of Marks. You must not use any Mark as part of any corporate or trade name in any modified form, or in any other manner not explicitly authorized in writing by us. You cannot use any Mark in any business or activity, other than the business conducted by you (or your affiliates) pursuant to individual Franchise Agreements.

C. Litigation. You must immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark, or service mark of which you become aware. You must not communicate with any person other than us and our counsel regarding any infringement, challenge, or claim. We may take any action we deem appropriate and we have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark.

D. Restrictions on Internet, Website and Social Media Use. We retain the sole right to advertise the System on the Internet and to create, operate, maintain, and modify, or discontinue the use of, a website or Social Media (as defined in the first Franchise Agreement) accounts using the Marks. You have the right to access our website and view our Social Media accounts. Except as we may authorize in writing, you will not: (1) link or frame our website or Social Media accounts or content; (2) conduct any business or offer to sell or advertise memberships, products, or services on the Internet (or any other existing or future form of electronic communication) including e-mail marketing or other digital marketing; (3) create or register any Internet or email domain name in any connection with your franchise, the System, or the Marks that we now or hereafter may own or any other name that may be confusingly similar; (4) use any e-mail address which we have not authorized for use in operating the Studio; (5) engage in any search engine optimization; and (6) conduct any activity on Social Media on behalf of the Studio, the System, or any Marks.

9. MANAGEMENT OF BUSINESS

A. Regional Manager. You must designate a Regional Manager who we approve, and who will oversee the development and operations of up to five (5) Studios to be developed pursuant to this Agreement; *provided*, if this Agreement is for the development and operations of more than five (5) Studios, you must designate additional individuals as a Regional Manager for those applicable locations. The Regional Manager must demonstrate, to our satisfaction, that he/she satisfies our development, managerial, and business standards, has the aptitude and ability to develop, operate, and supervise Studios, and must comply with any obligations under the Franchise Agreements. The Regional Manager will oversee the operations of up to five (5) Studios developed under this Agreement. The Regional Manager must personally invest his or her full time and attention and devote his or her best efforts to the development and operation of the Studios to be developed under this Agreement, and may not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or that otherwise may conflict with the Regional Manager's obligations. You must have a Regional Manager at all times for the term of this Agreement, and your failure to have a Regional Manager who we approve will constitute as a default under this Agreement.

B. Affiliated Entities. With our prior written approval, you may establish affiliated entities to sign each Franchise Agreement and operate each Studio. Unless we approve otherwise, each Principal Owner must own an identical voting and equity interest in any affiliated entity as the Principal Owner owns in you. You must provide us with any information that we reasonably request in connection with any affiliated entity. If you establish one or more affiliated entities pursuant to this Section, you will remain liable for all obligations and actions of such affiliated entities under a Franchise Agreement as though you executed such Franchise Agreement and agree to execute a Guaranty Agreement or other documents as we deem necessary to carry out the intentions of this Section.

10. RECORDS AND REPORTS

You must furnish to us monthly written reports regarding your progress on the development of Studios. In addition, you must keep accurate financial records and other records relating to the development and operation of Studios in the Designated Area. We may at all reasonable hours examine and make photocopies of all such records or request that you deliver, at your expense, such records to us. All records must be kept available for at least seven (7) years after preparation.

11. RELATIONSHIP OF THE PARTIES, INDEMNIFICATION

A. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture, or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself at the Authorized Location and in all dealings with customers, lessors, contractors, suppliers, public officials, and all others as the owner of the Studio under a franchise agreement from us, and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials, as we require.

B. Your Indemnification Obligations. You agree to indemnify and hold us and our subsidiaries, affiliates, stockholders, members, directors, officers, employees, and agents harmless against, and to reimburse us or them for any loss, liability, or damages arising out of or relating to your development, ownership, or operation of the Studio, and all reasonable costs of defending any claim brought against us or any of them or any action in which us or any of them is named as a party (including reasonable attorneys' fees and interest) unless the loss, liability, damage or cost is solely due to our gross negligence or willful

misconduct. You must pay all losses, liability, damages, and taxes we incur pursuant to your obligations of indemnity under this Section 11(B) regardless of any settlement, actions, or defense we undertake or the subsequent success or failure of any settlement, actions or defense. Further, you agree to give us immediate notice of any such action, proceeding, demand, or investigation brought against you or any Studio. We may designate counsel, at your expense, to defend or settle such action, proceeding, demand, or investigation brought against you or any Studio. This obligation does not diminish your indemnification obligations under this Section 11(B).

12. **COVENANTS**

A. Organization. If you are a corporation, limited liability company, partnership, or other entity, then you covenant that:

i. You are organized and validly exist under the laws of the state where you were formed;

ii. You are qualified and authorized to do business in the jurisdiction(s) where the Designated Area is located;

iii. Your articles of incorporation, bylaws, operating agreement, member control agreement or other organizational documents ("Authorizing Documents") at all times will provide that your business activities will be limited exclusively to the development, ownership and operation of the Studios, unless you otherwise obtain our written consent;

iv. You have the power under the Authorizing Documents to sign this Agreement and comply with the provisions of this Agreement;

v. You must provide us copies of all Authorizing Documents and any other documents, agreements or resolutions we request in writing;

vi. The names of the Principal Owners are accurately stated on the Guaranty attached hereto as Exhibit C; and

vii. At all times, you will maintain a current schedule of the Principal Owners and their ownership interests (including the Principal Owners' names, address and telephone numbers) and will immediately provide us with an updated ownership schedule if there is any change in ownership.

B. Covenant Not to Compete During Term. You (and if you are an entity, each Principal Owner) and the Regional Manager will not, during the term of this Agreement, directly or indirectly or as an employee, agent, consultant, partner, officer, director, or shareholder of any other person, firm, entity, partnership or corporation: (i) divert or attempt to divert any business or customers of any Studio to any competitor or perform any act that would damage the goodwill associated with the Marks or the System; or (ii) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any business (including any e-commerce or Internet-based business) that offers or conducts fitness classes or instruction or that offers, distributes or sells, at wholesale or retail, exercise apparel and accessories, products, or any other related business that is competitive with or similar to a SWEAT440® business except: (1) with our prior written consent; (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities; or (3) under a separate agreement between you and us.

C. Post-Term Covenant Not to Compete. You (and if you are an entity, each Principal Owner) and the Regional Manager will not, for a period of two (2) years after this Agreement expires or is terminated directly or as an employee, agent, consultant, partner, officer, director, or shareholder of any other person, firm, partnership, corporation, or entity: (1) divert or attempt to divert any business or customers of any Studio to any competitor, or perform any act that would damage the goodwill associated with the Marks or the System; or (2) own, operate, lease, franchise, conduct, engage in, be connected with, having any interest in, or assist any person or entity engaged in any business that offers or conducts fitness classes or instruction or that offers, distributes or sells, at wholesale or retail, exercise apparel and accessories, products, or any other related business that is competitive with or similar to a SWEAT440® business or any wholesale or retail business we then may operate that is located at the Studio or within a fifteen (15) mile radius of other then-existing SWEAT440® business; provided, however, that this Section 12(C) will not apply to: (i) other SWEAT440® businesses that you operate under separate SWEAT440® franchise agreements; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities. For purposes of this Section, any form of e-commerce business or website that offers fitness classes or instruction, exercise products, apparel, and accessories, or any other related product, membership, service or other goods offered at a SWEAT440® business will be in violation of this provision if such e-commerce business or website offers, sells or otherwise makes its products or services available to individuals residing within or businesses located within a fifteen (15) mile radius of any then-existing SWEAT440® business. You agree that the length of time in this Section 12(C) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement.

D. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section and that injunctive relief is essential for our protection. You therefore agree that we may seek injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section. The covenants stated in this Section will survive the termination or expiration of this Agreement.

13. **ASSIGNMENT**

A. By Us. This Agreement is fully assignable by us and benefits any assignee or other legal successor to the interests of us without prior notice to your and without your consent. Any such assignment will require the assignee to fulfill our obligations under this Agreement. We reserve the right to outsource or assign any of our obligations under this Agreement to an affiliate or third party without your consent.

B. Your Assignment to Corporation or Limited Liability Company. You (as an individual) may assign this Agreement to a corporation or a limited liability company that conducts no business other than the development of Studios (or other SWEAT440® businesses under franchise agreements with us), provided: (i) the ownership under this Agreement and management is substantially unchanged; (ii) the Regional Manager actively manages the Studios; (iii) you and all Principal Owners of the assignee entity sign the Personal Guaranty attached hereto as Exhibit C; (iv) you provide us thirty (30) days' written notice before the proposed date of assignment of this Agreement to the entity; (v) you allow us to conduct due diligence on the new entity to ensure it meets our then-current requirements for multi-unit or single unit franchisees; (vi) you provide to us a certified copy of the articles of incorporation, operation agreement, organizational documents, and a list of all shareholders or members having beneficial ownership, reflecting their respective interest in the assignee entity; and (vii) the organizational documents and all issued and outstanding stock or membership certificates will bear a legend, in form acceptable to us, reflecting or referring to the assignment restrictions stated in Section 13(C) below.

C. Your Assignment or Sale of All of Substantially All of Your Assets. You understand that the rights and obligations we granted to you under this Agreement were made in reliance upon your individual or collective character, aptitude, attitude, business ability, and financial capacity. You (or if you are an entity, the Principal Owners) will not transfer (voluntarily or involuntarily), assign, or otherwise dispose of, in one or more transactions, any part of this Agreement, your entity or business, all or substantially all of the assets of your business, or any material interest in you ("material interest" to include a proposed transfer of twenty percent (20%) or more of the common (voting) stock of a corporate you or of the ownership interest in a limited liability company or partnership) unless you obtain our prior written consent (except as provided in Section 13(B) above). We will not unreasonably withhold our consent to an assignment of this Agreement, provided you are not in default under this Agreement and you comply with all of the following conditions:

i. You are in complete compliance with the terms of this Agreement and all other agreements between the parties;

ii. The proposed transferee has been approved by us as meeting our then-current standards for multi-unit or single unit franchisees;

iii. You pay us a transfer fee of five thousand dollars ($5,000) for each unmet development obligation pursuant to the Development Schedule being transferred, plus any costs we incur; and

iv. You (and each Principal Owner, if applicable) sign a general release, in form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law.

We may expand upon, and provide more details related to, the conditions for transfer, and our consent as described in this Section 13(C). Any assignment or transfer without our prior written consent constitutes a breach of this Agreement and conveys no rights to or interests in this Agreement to an assignee.

D. Public or Private Offerings. Subject to Section 13(C) above, if you (or if you are an entity, the Principal Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures, or general or limited partnership interests) in you or any affiliate of you, you agree to submit any written information to us before your inclusion in any registration statement, prospectus, or similar offering circular or memorandum. You must obtain our written consent to the method of financing before any offering or sale of securities and must pay us a securities offering fee of ten thousand dollars ($10,000). Further, you must reimburse us for any administrative costs associated with providing you your requested information for any public or private offering. Our written consent will not imply or represent our approval respecting the method of financing, the offering literature submitted to us or any other aspect of the offering. No information respecting us or any of our affiliates will be included in any securities disclosure document, unless we furnish the information in writing in response to your written request, which request will state the specific purpose for which the information is to be used. Should we, in our discretion, object to any reference to us or any of our affiliates in the offering literature or prospectus, the literature or prospectus will not be used unless and until our objections are withdrawn. We assume no responsibility for the offering. The prospectus or other literature used in any offering must contain the following language in boldface type on the first textual page:

"NEITHER SWEAT440 FRANCHISE SYSTEMS, LLC NOR ANY OF ITS AFFILIATES: (A) IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED, (B) ASSUMES ANY RESPONSIBILITY RESPECTING

THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED HEREIN, OR (C) ENDORSES OR MAKES ANY RECOMMENDATION RESPECTING THE INVESTMENT CONTEMPLATED BY THIS OFFERING."

E. Our Right of First Refusal. If you (or if you are an entity, the Principal Owners) at any time desire to sell or assign for consideration any part of this Agreement, the Studio, an ownership interest representing (in the aggregate) fifty percent (50%) or more of the ownership in you, or all or substantially all of your assets, you or your Principal Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser, and you must deliver a copy of the offer to us. We have the right, exercisable by written notice delivered to you or your Principal Owners within thirty (30) days following receipt of the proposed offer, to purchase the interest in the Studio or ownership interest in you for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of sixty (60) days to prepare for closing. If we do not exercise our right of first refusal, you or your Principal Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Principal Owners otherwise comply with this Section 13. If the sale to the proposed purchaser is not completed within sixty (60) days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again will have the right of first refusal.

F. Guaranty. If you are a corporation, limited liability company, partnership, or other entity, all of your Principal Owners will sign the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit C (the "Guaranty Agreement"). Any person or entity that at any time after the date of this Agreement becomes a Principal Owner under the provisions of this Section 13 or otherwise will, as a condition of becoming a Principal Owner, sign the Guaranty Agreement.

14. **TERMINATION**

A. Defaults – Curable. You will be in default and we may terminate this Agreement, effective ten (10) days following your receipt of written notice of termination, if you fail to pay any fees due and owing to us, our affiliates, other SWEAT440® franchisees, or approved suppliers. In addition, you will be in default and we may terminate this Agreement, effective thirty (30) days following your receipt of written notice of termination, if any of the following breaches occur and you fail to cure such breach within thirty (30) days:

i. You fail to meet your development requirements described in the Development Schedule; or

ii. You fail to comply with any other provision of this Agreement or any Franchise Agreement or other agreement between you and us.

B. Defaults – Non-curable. In addition to the rights of termination described in Section 14(A) above, we may terminate this Agreement without granting you any opportunity to cure the default, effective immediately upon written notice to you, if any of the following occur:

i. An immediate threat or danger to public health or safety results from the construction, maintenance, or operation of a Studio;

ii. You (or any Principal Owner) fail on three (3) separate occasions within any period of twelve (12) consecutive months to comply with any provision of this Agreement, whether or not the failure to comply is corrected after notice is delivered to you;

iii. You do not have a Regional Manager overseeing the development and operations of Studios pursuant to this Agreement for thirty (30) days or longer;

iv. You (or any Principal Owner) make an unauthorized assignment or transfer of this Agreement or an ownership interest in you;

v. You (or any Principal Owner) makes a material misrepresentation or omission in your application for the development rights conferred by this Agreement;

vi. You (or any Principal Owner) are convicted of, or plead guilty or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Marks, or the goodwill associated therewith, or if we have proof that you have committed such a felony, crime, or offense;

vii. You (or any Principal Owner) make unauthorized use, disclosure, or duplication of any portion of the Operations Manual (as defined in the first Franchise Agreement signed in accordance with this Agreement) or any other Confidential Information we provide to you under this Agreement;

viii. You become insolvent, make an assignment for the benefit of creditors, or admit you cannot pay your obligations as they become due;

ix. You (or any Principal Owner) materially misuse or make unauthorized use of any Marks, or commit any act which can reasonably be expected to materially impair or otherwise is prejudicial to the goodwill associated with any Marks;

x. You develop or use an unapproved website or Social Media in connection with any Studio, or otherwise conduct unauthorized activity on the Internet in violation of Section 8(D) above;

xi. You violate a provision of this Agreement which is not curable; or

xii. Any franchise agreement you (or any of your affiliates) and we are party to in accordance with this Agreement is terminated for any reason.

C. Rights to Studios on Termination. Upon termination of this Agreement, you have no right to establish or operate a Studio for which a Franchise Agreement has not been executed by us and delivered to you at the time of termination. We may establish, and license others to establish, SWEAT440® locations in the Designated Area, except as may be otherwise provided under any other agreement which has been executed between you and us.

D. Cross Default. Any default or breach by you, your affiliates and/or any guarantor of yours of any other agreement between us or our affiliates and you and/or such other parties will be deemed a default under this Agreement. Your "affiliates" means any persons or entities controlling, controlled by, or under common control with you.

E. Applicable Laws. To the extent the provisions of this Section 14 respecting permissible grounds, cure rights or minimum periods of notice for termination of the franchise are inconsistent with applicable law, the applicable law will supersede such provision of this Agreement.

F. Survival . All of our and your obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

15. **ENFORCEMENT**

A. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us are invalid or unenforceable, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Waiver of Obligations. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach.

C. Rights of Parties are Cumulative. Our and your rights are cumulative and no exercise or enforcement by either party of any right or remedy precludes the exercise or enforcement by such party of any other right or remedy to which such party is entitled by law or equity to enforce.

D. Venue. Any cause of action, claim, suit or demand allegedly arising from or related to this Agreement or the relationship of the parties must be brought exclusively in the state or federal court of competent jurisdiction in the state covering the location in which our corporate offices are located at the time the action is commenced. We also have the right to file any such suit against you in the federal or state court where the Studio is located. We and you both irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. The provisions of this Section 15(D) will survive the termination of this Agreement.

E. Governing Law. Subject to our rights under federal trademark laws and the Federal Arbitration Act, this Agreement will be governed by and construed under the laws of Florida, without regard to any conflict of laws principles of Florida. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state where your Studio is located.

C. Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by in writing and signed by you and us. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

D. References. If you consist of two or more individuals, such individuals will be jointly and severally liable, and references to "you" in this Agreement will include all such individuals. Any reference or use of the term "including" means including without limitation.

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

i. Our Rights. Whenever this Agreement provides that we have, reserve, or retain a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

ii. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of ours. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact), will substitute their judgment for our reasonable business judgment.

G. **WAIVER OF PUNITIVE DAMAGES. YOU AND WE AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.**

H. **WAIVER OF JURY TRIAL. YOU, YOUR OWNERS AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU, YOUR OWNERS OR US.**

I. Costs and Attorneys' Fees. The nonprevailing party will pay all costs, expenses, and interest including reasonable attorneys' fees the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

J. *Force Majeure*. If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include natural disasters, strikes, wars, and riots, except as may be specifically provided for elsewhere in this Agreement.

K. Notice of Potential Profit. We advise you that we and/or our affiliates periodically may make available to you goods, products and/or services for use in the Studio on the sale of which we and/or our affiliates may make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for services provided or rights license to such persons. You agree that our affiliates and we will be entitled to such profits and consideration.

L. Entire Agreement. The "Introduction" section, the exhibit(s) to this Agreement, and the Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement,

which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

M. Notices. All written notices and reports permitted or required to be delivered by the provisions of this Agreement are deemed so delivered at the time delivered by hand, one (1) business day after sent by a recognized overnight delivery service which requires a written receipt, or three (3) business days after placed in the U.S. Mail by registered or certified mail, return receipt requested, postage prepaid, and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other party.

16. ACKNOWLEDGEMENTS

A. Success of Franchised Business. The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or the Principal Owners') ability as an independent businessperson, and your active participation in the daily affairs of the Studio, as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the business venture.

B. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross revenues, volume, potential earnings, or potential profits which you might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein or in the franchise disclosure document, to induce you to accept this Franchise and sign this Agreement.

C. Receipt of Documents. You acknowledge that you received a copy of the complete Franchise Agreement, and exhibits attached hereto, at least seven (7) calendar days before the date on which this Agreement was executed. You further acknowledge that you received the disclosure document required by the trade regulation rule of the Federal Trade Commission entitled "Franchise Disclosure Document" at least fourteen (14) calendar days prior to the date on which this Agreement was executed. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor. You further represent that you understand the provisions of this Agreement and agree to be bound.

D. Other Franchises. You acknowledge that other SWEAT440® businesses have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

[*signature page to follow*]

The parties have signed this Agreement on the date stated in the first paragraph.

WE:

SWET440 FRANCHISE SYSTEMS, LLC
a Florida limited liability company

By_____
Its_____

YOU:

(If you are a corporation or limited liability company)

_____
Name of corporation or limited liability company

By_____
Its_____

(If you are an individual owner, You must sign below; if a partnership, all partners must sign below)

_____
(Sign Your Name)

_____
(Print Your Name)

_____
(Sign Your Name)

_____
(Print Your Name)

EXHIBIT A

TO MULTI-UNIT DEVELOPMENT AGREEMENT

DESIGNATED AREA AND DEVELOPMENT SCHEDULE

This Exhibit is attached to and is an integral part of the SWEAT440® Multi-Unit Development Agreement dated _____, 20____, between you and us.

1. Development Area. Your development rights and obligations to timely develop and open Studios will be within the following described area:

_____

_____

_____

_____

2. Multi-Unit Development Fee. The Multi-Unit Development Fee is $_____.

3. Development Schedule. You agree to timely open Studios in compliance with the following development schedule:

STUDIO #	DATE OF STUDIO OPENING	CUMULATIVE NUMBER OF STUDIOS TO BE OPENED

[*signature page to follow*]

AGREED:

WE:
SWEAT440 FRANCHISE SYSTEMS, LLC
a Florida limited liability company

By_____
Its_____

YOU:
(If you are a corporation or limited liability company)

_____
Name of corporation or limited liability company

By_____
Its_____

(If you are an individual owner, You must sign below; if a partnership, all partners must sign below)

_____
(Sign Your Name)
_____
(Print Your Name)

_____
(Sign Your Name)
_____
(Print Your Name)

EXHIBIT B

TO FRANCHISE AGREEMENT

OWNERSHIP AND MANAGEMENT ADDENDUM

1. Principal Owner(s). You represent and warrant to us that the following person(s) or entity, and only the following person(s) or entity, will be your Principal Owner(s):

NAME	HOME ADDRESS	PERCENTAGE OF INTEREST

2. Regional Manager. You represent and warrant to us that the following person, and only the following person, is your Regional Manager:

NAME	TITLE	ADDRESS

3. Change. You must immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information. Upon notification, we will issue to you another addendum for you to execute.

4. Effective Date. This Addendum is effective as of this _____ day of _____, 20_____.

_____ _____

Your Initials Our Initials

EXHIBIT C

TO MULTI-UNIT DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of that certain Multi-Unit Development Agreement of the Effective Date (the "Agreement") by Sweat440 Franchise Systems, LLC ("we" or "us"), each of the undersigned (a "Guarantor") personally and unconditionally guarantees to us, and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement that _____ _____ ("you" or "Developer") will timely pay and perform each and every undertaking, agreement, and covenant stated in the Agreement.

Further, the Guarantors, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Multi-Unit Development Agreement, including without limitation, the confidentiality and trade secret provisions contained in Section 7 and the non-compete provisions contained in Section 12, and agree that this Guaranty will be construed as though each of the Guarantors executed a Multi-Unit Development Agreement containing the identical terms and conditions of this Multi-Unit Development Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right s/he may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor's liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and the other Guarantors of you;

(2) Guarantor will make any payment or perform any obligation required under the Multi-Unit Development Agreement upon demand if you fail to do so;

(3) Guarantor's liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of you or any assignee or successor;

(4) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and

(6) Guarantor will pay all reasonable attorneys' fees and all costs and other expenses we incur (including interest) in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

Sections 15(B) (Waiver); 15(E) (Governing Law); 15(D) (Venue); 15(H) (Jury Waiver); 15(L) (Entire Agreement); 15(C) (Modifications); 15(I) (Attorneys' Fees); 14(F) (Survival); and 15(F) (Interpretation) of the Multi-Unit Development Agreement apply to Guarantors and this Guaranty.

Each of the undersigned has signed this Guaranty as of the same day and year as the Agreement was executed.

GUARANTOR(S)	**PERCENTAGE OWNERSHIP IN YOU**
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

EXHIBIT D

TO MULTI-UNIT DEVELOPMENT AGREEMENT

SWEAT440® FRANCHISE AGREEMENT

(Current Form)

EXHIBIT D

FRANCHISEE LIST

SWEAT440® Current Franchisees

AS OF DECEMBER 31, 2024

Franchisees' Names	Franchisees' Address	Franchisees' Telephone Number
Open as of 12/31/24		
Amanda Vachon	10878 County Line Rd. Madison, AL. 35756	931-309-0086
Javier Jorge*	3401 NE 1st Ave Florida, Florida, 33137	(727) 432-0428
Mark Cacciaguida and Lou Avignone*	8405 NW 53rd St Doral, Florida, 33166	(646) 662-6080
Marc Gralnick*	6206 W Sample Rd, Coral Springs, FL 33067	(404) 557-6018
Marc Gralnick*	301 SW 1st Ave Fort Lauderdale FL 33301	(404) 557-6018
Marc Gralnick*	6901 Biscayne Blvd, Miami, FL 33138	(404) 557-6018
Marc Gralnick*	301 Altara Ave. Suite 111 Coral Gables, Florida	(646) 662-6080
Marc Gralnick*	3315 Rice St, Miami, FL 33133	(404) 557-6018
Max Gelrud*	59 NW 23rd St. Miami Shores. FL. 33163	(612) 237-9555
Marc Gralnick*	6766 Main St, Miami Lakes, FL 33014	(404) 557-6018
Javier Jorge*	15845 Pembroke Pines Boulevard, Pembroke Pines, FL 33027	(404) 557-6018
Nicholas Marco*	1607 Route 35, Ocean Township, NJ 07755	(732) 232-3768
Nicholas Marco*	1358 Hooper Ave. Toms River, NJ 08753	(732) 232-3768
FIT Investments NYC LLC*	80 John St, New York, New York 10038	(844) 552-0688
Fit-NYC-Chelsea, LLC	600 6th Ave, New York, NY 10011	(305) 884-2400
Eugene Kaymen*	110 Jacob Fontaine Ln Suite 200 Austin, Texas, 78752	(347) 682-2094
Eugene Kaymen*	300 S Lamar Blvd Suite O Austin, Texas, 78704	(347) 682-2094
Signed but not open as of 12/31/24		
Jimmy Kassis*	TBD in Miami, FL (3 Franchise Agreements)	(617) 817-8712
Javier Jorge*	TBD in Miramar, FL (2 Franchise Agreements)	(727) 432-0428
Nicholas Marco*	TBD in New Jersey (27 Franchise Agreements)	(732) 232-3768
FIT Investments NYC LLC*	TBD in New York City, New York (3 Franchise Agreements)	(305) 884-2400
Solaris FL-Holdings*	TBD in Puerto Rico (12 Franchise Agreements)	

*Multi-Unit Operators

LIST OF FORMER FRANCHISEES
AS OF DECEMBER 31, 2024

List of franchisees who transferred an outlet(s) or had an outlet(s) terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the 14-month period ending December 31, 2024, or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you transfer an outlet(s) or had an outlet(s) terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement.

Name	City, State	Number
Amanda Vachon*	Madison, AL	931-309-0086

*Remains in the system, but closed a Studio.

EXHIBIT E

LIST OF STATE ADMINISTRATORS; AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
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 Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492

EXHIBIT F

STATE ADDENDA

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as franchisee is open for business.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of $30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

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.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C,

or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

Payment of the initial franchise fee is deferred until such time as franchisee is open for business.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **SWEAT440 FRANCHISE SYSTEMS, LLC**	**FRANCHISEE**: _____
By: _____ Its: _____ Date: _____	By: _____ Its: _____ Date: _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

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 E 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 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 CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT 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:

With the exception of what is stated above, the following applies 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.

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a 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 the franchisee by Article 33 of the General Business Law of the State of New York

6. Franchise Questionnaires and Acknowledgements--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. Receipts--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.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **SWEAT440 FRANCHISE SYSTEMS, LLC**	**FRANCHISEE**: _____
By: _____ Its: _____ Date: _____	By: _____ Its: _____ Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 5, Additional Disclosures:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

"According 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."

Franchise Questionnaires and Acknowledgments:

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.

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> "According 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 ground 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."
>
> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.
>
> 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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **SWEAT440 FRANCHISE SYSTEMS, LLC**	**FRANCHISEE**: _____
By: _____ Its: _____ Date: _____	By: _____ Its: _____ Date: _____

VIRGINIA ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Unit Development Agreement, to the extent that the Multi-Unit Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the first franchise agreement.

EXHIBIT G

STATE EFFECTIVE DATES AND RECEIPTS

STATE EFFECTIVE DATES

The following states require that the 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 disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
Indiana	Pending
Michigan	March 11, 2025
Minnesota	Pending
New York	Pending
Virginia	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 and other information in plain language. Read this disclosure document and all agreements carefully.

If Sweat440 Franchise Systems, LLC ("Sweat440") offers you a franchise, Sweat440 must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Sweat440 or its affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Sweat440 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 those state administrators listed on Exhibit D.

Issuance Date: March 11, 2025

The franchisor is Sweat440 Franchise Systems, LLC, located at 1919 Purdy Avenue, Miami Beach, Florida 33139. Its telephone number is 888-507-9328.

Sweat440's franchise seller involved in offering and selling the franchise is Cody Patrick, and/or Matthew Miller, 1919 Purdy Avenue, Miami Beach, Florida 33139, 888-507-9328, or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: _____.

Sweat440 authorizes the respective state agencies identified on Exhibit E to receive service of process for Sweat440 in the particular state.

I have received a disclosure document with an issuance date of March 11, 2025, that included the following Exhibits:

A. Financial Statements
B. Franchise Agreement (and Exhibits and State Addenda)
C. Multi-Unit Development Agreement (and Exhibits and State Addenda)
D. Franchisee List
E. List of State Administrators/Agents for Service of Process
F. State Addenda to the Franchise Disclosure Document
G. Receipts

Date:_____
(Do not leave blank)

_____
(Print Name of Prospective Franchise (For Entity))
By: _____
Its: _____

Signature: _____

_____
(Print Name of Prospective Franchisee (For Individuals))

This copy is for Franchisee

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sweat440 Franchise Systems, LLC ("Sweat440") offers you a franchise, Sweat440 must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Sweat440 or its affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Sweat440 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 those state administrators listed on Exhibit E.

Issuance Date: March 11, 2025

The franchisor is Sweat440 Franchise Systems, LLC, located at 1919 Purdy Avenue, Miami Beach, Florida 33139. Its telephone number is 888-507-9328.

Sweat440's franchise seller involved in offering and selling the franchise is Cody Patrick, and/or Matthew Miller, 1919 Purdy Avenue, Miami Beach, Florida 33139, 888-507-9328, or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: _____.

Sweat440 authorizes the respective state agencies identified on Exhibit E to receive service of process for Sweat440 in the particular state.

I have received a disclosure document with an issuance date of March 11, 2025, that included the following Exhibits:

A. Financial Statements
B. Franchise Agreement (and Exhibits and State Addenda)
C. Multi-Unit Development Agreement (and Exhibits and State Addenda)
D. Franchisee List
E. List of State Administrators/Agents for Service of Process
F. State Addenda to the Franchise Disclosure Document
G. Receipts

Date:_____ _____
(Do not leave blank) (Print Name of Prospective Franchise (For Entity))
By: _____
Its: _____

Signature: _____

_____
(Print Name of Prospective Franchisee (For Individuals))

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send by email to franchising@sweat440.com.

This copy is for Sweat440 Franchise System, LLC