FRANCHISE DISCLOSURE DOCUMENT

SWTHZ™

LS Franchisor LLC
a Georgia limited liability company
120 Interstate N. Pkwy SE, Suite 400
Atlanta, GA 30339
(678) 228-4435
franchise@sweathouz.com
www.sweathouz.com

The franchise is the right to own and operate a business that offers mind and body wellness experiences and services currently focused on private infrared sauna, contrast therapies and other non-invasive therapies under the "SWTHZ" name and marks.

The total investment necessary to begin operation of a franchised business ranges from $569,273 to $1,012,290. This includes $157,000 to $195,850 that must be paid to the franchisor or its affiliates.

If, in our discretion, we grant you the right to acquire a minimum of two franchises under a Multi-Unit Development Agreement, the total investment necessary under the Multi-Unit Development Agreement is $45,000 times the number of franchises you agree to acquire ($90,000 to $225,000 based on a typical 2 to 5 Business commitment). For each one above 5, the investment under the Development Agreement will increase by $45,000. This entire amount must be paid to the franchisor or its affiliates. We credit this amount, in $45,000 increments, toward the initial franchise fee that is due as franchise agreements are signed until the aggregate amount of these credits equals the development fee.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact LS Franchisor LLC at 120 Interstate N. Pkwy SE, Suite 400, Atlanta, GA 30339, phone: (678) 228-4435.

The terms of your contract will govern your franchise relationship. Don't rely on this 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: April 19, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits G-1 and G-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F 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 SWTHZ™ 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 SWTHZ™ franchisee?	Item 20 or Exhibits G-1 and G-2 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

3. **Out-of-State Dispute Resolution:** The franchise agreement and multi-unit development agreement require you to resolve disputes with us by arbitration or litigation only in the state where our corporate headquarters are located (currently, Georgia). Out of state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with us in the state where our corporate headquarters are located than in your home state.

4. **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.

5. **Mandatory Minimum Advertising Payments**. You must make minimum 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

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

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

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Item 1.
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this franchise disclosure document (this "Disclosure Document"), "Franchisor," "we," "us," or "our" means LS Franchisor LLC, the franchisor. "You" means the person or entity who buys the franchise from us. If you are a corporation, partnership, limited liability company, or other business entity, your owners will have to guarantee your obligations and be bound by the provisions of the Franchise Agreement or the Development Agreement (each as defined below), as applicable, and other agreements as described in this Disclosure Document.

The Franchisor

We were formed as a Georgia limited liability company on March 3, 2022. Our principal business address is 120 Interstate N. Pkwy SE, Suite 400, Atlanta, Georgia 30339. Our principal telephone number is (678) 228-4435. We operate under our corporate name and the names "SWTHZ™" and "SweatHouz®." We have never owned or operated any Businesses (defined below), but our affiliates owned and operated 12 Businesses as of December 31, 2023. We have not offered franchises in any other lines of business. We began offering franchises for Businesses in May 2022, and our sole business is to sell and service those franchises.

Our Parents, Predecessors and Affiliates

We have no predecessors. Our immediate parent is Legendary Sweat Intermediate, LLC ("LS Intermediate"), a Delaware limited liability company which shares our principal business address. LS Intermediate is wholly owned by Legacy Franchise Concepts, L.P. ("LFC Topco"), a Delaware limited partnership which also shares our principal business address. Neither LS Intermediate nor LFC Topco has owned or operated any Business or offered franchises for Businesses or any other concepts.

Our affiliate, Legendary Sweat, LLC ("LS Opco"), claims ownership of the Marks (defined below) and other intellectual property used in the development and operation of Businesses and has granted us a license to use and sublicense their use in connection with the System (defined below). LS Opco has never operated businesses similar to a Business and has never offered franchises for this or any other line of business.

Our affiliate, LS Product Sourcing, LLC ("LS Sourcing"), a Georgia limited liability company which shares our principal business address, is the designated supplier to franchisees for certain products and services required under the Franchise Agreement. It has never operated businesses similar to a Business or offered franchises for this or any other line of business.

Our affiliate, Ego for Women, LLC ("Ego"), a Georgia limited liability company which shares our principal business address, licenses and supplies certain products to LS Sourcing and LS Opco that franchisees must purchase and sell under the Franchise Agreement. It has never operated businesses similar to a Business or offered franchises for this or any other line of business.

The Franchise

We offer and grant franchises to operate mind and body wellness businesses that use and are currently identified by the trademark "SWTHZ™" (the "Brand") and such other trademarks and commercial symbols we periodically designate (together with the Brand, the "Marks") and that

currently offer private, individual suites each with infrared sauna and cold plunge contrast therapies and Vitamin C showers, along with other services and products we authorize from time to time (each, a "Business"). To acquire a franchise, you must sign our form of Franchise Agreement and related agreements (a "Franchise Agreement"), the forms of which are attached to this Disclosure Document as Exhibit B. Each Business is governed by a separate Franchise Agreement. If you are a corporation, limited liability company or other legal entity, your owners will be required to sign an agreement (the form of which is an exhibit to the Franchise Agreement) under which they each personally assume and guarantee your obligations under the Franchise Agreement. If a guarantor's spouse is not themselves an owner of you, we will require the non-owner spouse to also sign the guaranty for the limited purposes of (1) acknowledging that their spouse's execution of the guaranty could impact the non-owner spouse's interests in marital property and (2) personally assuming the confidentiality and noncompetition obligations under the Franchise Agreement. A non-owner spouse is not otherwise obligated under the guaranty.

We may, in our discretion, offer you the right to enter into a Multi-Unit Development Agreement (the "Development Agreement"), under which you would agree to acquire an agreed upon number of franchises and open, according to an agreed upon schedule (the "Development Schedule"), a corresponding number of Businesses, each under a separate Franchise Agreement, within a specifically described and agreed upon geographic territory (the "Development Area"). Our current form of Development Agreement is attached as Exhibit C to this Disclosure Document. When you sign the Development Agreement, you will also sign the 1st Franchise Agreement on our current form. For each subsequent Business you develop, you must sign our then-current form of Franchise Agreement, which may be materially different than the form we were using when you signed the Development Agreement.

Businesses have distinctive and proprietary business formats, methods, procedures, designs, layouts, standards, and specifications (together, the "System"), all of which we may improve, further develop, or otherwise modify over time. We call the Business that you will operate "your Business."

Market Competition and Regulations

A Business will offer its services and products to the general public. The target market is health and wellness-minded adults. The market for sauna treatments is established and competitive, but the market for the use of infrared and red-light saunas and other wellness services offered by Businesses is still developing. Your competition may include spas, health clubs and similar businesses that offer sauna service, including national and regional chains. You may also encounter competition from other Businesses operated by our affiliates or other franchisees.

You must comply with laws applicable to businesses generally. We are not aware of any special state laws that regulate this particular type of business, but there may be health and safety laws or regulations in your local jurisdiction that are specific to the operation of businesses that offer the services that Businesses offer, including infrared and cold plunge therapies and other services that may be required from time to time. You must learn about and comply with all such laws and regulations. You are also responsible for obtaining any licenses or permits required for operating your Business.

Item 2.
BUSINESS EXPERIENCE

James E. Weeks, III: President & Chief Executive Officer

Mr. Weeks has served as our President and Chief Executive Officer in Atlanta, Georgia, since March 2022. Since January 2018, Mr. Weeks has also served in Atlanta, Georgia, as the Chairman of the Board of Managers of Legacy Franchise Concepts, L.P. and Chief Executive Officer of Honors Holdings, LLC, owner of numerous Orangetheory franchisees.

Jeffrey J. Teschke: Vice President & Secretary

Mr. Teschke has served as our Vice President & Secretary since March 2022. He has also been a partner with Prospect Hill Growth Partners, a private equity firm, since December 2009, and has served as a director in several of the firm's portfolio companies. Mr. Teschke is based in Boston, Massachusetts.

Kyle Casella: Treasurer & Assistant Secretary

Mr. Casella has served as our Treasurer & Assistant Secretary since March 2022. He has also been a principal at Prospect Hill Growth Partners since July 2016. Mr. Casella is based in Boston, Massachusetts.

Tracey Walsh: Chief Administrative Officer

Ms. Walsh has been our Chief Administrative Officer since September 2023. Prior to that, Ms. Walsh served as our Chief Operating Officer from January 2023 to August 2023 and as our Head of Real Estate Development from August 2022 to December 2022. Prior to that, Ms. Walsh served as the Chief Operating Officer of Burke Brands, LLC from November 2019 to July 2022 in Miami, Florida. Prior to that, Ms. Walsh was between positions from December 2017 to October 2019.

Mike Tan: Chief Operating Officer

Mr. Tan has been our Chief Operating Officer since September 2023. Prior to that, Mr. Tan served as Vice President, Global Business Development for LifeSpeak/LIFT from June 2020 to August 2023 in Toronto, Ontario, Canada. Prior to that, Mr. Tan served as National Sales Director for Orangetheory Canada from January 2017 to May 2020 in Edmonton, Alberta, Canada.

Savannah Busby – Director of Franchise Sales

Ms. Busby has served as our Director of Franchise Sales since April 1, 2023. Prior to that, Ms. Busby served as our Human Resources Director from May 2021 to March 2023. Prior to that, Ms.

Busby served as an Accounting Analyst for Nolan Transportation Group from January 2019 to April 2021 in Atlanta, Georgia.

Item 3.
LITIGATION

Walker Edison Furniture Company, LLC v. Kyle Casella, et. al., No. 230902160, filed in the Third Judicial District Court for County of Salt Lake, State of Utah. On December 20, 2023, Walker Edison Furniture Company, LLC ("Plaintiff") filed a complaint against Kyle Casella ("Casella") and several other entities and individuals. This case arose from the leveraged recapitalization of Plaintiff and a related dividend. Casella and the other named defendants were directors of Plaintiff's indirect parent company and the recipients (either directly or indirectly) of such dividend. Plaintiff alleges that it was insolvent at the time of the recapitalization, and that the dividend constituted a constructive fraudulent transfer. Plaintiff seeks avoidance of the dividends, disgorgement of profits, punitive damages, pre- and post-judgment interest, and recovery of fees and costs. The case is currently in discovery.

HotBox Enterprises, LLC v. Jamie Weeks, et al., No. 20GDCV00469 (the "HotBox Lawsuit"), consolidated on March 24, 2021, with Jamie Weeks v. Jessica Mortarotti, et al, No. 20STCV20681 (the "Weeks Lawsuit"), both filed in the California Superior Court, County of Los Angeles. On June 1, 2020, HotBox Enterprises, LLC ("HotBox") filed a complaint against Jamie Weeks ("Weeks"), LS Opco and several related entities. On the same date, Weeks filed a complaint against the owners of HotBox (the "HotBox Owners") and their franchise sales consultant ("Samios"). These cases arose out of a series of business transactions involving the HotBox franchise system. The HotBox Owners developed a Business in Los Angeles, CA that offered infrared sauna treatments under the name "HotBox" (the "Initial HotBox Business"). They engaged Samios to assist in beginning to franchise the HotBox concept. After being introduced to the HotBox Owners by Samios, Weeks acquired ownership of the Initial HotBox Business and the rights to develop 30 additional HotBox Businesses, and he was gifted an ownership interest in HotBox. After opening several additional HotBox-branded Businesses, a dispute arose, which led to HotBox terminating Weeks' franchise rights and Weeks closing and rebranding the HotBox Businesses to the Brand. In the HotBox Lawsuit, HotBox alleged that Weeks engaged in unfair business practices and improper acts, breached his contractual obligations and duties of good faith and loyalty to HotBox, and unlawfully used HotBox's intellectual property. HotBox sought actual and compensatory damages, disgorgement of profits, injunctive relief, pre- and post-judgment interest, and recovery of fees and costs. In the Weeks Lawsuit, Weeks alleged that HotBox, the HotBox Owners and Samios breached their contractual obligations and duties of good faith and fair dealing to Weeks, intentionally interfered with Weeks' contractual relationships, and engaged in intentional and negligent misrepresentation, fraudulent concealment, and unfair competition. Weeks sought unspecified actual and compensatory damages, punitive damages, disgorgement of profits, rescission of the asset purchase agreement for the HotBox Business, pre- and post-judgment interest, and recovery of fees and costs. The parties to the cases entered into a confidential settlement agreement on February 2, 2022, and the lawsuits were dismissed.

Other than this action, no litigation is required to be disclosed in this Item.

Item 4.
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5.
INITIAL FEES

Initial Franchise Fee: You will pay us an initial franchise fee of $45,000 in a lump sum when you sign the Franchise Agreement. We fully earn the initial franchise fee when we execute the Franchise Agreement. The initial franchise fee is not refundable and is uniformly imposed.

Initial Equipment Package and Certain Opening Supplies: You must obtain and install the initial equipment package (the "Initial Equipment Package"), which includes the saunas, cold plunges, and other equipment you will use in the operation of your Business, as well as certain opening inventory for your Business. We estimate these costs to be between $112,000 to $145,000, which are paid to our affiliate on behalf of the third-party suppliers. These costs are non-refundable.

Lease Review Fee: If you submit multiple proposed sites to us for our review, for each such site after the first one, we may require you to pay us a site review fee of $2,000 plus reimbursement of any out-of-pocket expenses we incur in connection with the review.

Training Fee: We do not charge any training fee for providing training to the required trainees of your or your affiliates' first two Businesses. However, we may charge a training fee for providing training to the required trainees of your or your affiliates' third and each subsequent Business if we determine that you or your affiliates are unable to properly conduct the required training and, in that event, may charge you a nonrefundable training fee of $3,850, which is payable in lump sum.

Development Fee: If we elect to sign a Development Agreement with you, you will pay us, in a lump sum, a nonrefundable initial development fee (the "Development Fee") equal to $45,000 multiplied by the number of Businesses you agree to develop, with a minimum of 2 such Businesses. A typical Development Agreement would require the development of two (2) to five (5) Businesses (a "Typical Development Deal"), requiring payment of a Development Fee ranging from $90,000 to $225,000, depending on the number of Businesses you agree to develop. For each commitment above five (5), the Development Fee will increase by $45,000. We credit the Development Fee, in $45,000 increments, toward the initial franchise fee that is due as Franchise Agreements are signed until the aggregate amount of these credits equals the Development Fee. Under a Typical Development Deal you would be required to open all required Business within one (1) to five (5) years after signing the Development Agreement, depending on the number of Businesses you commit to develop. The Development Fee is uniformly imposed.

Item 6.
OTHER FEES

Name of Fee [1]	Amount	Due Date	Remarks
Royalty	6% - 8% of Gross Sales depending on the age of the Studio	Payable weekly on the day we specify (currently Thursday)	See Note 2 for definition of Gross Sales. The Royalty rate begins at 6% of Gross Sales; beginning on the 25th month following the Studio's opening, the rate increases to 7%; and beginning on the 49th month following the Studio's opening and continuing for the remainder of the term of the Franchise Agreement, the rate increases to 8% of Gross Sales.
Temporary Royalty	$750 per week	Payable weekly when your Royalty would have been due	Payable only if you temporarily close your Business without our consent.
Non-Compliance Fee	The greater of (a) one percentage point increase to your Royalty rate or (b) $1,000	Payable weekly with your Royalty	Payable if we determine that you are not in compliance with your obligations under the Franchise Agreement, until we determine that you have cured all deficiencies.
Brand Fund Contribution	2% of Gross Sales	Payable weekly with your Royalty	We may, on notice to you, adjust the amount of your required contributions to the Brand Fund, subject to the Marketing Expenditure Cap. See Note 3.
Local Advertising Cooperative	As determined by each Local Advertising Cooperative (not currently charged)	As determined by Co-Op, but estimated to be monthly	This is the amount you are required to spend to promote your Business in the local market, but we reserve the right to have you pay this amount to us (in which case we will spend it for you). We may, on notice to you, adjust your spending requirement subject to the Marketing Expenditure Cap. See Note 3.
Local Advertising	The greater of (a) $2,000 or (b) 2% of the prior month's Gross Sales	Monthly with your 1st Royalty payment each month	This is a spending requirement, but we reserve the right to have you pay this amount to us rather than spending it yourself. See Note 4.

Name of Fee [1]	Amount	Due Date	Remarks
Technology Fee	$1,250 per month	Payable monthly	For technology that we or our affiliates develop or license to you and for other maintenance, support, and technology development services that we or our affiliates provide. This amount of this fee is subject to increase at our discretion commensurate with the technology used in the operation of the Business.
Vendor Payments	Actual costs	As invoiced	We may negotiate master agreements with approved suppliers or mandated vendors which require that we pay the vendor directly on your behalf. If we do, you will pay us the amounts due to the vendor, and we will, in turn, pay the vendor on your behalf.
Additional Training	$1,000 per day plus reimbursement of expenses	As incurred	Payable if we provide training that we are not required to provide, either at your request or at our initiative, including training for additional or replacement required trainees, or initial training for your 3rd or subsequent Businesses. The amount shown is our current fee, but this fee is subject to change based on the assistance we provide and the associated costs. See Note 5.
Annual Convention	Up to $500 per attendee	As incurred	For attendance at our annual franchisee conference. Attendees are responsible for their own travel and lodging expenses. This fee is subject to change.
Successor Franchise Fee	50% of the then current or last initial franchise fee we charged for a new single unit franchise	On acquisition of the successor Franchise (prior to expiration of the current term)	Payable if you acquire a successor franchise.
Transfer Fee – Franchise Agreement	50% of the then current franchise fee	Before transfer is completed	Not payable if transferred to immediate family or entity you control.
Transfer Fee – Development Agreement	$5,000	Before the transfer is completed	To cover our expenses associated with the Transfer, including, for example, for document review and preparation, evaluation of the proposed transferee and training.

Name of Fee [1]	Amount	Due Date	Remarks
Insurance	Amount of premiums we pay on your behalf plus an administrative fee of up to 10% of the premiums paid	As incurred	Payable if, after you open, you fail to maintain the required insurance coverage for your Business, and we elect to purchase it for you.
Late Payment Fee	$100 per occurrence, plus interest on the unpaid amounts	As incurred	Payable if your checks are returned to us due to insufficient funds or if there are insufficient funds in the business account you designate to cover our withdrawals.
Interest on Late Payments	The lesser of (a) the highest legal rate or (b) 18% per annum	As incurred	Payable on all overdue amounts.
Tax Reimbursement	Actual costs, plus an administrative fee not to exceed 10% of taxes we pay	As incurred	You must reimburse us for any taxes that we are required to pay to any state taxing authority on account of the operation of your Business or payments that you make to us (other than our own income taxes).
Management of your Business	10% of Gross Sales plus reimbursement of our costs and expenses	As incurred	Payable if we exercise our rights under the Franchise Agreement to manage your Business.
Indemnification (Franchise Agreement and Development Agreement)	Based on amounts awarded and our actual costs	As incurred	You must reimburse us if we are held responsible for claims from your business operations.
Costs of Curing Post-Term Deficiencies	Actual costs	As incurred	Payable if you fail to comply with your post-term obligations to de-identify your Business, and we elect to do it for you.
Inspection and Testing for Unapproved Suppliers, Products or Equipment	$500, plus reimbursement of our actual costs	As incurred	Payable if, at your request, we agree to consider approving a vendor that is not then currently approved, including the cost of testing the vendor's products and inspecting its facilities. This fee is subject to change
Relocation Fee	$2,000, plus our actual expenses	As incurred	Payable if you request our permission to relocate your Business.
Lost Revenue Damages	Will vary under circumstances	Within 15 days of expiration or termination	Payable if we terminate the Franchise Agreement because of your breach or you terminate the Franchise Agreement without cause. See Note 6 below for how lost revenue damages are calculated.

Name of Fee [1]	Amount	Due Date	Remarks
Audit Expense	Actual costs of auditing your books and records	As invoiced	You pay all costs related to our audit of your books and records if we conduct the audit because you fail to timely furnish required reports or if the audit reveals that you have understated or underpaid the amounts you owe by more than 2%.
Costs and Attorney's Fees	Actual costs	As incurred	You must pay our costs and attorney's fees if we are the prevailing party in any arbitration or litigation with you.

Explanatory Notes

1. Except as described in this Item 6, all fees are imposed under the Franchise Agreement and collected by and payable to us or our affiliates. These fees are not refundable. Fees may not be uniform for all franchisees. We currently collect all amounts you owe us or our affiliates via electronic transfer from your designated bank account.

2. "**Gross Sales**" means the regular advertised price of all goods and services sold at, from, or in connection with the operation of your Business (whether or not in compliance with the Agreement), regardless of the manner in which the price was paid by the purchaser of such products or services (including payments by cash, check, credit or debit card, barter exchange, trade credit, or other credit transactions), but excluding (1) all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, and (2) the amount of any documented refunds and credits your Business in good faith gives to customers and your employees. Revenue from the purchase or redemption of gift certificates, gift cards or similar programs is calculated as part of Gross Sales in accordance with our then-current guidelines for such programs. Gross Sales also include all insurance proceeds you receive to replace revenue that you lose from the interruption of your Business due to a casualty or other event covered by business interruption or similar insurance coverage.

3. We cannot require that the percentage of Gross Sales that you are required to contribute to the Brand Fund, spend on local marketing, and contribute to a Local Advertising Cooperative exceed, in the aggregate, six percent (6%) (the "Marketing Expenditure Cap").

4. To be spent by you in your local marketing area on digital, print, and general advertising activities, but we reserve the right to require that you instead pay the required amounts to us or our designee, in which case, we or they will conduct local marketing on your behalf. The amount of your required expenditures may be adjusted, on notice, subject to the Marketing Expenditure Cap.

5. We do not charge a fee for attendance at our initial training program by two (2) of your owners or representatives. We also do not charge a fee to send our training and opening team to your or your Affiliates' first two (2) Businesses. For your or your Affiliates' third or subsequent Business, if we determine that it is in your and the brand's interests to send a training and opening team to assist with the Business's opening, you will be responsible for reimbursing us the costs and expenses

incurred by the training and opening team we send to provide that support, including the costs of travel, lodging, meals and a per diem to cover the teams' salary.

6. Lost Revenue Damages are to compensate us solely for lost future Royalties and Brand Fund contributions that would have been paid if not for the termination and are calculated as follows: (1) the number of calendar months in the Measurement Period, multiplied by (2) the sum of the Royalty fee percentage and the Brand Fund contribution percentage, multiplied by (3) the average monthly Gross Sales of the Business during the 24 full calendar months immediately preceding the termination date, minus (4) any cost savings we experienced as a result of the termination (or, if the termination is based on your unapproved closure of your Business, the 36 full calendar months immediately preceding the closure); provided, however, that (i) if, as of the termination date, the Business has not opened for business or had operated for fewer than 12 full calendar months, the average monthly Gross Sales will equal the 24-month average Gross Sales of all Businesses that had operated for the full 24 calendar months immediately preceding termination of this Agreement; (ii) if, as of the termination date, the Business operated for at least 12 but fewer than 24 full calendar months, monthly average Gross Sales will equal the highest monthly Gross Sales achieved by your Business during the period in which it operated, and (iii) if the termination was based on your unapproved closure of the Business, average monthly Gross Sales, as described above, would be measured from closure date rather than the termination date.

Item 7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (FRANCHISE AGREEMENT)

Type of Expenditure	Amount	Method of Payment[1]	When Due	To Whom Payment is to Be Made
Initial Franchise Fee	$45,000	Lump sum	On execution of Franchise Agreement	Us
Initial Equipment Package and Certain Opening Supplies[2]	$112,000 - $145,000	Lump sum	As arranged	Our Affiliate
Training Program Expenses[3]	$0 - $9,730	As incurred	As incurred	Us and Unaffiliated Suppliers
Lease Review Fee	$0 - $2,000	As incurred	As incurred	Us
Three Months' Rent & Deposits[5]	$20,000 - $48,000	As arranged	As arranged	Landlord
Leasehold Improvements[6]	$296,273 - $588,860	As arranged	As arranged	Unaffiliated Suppliers
Professional Fees / Permits[7]	$10,000 - $17,000	As arranged	As arranged	Unaffiliated Suppliers
Furniture, Fixtures & Equipment	$27,000 - $30,000	As arranged	As arranged	Unaffiliated Suppliers

Type of Expenditure	Amount	Method of Payment[1]	When Due	To Whom Payment is to Be Made
Computer System, POS, and Technology Set Up	$1,500 - $2,200	As incurred	As incurred	Designated Suppliers and Unaffiliated Suppliers
Opening Inventory & Supplies	$15,000 - $19,000	As incurred	As incurred	Unaffiliated Suppliers
Grand Opening Advertising[8]	$10,000 - $30,000	As incurred	As incurred	Unaffiliated Suppliers
Insurance[9]	$3,500 - $15,000	As arranged	As arranged	Unaffiliated Suppliers
Signage	$8,000 - $17,000	As incurred	As incurred	Unaffiliated Suppliers
Deposits[10]	$1,000 - $3,500	As arranged	As incurred	Unaffiliated Suppliers
Additional funds (3 months)[11]	$20,000 - $40,000	As arranged	As incurred	Unaffiliated Suppliers, Employees
TOTAL	**$569,273 - $1,012,290**			

Explanatory Notes

1. Except as otherwise indicated, none of the amounts payable to us or our affiliates are refundable under any circumstances. All amounts payable to third parties will be paid according to the terms of your agreement with these respective third parties.

2. You must purchase the Initial Equipment Package from our affiliate, the costs of which are paid to our affiliate on behalf of the third-party suppliers. The Initial Equipment Package includes the saunas, cold plunges, hydromassage equipment and other equipment you will use in the operation of your Business, as well as certain opening inventory related to hair products.

3. This is an estimate of the costs you will incur for your Required Trainees (including the Managing Owner and Designated Manager) to attend the initial training program. If the Business is your first or second Business, we do not charge a training fee for the Required Trainees to attend the initial training program. The amounts shown reflect our estimate of (i) the travel and related expenses (including payroll, lodging, meals, etc.) that your Required Trainees will incur in connection with attendance and participating in the Initial Training Program, and (ii) the training fee $3,850 (See Item 5) that we may charge for providing training to your or your affiliates' required trainees of third and each subsequent Business.

4. If you submit multiple proposed sites to us for our review, for each such site after the first one, we may require you to pay us a site review fee of $2,000 plus reimbursement of any out-of-pocket expenses we incur in connection with the review.

5. The cost of acquiring or leasing a location for your Business will vary significantly depending upon the market in which the proposed site is located and the existing building condition of the proposed site. A suitable building for a Business will range in size from approximately

1,600 square feet to 2,200 square feet. Local market conditions, changes in the economy, and inflation will all contribute to your real property costs. The location of the parcel of real property, its relationship to and the nature of any adjoining uses, and its accessibility will affect both its size and price. Lease agreements vary, but usually require the lessee to pay for maintenance, insurance, taxes and any other charges or expenses for the land and building and the operation of the Business. This item includes an estimate of monies that would typically be required to be paid to the landlord on execution of the lease. If you are required to make a rent deposit it may be refundable under the terms of the lease.

6. To avoid excessive construction costs, we require that you pick contractors carefully by obtaining several competitive bids beforehand. These estimates do not include extensive exterior renovations since they are not typically necessary. Lease build-out requirements may include, but not be limited to, building walls, installing doors, building wall dividers, installing flooring and building counters. Based on our and our affiliates' recent experience, landlords have been willing to waive rent payments for a period of time or to provide tenant improvement allowances of $35 to $160 per square foot; however, there is no guarantee that your landlord will be willing to waive rent payments or provide a tenant improvement allowance or, if it does, that it will be in this range. This will be a matter of negotiation between you and your landlord.

7. This item is an estimate of the fees likely to be paid to architects, lawyers and accountants.

8. You must conduct grand opening activities with our assistance and approval and using materials and programs we approve. We will determine the amount of your grand opening marketing spend based on factors we determine, such as the extent of familiarity with the SWTHZ™ concept in the area where you will be operating your Business.

9. You must, at your own expense, keep in force insurance policies for your Business. We may change types and amounts of coverage. This estimate is based on our current requirements. Your lease agreement may require higher insurance limits than those stated above. You may have to prepay a portion of the first year's premiums for insurance.

10. This item includes estimated utility and similar deposits necessary to establish accounts with the vendors.

11. Our estimates of the amounts needed to cover your expenses for the start-up phase (3 months from the date the Business opens for business) of your Business include: replenishing your inventory, lease payments, initial advertising and promotional expenditures, payroll for managers and other employees, uniforms, utilities and other variable costs. These amounts do not include any estimates for debt service on loans that you obtain to finance your Business.

We have based this estimate on our affiliates' experience developing Businesses. You should review all figures in this Item 7 carefully with a business advisor before you decide to purchase the franchise. Neither we nor our affiliates offer financing directly or indirectly for any part of the initial investment. The estimate does not include any finance charge, interest, or debt service obligation.

YOUR ESTIMATED INITIAL INVESTMENT
(DEVELOPMENT AGREEMENT)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee[1]	$90,000 to $225,000	Lump Sum	On Execution of Development Agreement	Us
TOTAL ESTIMATED INITIAL INVESTMENT[2]	$90,000 to $225,000			

Explanatory Notes

1. The actual amount of the Development Fee will depend on the number of Businesses you agree to develop under the Development Schedule because the Development Fee is equal to $45,000 times the number of Businesses you agree to open. For example, if you agree to open 2 Businesses, the Development Fee would be $90,000; if you agree to open 5 Businesses, the Development Fee would be $225,000. If you agree to open more than 2 but more or less than 5, your Development Fee would increase accordingly in $45,000 increments. We apply this fee, in $45,000 increments, toward the initial franchise fee due under each Franchise Agreement signed in accordance with the Development Agreement. The minimum number of Businesses required to be opened under a Development Agreement is 2.

2. This is the investment necessary to execute a Development Agreement. When you sign the Development Agreement, you will also sign the first Franchise Agreement under which you will be required to develop and open a Business. See the chart entitled "Your Estimated Initial Investment – Franchise Agreement" for information about the estimated initial investment under that agreement.

Item 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

You are required to offer and sell all products and services that we specify from time to time and to offer and sell only those products and services that we approve from time to time. We have, and may further develop, standards and specifications for all aspects of the development and operation of a typical Business, including the terms and conditions of your lease of the premises, the footprint of the premises, floor plan, color scheme and other trade dress elements, and the layout and placement of (and specifications for) all required furniture, fixtures, equipment (including the Initial Equipment Package), computers and software, signs, and other products, materials, and supplies used in the development and operation of a Business (all of the foregoing being referred to, collectively, as the "Operating Assets"), as well as for the manner in which the Business is operated, the terms and conditions under which memberships, gift cards, and loyalty programs are offered, and all products and services that are offered and sold by and through them. We have the right to develop, issue specifications for, and approve all items used in the development and operation of Businesses as well as the manufacturers, suppliers and distributors (collectively, "Vendors") of items used and products and services sold by those businesses. Our standards and specifications may impose minimum

requirements including, for example, as to quality, cost, delivery, performance, design and appearance, delivery capabilities, terms and conditions under which they are sold to you, and financing terms. We may change, delete, or modify any of our standards and specifications, and those changes might require that you make additional expenditures. You are required to purchase only the items that we approve or that meet our standards and specifications and, as described below, to purchase those items only from Vendors that we approve or otherwise allow.

We are not required to divulge our standards and specifications for products and services to you or any Vendor, but we may, primarily through the Operations Manual, make standards and specifications for certain items available to you, and we may communicate standards and specifications to our approved Vendors for the items they sell from time to time. If we determine that divulging standards and specifications will jeopardize the confidentiality of our intellectual property rights, we may elect to approve products or services that we determine meet our standards and specifications without communicating those standards and specifications to you or Vendors.

Designated and Approved Vendors

As discussed above, we may require you to purchase or lease brands, types, or models of products, services, supplies, Operating Assets, or other items only from Vendors we designate or approve, and we may mandate a limited number or a single source for some or all of those items. We and our affiliates may be an approved Vendor for some or all of the Operating Assets and may be the sole source for certain items. Your purchase of approved or mandated items may require that you enter into contracts with Vendors of those items, and we may mandate the terms and conditions of those contracts. We may concentrate purchases with one or more Vendors to obtain lower prices and/or the best advertising support and/or services for any group of Businesses franchised or operated by us or our affiliates.

Approval of a product or supplier may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria.

We will provide you with a list of approved Vendors, the content of which may change from time to time as we add to, change, or remove our approval of Vendors. If you would like us to consider approving a Vendor that is not then approved, you must submit your request in writing before purchasing any items or services from that Vendor. We will make all determinations about whether to approve an alternative Vendor based on our then-current criteria, which may change periodically, and we will use reasonable efforts to notify you of our decision within 30 days after we receive your written request and supporting documentation. If you do not receive our written approval within that time, the request will be deemed to have been denied. If we approve your request, we may later revoke it if we determine it is in the interests of the System to do so. We are not obligated to issue to you our criteria for approving alternative Vendors. We may also refuse to consider and/or approve any proposed alternative supplier for any reason whatsoever. We may charge you a fee if you ask us to evaluate any proposed alternative supplier in the amount of costs we incur in inspecting and testing such products. We may, with or without cause, revoke our approval of any Vendor at any time.

Currently, (i) our affiliate, Ego, is an approved supplier of hair products; (ii) our affiliate, LS Sourcing, is the designated supplier of the Initial Equipment Package; and (iii) we mandate single source Vendors for customer engagement and data visualization software services, certain site

selection and leasing services, accounting and bookkeeping services, payroll and human relations services, and certain flooring and décor items .

We and our affiliates may derive revenue and other consideration from selling products and services to our franchisees and from approved Vendors based on their sales of products and services to our franchisees. Neither we and nor our affiliates currently receive rebates or other material consideration from approved Vendors based on franchisee's sales of products and services to our franchisees. In our prior fiscal year, we did not receive revenue from the sale to our franchisees of required products or services, but our affiliate received $95,514.94 from such sales.

We estimate that 70% to 80% of your initial investment and 70% to 80% of your ongoing expenditures will be directed to purchase products and services that will be restricted by us in some manner.

Purchasing Programs; Material Benefits; and Ownership of Vendors

We may establish purchasing cooperatives and programs (including price terms) with certain Vendors with respect to Operating Assets and other items used in the development and operation of Businesses. As of the issuance date of this Disclosure Document, there are no purchasing or distribution cooperatives for Businesses. We have negotiated purchase arrangements with third-party distributors for the Initial Equipment Package.

We do not provide material benefits to franchisees for purchasing particular products or services using required or approved suppliers.

As of the issuance date of this Disclosure Document, our officers own interests in our affiliates Ego (an approved supplier) and LS Sourcing (a designated supplier). Other than Ego and LS Sourcing, none of our officers currently own any interest in an approved supplier.

Insurance

You must, at your expense, comply with the requirements regarding insurance coverages that we describe in our Operations Manual from time to time. If you fail or refuse to procure and maintain the required insurance, we may (but need not) obtain such insurance on your behalf, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred and resources used to obtain such insurance for you. Your obligation to satisfy our minimum insurance requirements is not diminished or limited in any way by any insurance we or our affiliates carry, and no insurance coverage that you or any other party maintains will be deemed a substitute for your indemnification obligations under the Franchise Agreement or the Development Agreement.

Our insurance requirements represent only the minimum coverage that we deem acceptable to protect our interests and are not representations or warranties of any kind that such coverage is sufficient to comply with your lease obligations and applicable laws or to protect your interests or those of your Business. It is your sole responsibility to make that determination and to acquire any additional coverages you believe are necessary to protect those interests, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances.

Currently, we require that you purchase at least the following types and amounts of coverage (subject to change as described in our Operations Manual):

- General Liability: $1,000,000 per person per occurrence, $3,000,000 aggregate
- Products & Completed Operations: $1,000,000 aggregate
- Each Occurrence: $1,000,000
- Personal and Advertising Injury: $1,000,000
- Damage to Rented Premises: $1,000,000
- Fire Damage – Any One Fire: $1,000,000
- Medical Expense – Any One Person: $5,000
- Property: Replacement Costs
- Professional Liability: $1,000,000
- Workers' Compensation: As required by applicable law
- Automobile Liability & Property Damage: $1,000,000 per occurrence
- Employment Practices: $250,000 annual aggregate with $25,000 maximum deductible
- Business Interruption: Not less than 75% of your annual revenue

Item 9.
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections 2.A, 2.B, 3.A, and 3.B of the Franchise Agreement, Lease Addendum	Item 11
	Section 2.D of the Development Agreement	
(b) Pre-opening purchases/leases	Sections 3.C, 3.D, and Section 9 of the Franchise Agreement, Lease Addendum	Items 7, 8 and 11
	Development Agreement: N/A	
(c) Site development and other pre-opening requirements	Sections 3.C, 5.A, 10.A	Items 7, 8, and 11
	Section 2 of the Development Agreement	
(d) Initial and ongoing training	Sections 4.A, 4.B, and 4.C of the Franchise Agreement	Items 6, 7, and 11

Obligation	Section in Agreement	Disclosure Document Item
	Development Agreement: N/A	
(e) Opening	Section 3 of the Franchise Agreement	Item 11
	Section 2 of the Development Agreement	
(f) Fees	Section 4 and Data Sheet of the Franchise Agreement	Items 5, 6, and 7
	Section 3 and Data Sheet of the Franchise Agreement	
(g) Compliance with standards and policies/Operations Manual	Sections 4.C, 4.D, and 8.J of the Franchise Agreement	Items 8 and 11
	Section 2.D of the Development Agreement	
(h) Trademarks and proprietary information	Section 6 of the Franchise Agreement	Items 13 and 14
	Section 5 of the Development Agreement	
(i) Restrictions on products/services offered	Section 9.C of the Franchise Agreement	Items 8, 11, 12, and 16
	Development Agreement: N/A	
(j) Warranty and customer service requirements	Section 9.F of the Franchise Agreement	Item 11
	Development Agreement: N/A	
(k) Territorial development and sales quotas	Franchise Agreement: N/A	Item 12
	Sections 2.C and 2.D and Data Sheet of the Development Agreement	
(l) On-going product/service purchases	Sections 9.C and 9.E of the Franchise Agreement	Items 6 and 8
	Development Agreement: N/A	
(m) Maintenance, appearance and remodeling requirements	Sections 9.A and 9.J of the Franchise Agreement	Items 6, 8, 11 and 17
	Development Agreement: N/A	
(n) Insurance	Section 9.G of the Franchise Agreement	Items 7 and 8

Obligation	Section in Agreement	Disclosure Document Item
	Development Agreement: N/A	
(o) Advertising	Section 10 of the Franchise Agreement	Items 6, 7, 8, and 11
	Development Agreement: N/A	
(p) Indemnification	Section 17.C of the Franchise Agreement	Item 6
	Section 8.B of the Development Agreement	
(q) Owner's participation/ management/staffing	Sections 1.B and 1.C of the Franchise Agreement	Items 11 and 15
	Section 1.B of the Development Agreement	
(r) Records and reports	Section 11 of the Franchise Agreement	Item 6
	Section 4 of the Development Agreement	
(s) Inspections and audits	Section 12 of the Franchise Agreement	Items 6 and 11
	Development Agreement: N/A	
(t) Transfer	Section 13 of the Franchise Agreement	Items 6 and 17
	Section 5 of the Development Agreement	
(u) Renewal	Section 14.A of the Franchise Agreement	Items 6 and 17
	Development Agreement: N/A	
(v) Post-termination obligations	Section 16 of the Franchise Agreement	Item 17
	Section 7 of the Development Agreement	
(w) Non-competition covenants	Section 8 of the Franchise Agreement	Item 17
	Development Agreement: N/A	
(x) Dispute resolution	Section 18 of the Franchise Agreement	Item 17

Obligation	Section in Agreement	Disclosure Document Item
	Section 9 of the Development Agreement	

Item 10.
FINANCING

We do not offer direct or indirect financing under the Franchise Agreement or the Development Agreement. We do not guarantee your promissory notes, mortgages, leases or other obligations.

Item 11.
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Our Pre-Opening Obligations – Franchise Agreement.

Before you open your Business, we will:

1. elect to provide, and provide, you all (for your 1st Business) or some (for subsequent Businesses if we determine you are capable) construction management services to assist you in various stages of development of your Business, including site selection, selection and appointment of an architect and general contractor, review of construction bids, supervision of construction, and general oversight of the construction process (Franchise Agreement – Sections 3.A and 3.B);

2. review and either approve or disapprove your proposed site for your Business (Franchise Agreement – Section 3.B);

3. review and either approve or disapprove your proposed lease for your Business premises (Franchise Agreement – Section 3.B);

4. provide with our prototypical plans showing the standard layout and placement specifications for Operating Assets; review and, in our reasonable judgment, approve the steps you have taken to construct and prepare your Business for opening in accordance our standards and specifications; and provide you written confirmation that, in our reasonable judgment, your Business meets our standards and specifications and is ready for opening (Franchise Agreement – Section 3.B);

5. provide certain assistance in connection with your purchase of necessary equipment, signs, fixtures, opening inventory, supplies, and other Operating Assets. We neither provide these items directly nor do deliver or install them, but we do provide you with (a) the names of approved suppliers for those items for which we have approved suppliers (some of whom might be our affiliates) and (b) written specifications of certain other items that, from time to time, we allow you to purchase from suppliers of your choice (Franchise Agreement – Sections 3.B and 9);

6. provide the Initial Training Program (as defined below) to you (or your Managing Owner), and if applicable, your Designated Manager (as defined below); (Franchise Agreement – Section 5.A);

7. for your or your affiliates first and second Franchise Agreements, provide training to assist with your grand opening (Franchise Agreement - Section 5.C); and

8. provide access to our Operations Manual (as defined below) (Franchise Agreement – Section 5.D).

Our Pre-Opening Obligations – Area Development Agreement

After you sign a Development Agreement, but before you open a Business, we or our affiliates will provide you the following assistance:

1. review sites you propose for the development of your Business and, at our discretion, accept the proposed site using our then-current standards and issue you a Franchise Agreement (Development Agreement, Sections 2.D and 2.E).

Site Selection and Possession

Before you sign a lease for or otherwise commit to taking possession of a site for your Business, you must have our written approval of the site, and you must have our written approval of your proposed lease or other document under which you will take possession of the site. We may require you to use our designated vendor in connection with site evaluation. While we may provide you with certain assistance, you are entirely responsible for searching for the site at which you want to develop your Business, for deciding to pursue the site once we have approved it, and for deciding to sign a lease once we have approved it. Our approval of the site or lease is entirely for our own purposes and indicates only that the site meets our then-current requirements that we have established for protection of the Brand. We do not own any premises that are used for franchisee Businesses.

If we have not identified your approved site in the Franchise Agreement when you sign it, we will designate in your Franchise Agreement an area (a "Search Area") within which you will have the nonexclusive right to search for potential sites for your Business. If the Franchise Agreement is signed under a Development Agreement, the Search Area will be the Development Area described in the Development Agreement. Unless you have our prior written approval to do otherwise, all site reports that you submit to us must be for a site within your designated Search Area. You have 90 days after you sign the Franchise Agreement to locate and obtain our approval of the site in the Search Area. You must provide any information we request to aid in our evaluation of your proposed site. We may evaluate the proposed site based on any criteria we believe are relevant, including factors such as demographics, proposed rental rates, neighborhood and nearby business counts and characteristics, nearby residential populations, traffic counts, accessibility, parking, visibility, signage, and competition. We will generally accept or reject the site within 30 days after you have given us all the necessary information regarding the site you have selected.

Once we have approved your site, you must obtain our approval of the lease for your site before you sign it. We may condition our approval of the lease on the inclusion of certain lease terms we believe are necessary to ensure the protection and continuity of the Brand and your and the landlord's execution of the Lease Addendum in the form attached as Exhibit I to this Disclosure Document. Our

approval indicates only that we believe the Premises and the lease's terms meet our then acceptable criteria.

You must secure possession of the site within 90 days following our approval of the site and lease. If you do not comply with the timelines for obtaining site approval or securing possession, we may terminate the Franchise Agreement.

We or our designees may, but are not required to, provide you with certain assistance regarding conforming the premises to local ordinances and building codes and may provide certain construction, remodeling or decorating assistance. However, you are responsible for ensuring that your Business complies with such local ordinances, building codes, other applicable laws, and the System Standards.

Opening Requirements

You must complete the development of your Business and prepare it for opening in accordance with the Franchise Agreement, the System Standards, and all applicable laws by the earlier of (i) 180 days after you sign your lease for the premises, or (ii) 12 months after you sign the Franchise Agreement; subject to our written confirmation that you have satisfied all our pre-opening criteria, including that you have paid all fees due to us, you and your designated personnel have successfully completed all required training, and we have received all documents we require regarding the development and opening of your Business. Subject to your compliance with applicable laws, you must open the Business for regular business not later than 5 days following our written confirmation of those items. We may terminate the Franchise Agreement and retain your initial franchise fee payment if you fail to open your Business to the public within such timeframes. The typical length of time between signing the Franchise Agreement and opening the Business is between 6 and 12 months. Factors that affect this time include obtaining a satisfactory site, financing arrangements, lease negotiations, local ordinances, delivery and installation of equipment, and renovation of the premises.

Assistance During the Operation of Your Business

During your operation of your Business, we or our designees will:

1. provide you with additional training, if you request it and we agree to provide it (Franchise Agreement – Section 5.C);

2. continue to provide you with access to an electronic copy of the Operations Manual (Franchise Agreement – Section 5.D);

3. provide you with a list of authorized vendors and suppliers for the products, goods, merchandise, supplies, signs, furniture, fixtures, equipment and services (Franchise Agreement, Section 9.E);

4. provide you with our System Standards and other suggested standards, specifications and procedures for Businesses (Franchise Agreement, Section 9.J);

5. provide you with assistance with advertising and marketing materials and programs and approve or disapprove the same (Franchise Agreement – Section 10.C); and

6. maintain and administer a Brand Fund (defined below). The Brand Fund may periodically provide you with samples of advertising, marketing, and promotional formats and materials that we may develop (Franchise Agreement – Section 10.B).

Subject to applicable law, we may (but are not obligated to) determine prices that you may charge for products or services offered by your Business to the extent we elect to do so (Franchise Agreement, Section 9.H);

Operations Manual.

During the term of your Franchise Agreement, we will provide you with access to our manual for the operation of Businesses (the "Operations Manual"). Our Operations Manual may contain mandatory specifications, standards, operating procedures and rules that we periodically prescribe for operating Businesses ("System Standards"), and you agree to comply with those standards and requirements. The Operations Manual may also contain other specifications, standards and policies that are merely suggestions for your consideration. It is within your discretion whether to adopt these suggested specifications, standards and policies. The Operations Manual may include one or more separate manuals and may be in any form and format we determine from time to time. The current table of contents of the Operations Manual is attached to this Disclosure Document as Exhibit D. There are currently 137 pages in our Operations Manual.

Advertising and Promotion.

Grand Opening Marketing Program. You must, at your expense and on the dates we designate before and after your Business opens, conduct a grand opening marketing program for your Business that complies with the requirements set forth in the Operations Manual. The amount you will be required to spend on your grand opening marketing program will depend on various factors such as existing awareness of the Brand, the density of the market in which the business is located, and the ability to get publicity about the opening, but we will not, in any event, require you to spend more than $30,000. The amount you spend on grand opening advertising will not count towards your other required marketing expenditures or the Marketing Expenditure Cap (defined below).

Brand Fund. We have established a Brand Fund to promote the awareness of the Brand and Businesses generally (the "Brand Fund"). Your contribution will be in amounts we periodically specify, subject to the Marketing Expenditure Cap, and will be payable in the same manner as the Royalty. Currently, the required Brand Fund contribution is two percent (2%) of your Business's Gross Sales; however, we have the right, at any time and on notice to you, to change the amount you must contribute to the Brand Fund, but we cannot require that the percentages of Gross Sales that you are required to contribute to the Brand Fund, spend on local marketing, and contribute to a Local Advertising Cooperative exceed, in the aggregate, six percent (6%) ("Marketing Expenditure Cap").

We or our affiliates or other designees will direct all programs that are funded by contributions to the Brand Fund, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. We may use contributions to the Brand Fund to pay for preparing and producing materials and electronic or digital media in any form or format that we periodically designate, including but not limited to: administrating online advertising strategies, including developing and maintaining a System Website and mobile apps; administering regional and multi-regional marketing and advertising programs; implementing gift and loyalty programs; and supporting public relations, market research, product development, and other advertising, promotional,

social media, and marketing activities. In our discretion, we may sell you, at reasonable prices, copies of certain materials funded by contributions to the Brand Fund.

We are not required to segregate Brand Fund contributions from our other funds, but we will account for contributions to the Brand Fund separately from our other funds and not use the Brand Fund contributions for any of our general operating expenses. However, we may use contributions to the Brand Fund to reimburse us or our affiliates or designees for the reasonable salaries and benefits of personnel who manage and administer or work on the Brand Fund's activities, the Brand Fund's other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund and its programs. While references to the availability of franchises may appear in marketing materials, the Brand Fund will not be used primarily to sell franchises.

Contributions to the Brand Fund will not be our asset, but we do not assume or owe any fiduciary obligation to you in respect of those contributions or for administering the Brand Fund or any other reason. We will hold all Brand Fund contributions for the benefit of the contributors. We may spend in any fiscal year on Brand Fund activities more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use all interest earned on the Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and, once prepared, give you the statement for the most recently completed fiscal year upon your written request. We may have the Brand Fund audited annually, at the Brand Fund's expense, by an independent certified public accountant. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate, in which case the successor entity will have all of the rights and duties we have.

We need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund contributions by Businesses operating in that geographic area or that any Business benefits from Brand Fund activities either directly or in proportion to its Brand Fund contributions. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund contributions at the Brand Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

We may at any time defer or reduce your contributions to the Brand Fund, and upon 30 days' prior notice to you, suspend Brand Fund operations for one or more periods of any length and/or terminate (and if terminate, reinstate) the Brand Fund. If we terminate the Brand Fund, we will, at our option, either spend all unspent monies at our discretion, until such amounts are exhausted, or distribute the funds in the Brand Fund to the contributing Business owners in a manner we deem fair and equitable.

During the 2023 fiscal year, all of the Brand Fund contributions were retained for future use, and therefore, no portion of the Brand Fund was spent principally to solicit new franchisees. We have no advertising councils.

Local Advertising. In addition to the grand opening advertising and the Brand Fund, and

beginning after you complete your grand opening advertising, you must spend, monthly, the greater of (a) $2,000 or (b) two percent (2%) of the prior month's Gross Sales to locally advertise and promote your Business (the "Local Advertising Requirement"). However, subject to the Marketing Expenditure Cap we have the right, at any time and on notice to you, to change the amount of your Local Advertising Requirement. You must list and advertise your Business with the online directories we periodically prescribe and establish any other Online Presence (as defined in Item 13, below) we require or authorize, each in accordance with our System Standards. If other Businesses are located within the directory's distribution area, we may require you to participate in a collective advertisement with them and to pay your share of that collective advertisement. Within 30 days after the end of each calendar quarter, we may require that you provide, in the manner that we prescribe, an accounting of your advertising expenditures during the preceding calendar quarter.

You must obtain our written approval of any advertising that you propose to use in connection with your Business that has not been prepared by the Brand Fund or that we have not approved. All such proposed materials must be completely clear, factual, ethical and not misleading and must conform to the marketing and advertising policies that we periodically prescribe. You must submit to us, for our approval, samples of marketing materials you intend to use at least 10 days prior to your proposed use. If you do not receive our written approval of the materials within 10 days of your submission, they are deemed to be disapproved. We may, in our discretion, withdraw our approval if a regulatory or other issue arises that, in our opinion, makes such withdrawal in our or the System's best interests.

We reserve the right, at any time, to issue you a notice that the amounts required to be spent by you for local advertising, instead, be paid to us or our designee. If we exercise this option, we will then spend such amounts, in accordance with local marketing guidelines and programs that we periodically develop, to advertise and promote the Business on your behalf. We may instead, in our discretion, contribute any such amounts to the Brand Fund or to a Local Advertising Cooperative as defined below. We may also elect, on one or more occasions and without prejudice to our rights to issue further notices, to temporarily or permanently cease conducting such marketing activities on your behalf and, instead, to require you to conduct such marketing activities yourself. Except as described above, we are not required to spend any monies on advertising in the area or market in which your Business is located.

Local Advertising Cooperative. When there are multiple Businesses operating in the same geographical area (as we define), we may establish or direct the establishment of a local advertising cooperative ("Local Advertising Cooperative"), the purpose of which is, with our approval, to administer coordinated advertising programs and develop advertising, marketing and promotional materials for the area that the Local Advertising Cooperative covers. The Local Advertising Cooperative will be organized and governed in a form and manner, and begin operating on a date, that we determine. We may change, dissolve and merge Local Advertising Cooperatives. You will sign any documents we require to become a member of a Local Advertising Cooperative and, subject to the Marketing Expenditure Cap, contribute to and participate in the activities of the designated Local Advertising Cooperative.

Contributions by Company- or Affiliate-Owned Businesses. Businesses that we or our affiliates own may, but will not be required to, contribute to the Brand Fund or any Local Advertising Cooperatives.

System Website. We may establish, develop and update Online Presences to advertise, market, and promote Businesses, the products and services that they offer and sell, or the Business franchise opportunity (each a "System Website"). We may, but are not obligated to, provide you with a webpage or other Online Presence that references your Business on any System Website, upon which, you must: (i) provide us the information and materials we request to develop, update, and modify the information about your Business; and (ii) notify us whenever any information about your Business is not accurate.

If you default under the Franchise Agreement, we may, in addition to our other remedies, temporarily remove references to your Business from any System Website until you fully cure the default, subject to state law. All advertising, marketing, and promotional materials that you develop for your Business must contain notices of the System Website's domain name in the manner we designate.

You may not, without our prior written consent, develop, maintain or authorize any Online Presence that mentions your Business, links to any System Website, or displays any of the Marks. You may not, directly or indirectly, through any Online Presence, promote, advertise or sell any products or services without our prior written approval. If we approve the use of any such Online Presence in your Business's operations, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on other third-party websites. Unless we specify otherwise, we will own the rights to each such Online Presence. At our request, you will us access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence. If we allow you to maintain an Online Presence for your Business, you must prepare and link a privacy policy to such Online Presence. Your Online Presence's privacy policy must comply with all applicable laws, the System Standards, and other terms and conditions that we may prescribe in writing.

Computer System

Before you open your Business, you must obtain and install the integrated computer hardware and software, including an integrated computer-based order-entry system that we periodically specify from time to time in the Operations Manual (the "Computer System"). Currently, we required components of the Computer System include Mindbody, FranConnect, and Microsoft Power BI.

You may be required to license, and sign a software license agreement regarding, certain proprietary software as part of our requirements for the Computer System. As part of the technology fee, we and our affiliates may charge you an initial or recurring fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance, support, and technology development services that we or our affiliates provide. We may also require that you pay us for software and other technology that you receive through us from third-party providers. You will have sole and complete responsibility for the manner in which your Computer System interfaces at our specified levels of connection speed with our and any third party's computer system and any and all consequences if the Computer System is not properly operated, maintained, and upgraded. We will have unlimited access to your Computer System and independent access to the information generated and stored therein. There are no contractual limitations on our and our affiliates' right to access or use this information and data.

Currently, we estimate the total cost of purchasing and installing the Computer System to be $1,500 to $2,200. You must pay for any additional or replacement proprietary software or technology

that we, our affiliates or third-party designee licenses to you and for other maintenance and support services that we, our affiliates or a third-party designee provides. You will be responsible for paying for access to our approved suppliers of hosted software services for a monthly amount of $1,000, which includes the cost for Mindbody, FranConnect, and Microsoft Power BI, Axle CRM, Ceterus, and Canva. We estimate your annual cost of required maintenance, updating, upgrading, and support contracts related to your computer system will be in the range of $1,000 to $2,000.

Training

Initial and Ongoing Training

Your Managing Owner and Designated Manager (the "Required Trainees") must complete our initial manager training program (the "Initial Training Program") in the timeframe set forth below. Currently, the Initial Training Program consists of three (3) to four (4) days of training at our headquarters in Atlanta, Georgia, which is split between pre-construction and pre-opening; and five (5) days of on-site operations training at your Business, which is split between pre-opening and post-opening. Notwithstanding the foregoing, we have the option to offer any training programs virtually instead of in-person. We may also send our trainers to your Business to conduct any part of training. We will determine the timing of each component of the Initial Training Program and the identity and composition of the trainer(s) conducting all portions of the Initial Training Program.

You may invite additional employees to attend the Initial Training Program if space allows, but we may charge you our then-current training fee for each additional individual (currently, $1,000 per day, plus expenses). We may also limit the number of attendees for the Initial Training Program.

The Required Trainees must successfully complete the Initial Training Program to our satisfaction. Scheduling of the Initial Training Program is based on your and our availability, training facility availability, and your projected opening date.

We may vary the length and content of the Initial Training Program based on the experience and skill level of the individual(s) attending. We provide instructional materials and resources at the Initial Training Program, including the Operations Manual, agendas, and other materials, which cover information on us, establishing your business, day-to-day operating procedures, reporting functions, branding, human resources guidelines, marketing, guest service procedures, equipment and facility maintenance, working with suppliers, quality control, and other administrative issues. We may also establish pre-training requirements, which the attendees will be expected to meet before attending the Initial Training Program, including study of provided materials and exams.

If we do not feel that a Required Trainee has completed Initial Training Program to our satisfaction, we may require these individuals to attend additional training at a time and location of our choice, and we may charge you our then-current training fee for that additional training (currently, $1,000 per day, plus expenses). This additional training will be provided, in our discretion, at our offices in Atlanta, Georgia, your or another Business, or virtually). If a required Trainees are unable to successfully complete the Initial Training Program and/or any training we require to our satisfaction, we may terminate the Franchise Agreement.

You may request additional training for your personnel at the end of the Initial Training Program if your attendees do not feel sufficiently trained in the operation of a Business. We and you will jointly determine the duration of this additional training, and we may charge you our then-current

training fee for such additional training (currently, $1,000 per day, plus expenses) for this additional training. However, if your attendees complete our Initial Training Program to our satisfaction, as applicable, and have not expressly informed us at the end of the program that they do not feel sufficiently trained in the operation of a Business, then you and they will be considered to have been trained sufficiently to operate a Business.

If you appoint a new Designated Manager to supervise your Business at any time, which appointment will be subject to our approval, or your Managing Owner changes at any time, he or she must attend the then-current Initial Training Program you must pay us our then-current training fee (currently, $1,000 per day, plus expenses). You are responsible for providing a training program that we approve for all your employees other than the attendees of the Initial Training Program. All employees must pass a training program to our satisfaction that meets our minimum criteria prior to providing services at your Business.

We may require your Required Trainees and other previously trained and experienced employees to attend an annual franchise conference and additional, periodic or refresher training courses at such times and locations that we designate or virtually, as determined by us. You must pay all costs to attend such annual franchisee conference and additional training. We may charge a reasonable fee for attendance at these programs and any training materials that we provide in connection with such training.

You must pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that your Required Trainees and others attending our training programs on your behalf incur related to any and all meetings and/or other training courses and programs, including the Initial Training Program. If applicable, you are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to your Business to conduct training, including food, lodging and transportation. You understand that any specific ongoing training or advice we provide does not create an obligation for us to continue to provide this specific training or advice, all of which we may discontinue and modify periodically.

We currently provide the following initial training program:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Orientation	1	0	Our Atlanta, GA headquarters or virtual
Company Overview and Core Values	1	0	Our Atlanta, GA headquarters or virtual
Overview of Franchise Process	1	0	Our Atlanta, GA headquarters or virtual
Owner Responsibilities	1	6	Our Atlanta, GA headquarters or virtual
Staffing / Human Resources	1	0	Our Atlanta, GA headquarters or virtual

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Site Selection	1	0	Our Atlanta, GA headquarters or virtual
Construction & Design	2	0	Our Atlanta, GA headquarters or virtual
Facility & Equipment Training	2	6	Our Atlanta, GA headquarters or virtual
Pre-sales	2	8	Our Atlanta, GA headquarters or virtual
Sales and Operations	3	8	Our Atlanta, GA headquarters or virtual
Benefits and Studies	3	1	Our Atlanta, GA headquarters or virtual
MindBody Operations	4	3	Our Atlanta, GA headquarters or virtual
MindBody Reports	3	3	Our Atlanta, GA headquarters or virtual
FranConnect System	1	0	Our Atlanta, GA headquarters or virtual
Website	1	0	Our Atlanta, GA headquarters or virtual
Marketing Programs	5	4	Our Atlanta, GA headquarters or virtual
Marketing Fund	1	0	Our Atlanta, GA headquarters or virtual
Royalties and Payments	1	0	Our Atlanta, GA headquarters or virtual
Accounting	1	1	Our Atlanta, GA headquarters or virtual
Total:	**35**	**40**	

The hours devoted to each module are estimates and may vary based on how quickly trainees learn the material, their prior experience with the subject and scheduling. On-the-job training includes cross-training in all subject areas of the business. We may vary the length and content of the initial training program based upon the experience and skill level of the individual attending the initial training program.

Our training program is led by Amila Keane, our Director of New Store Openings, who has 14 years of industry-related expertise and has been with us since April 2019. Other members of our team, each having at least one year of industry-related experience, may be involved in training periodically and our training staff may also change periodically.

We will not send any of our personnel and/or representatives to your Business to provide any training, inspections, support or other services in-person if we determine that it is unsafe to do so. We

may, at any time, and for any reason, elect to conduct any or all training, inspections, support or other services described in your Franchise Agreement virtually.

Item 12.
TERRITORY

Franchise Agreement

You will not receive an exclusive territory. You may face competition from other Business franchisees, from Businesses that we or our affiliates own, from other channels of distribution, or from competitive brands that we control. However, so long as you are in compliance with the terms of your Franchise Agreement, we will not authorize any other person or entity to operate a Business within the protected territory designated in your Franchise Agreement. If you have not selected a site for your Business as of the date of your Franchise Agreement, we will define your protected territory when we approve your proposed Premises. If you do not accept our definition of your protected territory, you may submit an alternative site for our approval. There is not a minimum protected territory. We will typically define the boundaries of your protected territory, in our discretion, as either boundaries on a map or a circle with your Business at its center and a specified radius we determine based on the factors we deem relevant, which might include demographics and population density, traffic patterns, and the character of nearby businesses and residences.

You may only operate your Business at the Premises. You may not relocate your Business to a location other than the Premises or open additional locations without our prior written approval. If we allow you to relocate your Business, you will be assessed a relocation fee for the services we provide in connection with your relocation, including reviewing and approving a new site and lease, assisting with the design and construction of the new site, assisting with suppliers for the new site, training and other onsite opening services. Our determination to approve or disapprove a relocated site may be based on various criteria, which we may change in our discretion. As we do not anticipate consenting to the relocation of Businesses, we have not yet developed conditions or criteria for approval or disapproval of relocation.

Businesses, whether franchised or company-owned, are free to advertise, solicit and accept orders from any customers regardless of the location of your Business. There are no limitations on your ability to solicit customers in any location. However, except in connection with the approved System Website, you may not engage in any promotional or similar activities, whether directly or indirectly, through or on any Online Presence. You may not sell any Business product or service through any alternative channel of distribution, including through any Online Presence (such as the Internet, catalog sales, telemarketing, or other direct marketing). If we permit you to offer or sell products from anywhere other than the premises of your Business, we may limit, and modify from time to time, the geographic area in which you may offer products and services.

Except as described above, continuation of your franchise does not depend on your achieving a certain sales volume, market penetration, or other contingency. You have no options, rights of first refusal or similar rights to acquire additional franchises.

Development Agreement

If you enter into a Development Agreement, you will receive a Development Area within which you will have certain rights to develop Businesses. There is no minimum size for a Development

Area. The size and configuration of the Development Area will depend on the number of Businesses you commit to develop and may be described in terms of contiguous ZIP codes, street or county boundaries, or similar methods, and may be depicted on a map. Your Development Area will be described in the Development Agreement before you sign the Development Agreement. Using our then-current standards, we must approve the location of each site.

As long as you are in compliance with the Development Agreement, and except with respect to Special Venue Businesses (defined below), we will not, during the term of the Development Agreement, operate or grant the right to anyone else to operate a Business within the Development Area, or grant Development Rights to anyone else to be exercised with your Development Area. A "Special Venue Business" is any Business (1) that is located within or as part of a larger venue or facility (a "Host Facility"), (2) that is operated by the owner or operator of the Host Facility or its licensee as an amenity of the Host Facility, and (3) whose customers are primarily members or residents of the Host Facility and their permitted guests.

To maintain your rights under the Development Agreement you must open and have in operation the cumulative number of Businesses stated on the Development Schedule by the dates agreed upon in the Development Schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Development Agreement.

When the last Business to be developed within the Development Area opens for business, your exclusive rights under the Development Agreement with respect to the Development Area will expire and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate Businesses within the Development Area. This right will be subject only to the territorial rights under your franchise agreements for Businesses in the Development Area and the right of first refusal to develop additional Businesses described above. The Development Area may not be altered unless we and you mutually agree to do so, and will not be dependent on your maintaining of any sales volume. You are not granted any other option, right of first refusal or similar right to acquire additional Businesses in your Development Area under the Development Agreement, except as described above.

Reservations of Rights

We reserve for ourselves and our affiliates all rights that are not expressly granted to you in the Franchise Agreement or the Development Agreement and the right to do all things that we do not expressly agree in those agreements not to do, in each case, without compensation to you, without regard to proximity to your Businesses or Development Area, and on such terms and conditions as we deem appropriate. For example, and without limitation, we and our affiliates may, ourselves or through authorized third parties:

(1) own and operate, and license others to own and operate, Businesses offering similar or identical products and services and using the System or elements of the System (i) under the Marks anywhere outside of the protected territory or Development Area, as applicable, and (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the protected territory or Development Area, as applicable;

(2) develop or become associated with other businesses, including those within the health and wellness industry, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the protected territory or Development Area, as applicable, whether or not using the System and/or the Marks, provided that such businesses located in the protected territory or Development Area, as applicable, are not, during the term of the Franchise Agreement or Development Agreement, as applicable, identified by the "SWTHZ™" trademark;

(3) acquire, be acquired by, merge, affiliate with, or engage in any transaction with other businesses (whether competitive or not) located anywhere and, even if such businesses are located in the protected territory or Development Area, as applicable, (i) convert the other businesses to the Brand, (ii) allow such other businesses to operate as part of the System, whether or not converted to the Brand, and/or (iii) permit the other businesses to continue to operate under another name;

(4) solicit customers, advertise, and authorize others to advertise, and promote sales of and from Businesses anywhere, including within the protected territory and Development Area; and

(5) using the Marks or other trademarks and commercial symbols, market and sell, and grant to others the right to market and sell, anywhere (including within the protected territory and Development Area), through other channels of distribution (for example, through the Internet, telemarketing, mail order, e-commerce and catalog sales, and product lines in other businesses), any products and services that are or have been authorized for sale at Businesses.

Item 13.
TRADEMARKS

You must use the Marks to identify your Business and to identify yourself as the independent owner of your Business in the manner we require. You have no right to sublicense or assign your right to use the Marks. You may not use any Mark (1) as part of any business entity name, (2) with any modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any website, domain name, email address, social media account, user name, other online presence or presence on any electronic medium of any kind ("**Online Presence**"), except as set forth in the Operations Manual or otherwise in writing from time to time, (5) in connection with any advertisement to sell or otherwise dispose of your Business or any Operating Assets, or (6) in any other manner that we have not expressly authorized in writing. Except for the System Website or with our prior written consent, you may not use the Marks as part of any domain name, homepage, electronic address, or otherwise in connection with a website, and then only under the terms we specify.

The Marks are owned by LS Opco with whom we have entered into an Intellectual Property License Agreement (the "License Agreement"), dated May 31, 2022. The License Agreement has a term of 99 years and grants a license to use and sublicense the use of the Marks and other intellectual property in connection with the System. The License Agreement may be terminated by LS Opco for a number of reasons, including if we default on any obligations, cease to conduct our operations in the ordinary course, become insolvent or experience an insolvency-related event such as liquidation,

appointment of a receiver, or bankruptcy. Termination or expiration of the License Agreement will not impact your rights to use the Marks under your Franchise Agreement.

All rights in and goodwill from the use of the Marks accrue to LS Opco and us in accordance with our respective interests. Except as described above, no agreement significantly limits our rights to use or sublicense the Marks in a manner material to the franchise.

LS Opco has obtained and/ or applied for registrations of the following Marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Mark	**Application / Registration Number**	**Application / Registration Date**
SWTHZ	App. No. 98207440	October 3, 2023
	App. No. 98010734	May 24, 2023
SWEATHOUZ	Reg. No. 7033433	April 25, 2023
	Reg. No. 6666603	March 8, 2022
HEALTHY. HEAT.	Reg. No. 5373324	January 9, 2018

We do not have a federal registration for each of our principal trademarks. Therefore, such trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use an unregistered trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

LS Opco has filed, and will continue to timely file, all required affidavits and renewals for these registrations.

There is presently no effective determination of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving our principal Marks. Except as described above, we know of no superior prior rights or infringing uses that could materially affect your use of the Marks.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and you may not communicate with any person other than us and our and our affiliates' attorneys, regarding any infringement, challenge or

claim. We and/or LS Opco may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding or other administrative proceeding from the infringement, challenge or claim or otherwise concerning any Mark. You must sign the documents and take the actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in the Marks. We will reimburse you for your reasonable costs of taking any action that we have asked you to take. However, we are neither contractually obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, nor are we required to participate in your defense or indemnify you.

We may establish new Marks in the future, and you must use and display these marks in accordance with System Standards and bear all costs associated with changes to Marks. If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We do not have to reimburse you for your costs, loss of revenue or other expenses of promoting a modified and/or substitute trademark or service mark.

Item 14.
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents, pending patent applications, or registered copyrights that are material to the franchise. However, we and LS Opco claim copyrights in the Operations Manual (which contains our trade secrets), handbooks, the System Website, advertising and marketing materials, all or part of the Marks, and other portions of the System and other similar materials used in operating Businesses. We have not registered these copyrights with the United States Registrar of Copyrights but need not do so at this time to protect them. You may use these items only as we specify while operating your Business (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the United States Copyright Office (Library of Congress) or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the Confidential Information (defined below) or copyrighted materials. We know of no infringing uses of our copyrights which could materially affect your using the copyrighted materials in any state. We need not protect or defend our copyrights, although we intend to do so if we determine that it is in the System's best interests. We may control any action involving the copyrights, even if you voluntarily bring the matter to our attention. We need not participate in your defense nor indemnify you for damages or expenses in a proceeding involving a copyright.

Our Operations Manual and other materials contain our and our affiliates' confidential information (some of which constitutes trade secrets under applicable law) (the "Confidential Information"). This information includes specifications, standards, systems, procedures, sales and marketing techniques; knowledge and experience used in developing and operating Businesses; training and operations materials, methods, formats, knowledge and specifications regarding suppliers of Operating Assets and other products and supplies; marketing and advertising programs and strategies for Businesses; any computer software or similar technology that is proprietary to us or the System, strategic plans, growth, development and expansion goals, targeted demographics, knowledge of the operating results and financial performance of Businesses; site selection criteria; and all information relating to members, such as member names, addresses, telephone numbers, email addresses, buying habits, preferences, demographic information and related information.

All ideas, concepts, techniques, or materials concerning a Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our Confidential Information in an unauthorized manner. You must adopt and implement procedures to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to personnel of your Business and certain other people and using non-disclosure and non-competition agreements with those having access to Confidential Information in a form determined by us. We may regulate the form of agreement that you use, and we will be a third-party beneficiary of that agreement with independent enforcement rights.

All Confidential Information is owned by us and our affiliates, and you will only use Confidential Information for the development, promotion, and operation of your Business. You will not use or sell Confidential Information to any third parties and you will comply with all applicable laws governing the use and protection of Confidential Information.

Item 15.
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an entity, you must identify one of your owners who is a natural person with at least a 10% ownership interest and voting power in you (the "Managing Owner"). You must also designate a person, who may, but need not, be your Managing Owner or one of your other owners, to serve as the "Designated Manager" of your Business. You (or your Managing Owner) are solely responsible for the management, direction and control of your Business, subject to the terms and conditions of the Franchise Agreement and Development Agreement. Your Designated Manager must supervise the management and day-to-day operations of your Business on a full-time basis and continuously exert best efforts to promote and enhance your Business and the goodwill associated with the Marks.

We have the right to approve your Designated Manager before he or she begins to provide services at your Business. Your Designated Manager must satisfy our educational and business experience criteria for Designated Managers of Businesses, as set forth in the Operations Manual or otherwise, and satisfactorily complete our Initial Training Program and any other training programs we may periodically require.

If you are in default in the performance of any of your obligations under the Franchise Agreement, we may, but need not, enter upon and take possession of your Business for a period not to exceed 180 days, and thereafter take, in your name, all other actions necessary to effect the provisions of the Franchise Agreement (or appoint a third party to assume such operations). All funds from your Business's operation while it is under our (or the third party's) management will be kept in a separate account by us, and all expenses will be charged to this account. We may charge you (in addition to the Royalty, Brand Fund Contributions, and other amounts due to us or our affiliates) our then-current fee for the interim operation of your Business, plus our (or the third party's) direct out-of-pocket costs and expenses, if we (or a third party) assume your Business's operations. During the term of the Franchise Agreement, we may adjust the amount of this daily fee periodically by an amount that is commensurate

with inflation. We (or a third party) have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Business incurs, or to any of your creditors for any products, other assets, or services your Business purchases, while we (or a third party) operate it.

If you are not a natural person, your direct and indirect owners with at least a 10% ownership interest and voting power in you must personally guarantee your obligations under the Franchise Agreement and the Development Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. Our current form of Guaranty and Assumption of Obligations is attached as Attachment A to the Franchise Agreement and the Development Agreement. In addition, if these owners are married, their spouse may have to consent in writing to their signing of the guaranty. Such spousal consent also serves to bind the assets of the marital estate to the owner's performance of the guaranty.

Item 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the premises at which the Business is located solely for the operation of your Business. You must offer and sell all services and products that we periodically specify for Businesses, and you may offer and sell only those services and products that we have approved for sale in Businesses. You must offer and sell approved products and services only at the Premises and in the manner we have authorized. We may periodically change the required and/or authorized products and services and Vendors from whom they are purchased, and there are no limits on our right to do so. You must promptly implement these changes and must discontinue selling any products or services that we at any time decide to disapprove in writing. You may not sell any products or services through alternative channels of distribution (including any Online Presence). You must discontinue selling and offering for sale any services or products that we at any time decide to disapprove in writing.

Our System Standards may regulate participation in and requirements for member/customer loyalty programs, reciprocity programs, membership transfer policies and programs, and similar programs for members of similarly situated Businesses, including the terms and conditions we periodically specify for (a) providing access to your Business for members of other Businesses; (b) honoring memberships covering some or all Businesses and providing Business access to those members; (c) accepting memberships that we or our affiliates process or assist in processing for your Business, including paying us and our affiliates reasonable fees for online membership applications that we process and other assistance we and they provide relating to your Business's memberships; and (d) each Business bearing, or sharing in, the costs and expenses associated with participating in any of these programs. Our System Standards also may regulate the terms of membership offerings and maximum, minimum and other pricing requirements, including requirements for promotions, special offers and discounts in which some or all Businesses participate, in each case to the maximum extent the law allows (although you must ensure that your membership offerings and membership agreements comply with applicable laws and regulations). For any product or service which we do not regulate the maximum or minimum prices, we may require you to comply with any advertising policy we adopt. You also must participate in the manner we specify in any group membership reciprocity or other programs that we periodically establish.

Except as disclosed in this Item, we do not impose any restrictions regarding the customers to whom you may sell authorized products and services.

Item 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the franchise term	Franchise Agreement: Section 2.A	10 years from the Effective Date.
	Development Agreement: Section 2.A	Term ends on the earlier of (i) the scheduled opening date of the last Business as specified on the Development Schedule or (ii) the last day of the last development period.
b. Renewal or extension of the term	Franchise Agreement: Section 14.A	If you are in substantial compliance with the Franchise Agreement, you may extend the term for two successive terms of 5 years.
	Development Agreement: N/A	Not applicable.
c. Requirements for franchisee to renew or extend	Franchise Agreement: Section 14.A	You must give at least 90 days' but not more than 12 months' notice, be in full compliance with the System Standards, not be in breach of any agreement with us or our affiliates, satisfy all monetary obligations, have the right to remain in possession of your Business premises, pay our then-current successor franchise fee; execute then-current Franchise Agreement and general release (unless prohibited by law) and comply with current qualifications and training requirements. The then-current Franchise Agreement may contain terms and conditions materially different from those in the Francise Agreement attached to this Disclosure Document (e.g., different Royalty fees). We must be offering franchises within the state of your Business when you give your renewal notice.
	Development Agreement: N/A	Not applicable.
d. Termination by franchisee	Franchise Agreement: Section 15.A	You may terminate the Franchise Agreement if we materially breach the agreement and do not cure default after receiving notice from you.
	Development Agreement: Section 6.A	You may terminate the Development Agreement if we materially breach the agreement and do not cure default after notice from you.
	Franchise Agreement: N/A	We may not terminate the Franchise Agreement without cause.

PROVISION	SECTION IN AGREEMENT	SUMMARY
e. Termination by franchisor without cause	Development Agreement: N/A	We may not terminate the Development Agreement without cause.
f. Termination by franchisor with cause	Franchise Agreement: Section 15.B	We may terminate only if you or your owners commit one of several violations. Under cross-default provisions, we may also terminate the Franchise Agreement if you or your approved affiliate fails to comply with any provision of any other agreements with us or our affiliates (including a Development Agreement) and does not cure such failure within the applicable cure period.
	Development Agreement: Section 6.B	We may terminate only if you or your owners commit one of several violations. Under cross-default provision, we can also terminate the Development Agreement if you or your approved affiliate fails to comply with any provision of any other agreements with us or our affiliates (including a Franchise Agreement) and does not cure such failure within the applicable cure period.
g. "Cause" defined – curable defaults	Franchise Agreement: Section 15.B	We will have cause to terminate your Franchise Agreement for the following defaults if we give you notice and the requisite opportunity to cure the default: (a) 21 days for failure to complete required training; (b) 10 days for failure to maintain required insurance; (c) 5 days for failure to pay amounts owed; (d) 15 days for failure to cure quality assurance deficiencies; (e) 72 hours for failure to comply with law; and (f) 30 days for failure to comply with any provision of the Franchise Agreement that is not specifically called out (subject to state law).
	Development Agreement: Section 6.B	We will have cause to terminate your Development Agreement for the following defaults if we give you notice and an opportunity to cure the default: 30 days for failure to comply with any provision of the Development Agreement that is not specifically called out (subject to state law).
h. "Cause" defined – non-curable defaults	Franchise Agreement: Section 15.B	Non-curable defaults under the Franchise Agreement include material misrepresentations or omissions in acquiring a franchise or operating your Business; failure to secure the premises for your Business within 90 days after our approval of such premises, or fail to open your Business within the designated time periods; failure to construct your Business according to the plans we approve; closure, failure to operate for more than 3 days, or other abandonment; conviction of a felony; dishonest or unethical conduct; engaging in conduct which adversely affects the reputation of Businesses, the System, or the Marks; unauthorized

PROVISION	SECTION IN AGREEMENT	SUMMARY
		Transfer; loss of the right to occupy the premises; unauthorized use or disclosure of Confidential Information; failure to pay taxes; understating Gross Sales 3 times or more during the Term; repeated defaults (even if cured); occurrence of certain bankruptcy or insolvency events; failure to comply with anti-terrorism laws; health and safety risks; and failure to comply with other agreements with us or our affiliate and do not correct such failure within the applicable cure period, if any (subject to state law).
	Development Agreement: Section 6.B	Non-curable defaults under the Development Agreement include material misrepresentations or omissions; failure to comply with the Development Schedule; unapproved transfers; repeated defaults (even if cured); insolvency events; failure to comply with anti-terrorism laws; engaging in conduct which adversely affects the reputation of Businesses, the System, or the Marks; and failure to comply with other agreements with us or our affiliate and do not correct such failure within the applicable cure period, if any (subject to state law).
i. Franchisee's obligations on termination/non-renewal	Franchise Agreement: Section 15	You must: (i) pay outstanding amounts; (ii) close your Business for business; (iii) cease using the Marks; (iv) cease to identify yourself or your Business as a franchised location; (v) return to us or destroy (as we require) all items, forms and materials containing any Mark or otherwise identifying or relating to the Business as a SWTHZ-branded business; (vi) remove all signage, unless we are buying your Business; (vii) cease using all telephone numbers, directory listings, contact information associated with your Business, and Online Presences; (viii) comply with de-identification standards; (ix) cease using the Confidential Information; and (x) comply with the non-competition and non-solicitation provisions. You must also sell us your Business if we exercise our purchase option. You must also pay Lost Revenue Damages, if we terminate the Franchise Agreement because of your breach (or if you terminate without cause).
	Development Agreement: Section 7	Under the Development Agreement, you must cease to directly or indirectly exercise or attempt to exercise any of the rights granted to you under the agreement, comply with all obligations that either expressly survive or by their nature are intended to survive the expiration or termination of the agreement, and refrain from interfering or attempting to interfere with our or our affiliates' relationships with any vendors, franchisees or consultants or engage in any other activity which might injure the goodwill of the Marks or the System.

PROVISION	SECTION IN AGREEMENT	SUMMARY
j. Assignment of contract by franchisor	Franchise Agreement: Section 13.A	No restriction on our right to assign.
	Development Agreement: Section 5.A	No restriction on our right to assign.
k. "Transfer" by franchisee -definition	Franchise Agreement: Section 13.B	A "Transfer" includes the sale, assignment, transfer, conveyance, give-away, pledge, mortgage, or other disposition of or encumbrance of any direct or indirect interest in the Franchise Agreement (including any or all rights or obligations thereunder); your Business or its assets (other than in the ordinary course of business); your right to possession of the premises; or any direct or indirect ownership interest in you (regardless of its size)
	Development Agreement: Section 5.B	Includes the assignment, sale, transfer, conveyance, pledge, mortgage, or other disposal or encumbrance of the Development Agreement, your development rights, or any direct or indirect ownership interest in you.
l. Franchisor's approval of transfer by franchisee	Franchise Agreement: Sections 13.B	Franchise Agreement may not be assigned without our consent.
	Development Agreement: Section 5.B	Development Agreement may not be assigned without our consent.
m. Conditions for franchisor approval of transfer	Franchise Agreement: Section 13.C	Your Business has opened for business; transferee must provide all application materials and satisfy all selection criteria; you must provide transfer documents and transfer must meet our criteria; transferee must refurbish your Business in compliance with our then-current System Standards; subject to state law, you (and your owners) must sign a general release in a form satisfactory to us, you (and your owners, and your and their immediate family members) must sign a non-competition covenant in favor of us; your Business must be in full compliance with our System Standards, the Franchise Agreement, and any other agreement between us and you; transferee must complete all mandatory training; you (and your owners) and transferee (and its owners) must sign a consent to transfer; all required actions under the lease are satisfied; transferee signs then-current forms of agreements, including Franchise Agreement; you pay (or cause to be paid) a transfer fee; and you provide evidence of transfer of all necessary and appropriate business licenses, insurance policies, and material agreements.
	Development Agreement: Section 5.C	Transferor (and transferor's owners and guarantors) must be in compliance with their obligations under the Development Agreement; transferee must provide all application materials and satisfy all selection criteria; you must provide transfer documents and transfer must meet our criteria; any financing of the purchase price by transferor or transferee must be subordinate to

PROVISION	SECTION IN AGREEMENT	SUMMARY
		transferee's obligations to pay us all amounts due us, our affiliates, and third-party vendors; you (and your owners) must sign a general release, in a form satisfactory to us; you (and your transferring owners) (and your or their immediate family members) must sign a non-competition covenant in favor of us; you must pay all amounts owed to us, our affiliates, and third-party vendors and must have submitted all required reports and statements under the Development Agreement and any Franchise Agreement; you and your owners must not have violated any provision of the Development Agreement or any other agreement with us or our Affiliates during both the 60-day period before you requested our consent to the transfer through the effective date of the transfer; transferee must sign our then-current form of Development Agreement and related documents, payment of transfer fee; and the transfer must not be made separate and apart from the transfer to the same transferee of all Franchise Agreements signed pursuant to the Development Agreement.
n. Franchisor's right of first refusal to acquire franchisee's Franchised Business	Franchise Agreement: Section 13.G	If you receive an offer to sell or transfer an interest, direct or indirect, in the Franchise Agreement, your Business or an ownership interest in you, we have a right of first refusal to purchase such interest offered for the price and on the terms and conditions contained in the offer with certain provisions; if this right is not exercised within 30 days of our receipt of notice of such intention to sell or transfer, then you may sell or transfer in accordance with Item 17(k) through 17(m).
	Development Agreement: Section 5.F	If you receive an offer to sell or transfer an interest, direct or indirect, in the Development Agreement (which must not be made separate and apart from any transfer to the transferee of any Franchise Agreements you signed pursuant to the Development Agreement), your development rights or an ownership interest in you, we have a right of first refusal to purchase such interest offered for the price and on the terms and conditions contained in the offer with certain provisions; if this right is not exercised within 30 days of our receipt of notice of such intention to sell or transfer, then you may sell or transfer in accordance with Item 17(k) through 17(m).
o. Franchisor's option to purchase franchisee's business	Franchise Agreement: Section 16.B	We may purchase the assets of your Business for liquidation value upon the expiration of the Franchise Agreement and any successor franchise granted to you, or the termination of the Franchise Agreement by you without cause or by us with cause (each a "Termination Event"). In the case of a Termination Event, we have 30 days from the Termination Event to provide you with written notice of our election to purchase your Business.
	Development Agreement: N/A	Not applicable.

PROVISION	SECTION IN AGREEMENT	SUMMARY
p. Death or disability	Franchise Agreement: Section 13.D	Your death (or the death of any of your owners) constitutes a transfer of the franchise requiring our consent (see Item 17(k) above) and starting our right of first refusal (see Item 17(n) above).
	Development Agreement: Section 5.B	Neither the Development Agreement nor any ownership interests in you may be transferred without our prior written consent.
q. Non-competition covenants during the term of the franchise	Franchise Agreement: Section 8	Neither you, nor any of your owners or their immediate family members, may have any involvement, directly or indirectly, in a "Competitive Business," wherever located or operating (except for any equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange). "Competitive Business" means any business (other than an authorized Business): (i) that offers products and services that are the same as or substantially similar to those offered at Businesses; (ii) whose core offerings include mind and body wellness services, experiences, therapies and treatments that are substantially similar to those that are then being provided by Businesses; (iii) whose concept, business model or method of operation is similar to that of Businesses or any other wellness businesses operated, franchised or licensed by us or our Affiliates; or (iv) that grants franchises or licenses for the operation of any of the foregoing or provides services to the franchisor or licensor of any of the foregoing. You may neither interfere with vendor, supplier, or consultant relationships nor engage in activities that would harm our Marks or System.
	Development Agreement: N/A	Not applicable.
r. Non-competition covenants after the franchise is terminated or expires	Franchise Agreement: Section 16.A	You may not have any involvement, directly or indirectly, in a Competitive Business for 2 years within 10-mile radius of the premises of your Business or any Business in existence or under construction at time of termination or expiration of Franchise Agreement. You may neither interfere with vendor, supplier, or consultant relationships nor engage in activities that would harm the Marks or System.
	Development Agreement: N/A	Not applicable.
s. Modification of the agreement	Franchise Agreement: Section 19.B	No modifications except in writing and signed by both you and us.
	Development Agreement: Section 10.A	No modifications except in writing and signed by both you and us.

PROVISION	SECTION IN AGREEMENT	SUMMARY
t. Integration/merger clause	Franchise Agreement: Section 19.G	Only the written terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representation or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. However, nothing in the Franchise Agreement is intended to disclaim the representations we made in the Disclosure Document that we furnished to you.
	Development Agreement: Section 10.F	Only the written terms of the Development Agreement and other related written agreements are binding (subject to state law). Any representation or promises outside of the Disclosure Document and Development Agreement may not be enforceable. However, nothing in the Development Agreement is intended to disclaim the representations we made in the Disclosure Document that we furnished to you.
u. Dispute resolution by arbitration or mediation	Franchise Agreement: Section 18.A	We and you must arbitrate all disputes at a location in or within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, Atlanta, Georgia) (subject to state law).
	Development Agreement: Section 13.A	We and you must arbitrate all disputes at a location in or within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, Atlanta, Georgia) (subject to state law).
v. Choice of forum	Franchise Agreement: Section 18.C	You must sue us in the state of our or, as applicable, our successor's or assign's then-current principal place of business (currently Atlanta, Georgia) (subject to state law).
	Development Agreement: Section 9.C	You must sue us in the state of our or, as applicable, our successor's or assign's then-current principal place of business (currently Atlanta, Georgia) (subject to state law).
w. Choice of law	Franchise Agreement: Section 18.B	Georgia law (subject to state law).
	Development Agreement: Section 9.B	Georgia law (subject to state law).

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit E.

Item 18.
PUBLIC FIGURES

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

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.

Data Set and Methodology

As of December 31, 2023, there were 14 Businesses open and operating, 12 of which (the "Data Set") operated during the entire 12-month period ending December 31, 2023 (the "Measurement Period"). Eleven (11) of the Businesses in the Data Set were owned and operated by our affiliates for the entire Measurement Period. One (1) was acquired from our affiliate by a third-party franchisee and was owned and operated by that franchisee for the last 50 weeks of the Measurement Period.

The charts below reflect actual historical data for the Measurement Period for each Business in the Data Set. arranged in three (3) groups of four (4) Businesses each to show a Top Tier, a Middle Tier, and a Bottom Tier (each a "Tier"), based on the EBITDA (defined below) of each Business.

To calculate the "average" for each revenue or expense item in each Tier, we added the applicable revenue or expense category for all Businesses in the applicable Tier, then divided that number by four (4). The "median" is the average of the two middle data points for the particular item. The Businesses are arranged from high to low to show the "range" of the data points.
The data shown for the franchised Business is information that was provided to us by the franchisee of that Business.

Definitions

- "Gross Sales" are calculated in the same manner you will calculate your Gross Sales under the Franchise Agreement. The Franchise Agreement defines Gross Sales as the regular advertised price of all goods and services sold at, from, or in connection with the operation of your Business (whether or not in compliance with the Agreement), regardless of the manner in which the price was paid by the purchaser of such products or services (including payments by cash, check, credit or debit card, barter exchange, trade credit, or other credit transactions), but excluding (1) all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, and (2) the amount of any documented refunds and credits your Business in good faith gives to customers and your employees. Revenue from the purchase or redemption of gift certificates, gift cards or similar programs is calculated as part of Gross Sales in accordance with our then-current guidelines for such programs. Gross Sales also include all insurance proceeds you receive to replace revenue that you lose from the interruption of your Business due to a casualty or other event covered by business interruption or similar insurance coverage.

- "Cost of Sales" means the aggregate cost of salaries and wages and payroll taxes incurred in connection with the operation of the Business, credit card processing fees, sauna supplies, membership software, food and drink costs.

- "Gross Profit" means the difference of Gross Sales less Cost of Sales.

- "Total Expenses" means the aggregate cost of all expenses under the leases for Businesses (including, as applicable, rent, common area maintenance, insurance, and taxes), utilities, marketing, repair and maintenance, office supplies, computer and software expenses other than membership software, cleaning services, telephone and internet fees, and other costs incurred by the Businesses.

- "EBITDA" means the difference of Gross Profit less Total Expenses.

- "Fee Adjustment" is, for the 11 Businesses that were owned and operated by our affiliate and for the 2-week period during which our affiliate owned and operated the franchised Business, the amount of fees that the Businesses would have been required to pay had they been owned and operated by a third-party franchisee during the entire Measurement Period instead of by our affiliate. Those fees include a Royalty fee of 6% of Gross Sales, the difference between the 6% Marketing Expense Cap and the amount actually spent by the Business on required marketing, and a technology fee of $15,000 ($1,250 per month).

- For Businesses other than the franchised business, the "Adjusted EBITDA" means the EBITDA minus the Fee Adjustment.

Results

Top Tier						
	Business 1	Business 2	Business 3	Business 4[1]	Tier Average[2]	Median
Gross Sales	$579,908	$570,721	$638,588	$1,181,411	$742,657	$609,248
Cost of Sales	$33,169	$36,650	$40,307	$70,542	$45,167	$38,478
Gross Profit	$546,738	$534,071	$598,281	$1,110,869	$697,490	$572,510
Total Expenses	$389,618	$358,916	$411,910	$709,917	$467,590	$400,764
EBITDA	$157,120	$175,155	$186,371	$400,952	$229,900	$180,763
Fee Adjustment	$55,026	$53,221	$61,500	$2,489	$56,582	$55,026
Adjusted EBITDA	$102,094	$121,934	$124,871	$398,462	$186,840	$123,402

Notes to the Top Tier Chart:

1. This is the one franchised location in the Data Set.
2. The averages shown are for all 4 Businesses in the Tier. If the franchised location is removed from the group, the median Gross Sales would be $579,908, and the averages would be: Gross Sales: $596,405; Cost of Sales: $36,709; Gross Profit: $559,697; Total Expenses: $386,815; EBITDA: $172,882; Fee Adjustment: $56,582; and Adjusted EBITDA: $116,300.

Middle Tier						
	Business 5	Business 6	Business 7	Business 8	Tier Average	Median
Gross Sales	$634,023	$559,780	$477,996	$571,744	$560,886	$565,762
Cost of Sales	$40,372	$38,018	$36,206	$32,192	$36,697	$37,112
Gross Profit	$593,651	$521,762	$441,790	$539,552	$524,189	$530,657
Total Expenses	$468,391	$450,423	$377,999	$390,478	$421,822	$420,450
EBITDA	$125,261	$71,339	$63,792	$149,074	$102,366	$98,300
Fee Adjustment	$62,956	$49,192	$43,680	$51,929	$51,939	$50,560
Adjusted EBITDA	$62,305	$22,147	$20,112	$97,145	$50,427	$42,226

Bottom Tier						
	Business 9	Business 10	Business 11	Business 12	Tier Average	Median
Gross Sales	$444,958	$491,239	$394,692	$387,074	$429,491	$419,825
Cost of Sales	$33,097	$34,916	$29,839	$31,520	$32,343	$32,308
Gross Profit	$411,861	$456,323	$364,853	$355,554	$397,148	$388,357
Total Expenses	$365,783	$406,923	$327,207	$377,853	$369,442	$371,818
EBITDA	$46,078	$49,399	$37,646	($22,299)	$27,706	$41,862
Fee Adjustment	$41,697	$44,474	$38,682	$38,224	$40,769	$40,190
Adjusted EBITDA	$4,380	$4,925	$(1,035)	$(60,523)	$(13,063)	$1,673

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

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our President & Chief Executive Officer, James E. Weeks, III, at 120 Interstate N. Pkwy SE, Suite 400, Atlanta, Georgia 30339 (phone: (678) 248-4435), the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20.
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE BUSINESS SUMMARY
FOR YEARS 2021 TO 2023[1]

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	2	+2
Company-Owned[2]	2021	4	6	+2
	2022	6	12	+6
	2023	12	12	+0
Total	**2021**	**4**	**6**	**+2**
	2022	**6**	**12**	**+6**
	2023	**12**	**14**	**+2**

1/ The numbers in this Item 20 are as of December 31 of each year.

2/ The company-owned outlets are owned by wholly owned subsidiaries of our affiliate, LS Opco.

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS 2021 TO 2023

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Totals	**2021**	**0**
	2022	**0**
	2023	**0**

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Florida	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Massachusetts	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1*	0	0	0	0	1*
Totals	**2021**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2022	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**2**	**0**	**0**	**0**	**0**	**2**

* This outlet was purchased from our affiliate during the first quarter of 2023.

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Georgia	2021	3	1	0	0	0	4
	2022	4	1	0	0	0	5
	2023	5	0	0	0	0	5
Massachusetts	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1*
	2023	1	0	0	0	1	0
Oregon	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
South Carolina	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
Texas	2021	0	0	0	0	0	1
	2022	1	2	0	0	0	3
	2023	3	1	0	0	0	4
Totals	**2021**	**4**	**2**	**0**	**0**	**0**	**6**
	2022	**6**	**6**	**0**	**0**	**0**	**12**
	2023	**12**	**1**	**0**	**0**	**1**	**12**

*This outlet was opened during the 2022 calendar year, and subsequently sold to a franchisee during the first quarter of 2023.

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2023
FOR THE 2024 FISCAL YEAR[1]

State	Franchise Agreements Signed But Not Opened	Projected New Franchised in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	3	3	0
Colorado	2	2	0
Florida	2	2	0
Georgia	0	0	1
Illinois	1	1	0
Indiana	1	1	0
Maryland	1	1	0
Massachusetts	3	3	0
New Jersey	2	2	0
North Carolina	2	2	0
Ohio	2	2	0
Oregon	1	1	0
Pennsylvania	1	1	0
Texas	4	4	0
Utah	1	1	0
Virginia	1	1	0
Totals	**27**	**27**	**1**

Exhibit G-1 contains a list of the names, addresses and telephone numbers of our current franchisees as of December 31, 2023; and Exhibit G-2 contains a list of the names and last known address and telephone number of each franchisee who had a Franchise Agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the franchise system.

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

As of the date this Disclosure Document was issued, there were no trademark-specific franchisee organizations that were created, sponsored, or endorsed by us and there were no trademark-specific franchisee organizations that requested to be included in this Disclosure Document.

Item 21.
FINANCIAL STATEMENTS

Attached as Exhibit F : (i) our audited balance sheet as of December 31, 2023 and December 31, 2022, and the related statements of income, member's equity, and cash flow for the fiscal years then-ended; and (ii) an unaudited interim balance sheet as of January 31, 2024 and accompanying statements for the period from January 1, 2024 to January 31, 2024. We have not been in business for three years or more, so we cannot include all the historical financial statements required by the FTC Rule. Our fiscal year end is December 31.

Item 22.
CONTRACTS

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

Exhibit B - Franchise Agreement
Attachment A – Guaranty and Assumption of Obligations
Attachment B – Representations and Acknowledgment Statement

Exhibit C - Multi-Unit Development Agreement
Attachment A – Guaranty and Assumption of Obligations

Exhibit E - State Addenda and Agreement Riders

Exhibit H - Sample General Release

Exhibit I - Form of Lease Addendum

Item 23.
RECEIPTS

Exhibit J contains detachable documents acknowledging your receipt of this Disclosure Document. Please sign and date each receipt and return one copy to us. Keep the other copy along with this Disclosure Document for your records.

EXHIBIT A

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA

Department of Financial Protection & Innovation:
1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(916) 445-7205

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 610-2093

San Francisco

One Sansome Street, Ste. 600
San Francisco, California 94104-4428
(415) 972-8565

HAWAII

(state administrator)

Business Registration Division
Securities Compliance Branch
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2727

(agent for service of process)

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Commissioner of Securities
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2744

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

INDIANA

(state administrator)

Indiana Secretary of State
302 West Washington Street
Securities Division, E-111
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)

Indiana Secretary of State
200 West Washington Street, Room 201
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6300

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building
525 West Ottawa Street
Lansing, Michigan 48909
(517) 373-7622

(agent for service of process)

Michigan Department of Commerce,
Corporations, Securities & Commercial Licensing
Bureau
P.O. Box 30018
Lansing, Michigan 48909

MINNESOTA

(state administrator)

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

(agent for service of process)

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236 Phone
(212) 416-6042 Fax

(agent for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

(state administrator)

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

(agent for service of process)

Securities Commissioner
600 East Boulevard Avenue
State Capitol - Fourteenth Floor – Dept. 414
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Business Services Division of
Financial Regulation
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex Building 69-2
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

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

VIRGINIA

(state administrator)

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

(agent for service of process)

Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)

Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760

(agent for service of process)

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

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-0448

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

LS FRANCHISOR LLC

FRANCHISE AGREEMENT

Franchisee: _____

Developer (if applicable): _____

SWTHZ Number: _____

SWTHZ Address: _____

SWTHZ™

FRANCHISE AGREEMENT

DATA SHEET

1. **Effective Date of Agreement**: _____

2. **Franchisee**:

Name:	
Address:	
Attention:	
Email Address:	
Phone:	
Type of Entity:	
Date of Formation:	
State of Formation:	
Managing Owner:	

3. **Franchisee Owners**.

Name	Address	Type of Interest	Percentage Held

4. **Designated Manager** [Section 1.C]: _____

5. **Territory** [Section 2.B]: (check one):

☐ the area within a circle having the main entrance to the Business as its center and a radius of _____ miles; or

☐ the area described as follows: _____
_____; or

☐ the area shown on the following map:

[insert map]

6. **Business Premises** [Section 3.B]: _____

7. **Search Area** [Section 3.B] (check one):

(a) ☐ N/A

(b) ☐ Development Area identified in the Multi-Unit Development Agreement dated _____, between us and _____

(c) ☐ The area shown on the following map:

[attach map]

8. **Certain Other Fees** [Section 4]:

(a) **Initial Franchise Fee** (check one): ☐ $45,000 ☐ Other $_____

(b) **Royalty** (check one):

- ☐ 6% of Gross Sales from the date on which your Business opens to the general public (the "Opening Date") through the 2nd anniversary of the Opening Date; 7% of Gross Sales from the day following the 2nd anniversary of the Opening Date through the 4th anniversary of the Opening Date: and 8% thereafter for the remainder of the initial Term.

- ☐ Other: _____

9. **Additional Terms or Modifications to the Agreement**. The following terms, if any, supplement or amend the provisions of the Franchise Agreement Terms attached hereto and will control in the event of any conflicts:

[insert as applicable]

10. **Acknowledgement and Acceptance of Agreement**. By signing below, you represent and warrant to us that the information contained in this Data Sheet is true and correct. The parties, intending to be legally bound, accept and agree that this Data Sheet and the accompanying Franchise Agreement Terms (together, the "**Agreement**") describe their respective rights and obligations, and each agrees to be bound thereto and to perform as set forth therein.

LS FRANCHISOR LLC, a Georgia limited liability company

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISE OWNER:

_____
[Name]

By: _____
Name: _____
Title: _____
Date: _____

SWTHZ™

FRANCHISE AGREEMENT TERMS

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ATTACHMENT A Guaranty and Assumption of Obligations
ATTACHMENT B Representations and Acknowledgement Statement

SWTHZ™
FRANCHISE AGREEMENT TERMS

The following Franchise Agreement Terms (these "**Terms**") form an integral part of the Agreement between **LS Franchisor LLC**, a Georgia limited liability company having its address at 120 Interstate N. Pkwy SE., Suite 444, Atlanta, Georgia 30339 ("**us**"), and the party signing the attached Data Sheet as the "Franchisee" ("**you**").

1. **PREAMBLES.**

A. **BACKGROUND.**

We grant franchises for the development, ownership and operation of businesses that are currently identified by the trademark SWTHZ™ (together, with such other trademarks and commercial symbols we periodically designate, the "**Marks**") and that offer customers of the SweatHouz and SWTHZ brands (the "**Brands**") wellness experiences and services we specify from time to time, currently focused on private infrared sauna therapies, cold plunge therapies, contrast therapies, and Vitamin C showers (each a "**Business**"). Businesses are developed and operated using certain specified business formats, methods, procedures, designs, layouts, standards, and specifications, each of which we may replace, further develop, or otherwise modify or discontinue from time to time (collectively, the "**System**").

Based on your own investigation and diligence, you have requested that we grant you the right to develop, own and operate a Business, using the Marks and System (the "**Franchise**") and, to support your request, you and, as applicable, your owners have provided us with certain information about your and their background, experience, skills, financial condition and resources (collectively, the "**Application Materials**"). In reliance on, among other things, the Application Materials, we are willing to grant you the Franchise on these Terms.

B. **BUSINESS ENTITY.**

If you are not a natural person, you agree, represent and warrant to us that: (1) you were validly formed and are and will maintain, throughout the Term (defined below), your existence and good standing under the laws of the state of your formation and remain qualified to do business in the state in which you operate your Business; (2) the information on the attached Data Sheet is complete and accurate as of the Effective Date; (3) the only business that you will own or operate during the Term will be your Business and, if applicable, other Businesses that you operate pursuant to other franchise agreements with us; (4) at our request, you will furnish us with copies of all documents regarding your formation, existence, standing, and governance; and (5) each of your owners that has direct or indirect ownership of at least 10% of the ownership interests in you (each a "**Principal Owner**") and, if the Agreement is signed pursuant to a Multi-Unit Development Agreement, the developer under that agreement, will sign and deliver to us our then-standard form of Guaranty and Assumption of Obligations (the "**Guaranty**"). Our current form of Guaranty appears as Attachment A hereto. The non-owner spouse of each guarantor must also sign the Guaranty in the capacity and for the purposes reflected in the Guaranty.

C. **MANAGING OWNER**.

You or, if you are not a natural person, one of your Principal Owners you designate, subject to our approval, will be your "**Managing Owner**." You agree that your Managing Owner will be authorized, on your behalf, to deal with us in all matters that arise in respect of the Agreement. We will be entitled to rely on the decision of your Managing Owner without being obligated to seek the approval of your other owners.

2. **THE FRANCHISE.**

A. **GRANT.**

We hereby grant you the Franchise to develop, own and operate a Business ("**your Business**") solely at the "**Premises**" identified on the attached Data Sheet or that we subsequently approve as described in Section 3 below, for a term beginning on the Effective Date and, unless sooner terminated as provided herein, expiring at the close of regular business on the day preceding the 10th anniversary of that date (the "**Term**"). You agree to faithfully, honestly, and diligently perform your obligations under these Terms and use your best efforts to promote your Business and the Brands. You agree not to conduct the business of your Business at any location other than the Premises and to use the Premises only for your Business. Once your Business opens for business, you agree to continuously operate it in accordance with these Terms for the duration of the Term.

B. **YOUR TERRITORY**.

Subject to your compliance with the terms of the Agreement, we will not, nor will we authorize any other person to, operate a Business within the area described on the attached Data Sheet as your Territory (the "**Territory**"). If you have not selected a site for your Business as of the Effective Date, we reserve the right to define your Territory at the time the Premises are identified and approved by us in accordance with Section 3.B below. If you disagree with our definition of the Territory, you may elect to locate and submit an alternative location to us for approval pursuant to Section 3.B below.

C. **TERRITORIAL RIGHTS WE RESERVE.**

We retain all rights to conduct and authorize anyone else to conduct any business activities of any kind whatsoever and do anything other than what we have specifically and expressly agreed in Section 2.B to refrain from doing, at all times before, during and after the Term, without limitation and without compensation to you, regardless of the nature or location of such activities or their customers, and including any business offering or selling products or services that are similar to, the same as, or competitive with, those that your Business customarily offers or sells, including, the right to:

(1) own and operate, and license others to own and operate, Businesses using the System and the Marks on such terms and conditions we deem appropriate;

(2) develop or become associated with other businesses, including other health and wellness concepts and systems, and/or award franchises under such other concepts for locations whether or not using the System and/or the Marks;

(3) acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not competitive) located anywhere and (i) convert the other businesses to the Brands and to allow them to operate as part of the System, and/or (ii) permit the other businesses to continue to operate under another name;

(4) solicit customers, advertise, and authorize others to advertise, and promote sales of Businesses, and fill customer orders; and

(5) market and sell, and grant to others the right to market and sell, products and services that are authorized for sale at Businesses through other or alternative channels of distribution (for example, through the Internet, telemarketing, mail order, e-commerce and catalog sales, and product lines in other businesses) using the Marks or other trademarks and commercial symbols.

3. **DEVELOPMENT AND OPENING OF YOUR BUSINESS.**

A. **LOCATING AND SECURING POSSESSION OF THE PREMISES.**

Despite any assistance we provide, you are entirely responsible, at your expense, for doing everything necessary to develop and open your Business in accordance with these Terms, including, subject to our prior written approval, locating, selecting, and securing possession of the Premises from which the Business will operate. If the Premises are not identified in the attached Data Sheet when you sign the Agreement, you must, within 90 days after the Effective Date, locate and obtain our approval of the Premises that must be located within the Search Area identified on the attached Data Sheet. You must provide any information we request to aid in our evaluation of your proposed Premises. Our approval of your proposed site is entirely for our own purposes and, by approving your site, we are not representing or guaranteeing that it will perform as you or we expect. We are not responsible if the site we recommend or approve fails to meet your expectations.

If you submit multiple proposed sites to us for our review, for each such site after the first one, we may require you to pay us a site review fee of $2,000 plus reimbursement of any out-of-pocket expenses we incur in connection with the review.

You must secure possession of the Premises within 90 days following our approval, by signing a lease, sublease or other agreement that allows you to develop and operate the Business at the Premises for the entire Term (the "**Lease**"). You may not, however, sign the Lease until you have received our written approval of its terms. As a condition to our acceptance of the Lease, we may require the Lease to include certain provisions that we periodically require to protect and maintain the Brands and System. If we accept the Lease, we do so for our own purposes, and we make no representation or warranty as to the quality or suitability of the Lease or its terms. You should obtain the advice of your own professional advisors before signing it.

B. **DEVELOPMENT AND OPENING OF YOUR BUSINESS.**

We will provide you our current prototypical plans showing the standard layout and placement specifications for all required equipment, the Computer System (defined below), furniture, fixtures and signs (all of the foregoing being referred to, collectively, as the "**Operating Assets**"). You must, by the earlier of (i) 180 days after you sign the Lease, or (ii) 12 months after the Effective Date, do all things necessary to complete the development of the Business and prepare it for opening in accordance with these Terms, the System, and applicable laws, including adapting the prototypical plans; acquiring and installing the Operating Assets; constructing the Business to our approval, using vendors we approve as described below, in accordance with the approved detailed construction plans and specifications and space plans for your Business; retaining and paying all architects and contractors; securing all required operating permits, licenses, and insurance; and retaining and training all employees.

You may not open your Business for business until we have confirmed in writing that you have paid all fees due us, you and your designated personnel have successfully completed all required training, and we have received all documents we require regarding the development and opening of the Business. Subject to your compliance with applicable laws, you must open your Business for regular business not later than five (5) days following our written confirmation of those items.

C. **LIQUIDITY, OWNERSHIP AND FINANCING**.

We have granted the Franchise to you based, in part, on your representations to us regarding, and our assessment of, your liquidity as of the Effective Date. You will ensure that, throughout the Term, you will maintain sufficient liquidity to meet your obligations under the Agreement.

If at any time you or your Affiliates propose to obtain any financing with respect to the Premises, your Business, or any Operating Assets in which any of such items are pledged as collateral to secure your performance in connection with such financing, the financing is a Transfer subject to our prior written consent in accordance with Sections 13.B and 13.C of these Terms. You may not pledge, assign or encumber this Agreement or the Franchise granted herein.

Subject to this Section 3.C, you must apply for and diligently pursue any government-issued, government-sponsored, or governmental-guaranteed grants, non-recourse loans, and/or bail-outs for which you qualify and that are made available to small businesses for economic stimulus.

4. CERTAIN FEES.

A. INITIAL FRANCHISE FEE.

You agree to pay us, on your execution of the Agreement, a nonrecurring and nonrefundable initial franchise fee in the amount of shown on the attached Data Sheet.

B. ROYALTY FEE.

Throughout the Term, you agree to pay us a royalty fee (the "**Royalty**") calculated at the rate identified on the attached Data Sheet. Unless we specify otherwise, Royalty will be payable weekly, on or before the day of the week we specify from time to time, based on the Gross Sales generated during the preceding week. Notwithstanding the foregoing, if you temporarily close your Business without our consent, you must pay us $750 ("**Temporary Royalty**") each week your Business is temporarily closed, due and payable as, when and in the same manner as the Royalty. Payment of Temporary Royalty will not act as a cure of the default caused by the unauthorized closure and will not alter or impair any other rights we have under the Agreement or any other agreements between us and you or your Affiliates, all of which are reserved. If we do not exercise our right to terminate based on your unauthorized closure, you may only re-open the Business with our prior written consent, and upon the re-opening, your last Temporary Royalty payment will be prorated (if applicable), and your Royalty will resume as described above in this Section 4.B.

C. DEFINITION OF "GROSS SALES".

As used in the Agreement, "**Gross Sales**" means the regular advertised price of all goods and services sold at, from, or in connection with the operation of your Business (whether or not in compliance with the Agreement), regardless of the manner in which the price was paid by the purchaser of such products or services (including payments by cash, check, credit or debit card, barter exchange, trade credit, or other credit transactions), but excluding (1) all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, and (2) the amount of any documented refunds and credits your Business in good faith gives to customers and your employees. Revenue from the purchase or redemption of gift certificates, gift cards or similar programs is calculated as part of Gross Sales in accordance with our then-current guidelines for such programs. Gross Sales also include all insurance proceeds you receive to replace revenue that you lose from the interruption of your Business due to a casualty or other event covered by business interruption or similar insurance coverage.

D. NON-COMPLIANCE CHARGE.

The Royalty rate we charge under the Agreement was determined based on the assumption that you will comply with your obligations hereunder. If you do not comply with your obligations, we will incur additional costs and expenses and, depending on the nature of the noncompliance, may lose the revenue we bargained for in entering the Agreement. Therefore, if we determine that you are not in compliance with your obligations under the Agreement, your Royalty rate will be increased by one percentage point (1%) above the then-current Royalty (the "**Non-Compliance Fee**") until we determine that you have cured all

deficiencies and are compliant with all terms of the Agreement, at which time it will revert to the rate shown in the attached Data Sheet. Payment of the Non-Compliance Fee is not a cure of the non-compliance that triggered its payment. The Non-Compliance Fee is intended to compensate us for certain expenses or losses we will incur as a result of the non-compliance and is not a penalty or an expression of the total amount of such damages. Nothing in this Section limits any of our other rights and remedies available under the terms of these Terms.

E. **LATE PAYMENTS AND REPORTING.**

All unpaid amounts you owe us for any reason will bear interest after their due date at the lesser of two percent (2%) per month or the highest commercial contract interest rate the law allows, whichever is less. We will charge a service fee of One Hundred Dollars ($100) per occurrence for checks returned to us due to insufficient funds or in the event there are insufficient funds in the business account you designate to cover our withdrawals. We may debit your bank account automatically for the service charge and interest. You acknowledge that this Section 4.E is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, your Business.

If you fail to report the Gross Sales, we may debit your account for 110% of the average of the last three (3) Royalty and Brand Fund (as defined in Section 10.B) contributions that we debited. If the amounts that we debit from your account under this paragraph are less than the amounts you actually owe us (once we have determined the true and correct Gross Sales), we will debit your account for the balance on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account during the following week.

F. **APPLICATION OF PAYMENTS; SET-OFFS.**

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We and our Affiliates may set off any amounts you or your Affiliates owe to us or our Affiliates against any amounts we or our Affiliates owe you or your Affiliates. You may not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations under the Agreement or for any other reason, and you specifically waive any right you may have at law or in equity to offset any funds you may owe us or to fail or refuse to perform any of your obligations under the Agreement.

G. **METHOD OF PAYMENT.**

We may require you, and you agree, to pay any amounts you owe us or our Affiliates by any means we periodically specify whenever we deem appropriate. Currently, you authorize us to debit your designated bank account for all such amounts (the "**EFT Authorization**"). You agree to sign and deliver to us any documents we or your bank require for such EFT Authorization. Such EFT Authorization shall remain in full force and effect at all times the Agreement is in effect and for 30 days following its expiration or termination.

5. **TRAINING AND ASSISTANCE.**

A. **INITIAL TRAINING.**

Your Managing Owner and Designated Manager (the "**Required Trainees**") must complete our initial manager training program (the "**Initial Training Program**") not later than three (3) months after the Effective Date and, in any event, before soliciting or pre-selling any memberships in your Business, and before opening your Business for business. Scheduling, location, content, length and format of our Initial Training Program is at our discretion, and we reserve the right to require that all of your attendees attend and participate at the same time. Successful completion, to our satisfaction, of the Initial Training Program by

all Required Trainees is required before you open your Business to the public. You will be responsible for all travel and living expenses, wages, and benefits owed to, and other costs of, persons attending the training programs on your behalf or at your request.

If the Business is your or your Affiliates' first or second Business, we will conduct the Initial Training Program and will not charge a fee for participation by the Required Trainees. After your and your Affiliates' second Business, you will be required to conduct the Initial Training Program for the Required Trainees who have not previously completed the required training. Before acting as trainers, your trainers must themselves have successfully completed the Initial Training Program, and you must conduct the Initial Training Program in the manner we designate at a Business you or your Affiliates own. Notwithstanding the foregoing, we reserve the right to conduct the Initial Training Program ourselves for your or your Affiliates' third or subsequent Businesses if we determine that you are unable to properly conduct the required training and, in that event, may charge you a reasonable fee for doing so. We may also charge a reasonable fee if any replacement Required Trainee or any persons other than the Required Trainees attend the Initial Training Programs that we conduct.

B. **TRAINING OF EMPLOYEES.**

You must implement a training program that we approve for employees of the Business, and you will be responsible for the proper training of your employees. You must ensure that everyone you employ successfully completes the training program, is properly trained, and is qualified to perform his or her duties at the Business in accordance with the System and System Standards.

C. **ADDITIONAL TRAINING AND GUIDANCE.**

If this is your or your Affiliates' first or second Business, we will, at our expense, send one or more of our representatives to your Business to assist with its grand opening (the identity, composition, and length of stay of which will be in our discretion). If this is your or your Affiliates' third or subsequent Business, and we determine that it is in your and the Brands' best interests to send a training and grand opening team to assist with the Business' opening, you will be responsible for reimbursing us the costs and expenses incurred by the training and opening team we send to provide that support, including the costs of travel, lodging, meals and a per diem to cover the teams' salary. Our trainer(s) will determine the amount of required time and support necessary to prepare your staff for your grand opening.

We may require your Required Trainees and/or other employees to attend an annual franchisee conference and additional, periodic or refresher training courses at such times and locations that we designate, and all costs (including, without limitation, travel and living expenses for trainees) shall be your responsibility. We reserve the right to charge you a reasonable fee for attendance at these programs and any training materials that we provide in connection with such training. You agree to give us reasonable assistance in training other Business franchisees, and we will reimburse you for your reasonable out-of-pocket expenses in doing so.

We may periodically advise and guide you regarding various aspects of the operation of your Business and System Standards (defined below). We will determine the location, frequency, content, and method of delivering all such advice and guidance. If you request, and we agree to provide, additional or special guidance, assistance, or training, we may charge you our then applicable fee, including per diem charges and travel and living expenses for our personnel.

D. **OPERATIONS MANUAL.**

During the Term, we will provide you with electronic access to our manual for the operation of Businesses (the "**Operations Manual**"). We will determine the content of the Operations Manual, the frequency in which it may be updated, and the manner and format in which it is delivered or made available to you. The Operations Manual may contain mandatory specifications, standards, operating procedures and

rules that we periodically prescribe for operating Businesses ("**System Standards**"), and you agree to comply with those standards and requirements. The Operations Manual may also contain other specifications, standards and policies that we may periodically suggest for the operation of your Business, and adoption of those items in the operation of your Business will be at your discretion. We may periodically modify the Operations Manual, including in the form of memoranda and newsletters, to reflect changes in System Standards.

Our master copy of the Operations Manual is the controlling copy. The Operations Manual and any passwords and access credentials are part of our Confidential Information (defined below) and must be protected against improper use and disclosure. As such, you may use it only in the operation of your Business in accordance with these Terms and protect it from improper use and disclosure as described in Article 7 below. You are responsible for any loss, destruction, damage, or unauthorized access or use of your copy of the Operations Manual.

6. MARKS.

A. OWNERSHIP AND GOODWILL OF MARKS.

Your right to use the Marks and the System is derived solely from this Agreement and limited to your operating your Business at the Premises according to these Terms and all System Standards. Your unauthorized use of the Marks or the System is a breach of the Agreement and infringes our and our Affiliates' intellectual property rights. Your use of the Marks and any goodwill created by that use are exclusively for our and our Affiliates' benefit, and the Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to use them strictly as described in these Terms). You agree not to, at any time during or after the Term, contest or assist any other person in contesting the validity of our and our Affiliates' rights to the Marks.

B. LIMITATIONS ON YOUR USE OF MARKS.

You agree to use the Marks we periodically designate as the sole identification of your Business and to identify yourself as the licensee of the Marks and the independent owner of your Business in the manner we prescribe. You may not use any Mark (1) as part of any legal entity name, (2) with any modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any website, domain name, email address, social media account, user name, other online presence or presence on any electronic, virtual, or digital medium of any kind ("**Online Presence**"), except as set forth in the Operations Manual or otherwise in writing from time to time, (5) in connection with any advertisement of any prospective transfer that would require our approval under Article 13, or (6) in any other manner that we have not expressly authorized in writing. You agree to give the notices of trademark and service mark ownership and registrations that we specify and to maintain, solely during the Term, any fictitious or assumed name registrations required under applicable law.

C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights to or in any Mark (each an "**Infringement Matter**"), and not to communicate with any person other than us or our Affiliates, our attorneys, and your attorneys, regarding any such Infringement Matter. We and our Affiliates may take the action we or they deem appropriate (including no action) and control exclusively any litigation, administrative actions, or other legal proceedings arising from any Infringement Matter, and you agree to sign any documents and take any other reasonable action that we believe to be necessary or advisable to protect and maintain our and our Affiliates' interests in any such proceeding or otherwise to protect and maintain our and their interests in the Marks. We will reimburse you for your reasonable costs of taking any action that we or our Affiliates ask you to

take in this regard. We also agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under the Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding.

D. **DISCONTINUANCE OF USE OF MARKS.**

If it becomes advisable, in our opinion, to modify or discontinue any Mark used by Businesses or to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses of complying with our directions in that regard or for any loss of revenue due to any modified or discontinued Mark. We may exercise these rights at any time and for any reason, business or otherwise, that we think best, and you waive any claims, demands or damages arising therefrom.

E. **NON-DISPARAGEMENT.**

You agree not to (and to use your best efforts to cause your current and former owners, officers, directors, agents, employees, representatives, attorneys, spouses, Affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of us, our Affiliates, any of our or our Affiliates' directors, officers, employees, representatives, current and former franchisees or developers, the Brands, the System, any Business (including your Business), any business using the Marks, any other brand or concept of us or our Affiliates, or which is reasonably likely to subject the Brands or such other brands to ridicule, scandal, reproach, scorn, or indignity, or negatively impact the goodwill of the Marks or the System.

7. **CONFIDENTIAL INFORMATION.**

A. **TYPES OF CONFIDENTIAL INFORMATION.**

In connection with your Franchise under the Agreement, you and your owners and personnel may from time to time be provided and/or have access to non-public information about the System and the operation of Businesses (including your Business) some of which constitutes our trade secrets under applicable law, whether or not marked confidential (the "**Confidential Information**"), including:

(1) the Operations Manual and its contents;

(2) growth and development plans, strategies, and forecasts related to the System;

(3) site selection criteria;

(4) training and operations materials;

(5) the System Standards and other methods, formats, specifications, standards, systems, procedures, techniques, market research, customer data, knowledge, and experience used in developing, promoting and operating Businesses and the products and services they offer and sell;

(6) knowledge of specifications for, and vendors of, Operating Assets and other products and supplies;

(7) any software or other technology which is proprietary to us, our Affiliates, or the System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other materials generated by, the software or other technology, and any materials created by or for our benefit; and

(8) knowledge of the operating results and financial performance of Businesses (including your Business).

B. **DISCLOSURE AND LIMITATIONS OF USE.**

You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Business in accordance with these Terms, and that the use, duplication or improper distribution or publication of the Confidential Information in any case would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you will: (1) not use the Confidential Information in any other capacity; (2) maintain the absolute confidentiality of the Confidential Information during and after the Term; (3) not make unauthorized copies of, or improperly disclose or publish any portion of, the Confidential Information however and in whatever form or format disclosed to you; and (4) adopt and implement all reasonable procedures and safeguards we periodically prescribe to prevent unauthorized use or disclosure of the Confidential Information, including, establishing reasonable security and access measures, restricting disclosure to your employees, and the use of nondisclosure and noncompetition agreements we may prescribe for employees or others who have access to the Confidential Information.

C. **EXCEPTIONS TO LIMITATIONS.**

The restrictions on your disclosure of the Confidential Information will not apply to the: (i) disclosure of information, processes, or techniques which are lawfully known and used in wellness industry or by the public generally (as long as the availability is not because of a violation of applicable law or an obligation to us or our Affiliates by you), provided that you have first given us written notice of your intended disclosure; (ii) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially; and (iii) disclosure of your Business' operating results and financial performance to your existing and prospective lenders, and, provided they are bound by confidentiality obligations, to potential investors in you or purchasers of your Business.

D. **INNOVATIONS.**

You must promptly disclose to us all ideas, concepts, methods, techniques and products conceived or developed by you and/or any of your Affiliates, owners, agents, representatives, contractors or employees during the Term relating to the development or operation of your Business or other Businesses ("**Innovations**"), whether or not protectable intellectual property and whether created by or for you or your owners or employees. All Innovations are our sole and exclusive property and works made-for-hire for us and shall constitute our Confidential Information. To the extent any Innovation does not qualify as a work made-for-hire for us, by this Section you assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our Affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating your Business or otherwise without our prior approval.

8. **COMPETITION AND INTERFERENCE DURING TERM.**

A. **COVENANTS.**

We have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us and the agreement of certain of your related parties not to engage in activities that are competitive with us and Businesses. You therefore agree that, during the Term, neither you, your Affiliates, your Designated Manager, nor any of your or your Affiliates' owners or their immediate family members (collectively, the "**Restricted Parties**")will:

(1) have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise) in a Competitive Business (defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(2) perform services for or provide benefits to, in any capacity, a Competitive Business, wherever located or operating;

(3) divert or attempt to divert any actual or potential business or customer of your Business to a Competitive Business;

(4) interfere or attempt to interfere with our or our Affiliates' relationships with any vendors, franchisees or consultants; or

(5) directly or indirectly, appropriate, use or duplicate the System or System Standards, or any portion thereof, for use in any other business or endeavor.

You agree to obtain similar covenants from your owners and Designated Managers. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights. Nothing contained herein shall be deemed a waiver of our right to terminate pursuant to Section 15.B of these Terms.

B. **COMPETITIVE BUSINESS DEFINED.**

The term "**Competitive Business**" means any business (other than an authorized Business): (i) that offers products and services that are the same as or substantially similar to those offered at Businesses; (ii) whose core offerings include mind and body wellness services, experiences, therapies and treatments that are substantially similar to those that are then being provided by Businesses; (iii) whose concept, business model or method of operation is similar to that of Businesses or any other wellness businesses operated, franchised or licensed by us or our Affiliates; or (iv) that grants franchises or licenses for the operation of any of the foregoing or provides services to the franchisor or licensor of any of the foregoing.

9. **BUSINESS OPERATIONS AND SYSTEM STANDARDS.**

A. **CONDITION AND APPEARANCE OF YOUR BUSINESS.**

You agree to place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, display and advertising materials that we periodically approve. You further agree to maintain the condition and appearance of your Business, its Operating Assets and the Premises in accordance with the System Standards and, consistent with the image of Businesses, as an efficiently operated business offering high quality products and services and observing the highest cleanliness and efficient, courteous service. Toward that end, you agree, without limitation and at your expense, to: (a) clean, repaint, redecorate, repair, and maintain the interior and exterior of the Premises at intervals that we prescribe; (b) maintain, repair or, at our discretion, replace damaged, worn-out or obsolete Operating Assets at intervals that we may prescribe (or, if we do not prescribe an interval for replacing any Operating Asset, as that Operating Asset needs to be repaired or replaced); and (c) renovate, refurbish, remodel, or replace the real and personal property and equipment used in operating your Business when reasonably required to comply with our System Standards. If we change our System Standards, we will give you a reasonable period of time within which to comply with such changes.

B. **USE OF DESIGNATED COMPUTER SYSTEM.**

You must, at your expense, obtain, maintain, and use in your Business the integrated computer hardware and software, including an integrated computer-based order-entry system that we periodically specify from time to time in the Operations Manual (the "**Computer System**"). You also agree to maintain a functioning e-mail address and all specified points of high-speed internet connection. We may modify specifications for, and components of, the Computer System, which might require you to acquire new or modified computer hardware or software and obtain service and support for the Computer System. You must at all times during the Term ensure that your Computer System, as modified, meets our System Standards and functions properly.

You may be required to license, and sign a software license agreement regarding, certain proprietary software as part of our requirements for the Computer System. We and our Affiliates may charge you an initial and recurring fee for any proprietary software or technology that we or our Affiliates license to you and for other maintenance, support, and technology development services that we or our Affiliates provide (a "**Technology Fee**"). We reserve the right to increase the Technology Fee to reflect changes in the costs and availability of technology. We may also require that you pay us for software and other technology that you receive through us from third-party providers. You will have sole and complete responsibility for the manner in which your Computer System interfaces at our specified levels of connection speed with our and any third party's computer system and any and all consequences if the Computer System is not properly operated, maintained, and upgraded. We may change the Technology Fee from time to time.

You must incur the costs of obtaining the Computer System (or additions and modifications) and required service or support, payable to us and/or our affiliates through the Technology Fee. It is your responsibility to implement and pay for all changes, modifications, maintenance, and upgrades associated with the Computer System, and we have no obligation to reimburse you for any costs detailed in this Section 9.B unless otherwise noted. We have no obligation to provide maintenance, repairs, upgrades, or updates to the Computer System. If proprietary software is developed and provided to you, we may revise your obligations in that regard. We may elect to require updates or upgrades to any component of these systems, and there will be no limitations on such requests.

C. **PRODUCTS AND SERVICES YOUR BUSINESS OFFERS.**

You agree that you (1) will offer and sell from your Business all of the products and services, and in the manner, that we periodically specify; (2) will not offer or sell at or from your Business, the Premises or any other location any products or services we have not authorized; and (3) will discontinue selling and offering for sale any products or services that we at any time disapprove. You must immediately bring your Business into compliance with our System Standards for such products or services, including by purchasing or leasing any necessary Operating Assets, making any required changes to signage and advertising materials, and updating your Computer System to include any software, hardware or other equipment necessary to offer such products services through an online and/or automated system. If, at any time, we require or permit you to offer off-site products or services, we reserve the right to limit the geographic area in which you may offer such products or services, and we may periodically modify that geographic area, in our sole discretion. We may implement membership reciprocity programs or campaigns by and among Businesses within the franchise system, and you must comply with such programming.

D. **MANAGEMENT OF YOUR BUSINESS.**

You must designate a person, who may, but need not, be your Managing Owner or one of your other owners, to serve as the "**Designated Manager**" of your Business. Your Business must at all times be managed by your Designated Manager that: (i) is designated by you to assume primary responsibility, and has authority, for the day-to-day management and operation of the Business; (ii) will devote full-time and

best efforts to the supervision and management of the Business; (iii) satisfies our educational and business experience criteria for Designated Managers of Businesses, as set forth in the Operations Manual or otherwise; and (iv) has satisfactorily completed our Initial Training Program and any other training programs we may periodically require. You are solely responsible for hiring and determining the terms of employment for your Designated Manager.

You must inform us in writing of the identity of your Designated Manager and any replacements. If your Designated Manager ceases active employment at the Business or no longer satisfies the qualifications of a Designated Manager in accordance with this Section, you must promptly notify us and take corrective measures (which may include additional training or replacement) within 30 days. You are responsible for ensuring proper interim management and continued operations of the Business until those corrective measures are completed or a replacement Designated Manager is designated, approved by us, and trained as required by these Terms.

E. APPROVED VENDORS.

You agree to use the manufacturers, vendors, distributors, suppliers, and producers (collectively referred to herein as "**vendors**") that we specify or approve for all aspects of the development (including site selection, selection and appointment of an architect and general contractor, review of construction bids, supervision of construction, and general oversight of the construction process) and operation of your Business for which such vendors provide goods or services. We also reserve the right to periodically approve or designate the terms and distribution methods for any goods or services. We may, at our option, arrange with designated vendors to collect or have our Affiliates collect fees and expenses associated with products and services they provide to you and, in turn, pay the vendor on your behalf for such products or services. If we elect to do so, you agree that we or our Affiliates may auto-debit your bank account for such amounts in the same manner and using the same authorization that you grant us with respect to payment of Royalty and other fees. We or any of our Affiliates may be a vendor, or otherwise party to these transactions, and may derive revenue or profit from such transactions. We and any of our Affiliates may use such revenue or profit without restriction.

If you would like us to consider approving a vendor that is not then approved by us, you must submit a written request before purchasing any items or services from that vendor. We will make all determinations about whether to approve an alternative vendor or product based on our then-current criteria, which may change periodically. We are not required to respond to your request, and any actions we take in response to your request will be at our sole and unfettered discretion, including the assessment of a fee to compensate us for the time and resources we spend in evaluating the proposed vendor. We may, with or without cause, revoke our approval of any vendor at any time.

F. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

You must secure and maintain in force throughout the Term all required licenses, permits and certificates relating to the operation of your Business and operate your Business in full compliance with all applicable laws, ordinances and regulations, including PCI compliance standards. You agree to comply and assist us in our compliance efforts, as applicable, with any and all laws, regulations, executive orders (whether at the federal, state or local level) or otherwise relating to anti-terrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury or other regulations. In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Business as may be required by us or by law. You confirm that you are not listed in the Annex to Executive Order 13224 and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at http://www.treasury.gov). You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders or regulations, and specifically acknowledge and agree that your

indemnification responsibilities as provided in Section 17.C pertain to your obligations hereunder. Notwithstanding the foregoing, in the event an executive order is issued that directly affects the operation of your Business, you will not close your Business unless: (1) you obtain our prior written consent; and (2) it is specifically in response to an applicable executive order and not based on recommendations or guidelines issued by a governmental authority or agency or the Centers for Disease Control and Prevention.

You agree to comply with our website privacy policy, as it may be amended periodically, pertaining to any Online Presence or use or access to any System Website (as defined in Section 10.F below); you further agree to comply with any requests to return or delete consumer personal information, whether requested by us or directly by the consumer, as required by applicable data sharing and privacy laws.

You and your Business must in all dealings with its customers, vendors, us and the public adhere to the highest honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice that might injure our business, any Business, or the goodwill associated with the Marks. You must notify us in writing within three (3) business days of: (1) the commencement of any action, suit or proceeding relating to your Business; (2) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Business; (3) any notice of violation of any law, ordinance or regulation relating to your Business, and/or that any audit, investigation, or similar proceeding is pending or threatened against you or your Business; (4) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party involving a complaint from a client or potential client relating to your Business; (5) written complaints from any customer or potential customer, and (6) any and all other notices you receive claiming that you (or your Affiliates or representatives) have violated or breached any intellectual property rights, or the terms and conditions of any agreements related to the operation of your Business. You must immediately provide to us copies of any documentation you receive of any of the foregoing events and resolve the matter in a prompt and reasonable manner in accordance with good business practices.

G. **INSURANCE.**

You must, at your expense, comply with the requirements regarding insurance coverages that we describe in our Operations Manual from time to time. If you fail or refuse to procure and maintain the required insurance, we may (but need not) obtain such insurance on your behalf, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance. No insurance coverage that you or any other party maintains will be deemed a substitute for your indemnification obligations to us or Affiliates under Section 17.C or otherwise.

Our insurance requirements represent only the minimum coverage that we deem acceptable to protect our interests and are not representations or warranties of any kind that such coverage is sufficient to comply with applicable law or protect your interests or those of your Business. It is your sole responsibility to make that determination and to acquire any additional coverages you believe are necessary to protect those interests, based on your own independent investigation.

H. **PRICING.**

Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may charge for products and services offered by your Business. If we impose such a maximum or minimum price, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an

advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

I. CONTACT INFORMATION AND LISTINGS.

You agree that each telephone or facsimile number, directory listing, and any other type of contact information used by or that identifies or is associated with your Business (any "**Contact Identifiers**") will be used solely to identify your Business in accordance with these Terms. You acknowledge and agree that, as between us and you, we have the sole rights to, and interest in, all Contact Identifiers and all Online Presences. You hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider and all listing agencies to transfer such Contact Identifiers to us.

J. COMPLIANCE WITH SYSTEM STANDARDS.

You agree at all times to operate and maintain your Business according to each and every System Standard, as we periodically modify and supplement them. Though we retain the right to establish and periodically modify System Standards, you retain the right and sole responsibility for the day-to-day management and operation of your Business and the implementation and maintenance of System Standards at your Business. System Standards may regulate any aspect of the operation and maintenance of your Business, including, but not limited to, any one or more of the following:

(1) sales, marketing, advertising and promotional programs and materials and media used in these programs;

(2) staffing levels for your Business and employee qualifications, training, dress and appearance (although employee selection and promotion, hours worked, rates of pay and other benefits, work assigned and working conditions are your sole responsibility);

(3) use and display of the Marks;

(4) days and hours of operation;

(5) methods of payment that your Business may accept from customers;

(6) participation in market research and product and service testing programs;

(7) participation in gift card programs and other loyalty programs;

(8) menus, including product offerings, appearance, and inclusion of nutrition information;

(9) bookkeeping, accounting, data processing and record keeping systems and forms; formats, content and frequency of reports to us of sales, revenue, and financial performance and condition;

(10) participation in quality assurance and customer satisfaction programs;

(11) types, amounts, terms and conditions of insurance coverage required for your Business, including criteria for your insurance carriers; and

(12) any other aspects of operating and maintaining your Business that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Businesses.

Our modification of System Standards, which may accommodate regional or local variations, may obligate you to invest additional capital in your Business and incur higher operating costs. At our discretion, we may require you to make certain modifications to the manner of operation of your Business, including without limitation, modifying the hours of operation, changing the manner in which products or services shall be delivered to customers, limiting or changing the products or services that you shall provide to customers, and creating and displaying temporary signage, all of which may be required on a regional or local basis as necessary to address certain public health concerns. These modifications do not need to be implemented throughout the System, and in certain situations, could only affect your Business, and could include requiring temporary closure. We will determine the scope and duration of such modifications.

K. **INFORMATION SECURITY.**

You may from time to time have access to information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information ("**Personal Information**"). You may gain access to such Personal Information from us, our affiliates, our vendors, or from your own operations. You acknowledge and agree that, as between us and you, all Personal Information (other than Restricted Data, as defined below) is our Confidential Information and is subject to the protections in Section 7.

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

If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed. You also agree to follow our instructions regarding curative actions and public statements relating to the breach. We reserve the right to conduct a data security and privacy audit of any part of the Business and Computer System at any time, from time to time, to ensure that you are complying with our requirements. You must promptly notify us if you receive any complaint, notice, or communication, whether from a governmental agency, customer or other person, relating to any Personal Information, or your compliance with our obligations relating to Personal Information under this Agreement, and/or if you have any reason to believe that you will not be able to satisfy any of your obligations relating to Personal Information under this Agreement.

Notwithstanding anything to the contrary in the Agreement, you agree that we do not control or own any of the following Personal Information (collectively, the "**Restricted Data**"): (a) any Personal Information of employees, officers, contractors, owners or other personnel of you, your affiliates, or the Business; (b) such other Personal Information as we may from time to time expressly designate as Restricted Data; and/or (c) any other Personal Information to which we do not have access. Regardless of any guidance we may provide generally and/or any specifications that we may establish for Personal Information, You have sole and exclusive responsibility for all Restricted Data, including establishing protections and safeguards for such Restricted Data.

L. **EMPLOYEES, AGENTS AND INDEPENDENT CONTRACTORS.**

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you hire to assist in the operation of your Business. You agree that any employee, agent or independent contractor that you hire will be your – not our - employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Business in compliance with federal, state, and local employment laws.

10. **MARKETING.**

A. **GRAND OPENING ADVERTISING.**

You must, at your expense and on the dates we designate before and after your Business opens, conduct a grand opening marketing program for your Business that complies with the requirements set forth in the Operations Manual. The amount you will be required to spend on your grand opening marketing program will depend on various factors, but we will not require you to spend more than $30,000. The amount you spend on grand opening advertising will not count towards your other required marketing expenditures under this Article 10 or the Marketing Expenditure Cap (defined below).

B. **BRAND PROMOTION FUND.**

You agree to contribute to a Brand Fund to be used to promote the awareness of the Brands and Businesses generally (the "**Brand Fund**"). Your contribution will be in amounts we periodically specify and will be payable in the same manner as the Royalty. Currently, the required Brand Fund contribution is two percent (2%) of your Business' Gross Sales; however, we have the right, at any time and on notice to you, to change the amount you must contribute to the Brand Fund, but we cannot require that the percentage of Gross Sales you are required to contribute to the Brand Fund, spend on local marketing pursuant to Section 10.C below, and contribute to a Local Advertising Cooperative exceed, in the aggregate, six percent (6%) ("**Marketing Expenditure Cap**").

We or our Affiliates or other designees will direct all programs that are funded by contributions to the Brand Fund, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. We may use contributions to the Brand Fund to pay for preparing and producing materials and electronic or digital media in any form or format that we periodically designate, including but not limited to: administrating online advertising strategies, including maintaining a System Website or mobile apps; administering regional and multi-regional marketing and advertising programs; implementing a loyalty program; and supporting public relations, market research, product development, and other advertising, promotion, and marketing activities. In our discretion, we may sell you, at a reasonable price, copies of certain materials funded by contributions to the Brand Fund.

We will account for contributions to the Brand Fund separately from our other funds and not use the Brand Fund contributions for any of our general operating expenses. However, we may use contributions to the Brand Fund to reimburse us or our Affiliates or designees for the reasonable salaries and benefits of personnel who manage and administer activities funded by the Brand Fund, the Brand Fund's other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund and its programs.

Contributions to the Brand Fund will not be our asset, but we do not assume or owe any fiduciary obligation to you in respect of those contributions or for administering the Brand Fund or any other reason. We will hold all Brand Fund contributions for the benefit of the contributors and use contributions for the

purposes described in this Section 10.B. We may spend in any fiscal year on Brand Fund activities more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use all interest earned on the Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and, once prepared, give you the statement for the most recently completed fiscal year upon your written request. We may have the Brand Fund audited annually, at the Brand Fund's expense, by an independent certified public accountant. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 10.B.

We need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund contributions by Businesses operating in that geographic area or that any Business benefits from Brand Fund activities either directly or in proportion to its Brand Fund contributions. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund contributions at the Brand Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. Except as expressly provided in this Section 10.B, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

We may at any time defer or reduce your contributions to the Brand Fund, and upon 30 days' prior notice to you, suspend Brand Fund operations for one or more periods of any length and/or terminate (and if terminate, reinstate) the Brand Fund. If we terminate the Brand Fund, we will, at our option, either spend all unspent monies at our discretion, until such amounts are exhausted, or distribute the funds in the Brand Fund to the contributing Business owners in a manner we deem fair and equitable.

C. **LOCAL MARKETING EXPENDITURES.**

In addition to your obligations under Section 10.A and Section 10.B above, and beginning after you complete your grand opening advertising pursuant to Section 10.A, you must spend, monthly, the greater of (a) $2,000 or (b) two percent (2%) of the prior month's Gross Sales to locally advertise and promote your Business (the "**Local Advertising Requirement**"). However, subject to the Marketing Expenditure Cap we have the right, at any time and on notice to you, to change the amount of your Local Advertising Requirement. You must list and advertise your Business with the online directories we periodically prescribe and establish any other Online Presence we require or authorize, each in accordance with our System Standards. If other Businesses are located within the directory's distribution area, we may require you to participate in a collective advertisement with them and to pay your share of that collective advertisement. Within 30 days after the end of each calendar quarter, and upon our request at any other time, you agree to send us, on our request and in the manner that we prescribe, an accounting of your expenditures required under this Section during the preceding calendar quarter or another period we designate.

All materials you use to promote your Business must be materials that we have provided or made available to you or that we otherwise approve, in writing, prior to your use. All such materials that you create must be completely clear, factual, ethical and not misleading and must conform to our marketing and advertising policies that we periodically prescribe. You must submit to us, for our approval, samples of marketing materials you intend to use at least 10 days prior to your proposed use. If you do not receive our written approval of the materials within 10 days of your submission, they are deemed to be disapproved. We may, in our discretion, withdraw our approval if a regulatory or other issue arises that, in our opinion, makes such withdrawal in our or the System's best interests.

We reserve the right, at any time, to issue you a notice that the amounts required to be spent by you under this Section 10.C shall, instead, be paid to us or our designee. If we exercise this option, we will then

spend such amounts, in accordance with local marketing guidelines and programs that we periodically develop, to advertise and promote the Business on your behalf. We may instead, in our discretion, contribute any such amounts to the Brand Fund or to a Local Advertising Cooperative in accordance with and as required under Section 10.D below. We may also elect, on one or more occasions and without prejudice to our rights to issue further notices, to temporarily or permanently cease conducting such marketing activities on your behalf and, instead, to require you to conduct such marketing activities yourself in accordance with this Section 10.C.

D. **LOCAL ADVERTISING COOPERATIVE.**

When there are multiple Businesses operating in the same geographical area (as we define), we may establish or direct the establishment of a local advertising cooperative ("**Local Advertising Cooperative**"), the purpose of which is, with our approval, to administer coordinated advertising programs and develop advertising, marketing and promotional materials for the area that the Local Advertising Cooperative covers. The Local Advertising Cooperative will be organized and governed in a form and manner, and begin operating on a date, that we determine. We may change, dissolve and merge Local Advertising Cooperatives. You agree to sign any documents we require to become a member of a Local Advertising Cooperative and, subject to the Marketing Expenditure Cap, to contribute to and participate in the designated Local Advertising Cooperative.

E. **BRANDED EMAILS**.

We may require you to use an email address associated with our registered domain name in connection with the operation of your Business. If we require you to obtain and use such an email address, you must do so in accordance with our System Standards. You acknowledge and agree that we will have access to all such email accounts and all documents, data, materials, and messages shared from or by such accounts. We may deactivate any such account or limit your or your users' access to it at any time. You acknowledge and agree that you will use such email address only in connection with the operation of your Business and in compliance with all applicable laws. You agree to indemnify us and our affiliates for claims arising from your unlawful use of such email address.

F. **SYSTEM WEBSITES & ONLINE PRESENCES.**

We may establish, develop and update Online Presences to advertise, market, and promote Businesses, the products and services that they offer and sell, or the Business franchise opportunity (each a "**System Website**"). We may, but are not obligated to, provide you with a webpage or other Online Presence that references your Business on any System Website, upon which, you must: (i) provide us the information and materials we request to develop, update, and modify the information about your Business; (ii) notify us whenever any information about your Business is not accurate; and (iii) pay our then current initial technology Fee for the Online Presences that are dedicated to your Business. You acknowledge that we have final approval rights over all information on any System Website.

If you default under the Agreement, we may, in addition to our other remedies, temporarily remove references to your Business from any System Website until you fully cure the default. All advertising, marketing, and promotional materials that you develop for your Business must contain notices of the System Website's domain name in the manner we designate. We may deactivate the System Website or limit your users' access to it at any time.

You may not, without our prior written consent, develop, maintain or authorize any Online Presence that mentions your Business, links to any System Website, or displays any of the Marks. You may not, directly or indirectly, through any Online Presence, promote, advertise or sell any products or services without our prior written approval. If we approve the use of any such Online Presence in your Business' operations, you will develop and maintain such Online Presence only in accordance with our guidelines,

including our guidelines for posting any messages or commentary on other third-party websites. Unless we specify otherwise, we will own the rights to each such Online Presence. At our request, you agree to grant us access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence. If you we allow you to maintain an Online Presence for your Business, you must prepare and link a privacy policy to such Online Presence. Your Online Presence's privacy policy must comply with all applicable laws, the System Standards, and other terms and conditions that we may prescribe in writing.

TO THE MAXIMUM EXTENT PERMITTED BY LAW, WE HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND PERFORMANCE OF A SYSTEM WEBSITE AND YOUR BUSINESS' PAGE, INCLUDING ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, WE WILL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES (INCLUDING ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFITS OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF THE SYSTEM WEBSITE OR YOUR BUSINESS' PAGE.

11. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.

You must establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we periodically prescribe. You agree to give us in the manner and format that we periodically prescribe:

(1) if, for any reason, we are unable to poll information from your Computer System, on or before the 5th day following each accounting period specified by us from time to time (each an "**Accounting Period**"), a report on the Gross Sales of your Business during the preceding Accounting Period;

(2) within 30 days after the end of each accounting month specified by us from time to time (each an "**Accounting Month**"), the operating statements, financial statements, statistical reports, purchase records, and other information we request regarding you and your Business covering the previous Accounting Month and the fiscal year to date;

(3) within 90 days after the end of each fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for your Business as of the end of that calendar year, prepared in accordance with generally accepted accounting principles or, at our option, international accounting standards and principles;

(4) within 10 days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to your Business and the Franchise; and

(5) by January 15, April 15, July 15 and October 15 of each calendar year, reports on the status (including the outstanding balance, then-current payment amounts, and whether such loan is in good standing) of any loans outstanding as of the previous calendar quarter for which the Business or any of the Operating Assets are used as collateral. You must also deliver to us, within five (5) days after your receipt, copies of any default notices you receive from any of such lenders. You agree that we or our Affiliates may contact your banks, other lenders, and vendors to obtain information regarding the status of loans of the type described herein and your accounts (including

payment histories and any defaults), and you hereby authorize your bank, other lenders, and vendors to provide such information to us and our Affiliates.

We may disclose data derived from these reports. Moreover, we may, as often as we deem appropriate (including on a daily basis), access the Computer System and retrieve all information relating to the operation of your Business. You agree to preserve and maintain all records in a secure location at your Business for at least three (3) years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers).

At our request, you will provide current financial information for your owners and guarantors sufficient to demonstrate their ability to satisfy their obligations under their individual Guarantees. If you are an entity, then you will provide to us on our request copies of any corporate records, including formation and governance documents.

12. INSPECTIONS AND AUDITS.

A. OUR RIGHT TO INSPECT YOUR BUSINESS.

We (or our designee) may at all times and without prior notice to you inspect, photograph, record activity in, and observe your Business and its operations for consecutive or intermittent periods we deem necessary; remove samples of any products and supplies; interview your personnel and customers; inspect your Computer System and its components; and inspect and copy any books, records, and documents relating to the operation of your Business. You agree to fully cooperate with us. If we exercise any of these rights, we will not interfere unreasonably with the operation of your Business. You agree to present to your customers the evaluation forms that we may prescribe and to participate (and request your customers to participate) in any surveys performed by or for us. You must reimburse all of our costs (including supplier fees, travel expenses, room and board, and compensation of our employees) associated with re-inspections or follow-up visits that we conduct after any audit or inspection of your Business identifies one or more failures of the System Standards, and/or if any follow-up visit is necessary because we or our designated representatives were for any reason prevented from properly inspecting any or all of the Business (including because you or your personnel refuse entry to the Business).

B. OUR RIGHT TO AUDIT.

We and our designated agents or representatives may at any time during your business hours, and without prior notice to you, examine or copy the bookkeeping and accounting records for your Business, the sales and income tax records and returns, and such other records we deem necessary to determine your compliance with the Agreement. You agree to cooperate fully with us and our representatives and independent accountants in any examination, and you hereby appoint us as your attorney-in-fact to receive and inspect your confidential sales and other tax records and hereby authorize all tax authorities to provide such information to us for all tax periods during the Term. If any examination discloses an understatement of the Gross Sales, you agree to pay us, within 15 days after receiving the examination report, the Royalty and Brand Fund contributions due on the amount of the understatement, plus our service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to your failure to timely furnish reports, supporting records, or other information as required, or if our examination reveals a Royalty or Brand Fund contribution understatement exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under the Agreement and applicable law.

13. **TRANSFER.**

A. **BY US.**

We have the right to delegate the performance of any portion or all of our rights and obligations under the Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. We maintain a staff to manage and operate the System and that staff members can change as employees come and go. You represent that you have not signed the Agreement in reliance on any particular manager, owner, director, officer, or employee remaining with us in any capacity. We may change our ownership or form or assign the Agreement and any other agreement to a third party without restriction.

B. **BY YOU OR YOUR OWNERS.**

Your rights and duties under the Agreement are personal to you (or your owners if you are a Business Entity), and we have granted you the Franchise in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither you nor any owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise dispose of or encumber any direct or indirect interest in the Agreement (including, without limitation, any or all of your rights or obligations under it), your Business or its assets (other than in the ordinary course of business), your right to possession of the Premises, or any direct or indirect ownership interest in you (regardless of its size) (each, a "**Transfer**"), without our prior written approval. Any Transfer without our prior written approval is a material breach of the Agreement and has no effect.

If you intend to list your Business for sale with any broker or agent, you shall do so only after obtaining our written approval of the broker or agent and of the listing agreement and any advertising materials. You may not use any Mark in advertising the sale of your Business or of any ownership in you without our prior written consent.

C. **CONDITIONS FOR APPROVAL OF TRANSFER.**

You may not transfer or assign the Agreement before your Business has opened for business. You also agree that you may not engage in a Transfer that results in the grant of a security interest in the Agreement or the Franchise. Thereafter, if you (and your owners) are in full compliance with these Terms and the proposed transferee and its owners (if the transferee is a Business Entity) meet our then-current qualifications for new franchisees then, subject to the other provisions of this Section 13, we may approve a Transfer subject to the conditions that we determine are necessary to protect the Brands and System, which conditions may include the following:

(1) you and the proposed transferee and its owners (if the transferee is a Business Entity) must provide all information and documents we request, and request our consent, regarding the Transfer and the proposed transferee and its owners or Affiliates;

(2) you must provide us executed versions of any relevant documents to effect the Transfer, and all other information we request about the proposed Transfer, and such Transfer meets all of our requirements. If you or your owners offer the transferee financing for any part of the purchase price, you and your owners hereby agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Business are subordinate to the transferee's obligation to pay Royalty, Brand Fund contributions, and other amounts due to us, our Affiliates, and third party vendors and otherwise to comply with the Agreement (or any applicable franchise agreement replacing the Agreement);

(3) the transferee agrees to upgrade, remodel and/or refurbish your Business in accordance with our then-current System Standards;

(4) you (and your owner(s)) sign a general release, in a form satisfactory to us, of any and all claims against us and our owners, officers, directors, employees and agents;

(5) you (and your transferring owner(s)) (and your or their immediate family members) have signed a non-competition covenant in favor of us, commencing on the effective date of the Transfer, by the post-termination obligations under the Agreement;

(6) you are in full compliance with the Agreement and any other agreement between us and our Affiliates and you and your Affiliates, and your Business is being operated in all respects in compliance with our System Standards, including, that all Operating Assets are in place and in good working order, all fees and other amounts owed to us, our Affiliates, and vendors are paid in full, all required reports and statements have been submitted, and all operating deficiencies identified in pre-sale inspections have been corrected;

(7) all persons required to complete training under the transferee's franchise agreement satisfactorily complete our training program, and transferee has paid all costs and expenses we incur to provide the training program to such persons;

(8) all notices or approvals relating to the proposed Transfer (including any landlord notices or consents) have been given or obtained, as required, with copies provided to us;

(9) the transferee, at our request, signs our then-current form of franchise agreement and related documents for the balance of the Term, any and all of the provisions of which may differ materially from any and all of those contained in these Terms;

(10) you pay or cause to be paid to us a Transfer fee in the amount of 50% of our then-current standard initial franchise fee; and

(11) you provide us the evidence we reasonably request to show that appropriate measures have been taken to affect the Transfer as it relates to the Business' operations, including, by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

We may review all information regarding your Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Business.

D. **YOUR DEATH OR DISABILITY.**

Upon your death or disability (if you are a natural person), the executor, administrator or other personal representative of such person must promptly notify us in writing and must transfer your interest in the Agreement and in the Business to a third party approved by us, within a reasonable period of time, not to exceed 12 months from the date of death or six (6) months from the date of disability. Such transfers, including by will or by inheritance, will be subject to the same terms and conditions as inter vivos Transfers and will be subject to our right of first refusal under Section 13.G. For purposes of these Terms, the term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from performing the obligations set forth in these Terms.

If any of the foregoing in this Section 13.D occurs, and your Business is not being managed by a trained Designated Manager, the executor, administer or other personal representative must, within a reasonable period of time, not to exceed 15 days from the date of death or disability, appoint a qualified manager to operate the Business. If it has not already done so, the Designated Manager will be required to complete our Initial Training Program at your expense. Pending the appointment of a new Designated

Manager as provided herein, or if, in our judgment, the Business is not being managed properly any time after your death or disability, we have the right, but not the obligation, to appoint an interim manager for the Business. All funds from the operation of the Business during the management by our appointed manager will be kept in a separate account, and all expenses of the Business, including compensation, other costs and travel and living expenses of our manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to amounts payable under the Agreement) during the period that our appointed manager manages the Business. Operation of the Business during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the Business or to any of your creditors for any products, materials, supplies or services the Business purchases during any period it is managed by our appointed manager.

E. **EFFECT OF CONSENT TO TRANSFER.**

Our consent to a Transfer is not, and may not be relied upon by any party as, a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance by you and the transferee with the Agreement.

F. **PUBLIC OR PRIVATE OFFERING.**

Written information used to raise or secure funds can reflect upon us and the System. You agree to submit any written information intended to be used for that purpose to us before inclusion in any registration statement, prospectus or similar offering memorandum. Should we object to any reference to us or our Affiliates or any of our business in the offering literature or prospectus, the literature or prospectus shall not be used until our objections are withdrawn. You may not engage in a public offering of securities without our prior written consent.

G. **OUR RIGHT OF FIRST REFUSAL.**

If you (or any of your owners) desire to engage in a Transfer, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in the Agreement and your Business no later than five (5) days after your receipt of the executed offer. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be couched entirely as a dollar amount, and we may require the proposed buyer submit with its offer a reasonable earnest money deposit acceptable to us. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Within 30 days after we receive an exact copy of the bona fide offer and all relevant information we request, we may, by written notice delivered to you or your selling owner(s), elect to purchase the interest offered for the price and on the terms and conditions contained in the offer. We may substitute cash and cash equivalents for any non-cash form of payment proposed in the offer. If we exercise our right of first refusal, we will have 30 days from the date we notified you of our intended purchase to prepare for closing. You and your owners must make all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable (including that the items sold are free and clear of all liens), and you and your selling owner(s) (and your and their immediate family members) must comply with the obligations regarding Competitive Businesses, as described in Section 16.A below, as though the Agreement had expired on the date of the purchase. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 13.G.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the Transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Sections 13.B and 13.C above. If you do not complete the sale to the proposed buyer within 60 days after either we notify you that we do not intend to exercise our right of first refusal or the time our exercise expires, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

14. EXPIRATION OF THE AGREEMENT.

A. YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.

Subject to this Article 14, you may acquire, separately, up to two (2) consecutive successor Franchises of five (5) years each (or, if shorter, until the expiration or termination of your right to possess the Premises). The acquisition of the first successor Franchise will be subject to this Section 14.A, and the acquisition of the second (and each subsequent) successor Franchise will be subject to the franchise agreement whose term is expiring. If you desire to acquire a successor Franchise under the Agreement, then each of the following conditions must be met before and/or at the time of acquisition (as appropriate):

(1) you must have given us written notice of your election to acquire a successor Franchise not less than 90 days nor more than 12 months before the end of the Term;

(2) you must have taken, at your expense, all steps identified by us to bring the Business into full compliance with the then-current System Standards;

(3) you must be, and must have been throughout the Term in compliance with your obligations under these Terms, and during that same period, you and your Affiliates must have been in compliance with your or their obligations under any other agreements with us;

(4) you must present satisfactory evidence that you have the right to remain in possession of the Premises for the operation of the Business for the duration of the successor term;

(5) you and you owners must execute our then-current form of franchise agreement and related documents, which will supersede the Agreement in all respects, and the terms of which may differ from the terms of the Agreement, and may include a higher royalty fee and Brand Fund contribution or expenditure requirement (you will not, however, be required to pay to us an initial franchise fee, but you or it must pay a successor franchise fee of 50% of our then-current or last initial franchise fee for new single unit franchises), and the then-current franchise agreement will be modified to reflect, among other things, that the Business is developed and operating and that the right to further successor terms is as provided in this Section 14.A;

(6) you and your owners must have executed and delivered to us a general release (in a form prescribed by us, as permitted by applicable law) of all claims against us and our Affiliates, and each of our respective officers, directors, owners, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, including claims arising under the Agreement or under federal, state or local laws, rules, regulations or orders;

(7) you must remain in compliance with all provisions of the Agreement until the execution of the successor franchise agreement; and

(8) we are then granting Franchises for Businesses in the state in which your Business is located.

B. **GRANT OF A SUCCESSOR FRANCHISE.**

We will respond, in writing, within 90 days after we receive your notice under Section 14.A(1) with our decision to grant you a successor franchise and listing any deficiencies that must be corrected or to not grant a successor franchise with reasons for our decision. If our decision is to grant you a successor franchise, our willingness to do so will also be subject to your continued compliance with all of the terms and conditions of the Agreement through the date of its expiration. Failure by you or your owners to sign such agreements and releases necessary for the successor franchise and to deliver them to us, along with payment of the applicable fee, for acceptance and signature within the earlier of 60 days after their delivery to you or the expiration of the Term will be deemed an election not to acquire a successor franchise.

15. **TERMINATION OF AGREEMENT.**

A. **BY YOU.**

If you and your owners are fully complying with the Agreement and we materially fail to comply with the Agreement and do not correct the failure within 30 days after you deliver written notice of the material failure to us or if we cannot correct the failure within 30 days and we fail to give you within 30 days after your notice reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate the Agreement effective an additional 30 days after you deliver to us written notice of termination. Your termination of the Agreement other than according to this Section 15.A. will be deemed a termination without cause and a breach of the Agreement.

B. **BY US.**

We may terminate the Agreement, effective upon delivery of written notice to you, if:

(1) you (or any of your owners) have made or make any material misrepresentation or omission in the Application Materials or otherwise in acquiring the Franchise or operating your Business;

(2) you do not sign a Lease for an acceptable site for the Premises or open your Business within the time periods specified under Article 3;

(3) we determine any Required Trainees are not capable or qualified to satisfactorily complete the Initial Training Program, and you do not replace them with persons who are able to, and do, successfully complete the Initial Training Program within 21 days following our written notice to you;

(4) you (i) close your Business for business or inform us of your intention to cease operation of your Business, (ii) fail to actively operate your Business for three (3) or more consecutive days, or (iii) otherwise abandon or appear to have abandoned your rights under the Agreement;

(5) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pled no contest or guilty to, a felony, or engage in any other conduct that, in any of the foregoing events, is reasonably likely in our opinion to adversely affect the reputation of your Business, other Businesses, the System, or the goodwill associated with the Marks;

(6) you fail to maintain the insurance we require and do not correct the failure within 10 days after we deliver written notice of that failure to you;

(7) you (or any of your owners) make or attempt to make a Transfer without complying with the requirements of Article 14;

(8) you lose the right to occupy the Premises;

(9) you (or any of your owners) knowingly make any unauthorized use or disclosure of any Confidential Information;

(10) you violate any law, ordinance, rule or regulation of a governmental agency in connection with the operation of your Business and fail to correct such violation within 72 hours after you receive notice from us or any other party;

(11) you fail to pay us or our Affiliates any amounts due and do not correct the failure within five (5) days after written notice of that failure has been delivered or fail to pay any third party obligations owed in connection with your ownership or operation of the Business and do not correct such failure within any cure periods permitted by the person or Business Entity to whom such obligations are owed;

(12) you fail to pay when due any federal or state taxes due on or in connection with the operation of your Business, unless you are in good faith contesting your liability for those taxes;

(13) you understate the Gross Sales three (3) times or more during the Term;

(14) you (or any of your owners) (a) fail on three (3) or more separate occasions within any 12 consecutive month period to comply with any provision of these Terms or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under these Terms, in either case, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(15) you (or any of your owners) file a petition in bankruptcy or a petition in bankruptcy is filed against you; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Business is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your Business is not vacated within 30 days following the order's entry;

(16) you (or any of your owners) fail to comply with anti-terrorism laws, ordinances, regulations and Executive Orders;

(17) you create or allow to exist any condition in connection with your operation of your Business, at any location, which we reasonably determine to present a health or safety concern for your Business' customers or employees;

(18) you fail to pass a quality assurance audit, and do not cure such failure within 15 days after we deliver written notice of the failure to you;

(19) you (or any of your owners) fail to comply with any other provision of these Terms or any System Standard, and do not correct the failure within 30 days after we deliver written notice of the failure to you; or

(20) you or an Affiliate fails to comply with any other agreement with us or our Affiliate and do not correct such failure within the applicable cure period, if any.

In addition to our right to terminate the Agreement in accordance with this Section, we may also exercise any lesser remedies prior to such termination and during any period in which you must cure a default of the Terms. These lesser remedies are in addition to our right to terminate the Agreement or to bring a claim for damages. You acknowledge that our taking of any or all such actions under this Section will not deprive you of the most essential benefits of the Agreement and will not constitute a constructive termination of the Agreement.

C. **FRANCHISOR'S RIGHTS AND REMEDIES IN ADDITION TO TERMINATION.**

If you are in default in the performance of any of your obligations, or if you breach any term or condition of the Agreement, in addition to our right to terminate the Agreement, and without limiting any other rights or remedies to which we may be entitled at law or in equity, or if we have issued a notice to you in exercise of our rights to purchase your Business under Section 16.B below, then we may, at our election, immediately or at any time thereafter, and without notice to you, cure such default on your behalf and, in our discretion, either directly or through our designee, enter upon and take possession of your Business for a period not to exceed 180 days, and thereafter take, in your name, all other actions necessary to effect the provisions of the Agreement. We have the right to extend the period in which we take possession of your Business if you are in continuing default under the Agreement or if returning operations to you will, in our sole determination, be detrimental to the Brands. You agree that any such entry or other action shall not be deemed a trespass or other illegal act, and we will not be liable in any manner to you for so doing. If we exercise our rights under this Section 15.C, you agree to pay us (in addition to the Royalty, Brand Fund contributions, and other amounts due under the Agreement), for the period our or our designees' operation of the Business, an amount equal to 10% of Gross Sales, plus the direct out of pocket costs and expenses incurred in the operation of the Business. If we exercise our rights under this Section, then we are not required to use your employees and reserve the right to designate our own personnel to manage and operate your Business.

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

You agree that we or our designee must exercise only a reasonable degree of care in operating your Business and we are under no duty to take extraordinary measures or, in any way, fund the operations to ensure your Business's success or continued operations during or after such period. You agree that you continue to bear the sole liability for any and all accounts payable, obligations, and/or contracts, including all obligations under your Business lease and all obligations to your vendors and employees and contractors, unless and until we expressly assume them in connection with the purchase of your Business under Section 16.B below. We may elect to cease such interim operations of your Business at any time with notice to you. We (or our designee) will not be liable to you or your owners for any debts, losses, or obligations your Business incurs, or to any of your creditors.

Our decision to operate your Business on an interim basis will not affect our right to terminate the Agreement under Section 15.B above. Your indemnification obligations set forth under Section 17.C will continue to apply during any period that we or our designee operate your Business.

16. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THE AGREEMENT.

A. YOUR OBLIGATIONS.

You and, as applicable, your owners and all such other persons or entities who are bound under the terms of the Agreement must immediately do the following:

(1) pay us all Royalty, Brand Fund contributions, interest, and all other amounts owed to us (and our Affiliates) which then are unpaid;

(2) close your Business for business to customers and cease to directly or indirectly sell any products and services of any kind and in any manner from the Premises unless we direct you otherwise in connection with our exercise of our option to purchase pursuant to Section 16.B below;

(3) cease all direct or indirect use any Mark, any colorable imitation of a Mark, other indicia of a Business, any trade name, trademark, service mark, trade dress, or other commercial symbol that indicates or suggests a connection or association with us or the System, in any manner or for any purpose (except in connection with other Businesses you operate in compliance with other franchise agreements with us);

(4) cease to directly or indirectly identify yourself or your business as a current or former Business or as one of our current or former franchise owners (except in connection with other Businesses you operate in compliance with other franchise agreements with us) and take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(5) return to us or destroy (as we require) all items, forms and materials containing any Mark or otherwise identifying or relating to the Business as a Business;

(6) if we do not exercise our option to purchase your Business under Section 16.B below, promptly and at your own expense, make the alterations we specify in the Operations Manual (or otherwise) to distinguish the Premises and building clearly from its former appearance and from other Businesses, including by removing all materials bearing the Marks and removing from both the interior and exterior of the Premises all materials and components of our trade dress as we determine to be necessary in order to prevent public confusion and in order to comply with the non-competition provisions set forth in paragraph (10) below;

(7) cease using or operating with any Contact Identifiers or Online Presence related to your Business or the Marks, and take any action as may be required to disable such Contact Identifier or Online Presence, or transfer exclusive control and access of such Contact Identifier or Online Presence to us or our designee, as we determine in our sole discretion;

(8) comply with all other System Standards we periodically establish (and all applicable laws) in connection with the closure and de-identification of your Business, including as it relates to disposing of Personal Information, in any form, in your possession or the possession of any of your employees; and

(9) cease using any Confidential Information (including computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us or destroy (as we require) all copies of the Operations Manual and any other confidential materials that we have loaned you;

(10) for two (2) years beginning on the effective date of termination or expiration, neither you nor any other Restricted Party will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, or agent in any Competitive Business located or operating (i) at the Premises, (ii) within a 10-mile radius of the Premises; or (iii) within a 10-mile radius of any other Business in operation or under construction on the later of the effective date of the termination or expiration of the Agreement or the date on which all Restricted Parties begin to comply with such obligations; and

(11) you and your owners, your or your owners' Affiliates, or the officers, directors, managers or immediate family members of any of the foregoing, will refrain from interfering or

attempting to interfere with our or our Affiliates' relationships with any vendors, franchisees or consultants or engage in any other activity which might injure the goodwill of the Marks or the System.

Within 30 days after the expiration or termination of the Agreement, you must give us evidence satisfactory to us of your compliance with these obligations. If you fail to take any of the actions or refrain from taking any of the actions described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies, including, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove any signs or other materials containing any Marks from your Business. You must reimburse us for all costs and expenses we incur in correcting any such deficiencies. If any Restricted Party refuses voluntarily to comply with the obligations set forth in Section 16.A(10), the two-year period for that person will commence with the entry of a court order enforcing that provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcement of the covenants made in Section 16.A(10) will not deprive you of your personal goodwill or ability to earn a living.

B. **OUR RIGHT TO PURCHASE YOUR BUSINESS.**

In addition to any other rights to purchase we have, we have the right to purchase your Business, as described in this Section 16.B (the "**Purchase Option**"), upon the expiration of the Agreement without the grant of a successor Franchise (except where a successor Franchise was not granted because we are not then offering Franchises), our termination of the Agreement under Section 15.B, or your termination of the Agreement without cause (each of the foregoing, a "**Termination Event**"). We will have 30 days after a Termination Event to exercise the Purchase Option upon written notice to you. We have the unrestricted right to assign the Purchase Option in our discretion. The purchase price for your Business will be the net realizable value of the tangible assets in accordance with the liquidation basis of accounting (not the value of your Business as a going concern) ("**Liquidation Value**"). If you dispute our calculation of the Liquidation Value, we will appoint one independent accredited appraiser, within 15 days after we receive all relevant financial and other information necessary to calculate the Liquidation Value, who will calculate the Liquidation Value based on the criteria above. You and we will share equally the appraiser's fees and expenses. The appraiser must complete its calculation within 30 days after its appointment. The appraiser's calculation of the Liquidation Value will be the purchase price. Closing of the purchase will take place, as described below, on a date we select which is within 90 days after determination of the Liquidation Value.

Unless we assume the management of the Business under Section 15.C above, you will continue to operate the Business in accordance with the Agreement through the closing. Prior to closing, you agree to cooperate with us in conducting due diligence, including providing us with access to your business and financial records, contracts and all other information relevant to the Business. At the closing, we (or our assignee) will pay the purchase price in cash. You agree to execute and deliver to us (or our assignee):

(a) all customary agreements, in form and substance acceptable to us and in which you (i) provide all customary warranties and representations, including, without limitation, as to ownership and condition of and title to assets, no liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise; (ii) transfer good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; (iii) and assign the Lease and all of the licenses and permits for your Business which are permitted to be assigned or transferred; and

(b) an agreement, in form and substance satisfactory to us, voluntarily terminating the Agreement under which you and your owners release, in form and substance satisfactory to us, any

and all claims you and your owners have against us and our owners, officers, directors, employees, agents, successors, and assigns and agree to comply with all post-term obligations set forth in Sections 16.A above and with all other obligations which, either expressly or by their nature, are intended to survive termination or expiration of the Agreement.

C. **LOST REVENUE DAMAGES.**

You agree that we will suffer compensable damages including, among others, the amount of the Royalty and Brand Fund contributions we would have received, and for which we bargained in entering into this Agreement, if you terminate this Agreement without cause or we terminate this Agreement because of your breach (the "**Lost Revenue Damages**"). You and we acknowledge that, because Royalty and Brand Fund contributions are calculated primarily as a percentage of the Business's Gross Sales, it will be impossible to calculate Lost Revenue Damages once the Business ceases operation. To bring certainty to the actual amount of Lost Revenue Damages, you and we agree that Lost Revenue Damages will equal the net present value of: (1) the lesser of 36 or the number of calendar months remaining on the Term absent the termination, multiplied by (2) the sum of the Royalty and Brand Fund contribution percentages in effect as of the termination date, multiplied by (3) the average monthly Gross Sales of the Business during the 24 full calendar months immediately preceding the termination date, minus (4) any cost savings we experienced as a result of the termination; provided, however, that (i) if, as of the termination date, the Business had not opened for business or had operated for fewer than 12 full calendar months, the average monthly Gross Sales will equal the 24-month average Gross Sales of all Businesses that had operated for the full 24 calendar months immediately preceding termination of this Agreement; (ii) if, as of the termination date, the Business operated for at least 12 but fewer than 24 full calendar months, monthly average Gross Sales will equal the highest monthly Gross Sales achieved by your Business during the period in which it operated, and (iii) if the termination was based on your unapproved closure of the Business, average monthly Gross Sales, as described above, would be measured from closure date rather than the termination date.

You and we acknowledge and agree that (a) our agreement on the calculation of Lost Revenue Damages is a reasonable determination of actual damages we will suffer in the event of a termination as described above and is not a penalty, and (b) Lost Revenue Damages represent only lost Royalty and Brand Fund contributions, and the right to recover such damages is not exclusive of and does not replace any other rights we have under this Agreement or applicable law if this Agreement is terminated as described above, including the right to seek other damages we suffer as a result of a termination as described above or the events on which such termination was based.

You agree to pay us Lost Revenue Damages, as calculated in accordance with this Section, within 15 days after the Agreement expires or is terminated, or on any later date that we determine.

D. **CONTINUING OBLIGATIONS.**

All of our and your (and your owners') obligations which expressly or by their nature survive the Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire, including all obligations relating to non-disparagement, non-competition, non-interference, confidentiality, and indemnification.

17. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

A. **INDEPENDENT CONTRACTORS.**

The Agreement does not create a fiduciary relationship between you and us. You and we are and will be independent contractors, and nothing in the Agreement is intended to make either you or us a general

or special agent, joint venturer, partner, or employee of the other for any purpose. Nothing in the Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf or to incur any debt or other obligation in our name. You agree to identify yourself conspicuously in all dealings with customers, vendors, public officials, your personnel, and others as the owner of your Business under a franchise we have granted and to place notices of independent ownership on the business cards, advertising, invoices, and other materials we periodically require.

You also acknowledge that you will have a contractual relationship only with us and may look only to us to perform under the Agreement. None of our Affiliates is a party to the Agreement and has no obligations under it. However, you and we agree that our Affiliate who is the owner of the Marks will be a third-party beneficiary of those provisions in these Terms relating to use of the Marks, with the independent right to enforce such provisions against you and to seek damages from you for your failure to comply with those provisions.

B. **NO LIABILITY TO OR FOR ACTS OF OTHER PARTY.**

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of your Business or the business you conduct under the Agreement. We will have no liability for your obligations to pay any third parties, including any product vendors. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your Business, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any such taxes that we must pay to any state taxing authority on account of your operation or payments that you make to us, and, at our election, a reasonable administrative fee (not to exceed 10%) in making such payment.

C. **INDEMNIFICATION.**

You agree to indemnify, defend, and hold us, our Affiliates, and our and their respective owners, directors, managers, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") harmless against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the development or operation of your Business, the business you conduct under the Agreement, or your breach of the Agreement, including, without limitation, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense (including choosing and retaining its own legal counsel) and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding the Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph.

18. **ENFORCEMENT.**

A. **ARBITRATION.**

We and you agree that all controversies, disputes, or claims between us or any of our Affiliates, and our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to: (1) the Agreement or any other agreement between you (or any of your owners) and us (or any of our Affiliates); (2) our relationship with you; (3) the scope or validity of the Agreement or any other agreement between you (or any of your owners) and us (or any of our Affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our or, as applicable, our successor's or assign's then current principal place of business (currently, Atlanta, Georgia). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our Affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). In any arbitration brought pursuant to this Section, and in any action in which a party seeks to enforce compliance with this provision, the prevailing party shall be awarded its costs and expenses, including attorneys' fees, incurred in connection therewith.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

WE AND YOU AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT A PROCEEDING REQUIRED UNDER THIS SECTION TO BE SUBMITTED TO ARBITRATION MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, (III) JOINED WITH ANY SEPARATE CONTROVERSEY, DISPUTE OR CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of these Terms.

We and you agree that, in any arbitration arising as described herein, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an

efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreement.

Any provisions of these Terms below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

B. **GOVERNING LAW.**

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, the Agreement and any related agreements, the Franchise and all claims arising from the relationship between us (or any of our Affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) and you (and your owners, guarantors, Affiliates, and employees) will be governed by the laws of the State of Georgia, without regard to its conflict of laws rules, except that (1) any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section, and (2) the enforceability of those provisions of the Agreement which relate to restrictions on you and your owners' competitive activities will be governed by the laws of the state in which your Business is located.

C. **CONSENT TO JURISDICTION.**

Subject to the obligation to arbitrate under Section 18.A above and the provisions below, you and your owners agree that all actions arising under the Agreement or any related agreements, or otherwise as a result of the relationship between you (and your owners, guarantors, Affiliates, and employees) and us (or any of our Affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) must be commenced in the court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Atlanta, Georgia), and you (and each owner) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in that court.

D. **WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTION.**

Except for your obligation to indemnify us for third party claims under Section 17.C, we and you (and your owners) waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive trial by jury in any action or proceeding brought by either of us.

We and you agree that any proceeding between us or relating to the Agreement will be conducted on an individual basis and that any proceeding between us and any of our Affiliates, or our and their respective owners, officers, directors, agents, and employees, on the one hand, and you or your owners, guarantors, Affiliates, and employees, on the other hand, may not be: (i) conducted on a class wide basis, (ii) commenced, conducted or consolidated with any other proceeding, (iii) joined with any claim of an unaffiliated third-party, or (iv) brough on your behalf by any association or agent.

E. **INJUNCTIVE RELIEF.**

Nothing in the Agreement, including the provisions of Section 18.A, bars our right to obtain specific performance of the provisions of the Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

F. **COSTS AND ATTORNEYS' FEES.**

The prevailing party in any judicial or arbitration proceeding shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such proceeding.

G. **LIMITATIONS OF CLAIMS.**

You and your owners agree not to bring any claim asserting that any of the Marks are generic or otherwise invalid. UNLESS PROHIBITED BY APPLICABLE LAW, EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THE AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THE AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS. The parties understand that such time limit might be shorter than otherwise allowed by law. You and your owners agree that your and their sole recourse for claims arising between the parties shall be against us or our successors and assigns. You and your owners agree that our and our Affiliates' members, managers, owners, directors, officers, employees, and agents shall not be personally liable nor named as a party in any action between us or our Affiliates and you or your owners.

No previous course of dealing shall be admissible to explain, modify, or contradict the terms of the Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of the Agreement.

19. **MISCELLANEOUS.**

A. **SECURITY INTEREST.**

You hereby collaterally assign to us the Lease and grant us a security interest in all of the Operating Assets and all other assets of your Business, including but not limited to inventory, accounts, supplies, contracts, cash derived from the operation of your Business and sale of other assets, and proceeds and products of all those assets. You agree to execute such other documents as we may reasonably request in order to further document, perfect and record our security interest. If you default in any of your obligations under the Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under the Agreement and at law. If an approved third-party lender requires that we subordinate our security interest in the assets of your Business as a condition to lending you working capital for the construction or operation of your Business, we will agree to subordinate pursuant to terms and conditions determined by us. The Agreement shall be deemed to be a Security Agreement and Financing Statement and may be filed for record as such in the records of any county and state that we deem appropriate to protect our interests.

B. **BINDING EFFECT.**

The Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Operations Manual, System, and System Standards, the Agreement may not be modified except by a written agreement signed by our and your duly-authorized officers.

C. **RIGHTS OF PARTIES ARE CUMULATIVE.**

Our and your rights under the Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under the Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

D. **SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.**

Except as expressly provided to the contrary in the Agreement, each section, paragraph, term, and provision of the Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of the Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than the Agreement requires or if, under any applicable and binding law or rule of any jurisdiction, any provision of the Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice or other action required by the law or rule will be substituted for the comparable provisions of the Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of the Agreement, as though it were separately articulated in and made a part of the Agreement.

E. **WAIVER OF OBLIGATIONS.**

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under the Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice.

No right, power, or option you or we are provided under this Agreement will be impaired or waived because of any custom or practice at variance with the Agreement's terms or your or our failure, refusal, or neglect to exercise any right under the Agreement or to insist upon the other's compliance with the Agreement, including any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Businesses; the existence of franchise agreements for other Businesses which contain provisions different from those contained in the Agreement; or our acceptance of any payments due from you after any breach of the Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement,

or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or 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.

F. **THE EXERCISE OF OUR JUDGMENT.**

We have the right to operate, develop, and change the System in any manner that is not specifically prohibited by the Agreement. Whenever we have reserved in the Agreement a right to take or to withhold an action, to grant or decline to grant you a right to take or withhold an action, or to provide or withhold approval or consent, we may, except as otherwise specifically provided in the Agreement, make our decision or exercise our rights in our sole and unfettered discretion.

G. **CONSTRUCTION.**

The preambles and attachments are a part of these Terms, which together with these Terms and the attached Data Sheet, constitute our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of or relationships created by the Agreement or your Business (any such understandings or agreements reached, or any representations made, before the execution of this Agreement are superseded by the Agreement). Nothing in this or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. Any policies that we periodically adopt and implement to guide us in our decision-making are subject to change, are not a part of the Agreement, and are not binding on us. Except as provided in Section 17.C (Indemnification), nothing in the Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to the Agreement.

Except where the Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in these Terms to the "Agreement" mean these Terms and the attached Data Sheet, together. References in the Agreement to "we," "us," and "our" include any of our Affiliates with whom you deal. The term "Affiliate" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "Control" means the power to direct or cause the direction of management and policies. "Including" means "including, without limitation." References to "owner" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of the Agreement and your Business or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), the Agreement, the Franchise, or your Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to an "ownership interest" in you or one of your owners (if you are not a natural person) mean the percent of the voting shares or other voting rights that results from

dividing 100% of the ownership interests by the number of owners. "Person" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The term "Business" includes all of the assets of the Business you operate under the Agreement, including its revenue and the Lease.

If two or more persons are at any time the owners of the Franchise and your Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

H. **NOTICES AND PAYMENTS.**

All written notices, reports, and payments permitted or required to be delivered by the Agreement or the Operations Manual will be deemed to be delivered on the earlier of the date of actual delivery or one of the following: (i) at the time delivered by hand, (ii) at the time delivered via computer transmission and, in the case of the Royalty, Brand Fund contributions, and other amounts due, at the time we actually receive electronic payment, or (iii) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery. Notices must be sent to the party to be notified at its address shown on the attached Data Sheet or these Terms, as applicable, or the most current principal business address of which the notifying party has notice; except that, it will always be deemed acceptable to send notice to you at the address of the Premises. Notices to us must be sent to the Attention: President, with a copy (which shall not constitute notice) to Legal Department.

I. **COUNTERPARTS; COPIES.**

The Agreement and Attachment B (which must be executed currently with the Agreement) may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

J. **SAFETY**.

We will not be required to send any of our representatives to your Business to provide any assistance or services if, in our sole determination, it is unsafe to do so. Such determination by us will not relieve you from your obligations under the Agreement (including, without limitation, to pay monies owed) and will not serve as a basis for your termination of the Agreement.

K. **PROHIBITED PARTIES.**

You hereby represent and warrant to us, as an express consideration for the franchise granted hereby, that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been:

1. Listed on: (a) the U.S. Treasury Department's List of Specially Designated Nationals, (b) the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders, (c) the U.S. State Department's Debarred List or Nonproliferation Sanctions, or (d) the Annex to U.S. Executive Order 13224.

2. A person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or is owned or controlled by terrorists or sponsors of terrorism.

You further represent and warrant to us that you are now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by you to us or our affiliates are and will be legally obtained in compliance with these laws. You agree not

to, and to cause all employees, agents, representatives, and any other person or entity associated with you not to, during the term of this Agreement, take any action or refrain from taking any action that would cause such person or entity to become a target of any such laws and regulations.

IN WITNESS WHEREOF, the parties have executed and delivered the Agreement on the dates noted below, to be effective as of the Effective Date.

LS FRANCHISOR LLC, a Georgia limited liability company	**FRANCHISE OWNER:**
	_____
	[Name]
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date: _____	Date: _____

ATTACHMENT A
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by each of the undersigned persons indicated below who have executed this Guaranty (each a "**Guarantor**") to be effective as of the Effective Date of the Agreement (defined below).

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (as amended, modified, restated or supplemented from time to time, the "**Agreement**") on this date by **LS FRANCHISOR LLC**, a Georgia limited liability company ("**us**," "**we**," or "**our**"), each Guarantor personally and unconditionally (a) guarantees to us and our successors and assigns that _____ ("**Franchise Owner**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each Guarantor consents and agrees that: (1) Guarantor's direct and immediate liability under this Guaranty will be joint and several, both with Franchise Owner and among other guarantors; (2) Guarantor will render any payment or performance required under the Agreement upon demand if Franchise Owner fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchise Owner or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchise Owner or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) at our request, each Guarantor shall present updated financial information to us as reasonably necessary to demonstrate such Guarantor's ability to satisfy the financial obligations of Franchise Owner under the Agreement.

Each Guarantor waives: (i) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against Franchise Owner arising as a result of the Guarantor's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of Guarantor's undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Article 18 (Enforcement) of the Agreement, including Section 18.A (Arbitration), Section 18.C (Consent to Jurisdiction) and Section 18.F (Costs and Attorneys' Fees) of the Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the Guarantors and us. The Guarantors shall reimburse us for all costs and expenses we incur in connection with enforcing the terms of this Guaranty.

By signing below, the undersigned spouse of each Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse and personally agrees to be bound to the obligations in the Agreement regarding Confidential Information (Section 7) and Competitive Businesses (Sections 8 and 16.A(10)). Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. We confirm that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely for the purposes described above and, as necessary, to bind the assets of the marital estate as described herein and for no other purpose (including, without limitation, to bind the spouse's own separate property).

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

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as this Guaranty and Assumption of Obligations was executed.

DEVELOPER (IF DIFFERENT THAN FRANCHISEE)
Name:_____ Sign: _____

GUARANTOR(S)	**SPOUSE(S)**
Name:_____ Sign: _____ Address: _____ _____ _____	Name:_____ Sign: _____ Address: _____ _____ _____
Name**:**_____ Sign: _____ Address: _____ _____ _____	Name**:**_____ Sign: _____ Address: _____ _____ _____

ATTACHMENT B
TO FRANCHISE AGREEMENT

REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT

DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE A RESIDENT OF OR LOCATED IN, OR YOUR FRANCHISED BUSINESS IS TO BE OPERATED IN: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

The purpose of this Statement is to demonstrate to **LS FRANCHISOR LLC**, a Georgia limited liability company ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the development and/or franchise rights ("Franchisee"), (a) fully understands that the purchase of a *SWTHZ* franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") with which you were provided prior to signing the Agreement in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I acknowledge that I have had the opportunity to personally and carefully review the FDD and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL:
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:
My decision to purchase the Franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:

PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED. Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success) other than information contained in the FDD? ☐ Yes ☐ No (Initial Here: ____) If you selected "Yes," please describe the information you received on the lines below: _____ _____.	INITIAL:

This Representations and Acknowledgement Statement does not waive any liability the Franchisor might have under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

Sign: _____
Name: _____
Capacity: Individually, and for and on behalf of
[Franchisee Name]

Sign: _____
Name: _____
Capacity: Individually, and for and on behalf of
[Franchisee Name]

Sign: _____
Name: _____
Capacity: Individually, and for and on behalf of
[Franchisee Name]

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

SWTHZ™

MULTI-UNIT DEVELOPMENT AGREEMENT

Developer: _____

SWTHZ™
MULTI-UNIT DEVELOPMENT AGREEMENT

DATA SHEET

1. **Effective Date of Agreement**: _____

2. **Developer:**

Name:	
Address:	
Attention:	
Email Address:	
Phone:	
Type of Entity:	
Date of Formation:	
State of Formation:	
Managing Owner:	

3. **Owners**.

Name	Address	Type of Interest	Percentage Held

4. **Development Fee**. $_____ [(1) $45,000 (the "**Dollar Multiplier**") multiplied by (2) the number of Businesses required to be opened pursuant to the Development Schedule.]

5. **Development Area**.

The geographic area within _____, as depicted on the following map:

[insert map]

If the Development Area is identified by counties or other political subdivisions, boundaries will be considered fixed as of the date of the Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

6. **Development Schedule**.

Development Period	**Leases Executed During Development Period***	**Leases Executed by End of Development Period***	**Businesses Opened During Development Period**	**Businesses Operating by End of Development Period**
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____

* To satisfy this requirement, we must have received, by the end of the Development Period, a fully executed copy of the lease (together with all exhibits) that we have approved in accordance with the applicable Franchise Agreement.

7. **Additional Terms or Modifications to the Agreement**. The following terms, if any, supplement or amend the provisions of the Multi-Unit Development Agreement Terms attached hereto and will control in the event of any conflicts:

   [insert as applicable]

8. **Acknowledgement and Acceptance of Agreement**. By signing below, you represent and warrant to us that the information contained in this Data Sheet is true and correct. The parties, intending to be legally bound, accept and agree that this Data Sheet and the accompanying Multi-Unit Development Agreement Terms (together, the "**Agreement**") describe their respective rights and obligations, and each agrees to be bound thereto and to perform as set forth therein.

LS FRANCHISOR LLC,
a Georgia limited liability company

By: _____
Name: _____
Title: _____
Date: _____

DEVELOPER:

_____
[Name]

By: _____
Name: _____
Title: _____
Date: _____

SWTHZ™

MULTI-UNIT DEVELOPMENT AGREEMENT TERMS

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ATTACHMENTS

ATTACHMENT A Guaranty and Assumption of Obligations

SWTHZ™

MULTI-UNIT DEVELOPMENT AGREEMENT TERMS

The following Multi-Unit Development Agreement Terms (these "**Terms**") form an integral part of the Agreement between **LS FRANCHISOR LLC**, a Georgia limited liability company having its address at 120 Interstate N. Pkwy SE, Suite 444, Atlanta, Georgia 33039 ("**us**") and the party signing the attached Data Sheet as the "Developer" ("**you**").

1. PREAMBLES.

A. BACKGROUND.

We grant franchises for the development, ownership and operation of businesses that are currently identified by the *SWTHZ*® trademark (together, with such other trademarks, service marks and commercial symbols we designate from time to time, the "**Marks**") and that offer customers of the SWTHZ brand wellness experiences and services currently focused on private infrared saunas, cold plunge therapies, contrast therapies, and Vitamin C showers (each a "**Business**"). Businesses are developed and operated using certain specified business formats, methods, procedures, designs, layouts, standards, and specifications, each of which we may replace, further develop, or otherwise modify or discontinue from time to time (collectively, the "**System**").

Based on your own investigation and diligence, you have requested that we grant you the right to acquire multiple franchises (each a "**Franchise**") for the development and operation of Businesses (the "**Development Rights**") and, to support your request, you and, as applicable, your owners have provided us with certain information about your and their background, experience, skills, financial condition and resources (collectively, the "**Application Materials**"). In reliance on, among other things, the Application Materials, we are willing to grant you the Development Rights on the Terms contained in the Agreement.

B. BUSINESS ENTITY.

If you are a business organization such as a corporation, limited liability company or partnership (a "**Business Entity**"), you represent and warrant to us that: (1) you were validly formed and are and will maintain, throughout the Term (defined below) and in each jurisdiction included in the Development Area, your existence, good standing, and qualification to conduct business; (2) the information on the attached Data Sheet is complete and accurate as of the Effective Date; (3) each of your owners that has direct or indirect ownerships of at least 10% of the ownership interests in you (each a "**Principal Owner**") will sign and deliver to us our then-standard form of Guaranty and Assumption of Obligations (the "**Guaranty**"); (4) you will designate, subject to our approval, one of your owners who is a natural person having at least 10% of the ownership interests and voting power in you and who will have the authority of a chief executive officer who is and will be authorized, on your behalf, to deal with us in all matters that arise in respect of your Business; (5) the only business that you will own or operate during the Term will be the activities described in these Terms and the ownership and operation of any Businesses pursuant to franchise agreements with us; and (6) at our request, you will furnish us with true and correct copies of all documents regarding your formation, existence, standing, and governance. Our current form of Guaranty is attached hereto as Attachment A. The non-owner spouse of each guarantor must also sign the Guaranty in the capacity and for the purposes reflected in the Guaranty.

C. YOUR LIQUIDITY.

Our decision to grant you the Development Rights is based, in part, on your representations to us regarding, and our assessment of, your liquidity as of the Effective Date. You will ensure that, throughout the Term, you will maintain sufficient liquidity to meet your obligations under the Agreement. We reserve

the right to establish and modify specific liquidity thresholds from time to time, and you agree to comply with such minimum liquidity requirements that we reasonably impose.

2. THE DEVELOPMENT RIGHTS.

A. GRANT.

We hereby grant you the Development Rights, which must be exercised in strict compliance with the Agreement. The Development Rights may be exercised from the Effective Date and, unless sooner terminated as provided herein, continuing through the earlier of (1) the date on which the last Business required to be opened in order to satisfy the Development Schedule shown on the attached Data Sheet (the "**Development Schedule**") opens for regular business or (2) the last day of the last Development Period (defined below) of the Development Schedule (the "**Term**"). You accept the grant of the Development Rights and agree to, at all times, faithfully, honestly and diligently perform your obligations under the Agreement and fully exploit the Development Rights during the Term and throughout the entire Development Area identified on the attached Data Sheet (the "**Development Area**"). You must perform all of your obligations under these Terms, and you may not subcontract or delegate any of those obligations to any third parties.

B. DEVELOPMENT AREA AND RESERVATION OF RIGHTS.

The Development Rights may only be exercised for Businesses to be located in the Development Area. As long as you are in compliance with this Agreement and all Franchise Agreements signed pursuant to this Agreement, and except with respect to Special Venue Businesses (defined below), we will not, during the Term, operate or grant the right to anyone else to operate a Business within the Development Area, or grant Development Rights to anyone else to be exercised with your Development Area. A "**Special Venue Business**" is any Business (1) that is located within or as part of a larger venue or facility (a "**Host Facility**"), (2) that is operated by the owner or operator of the Host Facility or its licensee (which may be us, our affiliates, or our franchisees) as an amenity of the Host Facility, and (3) whose customers are primarily customers, members or residents of the Host Facility and their permitted guests.

For the avoidance of doubt, we reserve for ourselves and our Affiliates all rights not expressly granted to you in these Terms and the right to do all things that we do not expressly agree in these Terms not to do, in each case, without compensation to you, without regard to proximity to your Businesses or Development Area, and on such terms and conditions as we deem appropriate. For example, and without limitation, we and our Affiliates may, ourselves or through authorized third parties:

(1) own and operate, and license others to own and operate, Businesses offering similar or identical products and services and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area and (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area;

(2) develop or become associated with other businesses, including those within the health and wellness industry, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the Development Area, whether or not using the System and/or the Marks, provided that such businesses located in the Development Area are not, during the Term, primarily identified by the Marks;

(3) acquire, be acquired by, merge with, affiliate with, or engage in any transaction with other businesses (whether competitive or not) located anywhere and, even if such businesses are located in the Development Area, (i) convert the other businesses to the SWTHZ brand, (ii)

allow such other businesses to operate as part of the System, whether or not converted to the SWTHZ brand, and/or (iii) permit the other businesses to continue to operate under another name;

(4) solicit customers, advertise, and authorize others to advertise, and promote sales of and from Businesses anywhere, including within the Development Area; and

(5) using the Marks or other trademarks and commercial symbols, market and sell, and grant to others the right to market and sell, anywhere (including within the Development Area), through other channels of distribution (for example, through the Internet, mail order, e-commerce, catalog sales, and product lines in other retail businesses), any products and services that are or have been authorized for sale at Businesses.

C. **DEVELOPMENT SCHEDULE.**

Each period described in the Development Schedule is a "**Development Period**." You agree to deliver to us a fully executed lease (or otherwise secure possession of a site), and open and operate Businesses in the Development Area, each pursuant to a written franchise agreement and related agreements signed by us and you or your Affiliate that we approve (each a "**Franchise Agreement**"), each as necessary to satisfy the requirements of each Development Period, but you shall not be required to open, in total, more than the cumulative number of Businesses shown for the last Development Period. The Development Schedule is not our representation, express or implied, that the Development Area can support, or that there are or will be sufficient sites for, the number of Businesses specified in the Development Schedule or during any particular Development Period. We are relying on your knowledge and expertise of the Development Area and your representation that you have conducted your own independent investigation and have determined that you can satisfy the development obligations under each Development Period of the Development Schedule.

D. **LOCATING SITES FOR YOUR BUSINESSES.**

Despite any assistance we may provide, you are entirely responsible for locating and presenting to us proposed sites for Businesses in the Development Area as necessary to comply with the Development Schedule (each a "**Site**"). You agree to give us all information and materials we request to assess each proposed Site as well as your or your proposed Affiliate's financial and operational ability to develop and operate a Business at the proposed Site. We have the absolute right to reject any proposed Site or Affiliate (a) that does not meet our criteria or (b) if you or your Affiliates are not then in compliance with any existing Franchise Agreements executed pursuant to these Terms or operating your or their Businesses in compliance with the mandatory specifications, standards, operating procedures and rules that we periodically prescribe for operating Businesses (the "**System Standards**"). We agree to use our reasonable efforts to review and evaluate your proposed Sites within 30 days after we receive all requested information and materials. If we accept a proposed Site, you or your approved Affiliate must sign a separate Franchise Agreement for the Site within 15 days after we provide you with an execution copy of the Franchise Agreement, failing which, we may withdraw our acceptance. Our approval of any proposed Site is entirely for our own purposes and, by approving your Site, we are not representing or guaranteeing that it will perform as you or we expect it to do.

E. **EXECUTION OF FRANCHISE AGREEMENTS.**

Simultaneously with signing this Agreement, you or an Affiliate we approve must sign and deliver to us a Franchise Agreement and related documents representing the first Franchise you are obligated to acquire under the Agreement. You or your approved Affiliate must then open and operate a Business according to the terms of that Franchise Agreement. Thereafter, once we have accepted a Site, and prior to signing a lease or otherwise securing possession of the Site, you or an Affiliate we approve must sign our

then-current form of Franchise Agreement and related documents, the terms of which may differ substantially from the terms contained in the form of Franchise Agreement we are using to grant Franchises on the Effective Date. Each Franchise Agreement will govern the development and operation of the Business at the accepted Site identified therein.

3. DEVELOPMENT FEE.

In addition to paying the Initial Franchise Fee due under the first Franchise Agreement referenced in Section 2.C, you must pay us, on your execution of this Agreement and in consideration of the grant of the Development Rights, a nonrecurring and nonrefundable Development Fee in the amount shown on the attached Data Sheet (the "**Development Fee**"). The Development Fee is fully earned by us when you and we sign this Agreement and is nonrefundable. We will apply the Development Fee as a credit against the initial franchise fee due under each Franchise Agreement (after the first Franchise Agreement) which you or your Affiliates execute pursuant to this Agreement, subject to a maximum credit under any Franchise Agreement equal to the Dollar Multiplier shown on the attached Data Sheet and a maximum credit for all such Franchise Agreements, in the aggregate, equal to the total Development Fee.

4. RECORDS AND REPORTING REQUIREMENTS.

You agree, during the Term, to maintain records regarding your activities in connection with the exercise of the Development Rights and to provide us with the following records and reports:

(1) within 10 days after the end of each month during the Term, you must send us a report of your business activities during that month, including information about your efforts to find Sites for your Businesses in the Development Area and the status of development and projected opening for each Business under development in the Development Area;

(2) within 30 days after the end of each calendar quarter, you must provide us with a balance sheet and profit and loss statement for you and your Affiliates covering that quarter and the year-to-date, and an updated balance sheet for each person or entity signing the Guaranty; and

(3) such other data, reports, information, financial statements, and supporting records as we reasonably request from time to time.

5. TRANSFER.

A. BY US.

We have the right to delegate the performance of any portion or all of our rights and obligations under these Terms to third-party designees. You represent that you have not signed the Agreement in reliance on any particular person or entity remaining with us in any capacity. We may change our ownership or form or assign the Agreement and any other agreement to a third party without restriction.

B. BY YOU OR YOUR OWNERS.

Your rights and duties under the Agreement are personal to you (or your owners if you are a Business Entity), and we have granted you the Development Rights in reliance upon our assessment of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither you nor any of your owners, nor any of your or their permitted successors or assigns, may sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise dispose of or encumber the Agreement (or any direct or indirect interest in the Agreement), the Development Rights, or any direct or indirect ownership interest in you (regardless of its size) (each, a "**Transfer**"), without our

prior written consent. Any Transfer without our prior written approval is a material breach of this Agreement and has no effect.

If you intend to list your Development Rights for sale with any broker or agent, you shall do so only after obtaining our written approval of the broker or agent and of the listing agreement and any advertising materials. You may not use any Mark in advertising the transfer or sale of your Development Rights or of any ownership in you without our prior written consent.

C. **CONDITIONS FOR APPROVAL OF TRANSFER.**

We may consider, and you will provide or assist us in compiling, any information we deem necessary or appropriate in connection with our assessment of a proposed Transfer. If we elect to approve a proposed Transfer, we may, at our discretion, condition our approval in any manner we deem necessary and appropriate to protect the SWTHZ brand and our interests in the System and the Agreement, including any of the following (each of which you agree is reasonable):

(1) you and any person or entity obligated under the Agreement or Guaranty must be in compliance with your or its obligations;

(2) you and the proposed transferee and its owners (if the transferee is a Business Entity) must provide all information and documents we request regarding the Transfer and the proposed transferee and its owners or Affiliates;

(3) you must provide us with executed versions of any documents regarding the proposed Transfer, and all other information we request about the proposed Transfer;

(4) if you or the transferor offers the transferee financing for any part of the purchase price, all of your or the transferee's obligations under promissory notes, agreements, or security interests reserved in the Development Rights must be subordinate to your or the transferee's obligation to pay all amounts due to us, our Affiliates, and third party vendors and otherwise agree to comply with these Terms and any Franchise Agreements with us);

(5) you (and your owner(s)) must sign a general release, in a form satisfactory to us, of any and all claims against us and our owners, officers, directors, employees and agents;

(6) you (and your transferring owner(s)) (and your or their immediate family members) must sign a non-competition covenant in favor of us, commencing on the effective date of the Transfer and consistent with the post-term non-competition obligations contained in the most recent Franchise Agreement that you or your Affiliates have signed with us;

(7) you must pay all amounts owed to us, our Affiliates, and third-party vendors and must have submitted all required reports and statements under these Terms and any Franchise Agreement with us;

(8) you and your owners must not have violated any provision of these Terms or any other agreement with us or our Affiliates during both the 60-day period before you requested our consent to the Transfer and the period between your request and the effective date of the Transfer;

(9) the transferee, at our request, must sign our then-current form of multi-unit development agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;

(10) you must pay or cause to be paid to us our then-current Transfer fee (currently, $5,000); and

(11) the Transfer of the Agreement must not be made separate and apart from the Transfer to the same transferee of all Franchise Agreements that were signed pursuant to this Agreement.

D. **EFFECT OF CONSENT TO TRANSFER.**

Our consent to a Transfer is not a representation of the fairness of the terms of any contract between you and the transferee, transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance by you and the transferee with these Terms.

E. **PUBLIC OR PRIVATE OFFERINGS.**

Written information used to raise or secure funds can reflect upon us and the System. You agree to submit any written information intended to be used for that purpose to us before inclusion in any registration statement, prospectus or similar offering memorandum. Should we object to any reference to us or our Affiliates or any of our business in the offering literature or prospectus, the literature or prospectus shall not be used until our objections are addressed to our satisfaction or withdrawn. You may not engage in a public offering of securities without our prior written consent.

F. **OUR RIGHT OF FIRST REFUSAL.**

If you (or any of your owners) desire to engage in a Transfer, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in the Agreement and your Development Rights. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be couched entirely as a dollar amount, and we may require the proposed buyer submit with its offer a reasonable earnest money deposit acceptable to us. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Within 30 days after we receive an exact copy of the bona fide offer and all relevant information we request, we may, by written notice delivered to you or your selling owner(s), elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, except that we may substitute cash and cash equivalents for any non-cash form of payment proposed in the offer. If we exercise our right of first refusal, we will have 30 days from the date we notified you of our intended purchase to prepare for closing. You and your owners must make all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable (including that the items sold are free and clear of all liens), and you and your selling owner(s) (and your and their immediate family members) must comply with the obligations regarding Competitive Businesses, as described in the Franchise Agreements executed pursuant to this Agreement, as though such Franchise Agreements had expired on the date of the purchase. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 5.F.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the Transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Sections 5.B and 5.C above. If you do not complete the sale to the proposed buyer within 60 days after either we notify you that we do not intend to exercise our right of first refusal or the time our exercise expires, or if there is a material

change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

6. TERMINATION OF AGREEMENT.

A. BY YOU.

If you and your owners are fully complying with this Agreement and we materially fail to comply with these Terms and do not correct the failure within 30 days after you deliver written notice of the material failure to us or if we cannot correct the failure within 30 days and we fail to give you within 30 days after your notice reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate this Agreement effective 30 days after you deliver to us written notice of termination. Your termination of the Agreement other than according to this Section 6.A. will be deemed a termination without cause and a breach of these Terms.

B. BY US.

We may terminate the Agreement, effective upon delivery of written notice to you, if:

(1) you (or any of your owners) have made or make any material misrepresentation or omission in the Application Materials or otherwise;

(2) you fail to comply with the Development Schedule or fail to make progress in the development of Businesses to indicate, in our determination, that you will not be able to satisfy your development obligations under the Agreement for the then-current Development Period;

(3) you (or any of your owners) make or attempt to make a Transfer without complying with the requirements of Section 5;

(4) you (or any of your owners) (a) fail on three (3) or more separate occasions within any 12 consecutive month period to comply with any provision of these Terms or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under these Terms, in either case, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(5) you (or any of your owners) file a petition in bankruptcy or a petition in bankruptcy is filed against you; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; any of your or your Affiliates' Businesses are attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of your or your Affiliates' Businesses are not vacated within 30 days following the order's entry;

(6) you (or any of your owners) fail to comply with anti-terrorism laws, ordinances, regulations and Executive Orders;

(7) you (or any of your owners) fail to comply with any other provision of these Terms and do not correct the failure within 30 days after we deliver written notice of the failure to you;

(8) you (or any of your owners) are convicted of a felony or any criminal act that is likely to adversely affect the goodwill of Businesses or the System;

(9) you or a Guarantor or an Affiliate fails to comply with any other agreement with us or our Affiliate, including any Franchise Agreement, unless the failure is timely and completely cured within any cure period provided under the applicable agreement; or

(10) you (or any of your owners) engage in any conduct which, in our opinion, adversely affects the reputation of any Businesses (including your own) or the goodwill associated with the Marks.

7. RIGHTS AND OBLIGATIONS ON TERMINATION OR EXPIRATION OF THE AGREEMENT.

You and, as applicable, your owners and all such other persons or Business Entities who are bound under the terms of this Agreement must immediately upon the expiration or termination of the Agreement, cease to directly or indirectly exercise or attempt to exercise any of the rights granted to you under the Agreement, comply with all obligations that either expressly survive or by their nature are intended to survive the expiration or termination of the Agreement, and refrain from interfering or attempting to interfere with our or our Affiliates' relationships with any vendors, franchisees or consultants or engage in any other activity which might injure the goodwill of the Marks or the System.

All of our and your (and your owners') obligations which expressly or by their nature survive the Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire, including, without limitation, all obligations relating to indemnification.

8. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. INDEPENDENT CONTRACTORS.

This Agreement does not create a fiduciary relationship between you and us. You and we are and will be independent contractors, and nothing in these Terms is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, vendors, public officials, your personnel, and others as the owner of your business under a franchise we have granted and to place notices of independent ownership on the business cards, advertising, and other materials we periodically require.

You also acknowledge that you will have a contractual relationship only with us and may look only to us to perform under these Terms. None of our Affiliates is a party to this Agreement and no Affiliate has any obligations under it.

B. INDEMNIFICATION.

You agree to indemnify, defend, and hold harmless us, our Affiliates, and our and their respective owners, managers, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of the business you conduct under the Agreement, or your breach of these Terms, including, without limitation, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any

Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense (including choosing and retaining its own legal counsel) and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding the Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 8.B.

9. **ENFORCEMENT.**

A. **ARBITRATION**.

We and you agree that all controversies, disputes, or claims between us or any of our Affiliates, and our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our Affiliates); (2) our relationship with you; (3) the scope or validity of the Agreement or any other agreement between you (or any of your owners) and us (or any of our Affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standards, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our or, as applicable, our successor's or assign's then current principal place of business (currently, Atlanta, Georgia). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our Affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

WE AND YOU AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT A PROCEEDING REQUIRED UNDER THIS SECTION TO BE SUBMITTED TO ARBITRATION MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II)

COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, (III) JOINED WITH ANY SEPARATE CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of these Terms.

We and you agree that, in any arbitration arising as described herein, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

The provisions of this Section are intended to benefit and bind certain third party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreement.

Any provisions of these Terms below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

B. **GOVERNING LAW.**

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, the Agreement or any related agreement, the Development Rights and all claims arising from the relationship between us (or any of our Affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) and you (and your owners, guarantors, affiliates, and employees) will be governed by the laws of the State of Georgia, without regard to its conflict of laws rules, except that (1) any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, and (2) the enforceability of those provisions of these Terms which relate to restrictions on you and your owners' competitive activities will be governed by the laws of the state in which your Development Area is located.

C. **CONSENT TO JURISDICTION.**

Subject to the obligation to arbitrate under Section 9.A above and the provisions below, you and your owners agree that all actions arising under the Agreement or any related agreements, or otherwise as a result of the relationship between you (or your owners, guarantors, affiliates, and employees) and us (or any of our Affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) must be commenced in the court nearest to our or, as applicable, our successor's or assign's then-current principal place of business (currently, Atlanta, Georgia), and you (and each owner) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in that court.

D. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.**

Except for your obligation to indemnify us for third party claims under Section 8.B, we and you (and your owners) waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive trial by jury in any action or proceeding brought by either of us.

E. **INJUNCTIVE RELIEF.**

Nothing in these Terms, including the provisions of Section 9.A, bars our right to obtain specific performance of the provisions of these Terms and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

F. **COSTS AND ATTORNEYS' FEES.**

The prevailing party in any judicial or arbitration proceeding shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such proceeding.

G. **LIMITATIONS OF CLAIMS.**

UNLESS PROHIBITED BY APPLICABLE LAW, EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THE AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THESE TERMS WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS. The parties understand that such time limit might be shorter than otherwise allowed by law. You and your owners agree that your and their sole recourse for claims arising between the parties shall be against us or our successors and assigns. You and your owners agree that our and our Affiliates' members, managers, owners, directors, officers, employees, and agents shall not be personally liable nor named as a party in any action between us or our Affiliates and you or your owners.

WE AND YOU AGREE THAT ANY PROCEEDING DESCRIBED IN THIS SECTION 9 WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

No previous course of dealing shall be admissible to explain, modify, or contradict the terms of these Terms. No implied covenant of good faith and fair dealing shall be used to alter the express terms of these Terms.

10. MISCELLANEOUS.

A. BINDING EFFECT.

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the System Standards, these Terms may not be modified except by a written agreement signed by our and your duly-authorized officers.

B. RIGHTS OF PARTIES ARE CUMULATIVE.

Our and your rights under the Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under the Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

C. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

Except as expressly provided to the contrary in these Terms, each section, paragraph, term, and provision of these Terms is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of these Terms, which will continue to have full force and effect and bind the parties.

If any applicable and binding law or rule of any jurisdiction requires more notice than these Terms require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of these Terms or any System Standard is invalid, unenforceable, or unlawful, the notice or other action required by the law or rule will be substituted for the comparable provisions of these Terms, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of these Terms, as though it were separately articulated in and made a part of these Terms.

D. WAIVER OF OBLIGATIONS.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under these Terms, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice.

No right, power, or option you or we are provided under this Agreement will be impaired or waived because of any custom or practice at variance with the Agreement's terms or your or our failure, refusal, or neglect to exercise any right under the Agreement or to insist upon the other's compliance with this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

The following provision applies if you or the rights granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or 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.

E. **THE EXERCISE OF OUR JUDGMENT.**

We have the right to operate, develop, and change the System in any manner that is not specifically prohibited by these Terms. Whenever we have reserved in these Terms a right to take or to withhold an action, to grant or decline to grant you a right to take or withhold an action, or to provide or withhold approval or consent, we may, except as otherwise specifically provided in these Terms, make our decision or exercise our rights in our sole and unfettered discretion.

F. **CONSTRUCTION.**

The preambles and exhibits are a part of these Terms, which together with these Terms and the attached Data Sheet constitute our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of or relationships created by this Agreement, or your Development Rights (any such understandings or agreements reached, or any representations made, before the execution of this Agreement are superseded by this Agreement). Nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you. Any policies that we periodically adopt and implement to guide us in our decision-making are subject to change, are not a part of these Terms, and are not binding on us. Except as provided in Section 8.B (Indemnification), nothing in these Terms is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to the Agreement.

Except where these Terms expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in these Terms to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under these Terms, include any of our Affiliates with whom you deal. The term "Affiliate" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "Control" means the power to direct or cause the direction of management and policies. "Including" means "including, without limitation." References to "owner" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of the Agreement and your Development Rights or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), these Terms, the franchise, or your Development Rights and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to an "ownership interest" in you or one of your owners (if a Business Entity) mean the percent of the voting shares or other voting rights that results from dividing 100% of the ownership interests by the number of owners. "Person" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

If two or more persons are at any time the owners of the Development Rights, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

G. **NOTICES.**

All notices, consents, approvals, statements, documents or other communications required or permitted to be given hereunder must be in writing, and will be deemed to be delivered on the earlier of the date of actual delivery or one of the following: (i) at the time delivered by hand, (ii) at the time delivered via computer transmission and, in the case of amounts due, at the time we actually receive electronic payment, or (iii) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery. Your and our current notice addresses are shown on the attached Data Sheet or these Terms, as applicable. Any notice must be sent to the party to be notified at its most current principal business address of which the notifying party has notice; except that, it will always be deemed acceptable to send notice to you at the address of any of your Businesses. Any required payment or report which we do not actually receive during regular business hours on the date due will be deemed delinquent. Notices to us must be sent to the Attention: Chief Executive Officer, with a copy (which shall not constitute notice) to Legal Department.

H. **COUNTERPARTS.**

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

IN WITNESS WHEREOF, the parties have executed and delivered these Terms on the dates noted below, to be effective as of the Effective Date.

LS FRANCHISOR LLC, a Georgia limited liability company	**DEVELOPER:** **[Name]**
By:_____ Name:_____ Title:_____ Date: _____	By:_____ Name:_____ Title:_____ Date: _____

ATTACHMENT A
TO MULTI-UNIT DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by each of the undersigned persons indicated below who have executed this Guaranty (each a "**Guarantor**") to be effective as of the Effective Date of the Agreement (defined below).

In consideration of, and as an inducement to, the execution of that certain Multi-Unit Development Agreement (as amended, modified, restated or supplemented from time to time, the "**Agreement**") on this date by **LS FRANCHISOR LLC** ("**we**" or "**our**"), each Guarantor personally and unconditionally (a) guarantees to us and our successors and assigns that _____ ("**Developer**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for each and every provision in the Agreement that sets out an obligation of the Developer, including both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each Guarantor consents and agrees that: (1) Guarantor's direct and immediate liability under this Guaranty will be joint and several, both with Developer and among other guarantors; (2) Guarantor will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) at our request, each Guarantor shall present updated financial information to us as reasonably necessary to demonstrate such Guarantor's ability to satisfy the financial obligations of Developer under the Agreement.

Each Guarantor waives: (i) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against Developer arising as a result of the Guarantor's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of Guarantor's undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 9 (Enforcement) of the Agreement, including Section 9.A (Arbitration), Section 9.C (Consent to Jurisdiction) and Section 9.F (Costs and Attorneys' Fees) of the Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the Guarantors and us. The Guarantors shall reimburse us for all costs and expenses we incur in connection with enforcing the terms of this Guaranty.

By signing below, the undersigned spouse of each Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. We confirm that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely to acknowledge and consent to the execution of the Guaranty by his or her spouse and to bind the assets of the marital estate as described therein and for no other purpose (including, without limitation, to bind the spouse's own separate property).

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

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as this Guaranty and Assumption of Obligations was executed.

GUARANTOR(S)	**SPOUSE(S)**
Name:_____ Sign: _____ Address: _____ _____ _____	Name:_____ Sign: _____ Address: _____ _____ _____
Name**:**_____ Sign: _____ Address: _____ _____ _____	Name**:**_____ Sign: _____ Address: _____ _____ _____

EXHIBIT D

BRAND MANUAL TABLE OF CONTENTS

SWTHZ

CONTRAST THERAPY STUDIO

Confidential Operations Manual

Revised January 2024

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EXHIBIT E

STATE SPECIFIC ADDENDA

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF LS FRANCHISOR LLC

The following are additional disclosures for the Franchise Disclosure Document of LS Franchisor LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

No statement, questionnaire, or acknowledgment signed or agreed to by 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.

CALIFORNIA

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the department of Financial Protection and Innovation.

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR MULTI-UNIT DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT.

3. OUR WEBSITE, www.SweatHouz.com HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. The following is added at the end of Item 3:

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

5. The following paragraphs are added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee and multi-unit developers concerning termination, transfer or

nonrenewal of a franchise. If the Multi-Unit Development Agreement or Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Multi-Unit Development Agreement and Franchise Agreement contain a covenant not to compete that extends beyond termination of the franchise. These provisions might not be enforceable under California law.

The Multi-Unit Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

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

The Multi-Unit Development Agreement and Franchise Agreement require binding arbitration. The arbitration will be conducted at a suitable location chosen by the arbitrator which is in or within a 50 mile radius of our, or, as applicable, our successor's or assign's then-current principal place of business (currently, Atlanta, Georgia). The arbitrator shall award to the prevailing party its attorneys' fees and costs. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

Under the Franchise Agreement, we reserve the right to require that franchisees comply with maximum and minimum prices we set for goods and services. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the California's Cartwright Act (Cal. Bus. and Prof. Code §§ 16700 to 16770).

The Franchise Agreement requires you to sign a general release of claims on renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 requires that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

Section 31512.1 of the California Corporations Code requires that any provision of the Franchise Agreement, Disclosure Document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; or (d) violations of any provision of this division.

HAWAII

1. 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. **THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ILLINOIS

1. 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. The following paragraphs are added to the end of Item 17:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

MARYLAND

1. 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. The following is added to the end of Item 5:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise agreement under the development agreement opens.

3. The following is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

4. The following is added to the end of the "Summary" section of Item 17(h), entitled **"Cause" defined – non-curable defaults**:

> The Multi-Unit Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

5. The following sentence is added to the end of the "Summary" section of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of Law**:

> You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The following language is added to the end of the chart in Item 17:

> You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

MINNESOTA

1. **Other Fees**. The following is added to the "Late Payment Fee" row of the Item 6 chart:

> Notwithstanding the foregoing, under Minnesota Statute 604.113, your penalty for an insufficient funds check will be limited to $30.00 per occurrence.

2. **Renewal, Termination, Transfer and Dispute Resolution**. The following is added at the end of the chart in Item 17:

> With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Multi-Unit Development Agreement and Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.
>
> Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document, Multi-Unit Development Agreement or Franchise Agreement can abrogate or reduce any of Multi-Unit Development Agent's or Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Multi-Unit Development Agreement or Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE MULTI-UNIT DEVELOPMENT OR FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent

conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

None of the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee and development fee constitute part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), entitled **Termination by franchisee**:

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

7. The following is added to the end of the "Summary" section of Item 17(j), entitled **Assignment of contract by franchisor**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Multi-Unit Development Agreement or Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum**, and Item 17(w), entitled **Choice of law**:

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

NORTH DAKOTA

1. The following is added to the end of Items 5 and 7:

The North Dakota Securities Department requires us to defer payment of the initial franchise fee and/or development fee and other initial payments you owe us until we have completed all of our pre-opening obligations to you under the Franchise Agreement and/or Multi-Unit Development Agreement and you have begun operating your Business. For any Multi-Unit Development Agreement, the payment of the development fee and initial franchise fee attributable to a specific Business is deferred until that Business is open.

2. **Liquidated Damages**. The Item 6 line item entitled **Lost Revenue Damages** will not be enforced to the extent prohibited by applicable law.

3. The following is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. The following is added to the end of the "Summary" section of Item 17(r), entitled **Non-competition covenants after the franchise is terminated or expires**:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

5. The "Summary" section of Item 17(u), entitled **Dispute resolution by arbitration or mediation** is deleted and replaced with the following:

> To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

6. The "Summary" section of Item 17(v), entitled **Choice of forum**, is deleted and replaced with the following:

> You must sue us in a Court within 50 miles of our or, as applicable, our successor's or assign's then current place of business (currently, Atlanta, Georgia) except that, subject to your arbitration obligation, and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

7. The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

> Except as otherwise required by North Dakota law, the laws of the state where we maintain our or, as applicable, our successor or assign maintains its, principal place of business (currently, Atlanta, Georgia) will apply.

RHODE ISLAND

1. The following language is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a multi-unit development agreement or franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

VIRGINIA

1. The following language is added to the "Special Risks to Consider About *This* Franchise" page of the FDD:

> **Estimated Initial Investment**. The franchisee will be required to make an estimated initial investment ranging from $569,273 to $1,012,290. This amount exceeds the franchisor's stockholders equity as of December 31, 2023, which is ($3,856,065).

2. The following language is added to the end of the "Summary" section of Item 17(e), entitled **Termination by franchisor without cause**:

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

WASHINGTON

1. 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. The following language is added to the "Special Risks to Consider About *This* Franchise" page of the FDD:

> **Use of Franchise Brokers**. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

3. The following is added to the end of Item 5:

> Based upon the franchisor's financial condition, the Washington Securities Division has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise agreement under the development agreement opens.

4. The following paragraphs are added to the end of Item 17:

> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
>
> RCW 19.100.180 may supersede the Franchise Agreement and/or Multi-Unit Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and/or Multi-Unit Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
>
> In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator at the time of arbitration. In addition, if litigation is not precluded by the Franchise Agreement and/or Multi-Unit Development Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
>
> A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement, Multi-Unit Development Agreement or elsewhere are void and unenforceable in Washington.

The Franchise Disclosure Document does not waive any liability we may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC,** a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____
a(n) _____ whose principal business address is _____
_____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Business that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **LIMITATIONS ON DAMAGES; WAIVER OF JURY TRIAL; WAIVER OF CLASS ACTION**. The following language is added to the end of Section 18.C of the Franchise Agreement:

> However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/41 or Illinois regulations at Section 200.609.

3. **LIMITATIONS OF CLAIMS**. Section 18.G of the Franchise Agreement is amended by adding the following:

> However, nothing contained in this Section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/27 or any other law of the State of Illinois, to the extent applicable.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Article 20 of the Franchise Agreement:

> 20. **ILLINOIS FRANCHISE DISCLOSURE ACT**.
>
> Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Your rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is made and entered into by and between **LS FRANHCISOR LLC**, a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____
a(n) _____ whose principal business address is _____
_____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Business that you will operate under the Franchise Agreement will be located in Maryland.

2. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 4.A ("Initial Franchise Fee") of the Franchise Agreement:

> Pursuant to an order of the Maryland Securities Commissioner, we will defer collection of the initial franchise fee and other initial payments you owe us until we have completed all of our pre-opening obligations to you under the Franchise Agreement and you have begun operating your Business.

3. **RELEASES.** The following is added to the end of Sections 13.B ("Transfer by You or Your Owners"), 14.A ("Your Right to Acquire a Successor Franchise"), and 16.B ("Our Right to Purchase Your Business") of the Franchise Agreement:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

4. **INSOLVENCY**. The following sentence is added to the end of Section 15.B(16) ("Termination of Agreement – By Us") of the Franchise Agreement:

> This Section 15.B(16) may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **DISPUTE RESOLUTION; ARBITRATION**. The following paragraph is added at the end of Section 18.A ("Enforcement - Arbitration") of the Franchise Agreement:

> A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. **GOVERNING LAW**. Section 18.B ("Governing Law") of the Franchise Agreement is deleted and replaced with the following:

> All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal

Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. sections 1051 et seq.), or other United States federal law, this Agreement or any related agreements, the franchise, and all claims arising from the relationship between us (or any of our affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) and you (and your owners, guarantors, affiliates, and employees) will be governed by the laws of the state where we maintain our or, as applicable, our successor or assign maintains its, principal place of business (currently, Atlanta, Georgia) without regard to its conflict of laws rules, except that (1) any state law regulating the sale of franchises or governing the relationship of a franchisor and its franchise owner will not apply unless its jurisdictional requirements are met independently without reference to this paragraph, and (2) Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 18.C ("Consent to Jurisdiction") of the Franchise Agreement:

You must bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

8. **LIMITATIONS OF CLAIMS**. The following sentence is added to the end of Section 18.G ("Limitations of Claims") of the Franchise Agreement:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

9. **ACKNOWLEDGMENTS**. The following is added as a new Section 18.F to the end of the Franchise Agreement:

ACKNOWLEDGEMENTS.

All representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC**, a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____ a(n) _____ whose principal business address is _____ _____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Business that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **LATE PAYMENTS AND REPORTING**. The following sentence is added to the end of Section 4.E of the Franchise Agreement:

> Notwithstanding the foregoing, you and we acknowledge that under Minnesota Statute 604.113, your penalty for an insufficient funds check will be limited to $30.00 per occurrence.

3. **NON-DISPARAGEMENT**. The following sentence is added to the end of Section 6.E of the Franchise Agreement:

> Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, cots or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

4. **NON-COMPETITION**. Sections 8 and 16.A(10) of the Franchise Agreement will not be enforced to the extent prohibited by applicable law.

5. **RELEASES.** The following is added to the end of Sections 13.B ("Transfer by You or Your Owners"), 14.A ("Your Right to Acquire a Successor Franchise"), and 16.B ("Our Right to Purchase Your Business") of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

6. **YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE AND TERMINATION OF AGREEMENT**. The following is added to the end of Sections 14.A (Your Right to Acquire a Successor Franchise") and 15.B (Termination – By Us") of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

7. **LOST REVENUE DAMAGES**. The following language is added to the end of Section 16.C of the Franchise Agreement:

> We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

8. **GOVERNING LAW**. The following statement is added at the end of Section 18.B ("Governing Law") of the Franchise Agreement:

> Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

9. **VENUE**. The following language is added to the end of Section 18.C ("Consent to Jurisdiction") of the Franchise Agreement:

> Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400j prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

10. **LIMITATIONS ON DAMAGES; WAIVER OF JURY TRIAL; WAIVER OF CLASS ACTION**. If and then only to the extent required by the Minnesota Franchises Law, Section 18.G ("Limitations of Claims") of the Franchise Agreement is deleted. Section 18.G is further amended by adding the following to the end of the Section:

> ; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

11. **INJUINCTIVE RELIEF**. The following is added to the end of Section 18.E ("Injunctive Relief") of the Franchise Agreement:

> Notwithstanding the foregoing, a court will determine if a bond is required.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

RIDER TO THE
FRANCHISE AGREEMENT FOR USE IN THE
STATE OF NEW YORK

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC**, a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____
a(n) _____ whose principal business address is _____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, (the "Franchise Agreement"). This Rider is being signed because (a) you are domiciled in the State of New York and the Business that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **TRANSFER BY US**. The following language is added to the end of Section 13.A ("Transfer – By Us") of the Franchise Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. **RELEASES**. The following is added to the end of Sections 13.B ("Transfer by You or Your Owners"), 14.A ("Your Right to Acquire a Successor Franchise"), and 16.B ("Our Right to Purchase Your Business") of the Franchise Agreement:

> Notwithstanding the foregoing all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **VENUE; GOVERNING LAW**. The following statement is added at the end of Sections 18.C ("Consent to Jurisdiction") of the Franchise Agreement:

> This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC**, a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____
a(n) _____ whose principal business address is _____
_____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Business that you will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **INITIAL FRANCHISE FEE**. The following language is added to the end of Section 4.A ("Initial Franchise Fee") of the Franchise Agreement:

> Pursuant to an order of the North Dakota Securities Department, we will defer collection of the initial franchise fee and other initial payments you owe us until we have completed all of our pre-opening obligations to you under the Franchise Agreement and you have begun operating your Business.

3. **NON-COMPETITION**. The following is added to the end of Sections 8 ("Competition and Interference During Term") and 16.A(10) of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **RELEASES**. The following is added to the end of Sections 13.B ("Transfer by You or Your Owners"), 14.A ("Your Right to Acquire a Successor Franchise"), and 16.B ("Our Right to Purchase Your Business") of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

5. **LOST REVENUE DAMAGES**. The following language is added to the end of Section 16.C of the Franchise Agreement:

> We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

6. **DISPUTE RESOLUTION; ARBITRATION**. The first paragraph of Section 18.A of the Franchise Agreement is amended to read as follows:

> We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the

other hand, arising out of or related to: this Agreement or any other agreement between us (or any of our affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) and you (and your owners, guarantors, affiliates, and employees), our relationship with you, the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section 18.A, which we and you acknowledge is to be determined by an arbitrator, not a court); or any System Standard must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association ("AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, Atlanta, Georgia); provided, however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

7. **GOVERNING LAW**. Section 18.B of the Franchise Agreement is deleted and replaced with the following:

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. sections 1051 et seq.), or other United States federal law, and except as otherwise required by North Dakota law, this Agreement or any related agreements, the franchise, and all claims arising from the relationship between us (or any of our affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) and you (and your owners, guarantors, affiliates, and employees) will be governed by the laws of the state wherein we maintain our or, as applicable, our successor or assign maintains its, without regard to its conflict of laws rules, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, and (2) the enforceability of those provisions of the Agreement which relate to restrictions on your and your owners' competitive activities will be governed by the laws of the state in which your Business is located.

8. **VENUE**. The following is added to the end of Section 18.C of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

9. **LIMITATIONS ON DAMAGES; WAIVER OF JURY TRIAL; WAIVER OF CLASS ACTION**. To the extent required by the North Dakota Franchise Investment Law, Section 18.G of the Franchise Agreement is deleted.

10. **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 18.G of the Franchise Agreement:

The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC**, a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____ a(n) _____ whose principal business address is _____ _____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Business that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **GOVERNING LAW**. The following language is added to the end of Section 18.C of the Franchise Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act." To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

RIDER TO THE
FRANCHISE AGREEMENT AND RELATED AGREEMENTS
FOR USE IN WASHINGTON

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC**, a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____
a(n) _____ whose principal business address is _____
_____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Washington; and/or (b) the Business that you will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 4.A ("Initial Franchise Fee") of the Franchise Agreement:

> Pursuant to an order of the Washington Securities Division, we will defer collection of the initial franchise fee and other initial payments you owe us until we have completed all of our pre-opening obligations to you under the Franchise Agreement and you have begun operating your Business.

3. **WASHINGTON LAW**. The following paragraphs are added to the end of the Franchise Agreement:

> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
>
> RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
>
> In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator at the time of arbitration. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
>
> A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Washington Franchise Investment Protection Act such as a right to a jury trial, may not be enforceable.

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE MULTI-UNIT DEVELOPMENT AGREEMENT

RIDER TO THE LS FRANCHISOR LLC
MULTI-UNIT DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC,** a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____ a(n) _____ whose principal business address is _____ _____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Multi-Unit Development Agreement dated _____, 20___ (the "Multi-Unit Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Multi-Unit Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Multi-Unit Agreement occurred in Illinois and the Businesses that you will develop under the Multi-Unit Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **LIMITATIONS OF CLAIMS**. Section 9.G of the Multi-Unit Agreement is amended by adding the following:

> However, nothing contained in this Section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/27 or any other law of the State of Illinois, to the extent applicable.

3. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. The following language is added to the end of Section 9.D of the Multi-Unit Agreement:

> However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/41 or Illinois Regulations at Section 200.609.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Section 11 of the Multi-Unit Agreement:

11. **ILLINOIS FRANCHISE DISCLOSURE ACT**.

> Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Your rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Multi-Unit Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date***:**_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

RIDER TO THE LS FRANCHISOR LLC
MULTI-UNIT DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC**, a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____ a(n) _____ whose principal business address is _____ _____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Multi-Unit Development Agreement dated _____, 20___ (the "Multi-Unit Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Multi-Unit Agreement. This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Businesses that you will develop under the Multi-Unit Agreement will be located in Maryland.

2. **DEVELOPMENT FEE**. The following language is added to the end of Section 3 ("Development Fee") of the Multi-Unit Agreement:

> Pursuant to an order of the Maryland Securities Commissioner, we will defer collection of the Development Fee and other initial payments you owe us. You will pay us the Development Fee and other initial payments you owe us under the Multi-Unit Agreement upon the opening of your first Business under the Multi-Unit Agreement.

3. **INSOLVENCY**. The following sentence is added to the end of Section 6.B(5) ("Termination of Agreement – By Us") of the Multi-Unit Agreement:

> This Section 6.B(5) may not be enforceable under federal bankruptcy law (11U.S.C. Sections 101 et seq.).

4. **RELEASES**. The following sentence is added to the end of Sections 5.C(5) ("Conditions for Approval of Transfer") of the Multi-Unit Development Agreement:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

5. **ARBITRATION**. The following paragraph is added at the end of Section 9.A of the Multi-Unit Development Agreement:

> A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
>
> You must bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **APPLICABLE LAW**. The following is added to the end of Section 9.B of the Multi-Unit Development Agreement:

All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. sections 1051 et seq.), or other United States federal law, this Agreement or any related agreements, the franchise, and all claims arising from the relationship between us (or any of our affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) and you (and your owners, guarantors, affiliates, and employees) will be governed by the laws of the state where we maintain our or, as applicable, our successor or assign maintains its, principal place of business (currently, Atlanta, Georgia) without regard to its conflict of laws rules, except that (1) any state law regulating the sale of franchises or governing the relationship of a franchisor and its franchise owner will not apply unless its jurisdictional requirements are met independently without reference to this paragraph, and (2) Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

You must bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 9.G of the Multi-Unit Agreement:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

8. **ACKNOWLEDGMENTS**. The following is added as a new Section 11 to the Multi-Unit Development Agreement:

ALL REPRESENTATIONS REQUIRING PROSPECTIVE FRANCHISEES TO ASSENT TO A RELEASE, ESTOPPEL OR WAIVER OF LIABILITY ARE NOT INTENDED TO NOR SHALL THEY ACT AS A RELEASE, ESTOPPEL OR WAIVER OF ANY LIABILITY INCURRED UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Multi-Unit Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

RIDER TO THE LS FRANCHISOR LLC
MULTI-UNIT DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC**, a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____
a(n) _____ whose principal business address is _____
_____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Multi-Unit Development Agreement dated _____, 20___ (the "Multi-Unit Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Multi-Unit Agreement. This Rider is being signed because (a) the Businesses that you will develop under the Multi-Unit Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Multi-Unit Agreement occurred in Minnesota.

2. **EVENTS OF TERMINATION**. The following is added to the end of Section 6.B of the Multi-Unit Agreement.

> However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure).

3. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 9.C of the Multi-Unit Agreement.

> Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400j prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80.C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

4. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota franchises law, Section 9.D of the Multi-Unit Agreement is deleted.

5. **LIMITATIONS OF CLAIMS**. The following is added to 9.G of the Multi-Unit Agreement:

> ; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

6. **APPLICABLE LAW**. The following statement is added at the end of Section 9.B of the Multi-Unit Agreement:

> Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Multi-Unit Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

RIDER TO THE LS FRANCHISOR LLC
MULTI-UNIT DEVELOPMENT AGREEMENT FOR USE IN THE
STATE OF NEW YORK

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC**, a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____ a(n) _____ whose principal business address is _____ _____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Multi-Unit Development Agreement dated _____, (the "Multi-Unit Agreement") that has been signed concurrently with this Rider. This Rider is being signed because (a) you are domiciled in the State of New York and the Businesses that you will develop under the Multi-Unit Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Multi-Unit Agreement occurred in New York.

2. **EVENTS OF TERMINATION**. The following language is added to the end of Section 6.A of the Multi-Unit Agreement:

> You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. **CONSENT TO JURISDICTION; APPLICABLE LAW**. The following is added to the end of Section 9.C of the Multi-Unit Agreement:

> This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Multi-Unit Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

RIDER TO THE LS FRANCHISOR LLC
MULTI-UNIT DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC**, a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____ a(n) _____ whose principal business address is _____ _____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Multi-Unit Development Agreement dated _____, 20___ (the "Multi-Unit Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Multi-Unit Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Businesses that you will develop under the Multi-Unit Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Multi-Unit Agreement occurred in North Dakota.

2. **DEVELOPMENT FEE**. The following language is added to the end of Section 3 ("Development Fee") of the Multi-Unit Agreement:

> Pursuant to an order of the North Dakota Securities Department, we will defer collection of the Development Fee and other initial payments you owe us. You must pay the Development Fee and other initial payments you owe us for each Business you are required to open under the Development Schedule as of the date each such Business opens for business.

3. **CONSENT TO JURISDICTION**. The following is added to the end of Section 9.C of the Multi-Unit Agreement:

> Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

4. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Section 9.D of the Multi-Unit Agreement is deleted.

5. **LIMITATION OF CLAIMS**. The following is added 9.G of the Multi-Unit Agreement:

> The statutes of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

6. **APPLICABLE LAW**. The last sentence of Section 9.C of the Multi-Unit Agreement is deleted and replaced with the following:

> Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. sections 1051 et seq.), or other United States federal law, and except as otherwise required by North Dakota law, this Agreement or any related agreements, the franchise, and all claims arising from the relationship between us (or any of our affiliates, and our and their respective owners, officers, directors, agents, representatives, and

employees) and you (and your owners, guarantors, affiliates, and employees) will be governed by the laws of the state where we maintain or, as applicable, our successor or assign maintains its, principal place of business (currently, Atlanta, Georgia) without regard to its conflict of laws rules, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Multi-Unit Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

RIDER TO THE LS FRANCHISOR LLC
MULTI-UNIT DEVELOPMENT AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC** a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____ a(n) _____ whose principal business address is _____ _____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Multi-Unit Development Agreement dated _____, 20____ (the "Multi-Unit Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Multi-Unit Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Businesses that you will develop under the Multi-Unit Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Multi-Unit Agreement occurred in Rhode Island.

2. **CONSENT TO JURISDICTION**. The following is added at the end of Section 9.C of the Multi-Unit Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act." To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Multi-Unit Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

RIDER TO THE LS FRANCHISOR LLC
MULTI-UNIT DEVELOPMENT AGREEMENT, REPRESENTATIONS AND ACKNOWLEDGEMENTS STATEMENT, AND RELATED AGREEMENTS
FOR USE IN WASHINGTON

THIS RIDER is made and entered into by and between **LS FRANCHISOR LLC,** a Georgia limited liability company whose address is 120 Interstate N. Pkwy SE, Suite 444, Atlanta, GA 30339 ("**we**"), and _____ a(n) _____ whose principal business address is _____ _____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Multi-Unit Development Agreement dated _____, 20____ (the "Multi-Unit Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Multi-Unit Agreement. This Rider is being signed because (a) you are domiciled in Washington; and/or (b) the Businesses that you will develop under the Multi-Unit Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Multi-Unit Agreement occurred in Washington.

2. **DEVELOPMENT FEE**. The following language is added to the end of Section 3 ("Development Fee") of the Multi-Unit Agreement:

> Pursuant to an order of the Washington Securities Division, we will defer collection of the Development Fee and other initial payments you owe us. You will pay us the Development Fee and other initial payments you owe us under the Multi-Unit Agreement upon the opening of your first Business under the Multi-Unit Agreement.

3. **WASHINGTON LAW**. The following paragraphs are added to the end of the Multi-Unit Agreement:

> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
>
> RCW 19.100.180 may supersede the Multi-Unit Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Multi-Unit Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
>
> In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator at the time of arbitration. In addition, if litigation is not precluded by the Multi-Unit Development Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
>
> A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions

such as those which unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Washington Franchise Investment Protection Act such as a right to a jury trial, may not be enforceable.

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Multi-Unit Development Agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Multi-Unit Agreement.

LS FRANCHISOR LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISE OWNER:

_____
[Name]

By:_____
Name:_____
Title:_____
Date: _____

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

EXHIBIT F

FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENTS

BALANCE SHEETS
AS OF JANUARY 31, 2024

	31-Jan
ASSETS	
CURRENT ASSETS:	
Cash	$ 63,165
Brand Fund assets - restricted	24,726
Total current assets	87,891
TOTAL ASSETS	$ 87,891
LIABILITIES & EQUITY	
CURRENT LIABILITIES	
Brand Fund liabilities	$ 22,860
Deferred franchise fee revenue	59,792
Total current liabilities	82,652
NON-CURRENT LIABILITIES	
Deferred franchise fee revenue	4,170,833
Total liabilities	4,253,485
EQUITY	
Due from LFC	(4,360,717)
Contribution	200,000
Retained earnings	(4,877)
Total equity	(4,165,594)
TOTAL LIABILITIES & EQUITY	$ 87,891

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

STATEMENTS OF INCOME
FOR THE MONTH ENDED JANUARY 31, 2024

	January
REVENUES	
Revenue from franchised studios	$ 5,597
Brand Fund contributions (Note 1)	1,866
Technology fees	2,000
License fees	583
Total revenues	10,046
OPERATING EXPENSES	
Marketing	5,000
Brand Fund expense (Note 1)	
General and administrative expenses	3,471
Total expenses	8,471
NET INCOME (LOSS)	$ 1,575

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

AUDITED FINANCIAL STATEMENTS

LS Franchisor, LLC

(An Indirect Wholly Owned Subsidiary of
Legacy Franchise Concepts, L.P.)

Financial Statements as of
December 31, 2023 and 2022 and for the Year
Ended December 31, 2023 and the Period from
March 2, 2022 (Inception) to December 31, 2022,
and Independent Auditor's Report

LS FRANCHISOR, LLC

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Deloitte & Touche LLP
191 Peachtree St NE
Ste 2000
Atlanta, GA 30303-1943
USA

Tel: +1 404 631 2000
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Legacy Franchise Concepts, L.P., as manager of LS Franchisor, LLC:

Opinion

We have audited the financial statements of LS Franchisor, LLC (the "Company"), an indirect wholly owned subsidiary of Legacy Franchise Concepts, L.P., which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, equity, and cash flows for the year ended December 31, 2023, and the period from March 3, 2022 (inception) to December 31, 2022, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year ended December 31, 2023, and period from March 3, 2022 (inception) to December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared from the separate records maintained by the Company and are not necessarily indicative of the conditions that would have existed if the Company had been operated as an unaffiliated company.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Deloitte & Touche LLP

April 19, 2024

LS FRANCHISOR, LLC

BALANCE SHEETS
AS OF DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 305,143	$ 5,240
Brand Fund assets - restricted (Note 1)	22,860	-
Due from LFC (Note 1)	-	1,138,033
Total current assets	328,003	1,143,273
TOTAL ASSETS	$ 328,003	$ 1,143,273
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
Brand Fund liabilities (Note 1)	$ 22,860	$ -
Deferred franchise fee revenue (Note 2)	60,376	60,375
Total current liabilities	83,236	60,375
NON-CURRENT LIABILITIES		
Deferred franchise fee revenue (Note 2)	4,100,832	919,625
Total liabilities	4,184,068	980,000
Due from LFC (Note 1)	(4,049,614)	-
Retained earnings	(6,451)	(36,727)
Contributed Equity	200,000	200,000
Total equity	(3,856,065)	163,273
TOTAL LIABILITIES & EQUITY	$ 328,003	$ 1,143,273

See accompanying notes to the financial statements.

LS FRANCHISOR, LLC

STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023 AND THE PERIOD FROM MARCH 3, 2022 (INCEPTION) TO DECEMBER 31, 2022

	2023	2022
REVENUES		
Revenue from franchised studios	$ 68,572	$ -
Brand Fund contributions (Note 1)	22,860	-
Technology fees	9,500	-
License fees	3,792	-
Total revenues	104,724	-
OPERATING EXPENSES		
Marketing	14,682	5,747
Brand Fund expenses (Note 1)	22,860	-
General and administrative expenses	36,906	30,980
Total expenses	74,448	36,727
NET INCOME (LOSS)	$ 30,276	$ (36,727)

See accompanying notes to the financial statements.

LS FRANCHISOR, LLC

STATEMENTS OF EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023 AND THE PERIOD FROM MARCH 3, 2022 (INCEPTION) TO DECEMBER 31, 2022

	Contributed Equity	Due from LFC	Retained Earnings	Total Equity
BALANCE—March 3, 2022 (Inception)				$ -
Contributions	200,000	-	-	200,000
Net loss	-	-	(36,727)	(36,727)
BALANCE—December 31, 2022	200,000	-	(36,727)	163,273
Contributions	-	-	-	-
Due from LFC (Note 1)	-	(4,049,614)	-	(4,049,614)
Net income	-	-	30,276	30,276
BALANCE—December 31, 2023	$ 200,000	$ (4,049,614)	$ (6,451)	$ (3,856,065)

See accompanying notes to the financial statements.

LS FRANCHISOR, LLC

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND THE PERIOD FROM MARCH 3, 2022 (INCEPTION) TO DECEMBER 31, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 30,276	$ (36,727)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Brand Fund assets	(22,860)	-
Brand Fund liabilities	22,860	-
Deferred franchise fee revenue	3,181,208	980,000
Net cash provided by operating activities	3,211,484	943,273
CASH FLOWS FROM INVESTING ACTIVITIES:		
Due from LFC	(2,911,581)	(1,138,033)
Net cash used in investing activities	(2,911,581)	(1,138,033)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contribution	-	200,000
Net cash provided by financing activities	-	200,000
NET INCREASE IN CASH	299,903	5,240
CASH—Beginning of year	5,240	-
CASH—End of year	$ 305,143	$ 5,240

See accompanying notes to the financial statements.

LS FRANCHISOR, LLC

NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023 AND 2022 AND FOR THE YEAR ENDED DECEMBER 31, 2023 AND THE PERIOD FROM MARCH 3, 2022 (INCEPTION) TO DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business—LS Franchisor, LLC (the "Company") is a single member Georgia limited liability company formed for the purpose of franchising SweatHouz studios. SweatHouz is an infrared sauna studio and facility offering innovative relaxation, wellness and recovery. Franchises are offered through individual franchise agreements and multi-unit development agreements.

LS Franchisor, LLC was formed on March 3, 2022 ("Inception") by Legendary Sweat Intermediate, LLC (the sole member). Legendary Sweat Intermediate, LLC is wholly owned by Legacy Franchise Concepts, L.P. ("LFC"). Legendary Sweat, LLC owns the SweatHouz trademarks and other intellectual property used in the development and operation of SweatHouz businesses (the "Marks"). The Company entered into an Intellectual Property License Agreement (the "License Agreement"), dated May 31, 2022, with LFC. The License Agreement has a term of 99 years and grants the Company a license to use and sublicense the use of the Marks in connection with the SweatHouz system. The Company pays Legendary Sweat, LLC a license fee for each month a franchised studio is operating during the year. During the year ended December 31, 2023 and the period from March 3, 2022 (Inception) to December 31, 2022, license fees to LFC were $1,300 and $0, respectively.

LFC also performs certain corporate and administrative functions on behalf of the Company. Neither the expenses incurred by LFC to fulfill its responsibilities under the arrangement, nor any management fees to compensate LFC for those services provided, are allocated to the Company.

Basis of Accounting—The financial statements have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and apply judgments that affect the reported amounts. Actual results could differ from those estimates.

Cash—The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Equity—Legendary Sweat Intermediate, LLC made an initial capital contribution to the Company of $200,000 during the period from March 3, 2022 (Inception) to December 31, 2022.

Revenue Recognition—The Company enters into individual and multi-unit development agreements. Individual franchise agreements grant the exclusive right to open and operate a franchised SweatHouz studio. Multi-unit development agreements grant the right to acquire an agreed upon number of franchises and open, according to an agreed upon schedule, a corresponding number of SweatHouz studios, each under a separate franchise agreement, within a specifically described and agreed upon geographic territory.

Royalties from franchised studios are based on a percentage of gross sales of the studio and are recognized as earned. Initial franchise fees related to individual and multi-unit development agreements are recorded as deferred revenue when received and are recognized as revenue, net of the license cost to LFC, ratably over the contractual term of the franchise agreement once a franchised studio is opened. Renewal franchise fees are recognized as revenue over the contractual term of the franchise agreement, once the license agreement is signed and the fee is paid.

All revenues generated by the franchise arrangements are recorded by the Company and, when collected, are deposited into an account held in the name of the Company. Excess funds are transferred into an account held in the name of LFC. Such amounts are recorded and presented as a "Due from LFC" on the balance sheet.

As of December 31, 2023, two franchised studios were open.

Due from LFC – The Company has classified the Due from LFC from a receivable to an offset against total equity in the current year as the Company has determined that it will continue to distribute excess funds (i.e., what is not needed for operating expenses) from the Company to LFC and there is no longer an intent for LFC to repay the Company.

Brand Fund—We have established a Brand Fund to be used to promote the awareness of the SweatHouz brand (the "Brand Fund"). Franchised stores are generally required to contribute advertising dollars according to the terms of their respective contract that are used for, among other activities, advertising the brand on a national and local basis, as determined by the Company, the SweatHouz brand's franchisor. The Company's franchisees make their contributions to the Brand Fund which is administered by the Company.

The Company acts as a principal in the transactions entered into by the Brand Fund. Additionally, the advertising services provided to franchisees are highly interrelated with the franchise right and therefore not distinct. Franchisees remit to the Brand Fund a percentage of sales as consideration for providing the advertising services. Contributions to the Brand Fund are generally due within the week after which the revenue was generated through sales of the franchised location. Revenue related to those contributions is based on a percentage of sales and is recognized as earned.

Revenues and expenses related to these advertising collections and expenditures are reported on a gross basis in the statements of income. The assets related to the advertising fund are considered restricted and disclosed as such on the Company's balance sheets.

When advertising revenues exceed the related advertising expenses and there is no recovery of a previously recognized deficit of advertising revenues, advertising costs are accrued up to the amount of revenues.

The Company had total Brand Fund assets of $22,860 and $0 at December 31, 2023 and December 31, 2022, respectively, which consisted of contributions from franchisees in excess of advertising expenses pursuant to franchise agreements, the usage of which was restricted to advertising activities. The Company had total Brand Fund liabilities of $22,860 and $0 at December 31, 2023 and December 31, 2022, respectively, which consisted of contributions from franchisees in excess of advertising expenses pursuant to franchise agreements.

Income Taxes—The Company is a limited liability company and has elected, under Section 701 of the Internal Revenue Code, to have its income or loss taxed directly to the member. Accordingly, no income tax provision is required.

The Company assesses its uncertain tax positions for the likelihood that they would be overturned upon Internal Revenue Service (IRS) examination or upon examination by state taxing authorities. The Company has assessed its uncertain tax positions and determined that it does not have any positions as of December 31, 2023 and 2022.

Related-Party Transactions—The accompanying financial statements has been prepared from the separate records maintained by the Company and is not necessarily indicative of the conditions that would have existed if the Company had been operated as an unaffiliated company.

Subsequent Events—Management has evaluated subsequent events through April 19, 2024, which is the date the financial statements were available to be issued. No subsequent events were identified.

2. DEFERRED FRANCHISE FEE REVENUE

Upon opening of a franchised studio, the Company will begin generating revenues from royalties and fees from franchised studios. The rights and obligations governing franchised studios are set forth in the franchise agreement. The franchise agreement generally provides for a 10-year term and two 5-year renewal options subject to certain conditions. The franchise agreement requires that the franchisee pay a royalty based on a percentage of sales of the franchised studio.

The Company also enters into development agreements with certain franchisees. The development agreement provides the franchisee with the right to develop a specified number of new SweatHouz studios subject to the franchisee meeting development requirements outlined in the agreement.

The following tables provide information about contract liabilities (deferred franchise fees included in "deferred franchise fee revenue—current" and "deferred franchise fee revenue—noncurrent") from contracts with customers:

Balance at inception	$ -
Revenue recognized during the period	-
New deferrals due to cash received	980,000
Balance as of December 31, 2022	980,000
Revenue recognized during the period	(3,792)
New deferrals due to cash received	3,185,000
Balance as of December 31, 2023	$ 4,161,208

Estimated revenue expected to be recognized in the future related to performance obligations that are either unsatisfied or partially satisfied as of December 31, 2023 and 2022 is as follows:

Fiscal Year	**Total**
2024	$ 60,376
2025	185,209
2026	264,250
2027	312,959
2028	345,625
Thereafter	2,992,789
Balance as of December 31, 2023	$ 4,161,208

* * * * * *

EXHIBIT G-1

LIST OF FRANCHISEES

FRANCHISED OUTLETS OPERATIONAL
AS OF DECEMBER 31, 2023

Contact Person	Franchisee	Address	City	State	Zip	Telephone Number
Thomas Liepman	Sweat West Boca LLC*	2344 Bay Village Ct.	West Palm Beach	FL	33410	561-909-5903
Nico Varano	NV Sweat Franchise Somerville, LLC*	7 Freeman Street	Lynnfield	MA	01940	781-521-4450

FRANCHISEES WITH FRANCHISE AGREEMENTS SIGNED
BUT SWEATHOUZ BUSINESS NOT YET OPEN
AS OF DECEMBER 31, 2023

Contact Person	Franchisee	Address	City	State	Telephone Number
Ellianna Oleinik Yuriy Oleinik	TwentySix Holdings LLC*	1802 Clay Street	Newport	CA	951-818-6953 951-750-2409
Stephanie Stetson	SHZ Norcal 1, LLC*	37 Colma Blvd., Ste. 12	Colma	CA	720-878-3988 720-883-3891
Stephanie Stetson	Better Wellness Holdings LLC*	TBD	TBD	CA	720-878-3988 720-883-3891
Nicholas Corredor Andrew Youngmark	Hamilton-Amherst LLC*	2101 S. Broadway	Denver	CO	720-278-4105 814-571-5633
Stephanie Stetson	Better Wellness Holdings LLC*	TBD	TBD	CO	720-878-3988 720-883-3891
Justin Downing Doug Felton Lewis Balcomb	Traction Wellness Group, LLC*	TBD	TBD	FL	904-382-5551 904-626-4911 415-279-2956
Thomas Liepman*	Sweat Ft. Lauderdale LLC*	8220 Glades Rd	Boca Raton	FL	561-909-5903
Hunter Mitchem	6GSH Old Town LLC*	1435 N. Wells St.	Chicago	IL	316-882-5115
Brian Reeve	Triple R Holdings LLC*	TBD	TBD	IN	317-989-7707
Nico Varano	NV Sweat Franchise Burlington, LLC*	75 Middlesex Turnpike, Room 3100	Burlington	MA	781-521-4450
Nico Varano	NV Sweat Franchise Chestnut Hill, LLC*	33 Boylston St., Ste. 3350	Chestnut Hill	MA	781-521-4450

Nico Varano	NV Sweat Franchise Hingham, LLC	18 Shipyard Dr., Ste. 1-C.2	Hingham	MA	781-521-4450
Brenna Dorsey Kevin Dorsey	LMBK VA LLC*	TBD	TBD	MD	301-512-0459 301-310-6534
Kevin Hennings	Southpark Sweat LLC*	4810 Ashley Park Lane, Unit D	Charlotte	NC	704-230-6068
Benton Little	Til The Sweat Drop Down LLC*	721 Halifax St., Ste. B215	Raleigh	NC	706-340-7249
Rico Macaraeg Steven Schnelle	NJ Sweat 1 LLC*	450 South Ave.	Garwood	NJ	360-471-5425 781-258-6506
Justin Downing Doug Felton Lewis Balcomb	Traction Wellness Group, LLC*	TBD	TBD	NJ	904-382-5551 904-626-4911 415-279-2956
Ken Mellick	Recovery Wavez Austin Landing LLC*	3461 Rigby Rd	Miamisburg	OH	513-850-4432
Kurt Prosser	SBJ Wellness Group LLC*	71 W. Wilson Bridge Rd., Ste. 155	Worthington	OH	614-678-0386
Marc Kocher	Sweatore, Inc.*	210 Southwest Century Dr., Ste. 210	Bend	OR	408-966-8733
Greg Peluso	Broad Street SH UD LLC*	1099 Market St.	Dresher	PA	856-577-1779
Richard Eisemann	Edge Holdings LLC*	205 N. Denton Tap Rd., Ste. 150	Coppell	TX	469-219-7266
Cheston Syma Kaleigh Bryant	Chesskake LLC*	TBD	Dripping Springs	TX	281-703-1826
Angela Wolfe*	Super 7 Wellness LLC*	12455 Eldorado Pkwy, Suite 230	Frisco	TX	972-998-7369
Shiraz Ghauri	SKG Franchise Holdings, LLC*	6115 FM 359	Richmond	TX	832-278-7255
Molly Anjewierden	DLM Health and Wellness LLC*	TBD	TBD	UT	801-205-7570
Ricky Siewers Natalie Serrano	Contrast Studios Group, LLC*	6605 Manor Park Terrace	Glen Allen	VA	804-564-9922 617-959-4902

*Indicates franchisee is also party to a Multi-Unit Development Agreement.

EXHIBIT G-2

LIST OF FRANCHISEES WHO LEFT THE SYSTEM

FRANCHISEES WHO LEFT THE SYSTEM IN THE FISCAL YEAR ENDED DECEMBER 31, 2023

None.

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

EXHIBIT H

SAMPLE GENERAL RELEASE

LS FRANCHISOR LLC

GRANT OF FRANCHISOR CONSENT AND RELEASE

LS Franchisor LLC ("**we**," "**us**," or "**our**") and the undersigned [franchisee/developer] ("**you**" or "**your**"), currently are parties to a certain that certain [franchise agreement/multi-unit development agreement] dated _____, 20___ (the "**Agreement**"). You have asked us to take the following action or to agree to the following request: _____
_____
_____
_____
_____
_____. We have the right under the Agreement to obtain a general release from you and your owners as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, managers, directors, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our current and former officers, directors, owners, managers, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "Franchisor Parties") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "Claims") that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Franchisor Parties, including without limitation, (1) arising out of or related to the Franchisor Parties' obligations under the Agreement, or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the Franchisor Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

IF YOUR BUSINESS YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE

RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If your Business is located in Maryland or if you are a resident of Maryland, the following shall apply:

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

If the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 et seq, governs the parties' franchise relationship, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Minnesota Franchise Act.

If your Business is located in Washington or if you are a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date stated below.

LS FRANCHISOR LLC,
a Georgia limited liability company

By:_____

Name:_____

Title:_____

Dated:_____

FRANCHISEE:

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

By:_____

Name:_____

Title:_____

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY; AND/OR ALL FRANCHISEE OWNERS):

_____
Signature

_____
Print Name

_____
Signature

_____
Print Name

EXHIBIT I

CURRENT FORM OF LEASE ADDENDUM

LEASE ADDENDUM

This Lease Addendum (this "**Addendum**") modifies and forms an integral part of the lease between the Landlord and Tenant identified in the signature blocks below (the "**Lease**") and to which the Premises identified below are subject. Terms used but not defined in this Addendum have the meanings given them in the Lease. This Addendum will control if its provisions conflict with any provisions of the Lease.

1. Acknowledgement of Tenant as a Franchisee. Landlord acknowledges that Tenant intends to operate a SWTHZ™ studio in the Premises and that Tenant's rights to do so are derived from and governed by a franchise agreement (the "**Franchise Agreement**") by and between Tenant and LS Franchisor LLC, a Georgia limited liability company (the "**Franchisor**"). Landlord acknowledges that Tenant's operations at the Premises are independently owned and operated, that Tenant is not an agent, employee or partner of Franchisor, and that Tenant has no authority or power to act for or, in any way, bind Franchisor or any affiliate of Franchisor. Landlord further acknowledges that neither Franchisor nor its affiliates have any obligations under the Lease unless and until the Lease is assigned to them as described herein.

2. Consent to Collateral Assignment of Lease to Franchisor. Landlord acknowledges that, under the Franchise Agreement, Tenant grants Franchisor a security interest in all of Tenant's assets, including its rights under the Lease. In furtherance of the security interest, Landlord consents, without payment of a fee and without need for further Landlord consent, to Tenant's collateral assignment of the Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and to Franchisor's or its affiliate's succeeding to Tenant's interest in the Lease by mutual agreement of Franchisor and Tenant, or as a result of Franchisor's exercise of rights and remedies under such collateral assignment, provided that Franchisor will provide Landlord with prior written notice of the assignment and assumption. Landlord further agrees that all unexercised renewal or extension rights and other rights stated in the Lease to be personal to Tenant shall not be terminated in the event of any assignment referenced herein, but rather inure to the benefit of the applicable assignee.

3. Franchisor's Cure Rights Prior to exercising any remedies under the Lease (except in case of imminent danger to the Premises), Landlord shall give Franchisor written notice of Tenant's default of the Lease, and Franchisor may, at its option, cure such default within 15 days after the later of its receipt of Landlord's notice of default or the end of Tenant's cure period to do so. Landlord agrees to accept cure tendered by Franchisor as if it were tendered by Tenant. Franchisor's address for notices (unless subsequently changed on written notice) is:

LS Franchisor LLC
120 Interstate N Pkwy SE, Suite 444
Atlanta, Georgia 30339
Attention: CEO

4. Assignment Rights of Franchisor and Affiliates. Tenant shall have the right, with prior written notice to Landlord but without the need for its consent or payment of any fees, to assign all of its right, title and interest in the Lease to Franchisor, to an affiliate of Franchisor, or to another SWTHZ™ franchisee. If Franchisor or its affiliates accepts assignment of the Lease, it will have the same rights as Tenant to further assign the Lease to another SWTHZ franchisee. Each assignment will be effective upon the assignee's providing Landlord written notice of its acceptance of the assignment (the "**Assignment Notice**"). Landlord will recognize the assignee as the lessee of the Premises effective as of the date of the Assignment Notice. Furthermore, if Franchisor or its affiliate takes assignment of the Lease, it shall be entitled to retain any excess rent if it subsequently assigns the Lease to another SWTHZ franchisee. If Franchisor or its affiliate should lawfully assume the Lease, then, for as long as Franchisor or its affiliate is the tenant thereunder, none of the following shall constitute an assignment, transfer, or change of control requiring Landlord's consent under the Lease: (i) the transfer of equity interests among its or any direct or indirect parent's existing owners, to or among family members, or to trusts for the benefit of any of such parties, (ii) the transfer of equity interests in connection with a public offering or once an entity is a public company, or (iii) any change in the members of the board of managers, directors, management or organization of Tenant or any affiliate thereof.

5. Radius and Relocation Clauses Ineffective. Landlord acknowledges that, under the Franchise Agreement, the premises from which the franchisee is authorized to operate its SWTHZ studios and the lease to which such premises are subject must be approved by Franchisor. Franchisor's approvals of the Premises and the Lease in this instance are specific to the Premises and Lease. Further, Franchisor does not allow its franchisees to agree to limitations on Franchisor's ability to expand its system as it determines to be appropriate. Therefore, any provisions of the Lease that allow Landlord to require the relocation of Tenant's SWTHZ studio or that restrict where another SWTHZ studio may be located are deemed deleted and of no force or effect.

6. Franchisor's Right to Assume Management. Landlord acknowledges that, under the Franchise Agreement, Franchisor or its appointee has the right to assume the management and operation of Tenant's business, on Tenant's behalf, if Tenant abandons its operations, Tenant fails to timely cure its default of the Franchise Agreement, and while Franchisor evaluates its right to purchase the SWTHZ studio. Landlord agrees that Franchisor's or its appointee's temporary assumption of management of Tenant's SWTHZ studio as permitted under the Franchise Agreement shall not, in itself, constitute a breach or assumption of the Lease.

7. Fixtures and Signage. Any lien of Landlord in Tenant's trade fixtures, 'trade dress', signage and other property at the Premises is hereby subordinated to Franchisor's interest in such items as described in the Franchise Agreement. Landlord agrees that, upon the expiration or earlier termination of this Lease or the Franchise Agreement, Franchisor or its designee may, at Franchisor's costs, enter upon the Premises for the purpose of removing signs and other material bearing Franchisor's name or trademarks, service marks or other commercial symbols, provided such party repairs any damage caused by such removal and otherwise complies with Landlord's reasonable requirements with respect to such access.

8. Estoppel Certificate. Landlord shall, no more than once per year, within 30 days after written request by Franchisor, deliver to Franchisor a written certification, in a form reasonably satisfactory to Franchisor: (i) that the Lease is unmodified and in full force and effect (or, if modified, describing the nature of such modification); (ii) as to the dates to which the rent and other charges arising under the Lease have been paid; (iii) as to the amount of any prepaid rent, security deposit held, or any credit due to Tenant under the Lease, (iv) the commencement date of the Lease; (v) as to whether, to the best of its knowledge, information and belief of Landlord, Landlord or Tenant is then in default in performing any of its obligations under the Lease (and, if so, specifying the nature of such default); and (vi) as to any other fact or condition reasonably requested by Franchisor.

9. Copies of Reports. Landlord agrees to provide copies of all revenue and other information and data provided by Tenant related to the operation of Tenant's SWTHZ™ studio, as Franchisor may request, during the term of the Lease.

10. Third Party Beneficiary. Franchisor shall (and shall be deemed to) constitute a third-party beneficiary of the Lease (including, without limitation, this Addendum) and, as a result thereof, have all rights (but not the obligation) to enforce the same.

11. Amendments. Tenant agrees that the Lease may not be terminated, modified or amended without Franchisor's prior written consent, nor shall Landlord accept surrender of the Premises without Franchisor's prior written consent, which will not be unreasonably withheld. Franchisor will have 15 days after receipt of written notice describing any such proposed action to respond, failing which, Franchisor's consent will be deemed to have been withheld.

12. Miscellaneous. Those parts of the Lease that are not expressly modified by this Addendum remain in full force and effect. This Addendum may be executed in one or more counterparts, each of which shall cumulatively constitute an original. PDF/Faxed signatures of this Addendum shall constitute originals of the same.

[*Signatures Appear on Following Page*]

IN WITNESS WHEREOF, the undersigned parties have executed this Addendum, effective as of the date first above written.

LANDLORD:

[NAME]
[a / an] [STATE] [ENTITY TYPE]

By:_____
Name: _____
Title: _____

TENANT:

[NAME]
[a / an] [STATE] [ENTITY TYPE]

By:_____
Name: _____

Premises: _____

ACKNOWLEDGED AND ACCEPTED:

LS Franchisor, LLC

By: _____
Name: _____
Title: _____
Date: _____

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise 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
California	Pending
Hawaii	_____
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	April 19, 2024
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	April 19, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J

RECEIPTS

RECEIPT
(OUR COPY)

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 LS Franchisor LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under New York law, we must provide this Disclosure Document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. 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 LS Franchisor LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is LS Franchisor LLC, located at 120 Interstate N. Pkwy SE, Suite 444, Atlanta, Georgia 30339. Its telephone number is (678) 228-4435.

Issuance Date: April 19, 2024

The franchise seller for this offering is:

❑ Tracey Walsh LS Franchisor LLC 120 Interstate N. Pkwy SE Suite 444 Atlanta, Georgia 30339 (678) 228-4435	❑ James E. Weeks, III LS Franchisor LLC 120 Interstate N. Pkwy SE Suite 444 Atlanta, Georgia 30339 (678) 228-4435	❑ Name of Franchise Seller: _____ Principal Business Address: _____ _____

LS Franchisor LLC, authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a Disclosure Document dated April 19, 2024, that included the following Exhibits:

Exhibit A	List of State Agencies / Agents for Service of Process	Exhibit F	Financial Statements
Exhibit B	Franchise Agreement	Exhibit G	List of Franchisees and Former Franchisees
Exhibit C	Multi-Unit Development Agreement	Exhibit H	Sample General Release
Exhibit D	Table of Contents to Operations Manual	Exhibit I	Current Form of Lease Addendum
Exhibit E	State Addenda and Agreement Riders	Exhibit J	Receipts

PROSPECTIVE FRANCHISEE:

If a business entity:

_____
Name of Business Entity

By: _____

Its: _____

Print Name: _____

Dated: _____
(Do not leave blank)

If an individual:

_____

Print Name: _____

Dated: _____
(Do not leave blank)

Please sign this copy of the receipt, print the date on which you received this Disclosure Document, and return it to LS Franchisor LLC, 120 Interstate N. Pkwy SE, Suite 444, Atlanta, Georgia 30339

RECEIPT
(YOUR COPY)

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 LS Franchisor LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under New York law, we must provide this Disclosure Document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. 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 LS Franchisor LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

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LS Franchisor LLC, authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a Disclosure Document dated April 19, 2024, that included the following Exhibits:

Exhibit A	List of State Agencies / Agents for Service of Process	Exhibit F	Financial Statements
Exhibit B	Franchise Agreement	Exhibit G	List of Franchisees and Former Franchisees
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Exhibit D	Table of Contents to Operations Manual	Exhibit I	Current Form of Lease Addendum
Exhibit E	State Addenda and Agreement Riders	Exhibit J	Receipts

PROSPECTIVE FRANCHISEE:

If a business entity:

_____
Name of Business Entity

By: _____

Its: _____

Print Name: _____

Dated: _____
(Do not leave blank)

If an individual:

_____

Print Name: _____

Dated: _____
(Do not leave blank)

KEEP THIS COPY FOR YOUR RECORDS