

FRANCHISE DISCLOSURE DOCUMENT



SNAP FITNESS, INC.

a Minnesota corporation
2411 Galpin Court, Suite 110
Chanhassen, MN 55317
(952) 474-5422

franchisesales@snapfitness.com

<http://www.snapfitness.com/fitness-franchise-opportunities>

The franchise offered is a SNAP FITNESS® Club ("Club"), which offers 24/7 gym access to members as well as group fitness and personal training, using advanced fitness technologies and high quality fitness equipment.

The total investment necessary to begin operation of a single Club ranges from \$144,798 to \$478,762. This includes \$72,887 to \$105,556 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact your Franchise Development Director at Snap Fitness, Inc., 2411 Galpin Court, Suite 110, Chanhassen, Minnesota 55317, (952) 474-5422 or at franchisesales@snapfitness.com.

The terms of your contract will govern your franchise relationship. Don't rely upon the disclosure document alone to understand your contract. Read your entire 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: July 27, 2020.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's 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 B 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 SNAP FITNESS 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 SNAP FITNESS franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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.

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

- (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.

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 the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913, telephone (517) 373-7117.

THIS MICHIGAN NOTICE ONLY APPLIES TO FRANCHISEES 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 disclosure document, “we” or “us” means Snap Fitness, Inc., the franchisor. “You” means the person or entity that buys the franchise. If the franchisee is a corporation, partnership or other entity, “you” includes the franchisee’s owners unless otherwise stated.

The Franchisor, its Parent and Affiliates

We are a Minnesota corporation incorporated on October 9, 2003. We initially were formed under the name AFC24 Hour Fitness, Inc., and changed our name to Snap Fitness, Inc. We currently do business only under our corporate name and under the trade name SNAP FITNESS®. Our principal place of business is 2411 Galpin Court, Suite 110, Chanhassen, MN 55317. Our agents for service of process are disclosed in Exhibit A to this Disclosure Document. We have been offering franchises described in this Disclosure Document since March 2004. We have never offered franchises in any other line of business.

We have no predecessor. We are a wholly owned subsidiary of Lift Brands, Inc. (“Lift Brands”), a Delaware corporation, which is our direct parent company. The name and principal business address of each of the companies that directly or indirectly control us and our parent company are as follows:

Name of Company	Principal Business Address	Ownership or Control of Company
TZP Capital Partners II, L.P. and TZP Capital Partners II-A (Blocker), L.P.	c/o 7 Times Square, Suite 4307 New York, NY 10036	Our “Ultimate Parent”
Snap Investments, LLC	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Owned by TZP Capital Partners II, L.P. and TZP Capital Partners II-A (Blocker), L.P. and minority co-investors
Snap Fitness Holdings, Inc.	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Majority-owned by Snap Investments, LLC
Lift Brands, Inc.	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Wholly owned by Snap Fitness Holdings, Inc.

Our wholly owned subsidiary, Snap Security Systems, Inc. (formerly known as Superior Security Systems, Inc.) (“Snap Security”), a Minnesota corporation, provides security equipment, installation support, and other services for SNAP FITNESS clubs. SAP Insurance Inc. (“SAP Insurance”), a North Carolina corporation and licensed insurance company facilitates the SAPP insurance program (see Item 8 for additional information about insurance). Our wholly-owned subsidiary GoFit, LLC (“GoFit”), a Nevada limited liability company, licenses club management software to franchisees. Our wholly-owned subsidiary, Wholesale Fitness Supply, LLC (formerly known as Snap Fitness Wholesale, LLC) (“Wholesale Fitness Supply”), a Minnesota limited liability company, may provide services or sell products to franchisees, including fulfillment items (access cards etc.), Fitness On Demand and Myzone products.

Snap Security, SAP Insurance, Wholesale Fitness Supply and GoFit each maintain their principal business address at 2411 Galpin Court, Suite 110, Chanhassen, MN 55317. Snap Security, SAP Insurance, Wholesale Fitness Supply and GoFit have never: (i) operated a business similar to the one offered under this Disclosure Document; or (ii) offered franchises in any line of business.

We have wholly-owned foreign subsidiaries that grant franchises and provide franchise support to SNAP FITNESS franchisees outside the United States. As of the date of this Disclosure Document, these are:

- *Lift Brands of Canada Inc. (formerly known as Snap Fitness of Canada Inc.)* (“Snap Canada”), a Canadian corporation. Snap Canada has offered SNAP FITNESS franchises in Canada since April

2008. Snap Canada's address is Suite 2300, Bentall 5, 550 Burrard Street, Box 30, Vancouver, BC V6C 2B5, Canada.

- *Snap Fitness (India) Private Limited* ("Snap India"), an Indian private limited company. Snap India offered SNAP FITNESS franchises in India from January 2009 to March 2012 when we appointed a master franchisee in India. Snap India's address is ONE BKC, Unit 706, 7th Floor, B & C Wing, Bandra Kurla Complex (BKC), Bandra(E) Mumbai 400051, India.
- *Snap Fitness Mexico S. de R.L. de C.V.* ("Snap Mexico"), a Mexico limited liability entity. From January 2009 to August 2011, we offered SNAP FITNESS franchises directly in Mexico and from September 2011 to November 2012 Snap Mexico offered SNAP FITNESS franchises in Mexico. In December 2012, we appointed a master franchisee for Mexico. Snap Mexico's address is at Iglesia 2 Torre E 1204 Tizapan San Angel, 01090, Federal District, Mexico.
- *Lift Brands (Australia) Pty Ltd (formerly known as Snap Fitness (Australia) Pty Ltd)* ("Snap Australia"), an Australian proprietary limited company. From June 2009 to April 2010, we directly offered SNAP FITNESS franchises in Australia and since April 2010 Snap Australia has offered SNAP FITNESS franchises in Australia. Snap Australia's address is 315 Ferntree Gully Road, Mount Waverley, VIC 3149, Australia.
- *Lift Brands New Zealand Limited (formerly known as Snap Fitness New Zealand Limited)* ("Snap New Zealand"), a New Zealand limited company. Snap New Zealand has offered SNAP FITNESS franchises in New Zealand since November 2009. Snap New Zealand's address is Ground Floor, Princes Court, 2 Princes Street, Auckland 1010, New Zealand.
- *Lift Brands UK Limited (formerly known as Snap Fitness UK Limited)* ("Snap UK"), a UK limited company. Snap UK has offered SNAP FITNESS franchises in the UK since October 2009 and SNAP FITNESS franchises in Ireland since August 2016. Snap UK's address is Franchise House, 3A Tournament Court, Tournament Fields, Warwick, Warwickshire CV34 6LG, United Kingdom.
- *Lift Brands Development Spain, S.L. (formerly known as HITAM Investments, S.L.)* ("Snap Spain") a Spanish company. Snap Spain has offered SNAP FITNESS franchises in Spain since November 2018. Snap Spain's address is Calle Nicaragua 27-29, bajos 1a, 08029 Barcelona (Barcelona) Spain.

None of Snap Canada, Snap India, Snap Mexico, Snap Australia, Snap New Zealand, Snap UK or Snap Spain has ever operated a business of the type described in this Disclosure Document. While we do not directly operate a business of the type described in this Disclosure Document, we have several subsidiaries that do operate SNAP FITNESS clubs in the United States and internationally (see Item 20 for the U.S. locations).

From June 2014 to December 2018, our affiliate YogaFit Franchising, LLC ("YogaFit Franchising") offered YOGAFIT® studio franchises in the United States, which are yoga studios featuring a selection of both live classes and virtual on-demand classes. As of December 31, 2018, there were nine YOGAFIT Studio locations in the United States. As of the date of this Disclosure Document, YogaFit Franchising is not offering or selling YOGAFIT Studio franchises.

From March 2018 to November 2019, our affiliate Insurgence Franchising AU Pty Ltd ("Insurgence AU"), an Australian proprietary limited company offered INSURGENCE® franchises in Australia under the "Insurgence Fitness" brand. As of the date of this Disclosure Document, Insurgence is not offering or selling INSURGENCE franchises.

From January 2012 to June 2014, we were affiliated with Kosama Franchising, LLC, the franchisor of KOSAMA® fitness clubs in the United States. In a transaction that closed on July 1, 2014, Kosama Franchising, LLC, was acquired by a third party, and we are no longer affiliated with this franchisor. Our affiliate, Kosama Holdings, LLC ("Kosama Holdings"), however, continues to hold worldwide rights to the KOSAMA family of trademarks.

Our affiliate, HealthFran, has the right to franchise 9ROUND® kickboxing gyms in Australia, New Zealand, Mexico and Europe. Our foreign subsidiaries noted above may also offer franchises for the 9ROUND brand.

YogaFit Franchising, HealthFran and Kosama Holdings share our principal business address at 2411 Galpin Court, Suite 110, Chanhassen, MN 55317. None of YogaFit Franchising, HealthFran or Kosama Holdings have ever offered franchises in any other line of business.

The Franchise Offered

We have developed a proprietary business format and system (“System”), offering 24-hour personal keycard access (except as restricted by law), as well as group fitness and personal training to our members, using advanced fitness technologies and high quality fitness equipment; automated member billing and collection procedures and services; and use of our proprietary and confidential information. Our System includes a distinct interior layout, design, décor, color scheme, graphics, fixtures and furnishings, operating and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques and procedures that we designate (collectively, the “Standards”). Clubs operating under the System are identified by the trade name and service mark “SNAP FITNESS” and other trademarks, service marks and trade identifiers that we designate (the “Marks”).

We grant qualified candidates the right to operate a SNAP FITNESS Club according to a Franchise Agreement (see Exhibit C) and our Standards which will be communicated to you via our confidential operations manuals and guides (collectively, the “Manual”).

Area Developer Program

We also offer to qualified candidates the right to develop multiple SNAP FITNESS Clubs in accordance with an agreed upon development schedule (the “Development Schedule”) within a protected area (the “Development Area”) under the terms of an area development agreement (the “Area Development Agreement”) (see Exhibit C-2). If you sign an Area Development Agreement, you will sign a separate Franchise Agreement for each Club developed under your Area Development Agreement.

The Market and Competition

The market for fitness and workout clubs is well developed and very competitive. You will compete with other fitness clubs offering similar services, including national franchise systems and other regional or local chains. You also will compete to a certain extent with public recreation centers and not-for-profit community organizations, such as the YMCA. Before selecting a site for your Club, you should survey the area for existing competitors and, in new or undeveloped areas, be aware that a competitor may enter the market at any time.

Typically, services are sold to individuals and are not seasonal, although you may experience peak months and membership fluctuations. For example, January is typically a busier month for health clubs.

Industry Specific Laws and Regulations

You must operate your Club in full compliance with all applicable federal, state and local laws, rules and ordinances. In addition to laws and regulations that apply to businesses generally, your Club will be subject to various federal, state and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act. Further, you are solely responsible for complying with all employment, wage and hour laws, discrimination, sexual harassment, worker’s compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes.

The physical fitness industry, particularly providing services through for-profit clubs, is subject to extensive regulation at the local, state and federal levels. Many states have enacted specific laws (1) regulating membership contract length and terms, advertising and limitations on pre-opening sales, and (2) requiring bonding, buyer’s remorse cancellation rights for limited periods (usually three to ten days after sale), and

cancellation and partial refund rights for medical or relocation reasons. At the federal level, health clubs who sell memberships on credit may be subject to the federal Truth-In-Lending Act and Regulation Z and various other credit-related statutes like the Equal Credit Act and Fair Debt Collection Practices Act.

Some states have laws that require and regulate the content of service contracts and/or that require the presence of at least one person trained in administering CPR and/or to use an external defibrillator. Many states also require that certain types of fitness centers be equipped with working defibrillators. Additionally, if you play music in your Club or offer Fitness On Demand programming inside your Club you may be required to obtain a Public Performance License or other music permits and licenses.

You may also choose to offer tanning and some states and municipalities also have laws or regulations specific to tanning services. The state tanning laws include regulations requiring trained operators present during tanning, specific operating procedures and recordkeeping, registration and other requirements. In addition, under the Health Care Reform Bill, effective July 1, 2010, you are required to collect sales tax on tanning services and remit those taxes to the Internal Revenue Service.

The COVID-19 Pandemic public health emergency (the “Event”) has affected our Clubs significantly. Our Clubs are located in cities with orders for our Clubs to be closed for a portion of the Event. Because of the COVID-19 Event risk and the unknown impacts on business and consumer behavior, we do not represent or warrant to you in any way that your Franchised Business will be able to open or will be able to stay open after commencing business, or will not suffer any material impairment in its ability to operate.

As of the Effective Date of the FDD, the Event is continuing with no certainty as to the date its immediate impact on the Club will cease. There are Federal, State and local elements to the regulations arising from the Event that apply to each club. Each franchisee must comply with the regulations applicable to the Club. Local or state regulations may require more distance between members, which will reduce the on-premise capacity available in each Franchised Outlet. Less capacity may reduce the number of members and the revenue of the Club. Changes to state and local regulations may adversely affect the operating costs associated with staffing, cleaning and maintaining the Club.

It is solely your responsibility to comply with all applicable laws and regulations and to obtain and keep in force all necessary licenses and permits required by public authorities. Before purchasing the franchise we strongly urge you to hire an attorney to review local, state and federal laws that may affect your operations or impact your operating costs.

ITEM 2 **BUSINESS EXPERIENCE**

Ty Menzies – Chief Executive Officer

Ty Menzies joined Lift Brands in June 2020 and serves as our Chief Executive Officer. From April 2018 to May 2020, Ty served as the Chief Executive Officer of our subsidiary Lift Brands (Australia) Pty Ltd. From January 2017 to April 2018, Ty served as the Chief Executive Officer for the Snap Fitness Australia area developer and from January 2016 to December 2016, Ty was the National Sales Manager for the Snap Fitness Australia area developer. Ty has been an owner and operator of health clubs for over 15 years and has over 17 years of franchising experience.

Alison McElroy – Chief Global Development Officer & Chief Legal Officer

Alison McElroy joined Snap Fitness in June 2009 as our General Counsel and currently serves as our Chief Global Development Officer & Chief Legal Officer for Lift Brands and its subsidiaries. Since January 2019, Ali has served on the Board of Managers of 9Round Franchising, LLC, a franchise company in which we own a minority interest located in Greenville, South Carolina since February 2013. Ali has over 15 years of experience in the legal field.

Robert Mendel – Chief Technology Officer

Robert Mendel joined Lift Brands in July 2018 and serves as CTO for Lift Brands and its subsidiaries. From October 2017 to June 2018, Rob served as COO Advisor/Integrator with RTX Solutions, located in Roseville, Minnesota. From June 2013 to December 2017, Rob served as Partner and COO with Avista, located in St. Paul, Minnesota. Rob has over 20 years of experience in information technology development and management.

Caleb Johnson – Vice President of Operations Services

Caleb Johnson joined Snap Fitness in January 2006 and currently serves as Vice President of Operations Services for Lift Brands and its subsidiaries. Caleb has served in various roles within the company since 2006. Caleb has over 15 years of experience in the fitness industry.

Brian Tietz – Vice President of Brand Performance

Brian Tietz joined Lift Brands in April 2019 and currently serves as Vice President of Brand Performance. From March 1997 to March 2019, Brian served in numerous leadership roles with Life Time Fitness, most recently as Regional Manager, located in Chanhassen, Minnesota. Brian has over 20 years of fitness experience and organizational leadership.

Caitlin Tvrdik – Global Vice President of Marketing

Caitlin Tvrdik joined Lift Brands in January 2018 as our Director of Marketing and currently serves as Global Vice President of Marketing for Lift Brands and its subsidiaries. From September 2013 to December 2017, she served as Partner and Chief Marketing Officer with Rocket55, located in Minneapolis, Minnesota. Caitlin has over seven years of marketing experience.

Cory Lyons – Director of Franchise Sales and Development

Cory Lyons joined Snap Fitness in December 2008 and currently serves as Director of Franchise Sales and Development for Lift Brands. Cory has served in various roles within the company since 2008 and has over five years of experience in franchise sales.

Peter Taunton – Founder / Chairman of the Board

Peter Taunton founded the SNAP FITNESS concept and served as our President/CEO since our inception in October 2003 through December 2018. Peter has served as our Director since October 2003 and currently serves as non-executive Chairman of the Board for Lift Brands, Inc.. Peter also served as Chief Executive Officer of our affiliate, YogaFit Franchising, LLC from August 2013 through December 2018. Peter served on the Board of Managers of 9Round Franchising, LLC, a franchise company in which we own a minority interest located in Greenville, South Carolina from February 2013 through December 2018, and the board of directors of Farrell's Extreme BodyShaping, Inc., located in Des Moines, Iowa from January 2016 through December 2018. Peter served as Chief Executive Officer of Kosama Franchising, LLC, from November 2011 through July 2014. Peter has been an owner and operator of health clubs for over 30 years.

Daniel H. Galpern – Director

Daniel Galpern has served as our Director since December 2013. From August 2008 to December 2010, Mr. Galpern was a Senior Principal, and since January 2011 he has been a Partner of TZP Group, LLC, a private equity firm based in New York City, New York. Mr. Galpern also has served as a member of the Board of Directors of Children's Rights, Inc. with headquarters in New York City, New York since 2002, as a Director of Water Cooler Group, with headquarters in Norwalk, Connecticut, since 2011, as a Director of Assos of Switzerland, SA, with headquarters in Stabio, Switzerland, since 2015, as a Director of This Old House, LLC, with headquarters in Stamford, Connecticut, since 2016, as a Director of Hylan Datacom, LLC, with headquarters in Holmdel, New Jersey, since 2016 and as Chairman of the Board of Christy Sports, LLC since November 2019.

Samuel L. Katz – Director

Sam Katz has served as our Director since December 2013. Since March 2007, Mr. Katz has served as Managing Partner of TZP Group, LLC, a private equity firm based in New York City, New York. Mr. Katz also is a Director of PennantPark Investment Corporation and PennantPark Floating Rate Capital, Ltd., as well as Founder and President of YRF Darca. Mr. Katz also serves as a member of the board of Directors of Water Cooler Group, with headquarters in Norwalk, Connecticut, since 2011, BQ Resorts, LLC, with headquarters in Las Vegas, Nevada since 2013, BigName Commerce with headquarters in Melville, New York since 2015, Family Entertainment Group, LLC with headquarters in Poconos, Pennsylvania since 2015, HomeRiver Group, with headquarters in New York City, New York since 2016, Pyramid Hotel Group, with headquarters in Boston, Massachusetts since 2016, Hylan Datacom & Electrical, with headquarters in New York City, New York since 2016, Triangle Home Fashions Holdings, LLC, with headquarters in New York City, New York since 2018, Whitestone Home Furnishings, LLC (d/b/a The Saatva Company) with headquarters in New York City, New York since 2018 and Dwellworks Investors, LLC, with headquarters in Cleveland, Ohio since 2018.

Kenneth Esterow – Director

Kenneth Esterow has served as our Director since March 2018. Since February 2018, Mr. Esterow has served as a Partner of TZP Group, LLC, a private equity firm based in New York City, New York. Since March 2018, Mr. Esterow has served as a Director of Pyramid Hotel Group with headquarters in Boston, Massachusetts and as a Director of Cloud 5 Communications, Inc. with headquarters in Springfield, Massachusetts. Prior to joining TZP Group, Mr. Esterow served as President and Chief Executive Officer of Bankrate, Inc. a leading online consumer finance provider from January 2014 to November 2017, and as Chief Operating Officer from September 2013 to December 2013 in New York City, New York.

ITEM 3 LITIGATION

Pending Actions

SF Franchisee Association v. Snap Fitness, Inc., Case No.: 27-CV-19-20694, Minnesota State Court, Hennepin County. On December 16, 2019, the SF Franchisee Association (the “Association”), which is a group of 180 SNAP FITNESS franchisees (the “Members”), filed an action against us alleging that we breached our obligations under the franchise agreement by requiring the Members to use club management software that allegedly failed to meet industry standards, was inadequate in fending off ransomware attacks and failed to properly limit damage caused by a ransomware attack. In the complaint, the Association seeks a declaratory judgement that: *(i)* we breached our obligations under the franchise agreement and the implied covenant of good faith and fair dealing by, among other things, requiring franchisees to purchase and use club management software that allegedly failed to include industry standard protections against ransomware attacks and/or failed to include adequate and timely response mechanisms to mitigate the damage caused by such a ransomware attack, *(ii)* these alleged material breaches of the franchise agreements and the implied covenant of good faith and fair dealing are incurable, and *(iii)* as a result of the incurable breaches the Members can terminate their franchise agreements. On January 27, 2020, we filed a Motion to Dismiss the complaint. On March 2, 2020, the Association filed an Amended Complaint. We deny any liability or wrongdoing as it relates to this matter and assert that the Members do not have the legal right to terminate the franchise agreements. We will vigorously defend this action.

Snap Fitness vs. John Mullins, JDM Advisors, Inc., and JDM Fitness, Inc., United States District Court, Case No. 0:20-cv-00522, District of Minnesota. On February 14, 2020 we filed a complaint against former franchisee, John Mullins, JDM Advisors, Inc., and JDM Fitness, Inc. (collectively “Mullins”) seeking declaratory and injunctive relief to restrain Mullins from using Snap Fitness’ valuable trademarks and confidential information, diverting Snap Fitness’ club members to a competing business and engaging in a competing business at the precise locations of their former Snap Fitness clubs. On March 19, 2020 we filed

an amended complaint seeking declaratory relief to address Mullins' efforts to assist a Snap Fitness competitor, in violation of the non-compete, confidentiality and trademark related obligations that Mullins undertook in franchise agreements with Snap Fitness. On April 2, 2020 Mullins filed an answer to the amended complaint and counterclaims alleging that we breached our obligations under the franchise agreement by requiring Mullins to use club management software that allegedly failed to meet industry standards, was inadequate in fending off ransomware attacks and failed to properly limit damage caused by a ransomware attack. In the complaint, Mullins seeks a declaratory judgement that: (i) we breached our obligations under the franchise agreement and the implied covenant of good faith and fair dealing by, among other things, requiring franchisees to purchase and use club management software that allegedly failed to include industry standard protections against ransomware attacks and/or failed to include adequate and timely response mechanisms to mitigate the damage caused by such a ransomware attack, (ii) these alleged material breaches of the franchise agreements and the implied covenant of good faith and fair dealing are incurable, and (iii) as a result of the incurable breaches Mullins can terminate their franchise agreements. Snap Fitness filed a Second Amended Complaint on May 28, 2020 to include Mullins' violations of the liquidated damages obligations in their franchise agreements with Snap Fitness. On June 11, 2020, Mullins filed an Answer and Second Amended Complaint and Counterclaim. On June 25, 2020, Snap Fitness filed an answer to Defendants' Second Amended Counterclaim. We deny any liability or wrongdoing as it relates to this matter and will vigorously defend this action.

Snap Fitness, Inc. v. Wellness Plus, LLC; Eric Robicheaux; Erryca Robicheaux; and Gail Robicheaux American Arbitration Association, Case No. 012000021235. On March 6, 2020 we filed a demand for arbitration against current franchisee, Wellness Plus, LLC; Eric Robicheaux; Erryca Robicheaux; and Gail Robicheaux ("Robicheaux") alleging breach of the franchise agreement as a result of Robicheaux's abandonment of the franchise. On March 26, 2020 Robicheaux filed an answer and counterclaims alleging that Snap Fitness breached the implied covenant of good faith and fair dealing and various franchise agreement provisions by requiring that Robicheaux use software that was inadequate to protect against the ransomware attack in November 2018. They also allege an unspecified amount of damages. On March 30, 2020 Robicheaux filed an amended complaint to clarify that Robicheaux is not seeking non-monetary relief. On April 28, 2020 Snap Fitness filed a response to Robicheaux's counterclaims. We deny any liability or wrongdoing as it relates to this matter and will vigorously defend this action. A prehearing conference was held on June 4, 2020 and the Arbitration hearing is tentatively scheduled for May 25-28, 2021.

Robert Miller v. Snap Fitness Inc. & Peter Taunton, Case No.: 2019-CV-0584, Ohio State Court, Ashtabula County. On October 25, 2019, Robert Miller ("Miller"), a Snap Fitness franchisee located in Clinton, Ohio, filed an action against us and Mr. Taunton alleging claims of breach contract and unjust enrichment in connection with the opening and operation of several Snap Fitness locations. Miller seeks (i) an award of unspecified monetary damages in excess of \$100,000 for breach of contract and unjust enrichment; (ii) transfer in ownership in any remaining locations which exist; and (iii) any other available relief. On April 17, 2020, we filed an Answer, denying all of Plaintiff's material allegations and asserting various affirmative defenses. We deny any liability or wrongdoing as it relates to this matter and assert that Miller does not have a valid contract under statutes of frauds and even if a valid contract exists the statute of limitations has run and Miller does not have a valid claim. We will vigorously defend this action.

Concluded Actions

Thomas Dwyer v. Snap Fitness, Inc., United States District Court, Southern District of Ohio, Case No. 1:17-cv-00455-MRB, originally filed May 25, 2017 in the Court of Common Pleas, Hamilton County, Ohio, Case No. 17-455. On May 25, 2017, Thomas Dwyer ("Dwyer"), a member of a franchisee-owned SNAP FITNESS Club located in Cincinnati, Ohio, filed a class action complaint against us citing four causes of action relating to a Club Enhancement Fee ("CEF") charged by Dwyer's franchised SNAP FITNESS Club (the "State Action"). In his complaint, Dwyer alleges breach of contract, unjust enrichment, violation of the Ohio Consumer Sales Practices Act, and violation of the Ohio Prepaid Entertainment Contract Act. Dwyer's breach of contract and unjust enrichment claims are brought on behalf of a putative nationwide

class of members who paid a CEF, and Dwyer's violation of the Ohio Consumer Sales Practice Act and Ohio Prepaid Entertainment Contract Act claims are brought on behalf of a putative Ohio sub-class relating to any Ohio member who paid a CEF. Dwyer is seeking national and state class certification and monetary damages in an unspecified amount. On June 30, 2017 we filed a motion to remove the State Action to the United States District Court, Southern District of Ohio. On June 30, 2017, our motion to remove the State Action to federal court was granted. We filed an Answer denying all claims and intend to vigorously defend this action. On February 1, 2019, Dwyer and Snap Fitness entered into a Settlement Agreement, under which Snap Fitness agreed to pay \$2.9 million to a settlement fund for distribution to Dwyer and all Ohio State and nationwide class members. As part of the Settlement Agreement, Snap Fitness will pay up to \$350,000 in attorney's fees and is responsible for all costs associated with the class administration of the settlement fund. On March 1, 2019, Dwyer filed a Motion for Preliminary Approval of the Settlement Agreement. The court granted Dwyer's Motion for Preliminary Approval of the Settlement Agreement on March 20, 2019. A Fairness Hearing to confirm the Settlement Agreement was held on September 9, 2019. On September 19, 2019, the Court issued a final order confirming the Settlement Agreement.

Meredith Tuntland v. Snap Fitness, Inc., American Arbitration Association, Case No. 65 114 Y 00088 10, Minneapolis, MN. On February 9, 2010, Meredith Tuntland, a franchisee, filed a demand for arbitration ("Demand") against us seeking damages of \$514,244 and other unspecified relief. In the Demand, Ms. Tuntland alleged claims for fraudulent misrepresentation, breach of contract, interference with contractual and prospective contractual relations, fraud, and violation of the Minnesota Franchises Act, all in connection with a dispute over the designated area of a franchise she purchased from previous owners. On January 4, 2011, an arbitrator issued a final award to Ms. Tuntland for breach of contract and awarded a total of \$305,453.63 in damages, fees and expenses.

Snap Fitness, Inc. v. Sharon Lockhart and Fitness Design Enterprises, LLC, Case No. 4:16-CV-00005-CLC-CHS (E.D. Tenn.). On January 18, 2016, we filed a Complaint against Sharon Lockhart and Fitness Design Enterprises, LLC, a former SNAP FITNESS franchisee (collectively, "Lockhart") alleging trademark infringement, false designation of origin, and breach of contract; seeking injunctive relief and monetary damages (the "Underlying Action"). On January 28, 2016, we filed a Motion for Preliminary Injunction. On February 11, 2016, the court granted the parties' Stipulated Order for Preliminary Injunction under which Lockhart agreed to comply with the confidentiality, post-term noncompete and de-identification obligations outlined in the franchise agreement pending a final resolution of the dispute. On March 8, 2016, Lockhart filed a Joint Answer to our Complaint. On March 8, 2017, the parties entered into a Full Settlement Agreement pursuant to which Lockhart agreed to: (i) assign the lease for its existing Snap Fitness Club to Snap Fitness; (ii) deliver certain assets to Snap Fitness; (iii) transfer all member and billing information associated with member contracts to Snap Fitness; and (iv) comply with the post-term non-solicitation and post-term noncompete obligations outlined in the franchise agreement. Under the Full Settlement Agreement Snap Fitness was required to pay Lockhart \$30,000 and assume all obligations under the lease.

On July 13, 2017 Lockhart filed a Demand for Arbitration seeking enforcement of the Full Settlement Agreement. Sharon Lockhart and Fitness Design Enterprises, LLC v. Snap Fitness, Inc., American Arbitration Association, Case No. 01-17-0004-0985. An arbitration hearing was conducted December 5-6, 2017. On December 22, 2017, an Interim Award of the Arbitrator was issued, and on January 22, 2018, an Award of the Arbitrator was issued (collectively, the "Arbitration Award"). Under the Arbitration Award, we were required to pay Lockhart \$53,414.66, and the Arbitration Award reaffirmed Lockhart's obligation to comply with the post-term noncompete and non-solicitation obligations.

Snap Fitness, Inc. v. Scott Estes, American Arbitration Association, Case No. 01-18-0001-3017, Minneapolis, MN. On March 21, 2018, we filed a demand for arbitration against a former franchisee, Scott Estes ("Estes"), alleging breach of the franchise agreement as a result of Estes' abandonment of the franchise and failure to pay fees owed under the franchise agreement. On June 22, 2018, Estes filed an answer and counterclaim alleging that we violated federal and/or state franchise laws and breached our

obligations under the franchise agreement. On October 29, 2018, an arbitrator issued a final award in our favor in the amount of \$99,497.89 and dismissed the counterclaim brought by Estes (the “Award”). On February 22, 2019, an Order confirming the Award was entered in our favor.

Litigation Against Franchisees in the Last Fiscal Year

During fiscal year 2019, Snap Fitness did not initiate any lawsuits against franchisees.

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

ITEM 4 **BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

ITEM 5 **INITIAL FEES**

Initial Franchise Fee

You will pay us an initial franchise fee when you sign a Franchise Agreement. If you are acquiring franchise rights for a single Club, the initial franchise fee is \$29,500.

If you are an existing franchisee acquiring your second or subsequent Club, you are eligible for a reduced initial franchise fee of \$24,500.

The initial franchise fee is payable in full when the Franchise Agreement is signed, and is considered fully earned and non-refundable upon payment. Except for the differences described in this Item, the initial franchise fee is uniform for all new franchisees. Our standard initial franchise fee was different in the past, and some of our existing franchisees have the right to develop additional Clubs under existing agreements and on different terms. In addition, we have discounted the initial franchise fee in the past, and may discount it in the future in situations we deem appropriate.

We currently participate in the IFA’s VetFran program and offer a \$5,000 discount off the initial franchise fee for qualified veterans. If you qualify for this program, the initial franchise fee for one Club is \$24,500.

Area Development Fee

If you sign an Area Development Agreement, you must develop a minimum of three Clubs within the Development Area. In connection with signing the Area Development Agreement you will pay us an Area Development Fee calculated as follows: \$69,500 for your first three Clubs and \$15,000 for each additional Club you agree to develop under the Area Development Agreement.

The Area Development Fee is payable in full when the Area Development Agreement is signed, and is considered fully earned and non-refundable upon payment. That portion of the Area Development Fee paid for each Club to be developed under the Area Development Agreement will be applied to the initial franchise fee for each Club opened under the Area Development Agreement. As such, you will not pay us an initial franchise fee when you sign a Franchise Agreement for a Club developed under the Area Development Agreement. All other fees provided for in the Franchise Agreement will apply.

GO FAST™ KIT

Before opening, you will purchase the GO FAST™ kit from us or our affiliate which includes the Club branding design fee, wall graphics, Myzone hardware and belts, personal training supplies, an initial inventory of access cards, certain fixtures including cabinets and cubbies and flooring. The current purchase price for the standard GO FAST kit is \$28,457 (plus shipping and taxes), and is payable in full before the Club opens or may be financed through a third-party vendor. If you choose to add items to the GO FAST kit (for example, additional Myzone belts, access cards, graphics, signage or cubbies) and

depending on the type of flooring you select and the square footage of your Club, the purchase price may be higher and will generally range from \$28,457 to \$50,961.

In 2019, the amounts paid by franchisees opening new SNAP FITNESS Clubs for the GO FAST kit ranged from \$9,971 to \$37,029 (plus tax and shipping). The GO FAST kit price is payable in full in advance and is non-refundable upon payment.

In Club Technology Package

You will pay Snap Security, or our current provider, for the in club technology package (“In Club Technology Package”) before your Club opens or you may finance the In Club Technology Package through a third party vendor. The standard In Club Technology Package includes door access components, panic system, camera and surveillance equipment, televisions, Myzone installation and related items. The price for the standard In Club Technology Package ranges from \$14,600 to \$24,375 (plus shipping and taxes), which includes installation.

In 2019, the payments for these products and services ranged from \$7,038 to \$34,257 (plus shipping and taxes). The amount you pay will depend on the square footage of the Club, the number of doors and whether you purchase certain optional components (such as TVs or Fitness On Demand) from Snap Security or another vendor that meets our specifications.

Snap Asset Protection Plan

We have established an insurance plan for the benefit of our franchisees called the Snap Asset Protection Plan (SAPP). You must have insurance from the date you sign your lease that meets our minimum requirements and may obtain insurance coverage through SAPP or from a different source provided your coverage meets our minimum requirements. The insurance premium is collected by us as the billing administrator and forwarded to the insurance providers. We estimate the amount you pay for this insurance prior to opening will be \$330 to \$720. See Item 8 for additional information about insurance.

ITEM 6 OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Continuing Fee	\$580 per month (Note 2)	Monthly	Subject to increase by an amount not to exceed the increase in Consumer Price Index.
National Marketing Fee	\$275 per month	Monthly	Subject to increase by an amount not to exceed the increase in the Consumer Price Index.
Local Marketing Fund or Cooperative Advertising Contribution	\$200 per month (Note 3)	Monthly	See Item 11 for more information about our right to set up and require participation in a Local Marketing Fund or an Advertising Cooperative.
Member Service Fees	Currently, one-time \$1.00 online services fee for each new member (Note 4)	Monthly	Note 4
Website Fee	\$43 per month (Note 2)	Monthly	Subject to increase by an amount not to exceed the increase in the Consumer Price Index.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Membership Processing Fees and Cost	One-time fee of \$6.02 for each new membership agreement; continuing \$.62 fee per month membership maintenance fee for each membership enrolled at your Club.	One-time fees – at enrollment by electronic funds transfer. Ongoing maintenance fee for each membership enrolled at your Club, transferred every 5 th day of the month for which the fee is due.	Subject to increase by an amount not to exceed the increase in the Consumer Price Index.
Door Access Cards	Then-current price (currently \$5.00) (Note 5)	As incurred	You must purchase any additional door access cards from us, our affiliate or our designated supplier.
Technology Fee	\$185 per month (Note 2)	Monthly	You pay our affiliate or our designated supplier the then-current monthly license fee for the club management and billing software and associated technology.
Fitness On Demand	\$199.95 per month (Note 2)	Monthly	Fitness On Demand is an automated group fitness class system. If you chose to offer Fitness On Demand at your Club, you will pay our affiliate, Wholesale Fitness Supply d/b/a Fitness On Demand, the then-current monthly fee for access to the programmed classes. You may also add additional content options for additional fees.
Myzone	\$149.99 per month (Note 2)	Monthly	Myzone is a heart rate monitor system. You will pay our affiliate, Wholesale Fitness Supply, the then-current monthly license fee.
Reimbursement Processing Fee	\$35 per month	Monthly	Note 6
Medical Panic System	\$29.95 per month	Monthly	You pay us or our designated supplier (currently, Night Hawk) a monthly fee for this service.
Convention	Our then-current fee (currently, \$129 per Club or attendee)	Annual	Note 7
Decline Recovery Service	\$1.00 per decline	As incurred	

Type of Fee (Note 1)	Amount	Due Date	Remarks
Online Acquisition Fee	\$15 per online enrollment	As incurred	
Audits	Cost of audit plus interest	Immediately upon receipt of bill	You pay for cost of audit only if it shows an understatement of Memberships or revenue by 2% or more.
Mystery Shopper Fee	Cost of Mystery Shopper	Immediately upon receipt of bill	We reserve the right to require you to reimburse us for any mystery shopper program we implement.
Transfer Fee	\$5,000 if transferee is an existing SNAP FITNESS franchisee. If the transferee is new to the system, the transfer fee is equal to the then-current Initial Franchise Fee	Upon application for consent to transfer	Payable when you transfer your franchise. See Item 17 for additional information on transfers.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable only if your non-compliance with the Franchise Agreement causes us to incur legal expenses.
Insurance	\$330 to \$360 monthly	As incurred	See Item 8 for more information on the SAPP insurance program.
Interest	18% per annum	Upon demand	Payable only if you fail to pay amounts owed to us when due.
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us if we are held liable for claims arising out of your franchise operations.
Supplier Review Fee	Our costs and expenses, which are currently expected to range between \$1,000 and \$3,000, although costs could exceed those amounts depending on the product.	As incurred	See Item 8 for more information on approved suppliers.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Modernization and Maintenance Costs	Our then-current design fee (currently \$500) and if applicable, our reasonable costs and expenses which will vary.	Upon demand	You must maintain the Club according to our system standards and modernize the Club after five years. In connection with your modernization, you will pay a \$500 design fee. In addition, if you fail to maintain or modernize your Club according to our standards, we may complete these for you and you must pay us our reasonable costs.
Additional Assistance or Training	Currently, \$250 per day plus travel costs	Immediately upon notice from us	Note 8
Securities Offering Costs	Will vary under the circumstances	Upon demand	If you engage in a private offering of securities, we must review the prospectus or other offering documents and you will pay our costs and expenses (including attorney's fees) for that review.

Notes

(1) All fees are imposed by, payable to, and collected by us unless otherwise noted. All fees are imposed uniformly and are non-refundable upon payment. As noted in the Item 6 table, several fees paid to us are subject to adjustment each year over the ten-year agreement term based on increases in the Consumer Price Index (CPI). Adjustments based on the CPI will be made no more than once per year.

(2) If you open a new Club by June 30, 2021 (the “2020 Club”), the 2020 Club will be eligible for our Graduated Royalty Rate. The Graduated Royalty Rate does not apply to transfers, relocations or franchise renewals. If you are eligible for our Graduated Royalty Rate, you will pay us a reduced flat rate fee for the following monthly fees instead of the amounts noted in the Item 6 table: Continuing Fee, Technology Fee, Myzone Fee, Website Fee and Fitness On Demand Fee. If the Graduated Royalty Rate applies, you will sign a Graduated Royalty Rate Addendum in the form attached hereto as Exhibit F-2. The Graduated Royalty Rate is as follows:

Year 1	Year 2	Year 3	Year 4	Year 5
\$99	\$199	\$399	\$699	\$1,146

Commencing in Year 6, you will pay us: (i) the Continuing Fee in the amount noted in the Item 6 table, provided such fee will be subject to a yearly CPI adjustment as described in Note 1 above, and (ii) the then-current monthly fee for each of the Technology Fee, Myzone Fee, Website Fee and Fitness On Demand Fee (collectively, the “License Fees”). As it relates to the License Fees, the amounts noted above relate to the ongoing monthly licensing fees only. Additional costs and expenses may be associated with purchasing any equipment or products associated with these License Fees. Further, in the event we change the approved vendor for a product associated with one or more of the License Fees noted above, we will honor the fixed pricing noted above for any replacement vendor but commencing in Year 6 you will pay the then-current fee charged by our then-current vendor.

In addition to the Graduated Royalty Rate, if you are an existing franchisee and open a 2020 Club, the following Multi Unit Continuing Fee will apply:

<i>Clubs</i>	<i>Monthly Continuing Fee per Club</i>
2020 Club	Graduated Royalty Rate
Two Clubs	\$485 per month per Club
Three Clubs	\$410 per month per Club
Four Clubs	\$335 per month per Club
Five and subsequent Clubs	\$285 per month per Club

The revised Multi Unit Continuing Fee will apply upon the opening of the 2020 Club provided: *(i)* you sign a Multi Unit Continuing Fee Addendum in the form attached hereto as Exhibit F-3; *(ii)* you are in compliance with your obligations under all Franchise Agreements; and *(iii)* the 2020 Club opens on or before June 30, 2021.

(3) Each local advertising cooperative may elect to increase the monthly contribution if approved by a two-thirds majority of the cooperative members and the minimum contribution is subject to adjustment by an amount not to exceed the increase in the CPI. Clubs owned by us and our affiliates are also members of their respective local Cooperative and each company-owned club has the same voting rights as the franchised locations within the Cooperative. If our company-owned clubs comprise the majority of a given Cooperative the maximum and minimum fees for that Cooperative will be consistent with the range stated in this Item 6 (subject to adjustment for increases in the CPI).

(4) The current member service fees are for the membership management tools available to your members on mysnapfitness.com. These tools are free to members. As technology and member demands change, we anticipate providing different or additional services available to members. Some of these services may include different or additional member service fees and you agree to participate in our future member service initiatives and pay the applicable fees.

(5) All door access/membership cards and/or member ID cards are in a numeral sequence and must be purchased through us.

(6) We administer certain reimbursements of membership dues for insurance companies, affinity groups and national accounts. The current reimbursement processing fee is payable for any month that the reimbursements of membership dues for a Club from these accounts is \$35 or more.

(7) All franchisees are required to attend the annual convention. If you fail to attend the Convention, we reserve the right to charge you our then-current non-attendance fee (currently, \$500 per Club).

(8) We may require you to receive additional training or assistance if you are not meeting our standards. You are responsible for the cost of that training or assistance at the then-current rate.

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ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount ⁽¹⁾	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee ⁽²⁾	\$29,500	Lump sum	Upon signing of Franchise Agreement.	Us
GO FAST™ Kit ^{(3) (5)}	\$1,741 to \$3,118	As arranged	Upon receipt of invoice	Us or our affiliate
In Club Technology Package ^{(4) (5)}	\$893 to \$1,491	As arranged	As arranged	Our affiliates
Fitness and Weight Equipment ⁽⁵⁾	\$6,216 to \$11,561	As arranged	As arranged	Approved suppliers
Freight and Installation	\$29,705 to \$43,955	As arranged	As arranged	Approved suppliers
Exterior Signage ⁽⁵⁾	\$428 to \$612	As arranged	As arranged	Approved supplier
Mirrors ⁽⁵⁾	\$135 to \$245	As arranged	As arranged	Approved supplier
Leasehold Improvements (not including flooring) ⁽⁶⁾	\$0 to \$270,000	As arranged	As arranged	Contractors
Grand Opening Marketing	\$10,200	As arranged	Before opening	Approved supplier
Rent ⁽⁷⁾	\$12,000 to \$40,000	As arranged	As arranged	Landlord
Lease and Utility Security Deposits ⁽⁸⁾	\$1,500 to \$10,000	As arranged	Before opening	Landlord and utility companies
Insurance ⁽⁹⁾	\$980 to \$1,080	As arranged	As arranged	Us and Insurer
Training Expenses ⁽¹⁰⁾	\$500 to \$3,000	As arranged	As arranged	Hotels, restaurants, transportation providers.
Professional Fees ⁽¹¹⁾	\$1,000 to \$4,000	As arranged	As arranged	Your attorneys and other professionals
Additional Funds ⁽¹²⁾ (3-month period)	\$50,000	As arranged	As incurred	Employees, suppliers
TOTAL ⁽¹³⁾	\$144,798 to \$478,762			

The expenses in Item 7 are estimates of your initial investment for one location prior to commencing operations and for the first three months thereafter. The estimates above are based on a Club with 4,000 to 6,000 square feet. If your Club includes more or less square feet, your estimated initial investment will vary. We cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on how closely you follow the SNAP FITNESS system standards, your management skill, experience and business acumen, local economic conditions, acceptance by local consumers of our approved services, prevailing wage rates, competition and other factors.

Notes

- (1) All payments are non-refundable unless otherwise permitted by a third party supplier.
- (2) See Item 5 for a description of the Initial Franchise Fee and available discount according to our Area Development Agreement, the VetFran program and for existing franchisees.
- (3) See Item 5 for more information about the contents of GO FAST kit. As noted in Item 5, if you choose to add items to the standard GO FAST kit you may spend more.
- (4) The standard In Club Technology Package includes door access components, panic system, camera and surveillance equipment, televisions, Myzone installation and related items. As noted in Item 5, if you choose to add items to the standard In Club Technology Package, for example adding Fitness On Demand, you may spend more.
- (5) The ranges in the Item 7 table for the GO FAST kit, In Club Technology Package, fitness and weight equipment, exterior signage and mirrors assumes you operate in a standard sized Club (4,000 to 6,000 square feet) and assumes you finance or lease your equipment. The estimates noted in the Item 7 table are based on the financing terms offered through our third party lender, Hitachi Capital America Corp. ("Hitachi Capital"). Currently, Hitachi Capital does not require a down payment or any advance payments (subject to credit approval) and the estimates in the Item 7 table assumes an interest rate of 8.25% interest, with a 60-month term. If you are an existing franchisee you may be eligible for a lower interest rate of 7.5% with a 60-month term. If you have a larger Club, choose to purchase additional equipment, or obtain financing from a different source, your costs may be higher. See Item 8 for more information about supplier sourcing. See also Item 10 for available financing and Item 11 for additional information on the door access and technology system.

If you do not finance or lease your equipment, the initial investment for the following items will increase to:

GO FAST kit including flooring installation: \$28,457 to \$50,961
In Club Technology Package (excluding shipping): \$14,600 to \$24,375
Fitness and Weight Equipment: \$101,595 to \$188,935
Exterior Signage: \$7,000 to \$10,000
Mirrors: \$2,200 to \$4,000

- (6) The costs of construction and leasehold improvements depend upon the size and condition of the Club premises, the nature and extent of leasehold improvements required, the local cost of contract work and the location of your Club. In some cases, your landlord may agree to pay for some or all of the leasehold improvements as part of your lease negotiations. The flooring (including installation) must be installed by our approved vendor.
- (7) The figures in the Item 7 table represent estimated three months' rent, exclusive of monthly operating expenses. The rental expense may vary widely based on geographic location, size of the Club, local rental rates and other factors. A typical Club occupies from 4,000 to 6,000 square feet of commercial space. You should allow 500-1,000 square feet for functional training space.
- (8) Landlords may require a security deposit, and utility companies may require that you place a deposit prior to installing telephone, gas, and electricity and related utility services. A typical utility security deposit

is one month's expense. A typical lease deposit will be an amount equal to one month's rent. These deposits may be refundable according to the agreements made with the utility companies and landlord.

(9) See Item 8 for more information about our insurance requirements and our SAPP insurance program. This estimate includes premium for three months of our SAPP insurance plan. If you need additional insurance for your Club (for example, state required workers' compensation or a surety bond), you may have additional costs. A surety bond may range from \$100 to \$500, depending on the state. Workers' compensation coverage may range from \$450 to \$1,000, but may be more depending on the number of employees and your state requirements.

(10) There is no separate training fee payable to us, as initial training is included in the Initial Franchise Fee. You must make arrangements and pay the expenses for you and your general manager to attend our training program, including transportation, lodging, meals and wages. See Item 11 for more information on training. The amount you spend will depend, in part, on the distance you must travel and the type of accommodations you choose. The estimate provided contemplates initial training of two people for five days, including travel, lodging, food and miscellaneous expenses associated with two people traveling to our headquarters for training.

(11) We recommend that you hire your own attorney to help you evaluate this franchise offering, to identify the laws and regulations that may apply to your Club, to help you set up a business entity, to review and negotiate your lease(s), to assist you in adapting the Membership Agreement to laws and regulations in your state or locality, and for whatever other purpose you deem appropriate.

(12) The figures in the Item 7 table represent the estimated amount of working capital you will need to cover other initial operating expenses for a period of three months. These figures are estimates, and we cannot guarantee you will not have additional expenses starting the business. Expenses not included are hourly labor costs, permits and licensing and rent (beyond the rent estimate noted above in Note 7). Some states may have staffing requirements that could increase this number significantly.

(13) To compile these estimates, we relied on our franchisees' and affiliates' experience in operating similar businesses and our experience in franchising the operation of SNAP FITNESS Clubs. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Your costs will depend on factors such as: how closely you follow our recommended System; your management skill, experience and business acumen; local economic conditions; the time of year; the local market for our services; competition; and the sales level reached during the initial period.

You should also allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs.

As of the effective date of the FDD, Franchisor did not have sufficient information to modify the estimated initial investment in a Franchised Outlet for changes in required equipment, suppliers, labor or other circumstances arising from the Event.

ESTIMATED INITIAL INVESTMENT FOR AREA DEVELOPMENT AGREEMENT. If you sign an Area Development Agreement, your initial investment for your first Club will be the same as disclosed in the Item 7 table. You also will pay a one-time Area Development Fee as described in Item 5. This is the only additional initial investment for the Area Development Agreement. You also should be aware that your initial investment for your second and subsequent Clubs likely will be higher than the above estimates for your first Club due to inflation and other economic factors that may vary over time.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help ensure a uniform image and uniform quality of products and services throughout the SNAP FITNESS System, you must maintain and comply with our required quality standards. Any required standards exist to protect our interest in the System and the Marks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you.

Site Selection

You must operate the Club at a location that meets our site selection requirements and that we have approved. If you lease the location, you and the landlord must execute the standard form of lease addendum (attached to the Franchise Agreement as Attachment E).

You must construct and equip your Club according to our approved design, specifications and standards. In addition to meeting our design specifications and standards, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws. You also must use equipment (including hardware and software for the In Club Technology Package, as further described in Item 11), signage, fixtures, furnishings, products, supplies and marketing materials that meet our specifications and standards.

Approved and Designated Suppliers

We will provide you with a list of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved equipment, signs, stationery, supplies and other items or services necessary to operate the Club (“Approved Supplies List”). From time to time we, an affiliate or a third party vendor or supplier, may be the only approved supplier for certain products. The Supplies List also may include other specific products without reference to a particular manufacturer, or they may designate the specifications and/or standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List from time to time. We give you the approved lists as we deem advisable, but generally these lists are available in the Manual.

You must purchase from us the GO FAST kit containing personal training supplies, wall graphics, an initial inventory of access cards, and certain fixtures including cabinets and cubbies, flooring and the Myzone hardware and belts. You may use in the operation of the Club only the proprietary or non-proprietary equipment that we specify, and must purchase and lease all equipment that we designate (including the security system and computer system from our approved suppliers). Snap Security currently is the only approved supplier for the In Club Technology Package. GoFit is currently the sole supplier for club management software and Wholesale Fitness Supply is the only approved supplier for the GO FAST kit. If you choose to offer Fitness On Demand programming from your Club, you must obtain the Fitness On Demand software and equipment from our affiliate, Wholesale Fitness Supply. Except for these items and the SAPP insurance program, described below, neither we nor our affiliates currently are approved suppliers for any products or services. Except for any ownership interest in our affiliates and subsidiaries, none of our officers hold an interest in any of our suppliers.

Except for instances where we designate a single source supplier, if you wish to purchase any products or services for which we have established approved suppliers from an unapproved supplier, you may request our consent in writing. If we request, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality and safety standards. We generally will notify you of supplier approval or disapproval within 30 days of our receipt of all the information and samples we request. You must pay the reasonable cost of the inspection and evaluation and the actual cost of the test. The supplier also may be required to sign a supplier agreement. We may re-inspect the facilities and products of any supplier of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item.

We apply the following general criteria in approving a proposed supplier: *(i)* ability to make product in conformity with our specifications; *(ii)* reputation and integrity of supplier; *(iii)* financial condition and insurance coverage of the supplier; and *(iv)* system uniformity.

Insurance

You must participate in the SAPP insurance program unless you provide proof of insurance meeting our minimum limits outlined in the Franchise Agreement. The SAPP insurance program includes property, crime, general liability, hired and owned auto, professional liability, employment practices liability, and excess liability written by Mt. Hawley Insurance Company, headquartered in Peoria, Illinois. The cyber liability is written by Lloyds of London headquartered in London, UK. The SAPP insurance provides the following minimum coverages:

Type of Insurance	Minimum Amount
Commercial General Liability including Product Liability and Personal and Advertising Injury	\$1,000,000 per occurrence; \$2,000,000 general aggregate
Fire Legal Liability: Damages to Club premises	\$500,000
Medical Expenses	\$1,000 any one person
Professional liability including abuse and molestation (for owners and W2 employees)	\$1,000,000 per occurrence
Hired and Non-Owned Auto Liability	\$1,000,000 combined single limit
Property – Special Form, including mechanical breakdown and plate glass	\$300,000
Improvements and Betterments	Included
Business Income (12 months)	Actual loss sustained
Crime (employee dishonesty, theft and robbery)	\$10,000 per occurrence
Cyber Liability (internet security and privacy insurance)	\$250,000 per gym; \$25,000,000 policy aggregate
Employment Practices Liability Insurance (inclusive of first and third party)	\$50,000
Property and Crime Deductible	\$1,000
Defense Costs	In addition to policy limits
Commercial Excess Liability	\$9,000,000 per occurrence and \$9,000,000 general aggregate

In addition to participation in the SAPP insurance program, you must carry workers' compensation and employer's liability coverage as required by the jurisdiction in which you operate the Club.

All required insurance not included in the SAPP insurance program must be obtained from a responsible carrier or carriers acceptable to us (generally an AM Best rating of A- or better). All of the policies must

name us and anyone else we designate with an insurable interest as additional insured and must include a waiver of subrogation in favor of each additional insured.

Marketing and Promotional Materials

You may use only marketing and promotional materials that meet our standards (see Item 11 for more information on advertising and marketing).

Revenue Derived from Franchisee Purchases and Leases

We and our affiliates derive revenue from franchisee purchases and leases to the extent that you purchase products or services directly from us or our affiliates. We and our affiliates also have arrangements with certain suppliers whereby we or our affiliate receive rebates from franchisee purchases or leases, which may be a fixed amount per transaction or percentage and could range from 2% to 60%.

During our fiscal year ended December 31, 2019, we derived approximately \$8,951,000 in revenue from the sale of goods or services to our franchisees worldwide, which amount represented approximately 13% of our total revenues of \$69,285,000 for that period. These figures were taken from our December 31, 2019 audited consolidated financial statements and accounting records.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your required purchases will represent approximately 95% of your total purchases in connection with establishing the franchised business (excluding the franchise fee and other non-goods expenditures), and over 90% of the ongoing costs that you will need to operate the business (excluding franchise fees and royalties and other non-goods expenditures).

Description of Purchasing Cooperatives; Purchasing Arrangements

We negotiate purchase arrangements for the benefit of the System but not on behalf of individual franchisees. This does not guarantee that the price for these products or services will be lower than other products or services on the market. We are not aware of any purchasing or distribution cooperatives in the System as of the date of this Disclosure Document. We do not provide you any material benefits (such as renewal rights or the right to acquire additional franchises) based on your purchases from approved or designated suppliers.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement (FA) Section in Area Development Agreement (AD)	Disclosure Document Item
a. Site selection and acquisition/lease	FA: Sections 2.B, 2.C and 5.A AD: Sections 1.4, 1.5 and 1.9	Items 7 and 11
b. Pre-opening purchases/leases	FA: Sections 5.A, 5.B, 5.C, 6.A and 6.D AD: Not Applicable	Items 5, 6, 7 and 8

Obligation	Section in Franchise Agreement (FA) Section in Area Development Agreement (AD)	Disclosure Document Item
c. Site development and other pre-opening requirements	FA: Sections 2.B, 2.C, 5.A, 5.B and 5.C AD: Sections 1.4, 1.5 and 1.9	Items 7, 8 and 11
d. Initial and ongoing training	FA: Sections 7.B and 7.C AD: Not Applicable	Items 5, 6 and 11
e. Opening	FA: Section 5.D AD: Not Applicable	Items 5 and 11
f. Fees	FA: Sections 6.L, 7.C, 8, 9, 11.C.9 and 11.H AD: Sections 1.2 and 4.3	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	FA: Section 6 AD: Not Applicable	Items 6, 7, 8, 11, 14 and 16
h. Trademarks and proprietary information	FA: Sections 3, 6.I, 10.E and 10.F AD: Section 1.3	Items 13 and 14
i. Restrictions on products/services offered	FA: Section 6 AD: Not Applicable	Items 6, 7, 8, 11, and 16
j. Warranty and customer services requirements	None for warranty. Customer services, see FA: Sections 6 and 9.D AD: Not Applicable	Items 6 and 11
k. Territorial development and sales quotas	FA: Sections 2.B and 2.C and Attachment B AD: Sections 1.1, 1.3, 1.4, 1.5 and 1.9	Item 12
l. Ongoing product/service purchases	FA: Section 6 AD: Not Applicable	Items 6, 7 and 8
m. Maintenance, appearance, modernization and remodeling requirements	FA: Section 5 AD: Not Applicable	Items 8 and 11
n. Insurance	FA: Section 10.C AD: Not Applicable	Items 6, 7 and 8
o. Advertising	FA: Section 8 AD: Not Applicable	Items 6, 7 and 11
p. Indemnification	FA: Section 10.B AD: Not Applicable	Not Applicable

Obligation	Section in Franchise Agreement (FA) Section in Area Development Agreement (AD)	Disclosure Document Item
q. Owner's participation/management/staffing	FA: Sections 7 and 15.F AD: Not Applicable	Item 15
r. Records/reports	FA: Sections 6.E, 9.I and 9.J AD: Not Applicable	Not Applicable
s. Inspections/audits	FA: Sections 5.C, 6.F and 9.J AD: Not Applicable	Items 6 and 11
t. Transfer	FA: Section 11 AD: Sections 3.1 and 3.2	Items 6 and 17
u. Renewal	FA: Section 4 AD: Not Applicable	Item 17
v. Post-termination obligations	FA: Sections 10.D and 14 AD: Section 2.3	Item 17
w. Non-competition covenants	FA: Section 10.D AD: Not Applicable	Item 17
x. Dispute resolution	FA: Section 12 AD: Sections 4.1, 4.2 and 4.3	Item 17
y. Other (describe)	FA: Not Applicable AD: Not Applicable	Not Applicable

ITEM 10 FINANCING

We offer, through a Preferred Lender Referral Agreement, the financing programs described below.

Hitachi Capital America Corp. (Hitachi Capital)/Finance Programs

If you qualify for a Hitachi Capital finance program, you will sign an equipment finance agreement directly with Hitachi Capital America Corp. The details of the agreement are included in the chart below. The Hitachi Capital finance programs offer financing for the equipment you will need to open a new Club. The standard equipment package includes fitness and weight equipment, In Club Technology Package, GO FAST Kit, exterior signage and mirrors. This program is only available if you purchase fitness equipment packages from the preferred vendors participating in the programs.

New Club Finance Program

This program is meant for both new SNAP FITNESS franchisees opening their first SNAP FITNESS Club and existing SNAP FITNESS franchisees opening an additional Club. Factors considered in qualifying applicants for this program include the number of memberships at existing Clubs, whether existing Club operations generate adequate cash flow to support the new Club operations during the ramp-up period, personal credit profile and other factors.

Re-Snap Finance Program

If you are an existing SNAP FITNESS franchisee modernizing your Club or a new SNAP FITNESS franchisee that acquired an existing SNAP FITNESS Club, you may qualify for the Re-Snap Program for financing the upgrades and modernization of your Club in connection with the renewal, transfer or required contractual modernization of your Club.

The estimates in the Item 7 table assumes an interest rate of 8.25% interest, with a 60-month term. If you are an existing SNAP FITNESS franchisee you may be eligible for a lower interest rate of 7.5% with a 60-month term.

Financing Program Details

Financing Program	Item Financed	Source of Financing	Down Payment	Amount Financed	Term	APR %	Monthly Payment	Pre-payment Penalty	Security Required	Liability Upon Default
Hitachi Capital/New Club Finance Program Note 4	Standard Equipment Package Note 1	Hitachi Capital	No Down Payment; Subject to credit approval	\$275,000	60-mos.	8.25%	\$5,609	4% of outstanding principal balance in year 1, 3% in year 2, 2% in year 3, 1% thereafter	Security Interest in Assets; Personal Guarantee Note 2	Note 3
Hitachi Capital/Re-Snap Finance Program Note 4	Club Upgrade Package Note 1	Hitachi Capital	No Down Payment; Subject to credit approval	\$75,000	60-mos.	8.25%	\$1,530	4% of outstanding principal balance in year 1, 3% in year 2, 2% in year 3, 1% thereafter	Security Interest in Assets; Personal Guarantee Note 2	Note 3

Notes:

- (1) The standard equipment package includes fitness and weight equipment, In Club Technology package, GO FAST Kit, exterior signage and mirrors. The Club upgrade package includes the equipment and fixtures necessary to meet the renewal modernization requirements.
- (2) The Hitachi Capital New Club Finance Program and Re-Snap Finance Program each require that the franchise owner(s), including any underlying owners of the franchisee, sign a personal guarantee and give the lender a security interest in the assets acquired.
- (3) Event of Default: Reference paragraph 5 of the Installment Payment Agreement attached as Exhibit G.
- (4) Sample forms of the agreements with Hitachi Capital for the New Club Finance Program and the Re-Snap Finance Program are attached to this Disclosure Document as Exhibit G.

We do not receive payments or other consideration from any person for the placement of financing with the lenders of the programs described above.

In addition to the programs mentioned, we may periodically arrange with third party finance companies or banks to make financing programs available to franchisees. These arrangements ordinarily involve no more than arranging to put franchisees in contact with sources of financing available to individual franchisees. There is no assurance that financing will be offered in any particular instance. If financing is offered, the financial institution independently establishes the amount, terms, interest rate and duration. Neither we nor any of our affiliates receive any payments in exchange for such referrals or the placement of any financing. It is solely your responsibility to locate and obtain, on whatever terms you can arrange, any required financing for the establishment of your Club.

Except as described above, as of the date of this Disclosure Document we do not offer direct or indirect financing and we do not guarantee your note, lease or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations

Before you open your Club, we will:

1. Provide you with site selection criteria and general design requirements for your Club (Franchise Agreement, Sections 5.A and 5.C).
2. Provide you with the Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 6.D).
3. Provide you with access to an electronic version of the Manual that details the specifications and procedures incidental to the operation of the Club (Franchise Agreement, Section 6.H).
4. Provide the training programs described below (Franchise Agreement, Sections 7.B and 7.C).
5. Provide grand opening promotional materials and assistance (Franchise Agreement, Section 8.B).

Ongoing Obligations

During the operation of your Club, we will:

1. Provide you with membership services, including administering certain aspects of reciprocity and membership billing (Franchise Agreement, Section 6.C and 6.P).
2. Provide updates to the Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 6.D).
3. Provide ongoing support and service as we determine necessary (Franchise Agreement, Section 6.F).
4. Provide refresher training courses as we determine necessary (Franchise Agreement, Section 7.C).

Our Obligations Under the Area Development Agreement

An area developer will sign the initial Franchise Agreement under the Development Schedule at the time the Area Development Agreement is signed. Our obligations under the Franchise Agreement apply to an area developer. Each time an area developer signs another Franchise Agreement, our obligations are activated for the new Club to be established. We do not have separate obligations under the Area Development Agreement.

Advertising and Marketing

Local Marketing

You must use your best efforts to aggressively promote and advertise the Club in your local area and participate in any local promotional programs that we establish (subject to applicable law). You must spend

a minimum of \$4,800 per year (an average of \$400 per month) on local advertising. We strongly recommend that you spend money every month on local advertising, but you may want to spend more on local advertising during peak months and less during non-peak months. If you fail to spend at least \$4,800 each year on local advertising, we reserve the right to collect any deficiency from you and deposit the amount in the National Marketing Fund (defined below).

Any marketing material not designed or provided by us must be pre-approved; you must submit your marketing materials to us for approval prior to use (print, electronic or other forms of media) and actively promote your Club and the System through use of approved local marketing and marketing materials. We will not unreasonably withhold approval of your marketing materials if they are factually accurate and current, dignified, up-to-date, and in good condition, adhere to brand standards, and accurately depict the SNAP FITNESS Marks. The marketing materials will be deemed approved if we do not disapprove or comment within 10 business days of receipt.

National Marketing Fund

As of the date of this Disclosure Document, we operate and manage a National Marketing Fund (the “Marketing Fund”) to advertise and promote Clubs in the System. You will pay us the monthly National Marketing Fee. We will deposit the National Marketing Fee in the Marketing Fund which is part of our general account. We may use the Marketing Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, including the cost of: (i) preparing and conducting print, point-of-sale, radio, television, internet, electronic, out-of-home, and billboard advertising; (ii) conducting e-commerce website activities; (iii) updating and hosting a website (including the development of locator programs); (iv) providing market intelligence through analytics to the System; (v) conducting member interviews, focus groups and surveys; (vi) providing creative development services including the development and modification of Club design and trade dress, logos, graphics and vehicle wraps; (vii) obtaining sponsorships and endorsements; (viii) developing and conducting contests, sweepstakes and other prize promotions; (ix) developing and administering member loyalty programs, coupons and gift certificates; (x) engaging advertising and marketing agencies and public relations firms; and (xi) any other expenses for developing and promoting the brand or System. We also may use the Marketing Fund to develop advertising and promotional materials for regional and local advertising and marketing cooperatives and for use in each franchisee’s local market. In certain markets, we may assist a franchisee with its initial advertising and promotional activities to increase brand awareness. We have an in-house marketing staff that assists in developing and placing national, local and regional advertising and other matters. We also contract with various outside advertising and marketing agencies and third party vendors to produce certain advertising and promotional materials and to create and implement public relations campaigns. We will determine the use of the monies in the Marketing Fund. We are reimbursed for reasonable administrative costs, salaries and overhead incurred in administering or providing services to the Marketing Fund.

We are not required to spend any particular amount of the Marketing Fund on marketing, advertising or production in the area in which your Club is located. National Marketing Fees not spent in any fiscal year will be carried over for future use. We may make loans to the Marketing Fund bearing reasonable interest to cover any deficit of the Marketing Fund and cause the Marketing Fund to invest in a surplus for future use by the Marketing Fund. National Marketing Fees will not be used for advertising principally directed at the sale of franchises, provided our general marketing materials may reference franchise sales available. At your written request, we will provide you with an annual unaudited statement of the receipts and disbursements of the Marketing Fund.

All Snap Fitness franchisees are required to pay the National Marketing Fee, provided the amount of the National Marketing Fee may vary depending on the National Marketing Fee amount in effect at the time the franchisee signed a franchise agreement. All company or affiliate owned Clubs will contribute to the Marketing Fund on the same basis as similarly-situated franchisees. Historically, we collected the National

Marketing Fee from franchisees but did not have a marketing fund. As of April 10, 2019, all future National Marketing Fees will be deposited into the Marketing Fund.

During our last fiscal year ending December 31, 2019, the Marketing Fund was spent as follows: 41% on administrative expenses, 36% on media placement, 10% on technology, 7% on prizes and promotional materials, and 3% on production.

Local Marketing Fund or Cooperative

We have the right to designate, as we deem appropriate, any geographical area in which at least two SNAP FITNESS franchises are located as a “designated advertising area” for the purposes of establishing a local marketing fund that we control (“Local Marketing Fund”) or local or regional advertising cooperative controlled by its members (“Cooperative”). If a Local Marketing Fund or Cooperative is established in your market, you will be required to participate and contribute. Any amount contributed to a Local Marketing Fund or Cooperative will be in addition to, and not in lieu of, the National Marketing Fee. We have the right to determine the amount of contribution, in our sole judgment, provided that aggregate monthly contributions will not exceed \$200 per month (subject to adjustment for increases in the Consumer Price Index) unless a 2/3 vote of the members of the Cooperative approves a higher fee. Any contributions you make to a Local Marketing Fund or Cooperative will count toward the minimum local advertising expenditure noted above.

As of the date of this Disclosure Document, we have established Cooperatives for the following markets (each defined according to the Nielsen Market Research designated marketing area (DMAs): Minneapolis-St. Paul; and Milwaukee. We may establish Cooperatives in additional markets in the future. If we establish a Cooperative in your area, you must participate in the Cooperative and its programs, execute any participating documents we require and abide by its bylaws. A Cooperative may vote to increase the required contribution amount referenced above if approved by members representing at least two-thirds of the Clubs in the Cooperative. Each Club in the Cooperative will have one vote. Clubs owned by us and our affiliates will be a member of the Cooperative and will make the same contribution and have the same voting rights as franchised locations. Each Cooperative will be required to adopt governing bylaws that meet our approval and that we may require the Cooperative to amend from time to time. We will provide the Cooperative with a sample form of bylaws that the Cooperative must use, and we must approve, containing certain terms and conditions that we require, although the bylaws will not modify the voting structure described in this paragraph. Each Cooperative must submit to us its meeting minutes on our request. A Cooperative must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. Each Cooperative must use only an approved media buyer and advertising agency approved by us. The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative. If you wish to obtain an accounting of your local Cooperative you may do so by submitting your request in writing to the officers of the Cooperative. We reserve the right to administer the Cooperatives’ funds and will require payment from its members via electronic funds transfer. The governing documents are available for review upon reasonable request. We reserve the right to require advertising and marketing cooperatives to be formed, changed, dissolved or merged.

Grand Opening Marketing

You must conduct an initial promotional campaign in accordance with our standards and specifications which includes a required minimum amount of \$10,200 spent on advertising and marketing of your Club within the first 60 days of business operation.

Franchise Advisory Council

In 2018, we established a Franchise Advisory Council (the “FAC”). The FAC currently consists of twelve franchisees elected by our United States and Canada franchisees. Currently, our Regional FAC Members serve a two-year term and our At Large FAC Members serve a one year term. In the future, all FAC members will serve a two-year term. The FAC serves in an advisory capacity to provide advice on

advertising, marketing and general business initiatives. We have the power to form, change or dissolve the FAC.

Technology System and Video Surveillance Equipment

You must acquire and use all computer hardware and related accessories and peripheral equipment, including door access components, panic system, camera and surveillance equipment, televisions, Myzone installation and related items that we prescribe for use by the Club. You may not use any cash registers or computer hardware, accessories or peripheral equipment that we have not approved for use. As of the date of this Disclosure Document, you must purchase the In Club Technology Package from Snap Security. Requirements for use may include, among other things, connection to remote servers, off-site electronic repositories, and high speed Internet connections, and establishment of one or more e-mail accounts.

You must: *(i)* use any proprietary software programs, system documentation manuals, and other proprietary materials that we provide to you in connection with your operation of the Club; *(ii)* input and maintain in your computer such data and information as we prescribe in the Manual and other written directives; *(iii)* purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever we adopt such new or upgraded programs, manuals, and materials system-wide. You must enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner we prescribe, and pay all fees imposed by us or any third party software and software service providers hereunder. As technology or software is developed in the future, we may, as we deem appropriate, require you to: *(i)* add to your In Club Technology Package memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software; and *(ii)* replace or upgrade your In Club Technology Package and software as we prescribe. There are no contractual limitations on the cost or frequency for updating or upgrading the In Club Technology Package.

The In Club Technology Package will collect and compile customer identification data, other membership data, and door entry data. We may independently access from a remote location, at any time, all information (including member information) input to and compiled by your In Club Technology Package (including video surveillance equipment) or an off-site server.

We estimate the purchase price for the Technology System, including video surveillance equipment, to be approximately \$14,600 to \$24,400 (plus shipping and tax). The estimated annual cost of any optional or required maintenance, updating, upgrading or support for the In Club Technology Package is estimated to be approximately \$2,000 to \$3,000 per year over the ten-year term of the initial Franchise Agreement.

Site Selection

You will select the site for the Club within the Preliminary Designated Area that will be identified in the Summary Pages when you sign the Franchise Agreement. You will identify a site within the Preliminary Designated Area (or if no sites are available in the Preliminary Designated Area, in proximity to it) for our approval. In evaluating the site, we will consider the following factors: demographics, visibility, ability to reflect image to be portrayed by SNAP FITNESS businesses, access and parking, and market type (rural, suburban, and urban). Within 15 days after you have submitted all requested information concerning the site, we will notify you whether or not the site is approved. You must acquire a site for the Club within 90 days after the Franchise Agreement is signed.

Typical Length of Time Before You Open Your Club

The typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the franchise, and the opening of your business is approximately three to six months from the execution of the Franchise Agreement. Factors that may impact this length of time may include whether you have a site selected upon execution of the Franchise Agreement, your ability to obtain a site, prepare a site survey, arrange leasing and financing, make leasehold improvements, install equipment and signs, decorate the Club, meet local requirements and other similar factors.

You must acquire a site for the Club location no later than 90 days after the Franchise Agreement is signed, and must open the Club for business no later than 180 days after the Franchise Agreement is signed. If you sign an Area Development Agreement, the opening schedule for each Club you agree to develop will be outlined in the Development Schedule attached to your Area Development Agreement. The timelines for securing a site and opening a Club under the Development Schedule will supersede any Franchise Agreement deadlines. If you fail to acquire an acceptable site or begin operations within the required time periods, we may terminate the Franchise Agreement or Area Development Agreement, or, at our election, may cancel any designated area protection afforded in the Franchise Agreement (Franchise Agreement, Sections 2.B, 2.C and 13.D) or Area Development Agreement (Area Development Agreement, Section 2.2).

Manual

You must operate your SNAP FITNESS Clubs consistent with the required standards and specifications outlined in the Manual. The Manual also may contain recommended practices, policies and guidelines that you may, but are not required to follow.

On March 21st, 2020, in response to the Event, by means of a policy announcement made on a webinar and written communication, Franchisor encouraged Franchised Outlets to follow state and local requirements for mandated closures, and announced a royalty assistance program during which franchisees are not obligated to pay pre-specified royalties as well as pre-specified fees deferred until reopening. We reserved the right to restart your royalty accrual and deferred payment plan when your Outlet is allowed to reopen. We may apply that restart on a local basis, when the restrictions lift in each Franchised Outlet's jurisdiction.

The Table of Contents for the Manual, including number of pages on each subject and total number of pages, is included herein as Exhibit E. In addition to the Manual, we also communicate operations information to franchisees through system bulletins and our online franchisee portal.

INITIAL TRAINING PROGRAM

We will provide the following initial training to at least two people in your organization (including your general manager), which attendees must complete to our satisfaction. From a virtual point of view, Lift Brands provides ongoing webinars with relevant educational content and franchisee panels, adjusted Snap University to a virtual platform, and is moving Snap Convention 2020 to a virtual experience. Our training program is five days and includes:

Subject	Hours of Classroom Training	Hours of On-the-job Training	Location	Instructor
Brand Strategy and Market Overview	3	Note 1	Chanhassen, Minnesota	Note 2
Marketing	5	Note 1	Chanhassen, Minnesota	Note 2
Operations (Business Planning, Leadership, Staffing, Onboarding, Membership Sales, Systems, Personal Training and Programming)	26	Note 1	Chanhassen, Minnesota	Note 2

Subject	Hours of Classroom Training	Hours of On-the-job Training	Location	Instructor
Fitness On Demand / MYFIT / Myzone / Buildout and Vendors	3	Note 1	Chanhassen, Minnesota	Note 2
TOTAL	37	Note 1		Note 2

Notes

(1) In addition to the on-site training program, additional onboard training will be provided via one-on-one calls, site visits and workshops. The additional onboard training includes 26 hours of training provided by Regional Directors, the Fitware support team, the Marketing team, and the Myzone support team. Topics included as part of the onboard training include completing a competitive marketplace analysis, the lead generation/marketing process, the sales process, personal training, club culture, member retention, and software training.

(2) Initial training will be conducted by our training staff which is led by our Regional Directors. Our Regional Directors include the following industry professionals:

- Brian Tietz is our Vice President of Brand Performance and joined Lift Brands in April 2019. He has over 20 years of fitness industry experience and has served in numerous leadership roles within the fitness industry.
- Jen Regenscheid has been our Director of Training and Operations since June 2019, and has been with Lift Brands for over four years. Her experience includes developing and executing accredited programs and she is trained in and teaches a variety of fitness classes.
- Marisa Cate is our Regional Director for the Midwest Region and joined Lift Brands in August 2019. She has over ten years of experience in the fitness industry, including Personal Trainer, Nutrition Coach, and Personal Training Manager.
- Chris Kanan is our Sr. Director of Business Development and joined Lift Brands in June 2019. He has over ten years of fitness industry experience, previously holding numerous leadership roles in large-box health clubs in the Twin Cities market. He brings a heavy sales background specializing in dues growth through acquisition and retention strategies as well as carrying experience in corporate wellness and club operations.
- Vic Kemming is our Regional Director for the Southeast Region and joined Lift Brands in May 2019. He has over 30 years in the fitness industry, including club operations and Personal Trainer experience and over 20 years as a Strength and Conditioning Coach for various sport athletes.
- Matt Krause is our Regional Director for the Northeast Region and joined Lift Brands in June 2019. He has 18 years of fitness industry experience, serving in numerous roles over that time including Operations Manager, Sales Advisor, Personal Trainer, Personal Training Manager and Senior Personal Training Manager.
- Meagan Mullaney is our Regional Director for the Great North Region and has been with Lift Brands for over eight years. She has over 20 years of fitness industry experience and has worked for a variety fitness brands. Meagan has experience as a Personal Trainer, Fitness Manager, General Manager and Regional Personal Training Director.
- Brad Taylor is our Regional Director for the West Region and has been with Lift Brands for three years. He has over 35 years of fitness industry experience and has worked for a variety

of other fitness brands. Brad has experience as multi-unit club owner, Personal Trainer, Fitness Educator and Speaker.

Other individuals who are involved in our initial training program include: The Marketing Team, the Fitware Support team, the Supply Chain Management team and the Finance team, including:

- Larry Johnson is our Director of Membership Operations and has been with Lift Brands for over ten years. He has over 20 years of fitness industry experience, including serving as a Manager and General Manager for another fitness brand. Larry previously owned his own fitness center and ran the flagship SNAP FITNESS corporate club for five years.
- Joshua Kimber is our Sr. Digital Strategist who joined Lift Brands in May 2019. He has over 15 years of professional digital marketing experience and over ten years specifically in the fitness space.
- Carolyn Lane is our US Director of Marketing and has been with Lift Brands for almost two years. She has over eight years of professional marketing and communications experience, four of which have been within the franchise industry.
- Joel Obermeyer is our Global Support Representative and has been with Lift Brands for over four years. He has over seven years of fitness industry experience at multiple brands as a Personal Trainer and General Manager.
- Lexie Stoker is our dedicated in-house representative from Digital Stack – our third party digital marketing vendor. She is the Training and Engagement Manager for Digital Stack and has supported Lift Brands directly for over two years. She has over three years of digital marketing experience.

The primary materials used in connection with the initial training program include the Manual, training guides and videos, presentation materials and other materials.

Unless we agree in writing that you may designate someone else to attend training, you must complete to our satisfaction this training program within 30 days of signing your location lease, or in a transfer situation, within 60 days of signing your Franchise Agreement. If you have a general manager at the time you begin operations, he or she also must complete training to our satisfaction. The program lasts approximately five days. We do not charge for this training, but you must pay the travel and living expenses and supply costs for you and your employees. Training will occur at our headquarters in Chanhassen, Minnesota, prior to opening.

The training is subject to change and may be offered by any of these personnel or by such individuals as we may designate from time to time who have experience related to specialized services or products that may be offered as part of the franchised business.

Periodically, we may offer additional training programs and we may charge a fee for attending these training programs. You must also pay the travel and living expenses and supply costs for you and your employees. If you designate a new general manager after the initial training program, the new general manager must complete the training to our satisfaction. We reserve the right to charge a fee to train any replacement general manager. In addition, we may hold and require that your Principal Owner (this is, a person who owns a 25% or greater interest in the franchisee entity) and general manager or other designated employees attend, at your expense, any conference, meeting, convention or seminar to present new methods and programs for operation, training, management, sales or marketing and we reserve the right to charge you a fee (currently, \$129 per Club) to attend any conference, meeting or convention we hold. Additionally, if you fail to attend our annual convention, we reserve the right to charge you our then-current non-attendance fee (currently \$500 per Club).

ITEM 12

TERRITORY

When the Franchise Agreement is signed, you will select a general geographic area in which you intend to operate your Club (“Preliminary Designated Area”). We generally will approve your selection unless we determine, in our sole judgment, that it may negatively affect the interest of another SNAP FITNESS franchisee or is otherwise unavailable for development under our current policies.

Your Preliminary Designated Area will be identified on the Summary Pages of the Franchise Agreement. Within 90 days after the Franchise Agreement is signed, you must acquire a site for the Club within the Preliminary Designated Area; provided that, if no sites are available in the Preliminary Designated Area, we generally will approve a site in proximity to the Preliminary Designated Area. Once you have acquired the site, we will complete the Franchise Agreement to reflect the site (which will become the Club’s “Authorized Location”) and to define your “Designated Area” around the Authorized Location. If the site you acquire is within the Preliminary Designated Area, your Designated Area will be substantially the same as your Preliminary Designated Area in terms of size, shape or demographics. Once defined in Attachment A and provided you are in compliance with the terms of your Franchise Agreement, your Designated Area will remain constant throughout the initial term of the franchise.

A minimum Designated Area will consist of one city block and, in suburban and rural areas, may be as large as a three-mile driving distance from the anticipated location. The actual size and boundaries of your Designated Area will depend upon a variety of factors, including the population base; density of population; growth trends of population; the density of residential and business entities; and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas.

Unless approved by us, all membership sales must be made face-to-face, although you may solicit membership sales within your Designated Area by mail, telemarketing (so long as you abide by the no-call lists) or other non-face-to-face basis. You may solicit, advertise and accept memberships online or outside your Designated Area only with our prior written approval or according to our then-current policies. There are no other restrictions on your right to solicit or accept memberships inside or outside of your Designated Area. You may not sell merchandise or services through other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. During the term of this Agreement, however, neither we nor our affiliates will develop or operate, or grant to anyone else the right to develop or operate, a SNAP FITNESS Club physically located in the Designated Area (except Special Sites described below). We and our affiliates have the right to develop and operate and grant others the right to develop and operate SNAP FITNESS Clubs outside the Designated Area, regardless of their proximity to the Designated Area or any negative impact they may have on your Club.

We and our affiliates also have the right to develop and operate, and grant others the right to develop and operate, fitness clubs and other businesses under a different trademark within and outside the Designated Area, which may be similar to or competitive with SNAP FITNESS Clubs. As described in Item 1, our affiliate, YogaFit Franchising, any of its affiliates operating company-owned outlets, and franchisees operating under the YOGAFIT trademark may solicit memberships and otherwise compete with you in your Designated Area.

Certain locations are by their nature unique and separate in character from sites generally developed as SNAP FITNESS Clubs (“Special Sites”). These Special Sites are excluded from the Designated Area and we have the right to develop, license or franchise Clubs at these locations within or outside your Designated Area: (1) military bases; (2) public transportation facilities, including, without limitation, airports, railway stations, limited access highway travel plazas and other transportation terminals; (3) sports facilities,

including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) hotels, resorts or similar short-term lodging; (6) apartment or condominium complexes; and (7) corporate office buildings or office parks.

We reserve to ourselves all other rights to use the System and Marks anywhere and in any manner including, without limitation, the right to offer, sell or distribute items such as training videos, equipment, athletic gear, etc., associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods, without compensation to any franchisee. These distribution channels or methods may include, without limitation, retail stores, mail order, wholesale or the internet (or any other existing or future form of electronic commerce). For instance, we currently offer online member enrollment through www.snapfitness.com. Our reserved rights also include the right for us or our affiliates to provide and to license third parties to provide the Fitness On Demand program, and other ancillary programs developed by or for us or our affiliates, at host locations (such as apartments, condo associations, corporate office buildings, schools, community centers and other gyms and fitness centers).

We will not operate, franchise, or license the operation of a fitness club offering 24/7 keycard access and substantially similar to a SNAP FITNESS club in your Designated Area, except in connection with our acquisition of a multi-unit brand. If we acquire a multi-unit brand (through a stock purchase, asset purchase, merger, or otherwise), we or our affiliate may operate, franchise, or license the operation of the acquired brand within and outside the Designated Area, without offering any rights or compensation to you.

There are no restrictions on our rights to solicit or accept orders inside or outside of your Designated Area. We are not required to compensate you for soliciting or accepting orders in the Designated Area.

Continuation of your Designated Area does not depend on the achievement of a certain sales volume, market penetration or other contingency. You do not have any right to sublicense or sub-franchise within or outside of the Designated Area. You do not receive the right to acquire additional franchises within or outside of your Designated Area (although we may allow you to open another club if you sign another Franchise Agreement with us and meet our requirements).

If you fail to acquire a site for the Club within 90 days after the Franchise Agreement is signed, instead of terminating this Agreement, we may eliminate the Designated Area protection and open that area for development by us or another franchisee. We also may unilaterally modify your Designated Area upon renewal or if you transfer your franchise rights (see Item 17). Other than described above, we have no right to modify your territorial rights except by mutual written consent of the parties.

You may relocate your Club under certain circumstances and subject to our approval, as is stated in Section 5.G of the Franchise Agreement.

Area Development Agreement

If you and we enter into an Area Development Agreement requiring you to open and operate multiple SNAP FITNESS Clubs in a Development Area, we will not develop or operate or grant anyone else a franchise to develop and operate a SNAP FITNESS Club in the Development Area except for Special Sites (as defined above) and except for any existing SNAP FITNESS clubs located in the Development Area at the time you sign the Area Development Agreement (the “Existing Clubs”) prior to the earlier of: (i) the expiration or termination of the Area Development Agreement; (ii) the date on which you must execute the Franchise Agreement for your last Club pursuant to the terms of the Development Schedule; or (iii) the date on which the Designated Area for your final Club under the Area Development Agreement is determined. Upon the earliest occurrence of any of the foregoing events: (i) the Development Area will expire and (ii) we will be entitled to develop and operate, or to franchise others to develop and operate SNAP FITNESS Clubs in the Development Area, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated.

We determine the Development Area in an Area Development Agreement using the same criteria that is used in defining a Designated Area for one Club. However, the Development Area must be able to support the number of clubs you intend to establish in that area.

The rights and restrictions described above regarding what we and our affiliates can and cannot do in a franchisee's Designated Area for a single Club are generally the same for the Development Area set forth in an Area Development Agreement. We are not required to pay you if we exercise any of the rights specified above inside your Development Area. In addition, we may terminate the Area Development Agreement if you: *(i)* fail to exercise options to enter into Franchise Agreements with us within any period on the Development Schedule; *(ii)* fail to comply with any other terms and conditions of the Area Development Agreement; *(iii)* make or attempt to make a transfer or assignment in violation of the Area Development Agreement; or *(iv)* fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which you and we or our affiliates are parties.

ITEM 13 TRADEMARKS

The Franchise Agreement licenses you to use the "Snap Fitness" service mark, as well as other trademarks, service marks, trade names and commercial symbols. We own and have registered the following principal Marks on the Principal Register of the U.S. Patent and Trademark Office and have filed all required affidavits.

Trademark	Register	Registration Date	Registration Number
SNAP FITNESS	Principal	June 20, 2006	3107672
SNAP FITNESS FAST-CONVENIENT-AFFORDABLE	Principal	April 25, 2006	3084847

We also claim common law rights to our SNAP FITNESS-24/7 FAST-CONVENIENT-AFFORDABLE logo and other supplementary marks used from time to time in the operation of the franchise. We do not have a federal registration for the "24/7" logo. Therefore, these trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use our trademark is challenged, you may have to change to an alternative Mark, which may increase your expenses.

Your use of the Marks and any goodwill is to our and our affiliate's exclusive benefit and you retain no rights in the Marks. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks including the adoption of new Marks, new program offerings, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. You must comply, at your cost, within a reasonable time if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the Marks.

If there is any infringement of, or challenge to, your use of the Marks, you must immediately notify us, and we will take action that we deem appropriate. We have the right to control all administrative proceedings and litigation involving the Marks. The Franchise Agreement does not require us to take affirmative action

if notified of the claim. The Franchise Agreement also does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding based on your use of the Marks, or if the proceeding is resolved unfavorably to you. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents, pending patent applications, or copyrights currently registered that are material to the franchise, although we do claim copyright ownership and protection for the design elements of our Marks, and the content of our Manual, training materials, web site, and promotional and other materials.

There are currently no effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including but not limited to the Manual. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the Manual and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the Manual at your cost.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

During the term of the Franchise Agreement, you (if franchisee is an individual) or your general manager must devote sufficient time and best efforts to the management of the Club. You are expected to stay informed about our organizational plans, initiatives and direction by regular review of communications sent to you electronically or otherwise.

You or your general manager must provide direct on-premises supervision to the Club. The general manager must complete our training course. He or she need not have any equity interest in the franchisee or the business entity that owns or operates the franchise. If he or she fails to satisfactorily complete the training program, you may designate a different individual and you must notify us immediately. We may request that you are present at the Club for any inspection or evaluation we conduct.

All officers, directors, members and all managers, instructors and other employees having access to our proprietary information must execute non-disclosure agreements in a form we accept. If we so require, your managers, instructors and other employees receiving training from us must execute covenants not to compete in a form that we approve.

Any individual or entity that holds, directly or indirectly, a 25% or greater equity interest in the franchisee must sign a personal guaranty. We reserve the right to require additional guarantors based on the financial qualification or ownership structure of the proposed franchisee.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer at the Club all of the products, equipment and services that we periodically require and you may not offer at the Club any unapproved products or use the premises for any purpose other than the operation of the Club. We have the unlimited right to change the types of authorized services you may offer.

If permitted by state and local law, you must be open for business every day of the week for 24 hours. You may solicit and accept memberships within your Designated Area. We may periodically negotiate contracts with corporations, affinity groups and insurance plans that will require that certain terms or discounts be offered to members of that corporation, affinity group or insurance plan by all franchisees at all locations (“**National Accounts**”). You must provide the special terms and/or discounts to these National Accounts. You are not otherwise limited in the customers to whom you may sell products or services.

You may not install or maintain on the Club premises any gaming, entertainment or vending machine without our prior written approval and you must agree to participate in any vending or media program we establish for the system.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement	Summary
a.	Length of the franchise term	FA: Section 4.A AD: Section 2.1	Term is 10 years Term depends on the number of Clubs to be developed under the Area Development Agreement as specifically set forth in the Development Schedule.
b.	Renewal or extension	FA: Section 4.B AD: Not Applicable	Renewal for unlimited additional 10-year terms No renewal rights under the Area Development Agreement.
c.	Requirements for franchisee to renew or extend	FA: Section 4.B	You must give us written notice of your decision to renew at least six months but not more than 12 months before the end of the expiring term; you must sign our then-current form of Franchise Agreement, the terms and conditions of which may be materially different than the terms and conditions of our current Franchise Agreement and which may contain terms less favorable to you, including different fees and a different Designated Area; you must sign our then-current form of Renewal Addendum (Sample Renewal Addendum attached as Exhibit F-4); you have complied with the modernization requirements for your Club; you

	Provision	Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement	Summary
		AD: Not Applicable	are not in default and have satisfied your obligations on a timely basis; if leasing, you have written proof of your ability to remain in possession of the Club premises throughout the renewal term and provide any then-required lease addendum; you comply with our training requirements; and you sign a release (provided that any release will not be inconsistent with any state law regulating franchising).
d.	Termination by franchisee	FA: Section 13.C AD: Not Applicable	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow at least 60 days notice and opportunity to cure such breach and, if not cured, wait 90 days from the original notice of breach before terminating the Franchise Agreement. You do not have the right to terminate the Area Development Agreement.
e.	Termination by franchisor without cause	FA: Not Applicable AD: Not Applicable	
f.	Termination by franchisor with cause	FA: Sections 13.A and 13.B AD: Section 2.2	We can terminate the Franchise Agreement and Area Development Agreement only if you default or fail to comply with your obligations.
g.	“Cause” defined – curable defaults	FA: Sections 13.A and 13.B AD: Section 2.2	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing; and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in h below. You have 30 days to cure any default under the Area Development Agreement.

	Provision	Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement	Summary
h.	“Cause” defined – non-curable defaults	FA: Sections 13.A and 13.B AD: Not Applicable	Non-curable defaults include: failure to acquire a site for the Club within 90 days after the Franchise Agreement is signed, or to open the Club for business within 180 days after the Franchise Agreement is signed, abandonment, loss of lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to relocate, closing of Club, insolvency, unapproved assignments or transfers, convictions, intentionally understating or underreporting Memberships or fees, multiple defaults, or failure to cure within 24 hours of notice a default which materially impairs the goodwill associated with any of our Marks.
i.	Franchisee’s obligations on termination/non-renewal	FA: Sections 10.D and 14.A-C AD: Section 2.3	Obligations include complete de-identification and payment of amounts due, assignment of your lease to us upon our demand, assignment to us of your telephone numbers, return of the Manual and proprietary materials, refunding members, and our right to purchase assets of the Club (also see o and r below). You lose all remaining rights to develop Clubs. Other obligations include those obligations noted above if existing Franchise Agreements are also terminated.
j.	Assignment of contract by franchisor	FA: Section 11.F AD: Section 3.1	No restriction on our right to assign.
k.	“Transfer” by franchisee – defined	FA: Section 11.A AD: Section 3.2	Includes any transfer of your interest in the Franchise Agreement, in all or substantially all of the Club assets, or in the business or any ownership change.
l.	Franchisor approval of transfer by franchisee	FA: Section 11.B AD: Section 3.2	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	FA: Sections 11.B-D	Transferee meets all of our then-current requirements for one of the franchise development programs then being offered, transferee must sign our then-current form of Franchise Agreement, the terms and conditions of which may be materially different than the terms and conditions of our current Franchise Agreement and which may contain terms less favorable to the transferee,

	Provision	Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement	Summary
		AD: Section 3.2	including different fees and a different Designated Area; applicable transfer fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, required guarantees signed, necessary financial reports and other data on franchise business is prepared, and release signed by you (provided release will not be inconsistent with any state law regulating franchising (also see r below). You cannot transfer your rights under the Area Development Agreement unless you transfer all of your rights and interests under all Franchise Agreements.
n.	Franchisor's right of first refusal to acquire franchisee's business	FA: Section 11.E AD: Not Applicable	We can match any offer for your Club assets and, in the case of a proposed stock sale, we can purchase your Club assets at a price determined by an appraiser, unless you and we agree otherwise.
o.	Franchisor's option to purchase franchisee's business	FA: Section 14.B AD: Not Applicable	Upon expiration or termination, we have the right to assume your lease for the Club premises, to assume all membership contracts, to assume all telephone numbers used in connection with the operation of your Club to assume all social media accounts associated with the Club, and to purchase or designate a third party that will purchase all or any portion of the assets of your Club, including the equipment, fixtures, signs, furnishings, supplies, leasehold improvements and inventory. Qualified appraiser(s) will determine price as described in the Franchise Agreement.
p.	Death or disability of franchisee	FA: Section 11.D AD: Not Applicable	You can transfer your franchise right to your heir or successor in interest like any other transfer, but if assignee is an existing franchisee, your spouse or your child, no transfer fee is required.
q.	Non-competition covenants during the term of the franchise	FA: Section 10.D AD: Not Applicable	No direct or indirect involvement in the operation of any fitness business other than one authorized in the Franchise Agreement.

	Provision	Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	FA: Section 10.D AD: Not Applicable	No direct or indirect involvement in a competing business for two years at the premises of the former Club; within 10 miles of the former Club; within any other franchisee's Designated Area; or within 10 miles of any other business or Club using the System.
s.	Modification of agreement	FA: Section 15.B AD: Section 5.7	No modifications generally, but we have the right to change the Manual and the list of authorized trademarks. We also have the right to define your Designated Area once you have acquired a site for the Club.
t.	Integration/merger clause	FA: Section 15.B AD: Section 5.7	Only the terms of the Franchise Agreement and Area Development Agreement (if applicable) are binding (subject to state law). We do not disclaim any representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	FA: Section 12 AD: Section 4	Except for certain claims, all disputes must first be submitted to mediation and, if not resolved by mediation, must be arbitrated in Minneapolis, Minnesota (subject to state law).
v.	Choice of forum	FA: Section 15.I AD: Section 4.4	Litigation must be in Minneapolis, Minnesota, except as restricted or prohibited by applicable state law regulating franchising.
w.	Choice of law	FA: Section 15.H AD: Section 5.5	Minnesota law governs construction of the Franchise Agreement and the parties' relationship, except as restricted or prohibited by applicable state law regulating franchising.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised 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.

Factual Background, Statement of Bases and Material Assumptions

The following table is a projected annual cash flow statement for a franchised SNAP FITNESS Club that has been in operation for a period of at least 12 months and has been constructed or modernized consistent with our current standards and requirements. The projection below assumes that at the end of the first year you have a fixed number of members and that you remain at the level for the entire year, adding as many new members as the number of members that leave.

The chart below includes three projections based on different numbers of members. One projection is based on club with 400 members, one projection is based on a club with 581 members, and the final projection is based on a club with 895 members. We based the revenue and certain expense projections on the experience of our 405 franchised SNAP FITNESS Clubs that have been in operation for a period of at least 12 months and were either constructed or modernized consistent with our current standards and requirements no later than December, 2019 (the “Modernized Clubs”). The revenue and expense information for the Modernized Clubs is as reported to us by our franchisees through our designated billing provider. We have not independently audited or verified this information. Because franchisees are not required to report all expense information to us, we relied on the historical experience of our corporate-owned SNAP FITNESS clubs in connection with certain expense estimates. In preparing these projections, we assumed that general market conditions will remain stable.

As described further below, during the time period of January 1, 2019 to December 31, 2019 (the “Measurement Period”) the average number of members for the 405 Modernized Clubs was 581 members (449 memberships). The first projection in the chart below represents a club with 400 members, which is below the average number of members for our existing Modernized Clubs. The second projection in the chart below represents a club operating with 581 members, which is the average number of members for our existing Modernized Clubs. The third projection in the chart below represents a club with 895 members which reflects the average number of members for our top 30% of Modernized Clubs. Note 3 below includes additional historical information for our Modernized Clubs and Stripe Model Clubs (as defined on the next page).

The Financial Performance Representation in Item 19 is based on the financial performance of fully operational Brand Outlets during 2019 and assumes that such performance provides a reasonable basis for the Financial Performance Representation. No adjustment has been made for the effects of the Event on historical performance. While any Brand Outlet operates to maintain social distancing, its financial performance may not be comparable to the group whose performance is presented in Item 19. Depending on how long the global pandemic Event continues, its severity in your region, and any unknown, long term impacts on consumer behavior, you could earn substantially less than our 2019 results suggest.

The Event has affected our Clubs significantly. Our Clubs are located in cities with orders for our Clubs to be closed for a portion of the Event. Because of the COVID-19 Event risk and the unknown impacts on business and consumer behavior, we do not represent or warrant to you in any way that your Franchised Business will be able to open or will be able to stay open after commencing business, or will not suffer any material impairment in its ability to operate.

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Annual Projected Cash Flow

	400 Members (Approx. 309 Memberships)	581 Members (Approx. 449 Memberships)	895 Members (Approx. 691 Memberships)
Annual Membership Operating Revenue ⁽¹⁾	\$167,100	\$242,800	\$373,700
Ancillary Revenue ⁽²⁾	\$14,100	\$20,200	\$32,400
Personal Training Revenue ⁽³⁾	\$30,100	\$43,700	\$67,300
Total Annual Operating Revenue	\$211,300	\$306,700	\$473,400
Occupancy ⁽⁴⁾	\$90,000	\$90,000	\$90,000
Personal Training Commissions ⁽³⁾	\$18,100	\$26,200	\$40,400
Continuing Fee	\$6,960	\$6,960	\$6,960
Web Hosting Fee	\$516	\$516	\$516
National Marketing Fee	\$3,300	\$3,300	\$3,300
Payment Processing/Access/Ongoing Membership Fees ⁽⁵⁾	\$12,800	\$17,600	\$25,800
Myzone	\$1,800	\$1,800	\$1,800
Utilities/TV/Phone/Internet ⁽⁶⁾	\$13,800	\$14,400	\$16,200
Ancillary Revenue COGS	\$3,700	\$5,200	\$8,900
Insurance ⁽⁷⁾	\$3,960	\$3,960	\$3,960
Office Supplies, Repairs and Maintenance, Miscellaneous	\$8,400	\$10,200	\$13,800
Advertising and Marketing ⁽⁸⁾	\$4,800	\$4,800	\$4,800
Total Annual Operating Expenses	\$168,136	\$184,936	\$216,436
Gross Annual Operating Cash Flow (before owner salary, wages, debt repayment and taxes) ⁽⁹⁾	\$43,164	\$121,764	\$256,964
Wages and Payroll Expenses ⁽¹⁰⁾		\$25,000	\$25,000
Membership Sales Commissions ⁽¹⁰⁾		\$6,280	\$9,680

These figures are only estimates of what we think you may earn. Your individual results may differ. There is no assurance that you will earn as much.

We rounded all revenue and expense information to the nearest \$100 (except amounts you pay to us and our affiliates).

Note 1. Based on membership data from our authorized billing software, a club will generally have 77% as many memberships as members. In other words, if you have 600 members, on average, you could expect to have approximately 465 memberships. Typical monthly membership fees are \$34.95 to \$44.95 based on single membership types and \$54.95 to \$84.95 for joint or family membership types.

Membership rates vary by club. You set your own membership prices depending on your club's competitive landscape and amenity service fees (such as tanning) that are added to a membership (exceptions are for National Accounts and certain promotional programs as described in Item 16). For example, you may offer discounts on membership pricing for pre-paid memberships, corporate discount programs and other special promotions. Some insurance or other programs may also involve a flat monthly reimbursement or visit fee based on club usage. For purposes of the information disclosed in this Item 19, we have not included revenue from any flat monthly or visit fee based programs. Under the Franchise Agreement, we have the right in the future to establish maximum or minimum membership rates, subject to applicable law. The numbers in the chart are based on a membership rate of \$45.07 per month, which is the average membership rate based on the information entered into our billing system for the 48 modernized clubs that opened from January 2016 – December 2018. These are the more recently opened clubs that had at least 12 months of operating history by December 31, 2019.

Of the 405 Modernized Clubs, the average and median number of members and memberships during the Measurement Period was as follows:

Modernized Clubs

	Members	Number & Percentage that Attained or Exceeded the Stated Average	Memberships	Number & Percentage that Attained or Exceeded the Stated Average
Top 30% (121 Clubs)	895 Members	47 (39%)	694 Memberships	47 (39%)
Middle 40% (163 Clubs)	535 Members	80 (49%)	409 Memberships	74 (45%)
Bottom 30% (121 Clubs)	329 Members	72 (60%)	257 Memberships	66 (55%)
Average (405 Clubs)	581 Members	163 (40%)	449 Memberships	165 (41%)
Median (405 Clubs)	532 Members	Not Applicable	399 Memberships	Not Applicable
Top 70% (284 Clubs)	688 Members	118 (42%)	530 Memberships	117 (41%)

The Modernized Club with the highest number of members and memberships during the Measurement Period had 2,186 members and 1,557 memberships. The Modernized Club with the lowest number of members and memberships during the Measurement Period had 171 members and 136 memberships.

As noted above, the projected cash flow chart included in this Item 19 is based on the historical performance of our 405 Modernized Clubs. As of December 31, 2019, we had 397 franchised SNAP FITNESS Clubs that were not yet modernized consistent with our current standards and requirements (the "Stripe Model Clubs"). The average and median number of members and memberships during the Measurement Period for the 397 Stripe Model Clubs was as follows:

Stripe Model Clubs

	Members	Number & Percentage that Attained or Exceeded the Stated Average	Memberships	Number & Percentage that Attained or Exceeded the Stated Average
Top 30% (119 Clubs)	820 Members	47 (39%)	628 Memberships	43 (36%)
Middle 40% (159 Clubs)	494 Members	72 (45%)	384 Memberships	78 (49%)
Bottom 30% (119 Clubs)	303 Members	68 (57%)	236 Memberships	64 (54%)
Average (397 Clubs)	535 Members	166 (42%)	413 Memberships	169 (43%)
Median (397 Clubs)	481 Members	Not Applicable	380 Memberships	Not Applicable
Top 70% (278 Clubs)	634 Members	108 (39%)	489 Memberships	107 (38%)

The Stripe Model Club with the highest number of members and membership during the Measurement Period had 2,018 members and 1,398 memberships. The Stripe Model Club with the lowest number of members and membership during the Measurement Period had 101 members and 89 memberships.

Note 2. The ancillary revenue figure in the chart above assumes you would collect an average of \$50 of ancillary revenue for the startup and onboarding of each new member. This amount will vary depending on how many new members join the club and which items you include in your onboarding package. Ancillary items may include program fees, card fees, Myzone belts, Fit Kits and other miscellaneous ancillary items. All ancillary items sold in the club must be from our approved vendors.

Note 3. The figures in the annual cash flow chart above assumes that you offer personal training in your club and that personal training revenue is approximately 18.0% of your monthly membership revenue. Not all clubs offer personal training and clubs historically have not been required to report personal training revenue to us. The information below reflects the average personal training revenue reported to us through our member billing system for those Modernized Clubs and Stripe Model Clubs that operated for a full 12 months as of December 31, 2019 and reported a minimum monthly average of \$1,000 in personal training revenue, which is the level our management estimates represents an active personal training program. Personal training revenue varies widely by club depending on the ability to find qualified and motivated personal trainers, types of services and management of the personal training programs.

Of the 128 Modernized Clubs that recorded at least \$1,000 per month in personal training revenue, the average and median personal training revenue during the Measurement Period was as follows:

Modernized Clubs

Average	Median	Number & Percentage that Attained or Exceeded Stated Average	High	Low
\$51,862	\$36,303	43 (34%)	\$336,053	\$12,192

Of the 110 Stripe Model Clubs that recorded at least \$1,000 per month in personal training revenue, the average and median personal training revenue during the Measurement Period was as follows:

Stripe Model Clubs

Average	Median	Number & Percentage that Attained or Exceeded Stated Average	High	Low
\$42,880	\$30,425	32 (29%)	\$174,857	\$12,283

The estimate of personal training commissions assumes your personal trainer receives 60% of the personal training fees as commission. Personal training varies widely by club depending on the ability to find qualified and motivated personal trainers and management of the personal training program.

Note 4. The recommended size of a club is 4,000 to 6,000 square feet. The projection above is based on a 4,500 square foot club with gross rent of \$20 per square foot. If your rent per square foot is higher or you choose to lease a larger space, your costs will be higher.

Note 5. This amount is based on a \$185 software license fee, 4% transaction fees, the \$0.62 monthly per membership maintenance fee, \$6.02 per membership for the membership agreement fee and \$1 per member for the online services fee.

Note 6. These amounts are based on our experience with our corporate and affiliate-owned clubs and may vary depending on your location and operations.

Note 7. The insurance cost is based on participation in the SAPP insurance program.

Note 8. The amount for advertising and marketing is based on the minimum local advertising spend requirement of \$4,800 per year. We generally recommend spending 5-9% of total revenue on marketing and promotions.

Note 9. The gross annual operating cash flow is before owner salary, wages, debt repayment and taxes. The projection above does not include any amount for equipment financing. It is up to you to decide how to handle the purchase of your equipment. If you choose to finance your equipment, the terms of any financing you obtain will depend on a variety of factors including your own credit background, the amount financed, applicable interest rate and down payment requirements.

Note 10. If you have less than 400 members at your club, we assume that you will manage the club yourself. If you manage the club, you will not have wage or payroll expense (except the amount you pay or distribute to yourself). The estimate of wages, payroll expense and commissions assumes you would have one club manager who works 35 to 40 hours per week at the club. Your payroll expenses will vary depending on the payroll taxes, workers compensation expense in your state, and any benefits you provide to your manager. If you are an absentee-owner or operate in a state that requires additional staffing, your wage and payroll expenses could be significantly higher.

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

Except for the information presented above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised clubs. 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 future income, you should report it to the franchisor's management by contacting Alison McElroy, Chief Legal Officer, Snap Fitness, Inc., 2411 Galpin Court, Suite 110, Chanhassen, MN 55317, 952-474-5422, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
for Years 2017 to 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2017	933	899	-34
	2018	898	861	-37
	2019	861	792	-69
Company Owned	2017	61	34	-27
	2018	35	19	-16
	2019	19	17	-2
Total Outlets	2017	994	933	-61
	2018	933	880	-53
	2019	880	809	-71

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor) for Years 2017 to 2019

State	Year	Number of Transfers
Alabama	2017	0
	2018	3
	2019	0
Arkansas* (Dumas event)	2017	0
	2018	0
	2019	1
Arizona* (queen creek trans. 2 times in one year)	2017	2
	2018	0
	2019	2
California	2017	1
	2018	1
	2019	1
Colorado	2017	0
	2018	0
	2019	2
Connecticut	2017	0
	2018	1
	2019	0
Florida	2017	1
	2018	1
	2019	2
Georgia	2017	3
	2018	4
	2019	3
	2017	0

State	Year	Number of Transfers
Iowa	2018	1
	2019	0
Illinois	2017	3
	2018	7
	2019	1
Kentucky	2017	2
	2018	2
	2019	0
Louisiana	2017	2
	2018	2
	2019	1
Maine	2017	0
	2018	1
	2019	0
Maryland	2017	0
	2018	0
	2019	1
Massachusetts	2017	2
	2018	2
	2019	0
Michigan	2017	3
	2018	8
	2019	8
Minnesota	2017	16
	2018	11
	2019	8
Montana	2017	0
	2018	1
	2019	0
Missouri	2017	3
	2018	2
	2019	1
Nebraska	2017	0
	2018	1
	2019	0
Nevada	2017	1
	2018	0
	2019	0

State	Year	Number of Transfers
New Jersey	2017	2
	2018	1
	2019	0
New Mexico	2017	0
	2018	1
	2019	0
New York	2017	0
	2018	2
	2019	0
North Carolina	2017	4
	2018	3
	2019	1
Ohio	2017	6
	2018	2
	2019	2
Oregon	2017	2
	2018	3
	2019	0
Pennsylvania	2017	1
	2018	1
	2019	4
South Carolina	2017	1
	2018	0
	2019	0
South Dakota	2017	0
	2018	0
	2019	2
Tennessee	2017	0
	2018	1
	2019	1
Texas	2017	4
	2018	4
	2019	7
Utah	2017	1
	2018	0
	2019	0
Virginia	2017	1
	2018	2
	2019	1
Washington	2017	5
	2018	0
	2019	3
Wisconsin	2017	1
	2018	4

State	Year	Number of Transfers
Wyoming	2019	0
	2017	2
	2018	0
	2019	0
Total	2017	69
	2018	72
	2019	52

Table No. 3
Status of Franchised Outlets
for Years 2017 to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Alabama	2017	10	6	0	0	0	0	16
	2018	16	1	1	0	0	0	16
	2019	16	0	1	0	0	0	15
Arizona	2017	20	1	1	1	0	0	19
	2018	19	3	1	0	0	1	20
	2019	20	0	1	0	0	0	19
Arkansas	2017	4	1	0	0	0	0	5
	2018	5	0	0	0	0	0	5
	2019	5	0	0	1	0	0	4
California	2017	22	0	0	0	0	1	21
	2018	21	1	0	0	0	0	22
	2019	22	0	2	0	0	0	20
Colorado ⁽¹⁾	2017	12	2	1	0	0	1	12
	2018	12	1	1	0	0	0	12
	2019	12	0	2	1	0	1	8
Connecticut	2017	8	0	2	0	0	0	6
	2018	6	0	0	0	0	0	6
	2019	6	0	0	0	0	0	6
Delaware	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
	2019	4	0	1	0	0	0	3
Florida	2017	18	1	1	0	0	0	18
	2018	18	0	3	0	0	1	14
	2019	14	0	3	0	0	0	11
Georgia	2017	19	3	0	0	0	0	22
	2018	22	2	0	0	0	1	23
	2019	23	0	0	0	0	1	22
Idaho	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
	2019	4	1	1	0	0	0	4
Illinois	2017	39	0	0	0	0	2	37
	2018	37	0	6	0	0	0	31
	2019	31	0	3	0	0	0	28
Indiana	2017	8	0	1	0	0	0	7

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2018	7	0	0	0	0	0	7
	2019	7	0	1	0	0	0	6
Iowa	2017	18	1	1	0	0	0	18
	2018	18	0	1	0	0	1	16
	2019	16	0	6	0	0	0	10
Kansas	2017	8	0	0	0	0	2	6
	2018	6	0	2	0	0	0	4
	2019	4	0	1	0	0	0	3
Kentucky	2017	17	0	0	0	0	3	14
	2018	14	0	0	0	0	0	14
	2019	14	1	2	0	0	0	13
Louisiana	2017	38	3	1	0	0	1	39
	2018	39	0	4	0	0	0	35
	2019	35	0	3	0	0	0	32
Maine	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Maryland	2017	3	0	1	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	1	0	0	0	0	3
Massachusetts	2017	8	0	0	0	0	1	7
	2018	7	0	1	0	0	0	6
	2019	6	0	0	0	0	0	6
Michigan	2017	67	1	0	0	0	4	64
	2018	64	0	4	0	0	1	59
	2019	59	0	0	0	0	0	59
Minnesota	2017	143	0	2	1	1	1	138
	2018	138	3	1	0	0	4	136
	2019	136	1	7	0	0	1	129
Mississippi	2017	18	3	0	0	0	1	20
	2018	20	0	1	0	0	0	19
	2019	19	0	2	1	0	0	16
Missouri	2017	18	0	0	0	0	1	17
	2018	17	0	0	0	0	0	17
	2019	17	0	0	0	0	0	17
Montana	2017	7	0	0	0	0	0	7
	2018	7	0	0	0	0	0	7
	2019	7	0	0	0	0	0	7
Nebraska	2017	7	0	0	0	0	0	7
	2018	7	0	0	0	0	0	7
	2019	7	0	1	0	0	0	6
Nevada	2017	6	0	0	0	0	1	5
	2018	5	0	0	0	0	0	5
	2019	5	0	3	0	0	0	2
New Hampshire	2017	2	0	0	0	0	1	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
New Jersey	2017	22	0	0	0	0	1	21
	2018	21	0	1	0	0	1	19
	2019	19	0	3	0	0	0	16
New Mexico ⁽¹⁾	2017	7	1	0	0	0	0	8
	2018	8	0	1	0	0	1	6
	2019	6	0	0	0	0	0	6
New York	2017	22	1	0	0	0	1	22
	2018	22	0	2	0	0	1	19
	2019	19	0	0	0	0	0	19
North Carolina	2017	26	0	0	0	0	1	25
	2018	25	0	0	0	0	0	25
	2019	25	1	8	0	0	0	18
North Dakota	2017	4	0	0	1	0	0	3
	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Ohio	2017	38	4	0	0	0	0	42
	2018	42	1	2	0	0	0	41
	2019	41	1	2	0	0	0	40
Oklahoma	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Oregon	2017	24	0	0	0	0	0	24
	2018	24	1	2	0	0	0	23
	2019	23	0	0	0	0	0	23
Pennsylvania	2017	41	1	4	0	0	3	35
	2018	35	2	0	0	0	2	35
	2019	35	0	4	0	0	0	31
South Carolina	2017	3	0	0	0	0	0	3
	2018	3	0	1	0	0	0	2
	2019	2	0	0	0	0	0	2
South Dakota	2017	8	0	0	0	0	1	7
	2018	7	0	0	0	0	1	6
	2019	6	0	1	0	0	0	5
Tennessee	2017	13	1	1	0	0	4	9
	2018	9	1	0	0	0	0	10
	2019	10	0	2	0	0	0	8
Texas	2017	67	4	3	1	0	2	65
	2018	65	4	3	0	0	0	66
	2019	66	1	1	0	0	0	66
Utah	2017	6	0	0	0	0	0	6
	2018	6	0	0	0	0	0	6
	2019	6	0	0	0	0	0	6
Vermont	2017	5	0	0	0	0	0	5
	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
Virginia	2017	23	0	1	0	0	1	21
	2018	21	0	1	0	0	0	20
	2019	20	0	1	0	0	0	19

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Washington	2017	22	0	0	0	0	0	22
	2018	22	1	0	0	0	0	23
	2019	23	0	2	0	0	0	21
Wisconsin	2017	63	0	3	1	1	6	52
	2018	52	0	4	1	0	0	47
	2019	47	0	5	0	0	1	41
West Virginia	2017	4	1	0	0	0	0	5
	2018	5	1	0	0	0	0	6
	2019	6	0	0	0	0	0	6
Wyoming	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Total	2017	933	35	23	5	2	40	898
	2018	898	22	43	1	0	15	861
	2019	861	7	69	3	0	4	792

Note 1: In 2017, our affiliate transferred a Company-Owned outlet located in New Mexico to a franchisee. In 2018, the franchisee relocated this Club to Colorado.

Table No. 4
Status of Company-Owned Outlets
for Years 2017 to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Alabama	2017	6	0	0	0	6	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
Arizona	2017	4	0	0	0	1	3
	2018	3	0	0	0	1	2
	2019	2	0	0	1	0	1
Arkansas	2017	1	0	0	0	1	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
California	2017	3	0	0	0	0	3
	2018	3	0	0	0	0	3
	2019	3	0	0	0	0	3
Colorado	2017	2	0	0	0	1	1
	2018	1	0	0	1	0	0
	2019	0	0	0	0	0	0
Connecticut	2017	3	0	0	0	0	3
	2018	3	0	0	2	0	1
	2019	1	0	0	0	0	1
Georgia	2017	3	0	0	1	2	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
Iowa	2017	3	0	0	1	2	0

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
Illinois	2017	2	0	0	0	0	2
	2018	2	0	0	1	0	1
	2019	1	0	0	0	0	1
Kentucky	2017	2	0	0	1	0	1
	2018	1	0	0	1	0	0
	2019	0	0	0	0	0	0
Louisiana	2017	4	0	0	0	2	2
	2018	2	0	0	0	0	2
	2019	2	0	0	0	0	2
Michigan	2017	1	0	0	0	1	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
Minnesota	2017	4	0	1	1	0	4
	2018	4	0	0	1	1	2
	2019	2	0	0	0	0	2
Mississippi	2017	2	0	0	0	2	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
New Mexico	2017	1	0	0	0	1	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
Ohio	2017	6	0	0	1	3	2
	2018	2	0	0	0	1	1
	2019	1	0	0	0	1	0
Oklahoma	2017	1	0	0	0	0	1
	2018	1	0	0	1	0	0
	2019	0	0	0	0	0	0
Oregon	2017	4	0	0	0	0	4
	2018	4	0	0	0	0	4
	2019	4	0	0	0	0	4
Pennsylvania	2017	2	0	0	0	0	2
	2018	2	0	0	0	1	1
	2019	1	0	0	0	0	1
Tennessee ¹	2017	1	1	0	1	0	1
	2018	1	0	0	0	1	0
	2019	0	0	0	0	0	0
Texas	2017	8	0	0	0	3	5
	2018	5	0	0	1	2	2
	2019	2	0	0	0	0	2
Wisconsin	2017	1	0	1	1	0	1
	2018	1	0	0	1	0	0
	2019	0	0	0	0	0	0
Total	2017	61	1	2	6	23	35
	2018	35	0	0	9	7	19
	2019	19	0	0	1	1	17

Note 1: Of the Company-Owned Outlets in Tennessee, one club opened in 2017 and also closed in 2017.

Table No. 5
Projected Openings for Upcoming Fiscal Year as of 12/31/2019

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in The Next Fiscal Year⁽¹⁾	Projected New Company-Owned Outlets in the Current Fiscal Year⁽¹⁾
Alabama	2	0	0
Arizona	3	0	0
California	5	1	0
Colorado	1	0	0
Connecticut	1	0	0
Florida	8	1	0
Georgia	1	0	0
Idaho	1	0	0
Illinois	5	0	0
Indiana	3	0	0
Iowa	8	0	0
Kentucky	2	0	0
Louisiana	3	0	0
Maryland	2	1	0
Massachusetts	2	0	0
Michigan	7	1	0
Minnesota	8	2	0
Mississippi	3	0	0
Missouri	2	0	0
Nebraska	1	0	0
New Jersey	7	0	0
New Mexico	6	0	0
New York	1	0	0
North Carolina	2	0	0
North Dakota	1	0	0
Ohio	6	0	0
Oregon	2	0	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in The Next Fiscal Year ⁽¹⁾	Projected New Company-Owned Outlets in the Current Fiscal Year ⁽¹⁾
Tennessee	3	0	0
Texas	28	5	0
Vermont	1	0	0
Virginia	4	0	0
Washington	7	1	0
Total	136	12	0

Note 1: The Event has affected our Clubs significantly. Our Clubs are located in cities with orders for our Clubs to be closed for a portion of the Event and are temporary closed and may be reopened at the Effective Date of the FDD. Because of the COVID-19 Event risk and the unknown impacts on business and consumer behavior, there is uncertainty on operations continues.

Attached at Exhibit D is a list of SNAP FITNESS Clubs open as of December 31, 2019 and a list of franchisees who are in the process of opening Clubs. Exhibit D also includes a list of franchisees who have left the system within the last fiscal year or who have not communicated with us within 10 weeks of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other potential franchisees of Snap Fitness when you leave the SNAP FITNESS system.

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

Except for the Franchisee Advisory Council (FAC) and local advertising cooperatives listed below, we have not created, sponsored or endorsed any franchisee association.

As of December 31, 2019, the local advertising cooperatives including the following:

- SF MSP Marketing Group, Inc., local advertising cooperative for the Minneapolis-St. Paul, MN DMA; and
- SF Milwaukee Marketing Group, Inc., local advertising cooperative for the Milwaukee, WI DMA.

The following independent franchisee organization has asked to be included in this disclosure document:

- SF Franchisee Association 74540 213th Street, Dassel, MN 55325, Telephone: 320-296-5100

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit B are the audited consolidated balance sheets of Snap Fitness, Inc. and subsidiaries as of December 31, 2019 and 2018, interim financial and the related consolidated statements of earnings, comprehensive income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 2019 and the unaudited consolidated Income Statement and Balance Sheet dated May 31, 2020.

ITEM 22
CONTRACTS

This Disclosure Document includes a sample of the following contracts:

- EXHIBIT C-1** Sample Franchise Agreement and State-Specific Addenda
- EXHIBIT C-2** Sample Area Development Agreement and State-Specific Addenda
- EXHIBIT F** Sample Franchise Agreement Addenda
- EXHIBIT G** Sample Financing Documents
- EXHIBIT H** Sample Myzone Agreement

ITEM 23
RECEIPTS

Attached to this Disclosure Document in Exhibit J are two acknowledgments of receipt.

STATE APPENDIX TO DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

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.

Item 17 of the Disclosure Document is supplemented by the following:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning transfer termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

You must sign a release if you renew or transfer your franchise. California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).

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

The Franchise Agreement requires binding arbitration. The arbitration will occur at Minneapolis, Minnesota. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of Minnesota. This provision may not be enforceable under California law.

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.

While the earnings claims figures do reflect historical ranges, they do not reflect all operating expenses or other costs and expenses that must be deducted from gross sales to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

Our website can be found at www.snapfitness.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

FOR THE STATE OF ILLINOIS

The Illinois Franchise Disclosure Act and the Rules and Regulations promulgated thereunder dictate that “any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a Franchise Agreement may provide for arbitration in a forum outside of this State.”

Nothing in the Franchise Disclosure Document or the Franchise Agreement (or the attachments thereto) may require franchisees covered by the Illinois Franchise Disclosure Act to waive compliance with Illinois law. Any provision in the Franchise Agreement (including but not limited to any choice of law provision) that may be read as calling for application of a state law other than Illinois law is hereby deleted and franchisees covered by the Illinois Franchise Disclosure Act are entitled to the protections of Illinois law, notwithstanding any such provision.

Item 1 of the Disclosure Document is supplemented by the following paragraphs:

The Illinois Physical Fitness Facility Medical Emergency Preparedness Act requires that a physical fitness facility (which excludes any facility serving less than 100 individuals or that does not employ any persons to provide instruction, training, or assistance for persons using the facility) have at least one automated external defibrillator (AED) and ensure that there is a trained AED user on staff and present during all staffed hours. Other provisions apply. See 815 ILCS 74 *et seq.*

The Illinois Dance Studio Act (which applies to any person or business entity which contract with members of the general public to provide dance studio services, including instruction, training or assistance in dancing, the use of studio facilities, membership in any group formed by a dance studio, and participation in dance competitions or showcases) requires that every contract for dance studio services be in writing and its contents must conform to the Act's requirements. The Act provides for contract execution, cancellation and refund. Other provisions apply. See 815 ILCS 610 *et seq.*

Compliance with these requirements may cause you to incur additional expenses.

FOR THE STATE OF MARYLAND

Item 17 of the Disclosure Document is supplemented by the following:

- (a) Any release or waiver provision contained in the Franchise Agreement or any release required as a condition of the sale, renewal, and/or assignment/transfer of the franchise shall not apply to any liability incurred under the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law").
- (b) Any claims arising under the Maryland Franchise Law must be brought within three years after the grant of the franchise;
- (c) Subject to your arbitration obligations, any provision in the Franchise Agreement requiring litigation in a forum outside the State of Maryland will not limit any rights you may have under the Maryland Franchise Law to bring suit in the State of Maryland.

FOR THE STATE OF MINNESOTA

Item 13 of the Disclosure Document is supplemented by the following:

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols ("Marks") or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred that you incur in the defense of your right to use the Marks, so long as you were using the Marks in the manner that we authorized, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

Item 17 of the Disclosure Document is supplemented by the following:

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 (1) a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Item 17 does not provide for a prospective general release of any claims against us which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Minn. Rules 2860.4400J states that you cannot consent to us obtaining injunctive relief. However, we may seek injunctive relief and a court will determine if a bond is required.

Minn. Statutes, Section 80C.17, Subd. 5, provides that no action may be commenced thereunder more than 3 years after the cause of action accrues.

FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR 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, 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 FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added to 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 or 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:

Neither the franchisor nor its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of this Franchise Disclosure Document: (a) filed as a 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 constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(e), titled “**Requirements for franchisee to renew or extend,**” and Item 17 (m), entitled “**Conditions for franchisor approval of transfer**”.

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”.

You may terminate the agreement on any grounds available by law.

7. The following is added the end of the “Summary” section of Item 17(j), titled “**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 Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”.

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

FOR THE STATE OF NORTH DAKOTA

1. The Securities Commissioner for the State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law:

- (a) A provision requiring a North Dakota franchisee to sign a general release upon renewal of the Franchise Agreement;
- (b) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;
- (c) A provision requiring a North Dakota franchisee to consent to the jurisdiction of courts outside the state of North Dakota;
- (d) A provision restricting the time in which a North Dakota franchisee may make a claim to less than the applicable North Dakota statute of limitations;
- (e) A provision calling for the waiver by a North Dakota franchisee of the right to trial by jury;
- (f) A provision requiring a North Dakota franchisee to consent to a waiver of exemplary and punitive damages.

Any and all provisions in the Franchise Agreement that are in violation of Paragraphs 1 (a-f) are deleted.

2. North Dakota Century Code Section 9-08-06 subjects covenants not to compete to the provisions of that statute. The covenants not to compete contained within the Franchise Agreement are subject to Section 9-08-06 and may be unenforceable under North Dakota law.

3. The site of any mediation or arbitration of the parties' disputes shall be at a site mutually agreeable to all parties. If all parties cannot agree upon a location, the arbitration or mediation shall be Fargo, North Dakota.

FOR THE STATE OF RHODE ISLAND

Section 19-28.1-14 of the Rhode Island Franchise Act ("Act") provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

FOR THE COMMONWEALTH OF VIRGINIA

Item 1 of the Disclosure Document is supplemented by the following:

Health spas in Virginia are regulated by the Department of Agriculture, Office of Consumer Affairs who can be reached at (804)786-1343.

Item 17 of the Franchise Disclosure Document is amended as follows:

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document is supplemented by the following:

"Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement do 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."

FOR THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which 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 shall 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.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

FOR THE STATE OF WISCONSIN

Item 17 of the Disclosure Document is supplemented by the following:

For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.

EXHIBIT A
LIST OF STATE ADMINISTRATORS
LIST OF AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

California

Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

Hawaii

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

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

Indiana

Franchise Section
Indiana Securities Division
302 West Washington St., Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-7042

Michigan

Consumer Protection Division
Antitrust and Franchise Unit
Department of Attorney General
525 West Ottawa Street
G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48913
(517) 373-7117

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1500

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
212-416-8285

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Oregon

Division of Consumer and Business Services
Finance and Corporate Securities
350 Winter St. N.E. Labor & Industries Bldg, Rm 21
Salem, Oregon 97310
(503) 378-4387

Rhode Island

Department of Business Regulation
Securities Division
1511 Pontiac Avenue, Bldg 68-2
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

Administrator
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

Franchise Administrator
Division of Securities
Department of Financial Institutions
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703
(608) 266-3364

LIST OF AGENTS FOR SERVICE OF PROCESS

California

Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013

Hawaii

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois

Office of the Attorney General
500 South Second Street
Springfield, Illinois 62701

Indiana

Indiana Secretary of State
Securities Division
302 W. Washington Street., Room E-111
Indianapolis, Indiana 46204

Maryland

Maryland Securities Commissioner
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2021

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise Section
525 West Ottawa Street
G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48913

Minnesota

Minnesota Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

New York

Secretary of the State of New York
One Commerce Plaza
99 Washington Avenue
Albany, New York 12231

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor Dept 414
Bismarck, North Dakota 58505

Oregon

Division of Consumer and Business Services
Finance and Corporate Securities
350 Winter Street N.E.
Labor and Industries Building, Room 21
Salem, Oregon 97310

Rhode Island

Director, Department of Business Regulation
Securities Division
1511 Pontiac Avenue, Bldg. 68-2
Cranston, Rhode Island 02920

South Dakota

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

Washington

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

Wisconsin

Administrator, Division of Securities
Department of Financial Institutions
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703

EXHIBIT B
FINANCIAL STATEMENTS

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

Snap Fitness, Inc. and Subsidiaries

December 31, 2019 and 2018

Contents

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Consolidated statements of comprehensive income	8
Consolidated statements of stockholders' equity	9
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GRANT THORNTON LLP

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Snap Fitness, Inc.

We have audited the accompanying consolidated financial statements of Snap Fitness, Inc. (a Minnesota corporation) and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of earnings, comprehensive income, changes in stockholders' equity, and cash flows for the years ended December 31, 2019, 2018, and 2017, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Snap Fitness, Inc. and subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years ended December 31, 2019, 2018, and 2017 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter regarding going concern

As discussed in Note B to the financial statements, the Company has experienced a significant reduction in its cash flows from operating activities subsequent to December 31, 2019. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note B. Our opinion is not modified with respect to this matter.



Minneapolis, Minnesota
July, 23 2020

Snap Fitness, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 2019 and 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash	\$ 4,444,000	\$ 3,767,000
Restricted cash	3,691,000	3,876,000
Receivables:		
Accounts receivable, net	5,915,000	8,248,000
Income and sales tax receivable	346,000	1,660,000
Current portion of financing receivables, net	287,000	242,000
Inventories	1,620,000	3,674,000
Prepaid expenses	709,000	1,839,000
Current portion of deferred costs	539,000	547,000
Total current assets	<u>17,551,000</u>	<u>23,853,000</u>
PROPERTY AND EQUIPMENT - AT COST		
Equipment and leasehold improvements	27,520,000	26,392,000
Software development costs	7,277,000	7,529,000
	<u>34,797,000</u>	<u>33,921,000</u>
Less accumulated depreciation	<u>(24,648,000)</u>	<u>(20,231,000)</u>
	10,149,000	13,690,000
Construction in process	-	1,314,000
	<u>10,149,000</u>	<u>15,004,000</u>
OTHER ASSETS		
Financing receivables, less current portion	216,000	337,000
Goodwill	7,316,000	6,487,000
Intangibles, net	828,000	1,251,000
Reacquired franchise rights, net	2,250,000	3,471,000
Equity method investments	2,330,000	2,029,000
Deposits	809,000	579,000
Deferred costs, less current portion	832,000	184,000
Deferred income taxes	1,400,000	2,096,000
Other noncurrent assets	18,000	53,000
	<u>15,999,000</u>	<u>16,487,000</u>
Total assets	<u><u>\$ 43,699,000</u></u>	<u><u>\$ 55,344,000</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Snap Fitness, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS - CONTINUED

December 31, 2019 and 2018

LIABILITIES AND STOCKHOLDERS' EQUITY

	2019	2018
CURRENT LIABILITIES		
Accounts payable	\$ 1,632,000	\$ 4,053,000
Accrued expenses	8,061,000	11,612,000
Deferred revenue:		
Current portion of deferred franchise fees	1,032,000	775,000
Deferred member sessions	191,000	352,000
Deferred subscription revenue	2,276,000	2,000,000
Customer deposits	206,000	151,000
Current portion of capital lease obligations	121,000	240,000
Current portion of long-term debt	53,000	102,000
Total current liabilities	<u>13,572,000</u>	<u>19,285,000</u>
OTHER NON-CURRENT LIABILITIES		
Capital lease obligations, less current portion	176,000	63,000
Deferred franchise fees, less current portion	2,690,000	-
LONG-TERM DEBT, less current portion	179,000	102,000
PAYABLE TO PARENT	<u>-</u>	<u>6,947,000</u>
Total liabilities	16,617,000	26,397,000
STOCKHOLDERS' EQUITY		
Series A redeemable preferred stock – 100,000,000 shares of no par value authorized; 40,800,000 shares issued and outstanding as of December 31, 2019 and 2018	-	-
Common stock – authorized 400,000,000 shares of no par value and 1,000,000 shares of \$.01 par value as of December 31, 2019 and 2018; 22,266,953 shares of no par value issued and outstanding as of December 31, 2019 and 2018	-	-
Additional paid-in capital	1,117,000	1,110,000
Retained earnings	28,379,000	30,265,000
Accumulated other comprehensive loss	(2,596,000)	(2,518,000)
Total Snap Fitness, Inc. stockholder's equity	<u>26,900,000</u>	<u>28,857,000</u>
Non-controlling interest	182,000	90,000
Total equity	<u>27,082,000</u>	<u>28,947,000</u>
	<u><u>\$ 43,699,000</u></u>	<u><u>\$ 55,344,000</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Snap Fitness, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
Revenues, net			
Franchising	\$ 35,092,000	\$ 39,494,000	\$ 38,012,000
Commercial	16,087,000	17,589,000	16,382,000
Corporate fitness clubs	14,775,000	14,648,000	11,420,000
Insurance	1,814,000	1,911,000	1,926,000
Leasing	24,000	40,000	61,000
Total revenues, net	<u>67,792,000</u>	<u>73,682,000</u>	<u>67,801,000</u>
Cost of revenues	<u>24,206,000</u>	<u>26,200,000</u>	<u>26,531,000</u>
Gross profit	43,586,000	47,482,000	41,270,000
Operating expenses			
Sales, general, administrative, and IT related costs	40,023,000	41,577,000	29,649,000
Impairment	816,000	135,000	5,470,000
Legal settlements	(154,000)	2,420,000	-
Loss on sale of corporate clubs	<u>1,273,000</u>	<u>1,260,000</u>	<u>1,304,000</u>
Operating profit	1,628,000	2,090,000	4,847,000
Other income (expense)			
Interest income	13,000	61,000	39,000
Income from equity method investments	1,942,000	2,669,000	1,748,000
Interest expense	(58,000)	(53,000)	(166,000)
Other	<u>186,000</u>	<u>(1,426,000)</u>	<u>(533,000)</u>
	2,083,000	1,251,000	1,088,000
Earnings before income taxes	3,711,000	3,341,000	5,935,000
Income tax expense	<u>3,333,000</u>	<u>1,740,000</u>	<u>2,996,000</u>
Net earnings	378,000	1,601,000	2,939,000
Net loss attributable to non-controlling interest	<u>182,000</u>	<u>60,000</u>	<u>-</u>
Net earnings attributable to Snap Fitness, Inc.	<u>\$ 560,000</u>	<u>\$ 1,661,000</u>	<u>\$ 2,939,000</u>

The accompanying notes are an integral part of these consolidated financial statements.

Snap Fitness, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 2019, 2018 and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net earnings	\$ 378,000	\$ 1,601,000	\$ 2,939,000
Other comprehensive income (loss):			
Foreign currency translation adjustments	<u>(78,000)</u>	<u>144,000</u>	<u>153,000</u>
Comprehensive income	300,000	1,745,000	3,092,000
Comprehensive loss attributable to non-controlling interest	<u>182,000</u>	<u>60,000</u>	<u>-</u>
Comprehensive income attributable to Snap Fitness, Inc.	<u>\$ 482,000</u>	<u>\$ 1,805,000</u>	<u>\$ 3,092,000</u>

The accompanying notes are an integral part of these consolidated financial statements.

Snap Fitness, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2019, 2018 and 2017

	Series A Redeemable Preferred Stock		Common stock		Additional paid-in capital	Retained Earnings	Accumulated other comprehensive loss	Non-controlling interest	Total equity
	Shares	Par value	Shares	Par value					
Balance, January 1, 2017	40,800,000	\$ -	22,266,953	\$ -	\$ 590,000	\$ 34,182,000	\$ (2,815,000)	\$ -	\$ 31,957,000
Compensation expense relating to stock options	-	-	-	-	204,000	-	-	-	204,000
Other capital contributions	-	-	-	-	250,000	542,000	-	-	792,000
Distributions	-	-	-	-	-	(8,406,000)	-	-	(8,406,000)
Comprehensive income (loss)	-	-	-	-	-	2,939,000	153,000	-	3,092,000
Balance, December 31, 2017	40,800,000	-	22,266,953	-	1,044,000	29,257,000	(2,662,000)	-	\$ 27,639,000
Compensation expense relating to stock options	-	-	-	-	66,000	-	-	-	66,000
Purchase of noncontrolling interest	-	-	-	-	-	-	-	150,000	150,000
Dissolution of subsidiaries	-	-	-	-	-	(153,000)	-	-	(153,000)
Distributions	-	-	-	-	-	(500,000)	-	-	(500,000)
Comprehensive income (loss)	-	-	-	-	-	1,661,000	144,000	(60,000)	1,745,000
Balance, December 31, 2018	40,800,000	-	22,266,953	-	1,110,000	30,265,000	(2,518,000)	90,000	28,947,000
Cumulative effect of change in accounting principle	-	-	-	-	-	140,000	-	-	140,000
Adjusted balance as of January 1, 2019	40,800,000	-	22,266,953	-	1,110,000	30,405,000	(2,518,000)	90,000	29,087,000
Compensation expense relating to stock options	-	-	-	-	7,000	-	-	-	7,000
Purchase of noncontrolling interest	-	-	-	-	-	-	-	274,000	274,000
Distributions	-	-	-	-	-	(2,586,000)	-	-	(2,586,000)
Comprehensive income (loss)	-	-	-	-	-	560,000	(78,000)	(182,000)	300,000
Balance, December 31, 2019	<u>40,800,000</u>	<u>\$ -</u>	<u>22,266,953</u>	<u>\$ -</u>	<u>\$ 1,117,000</u>	<u>\$ 28,379,000</u>	<u>\$ (2,596,000)</u>	<u>\$ 182,000</u>	<u>\$ 27,082,000</u>

The accompanying notes are an integral part of these consolidated financial statements.

Snap Fitness, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2019, 2018 and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:			
Net earnings	\$ 378,000	\$ 1,601,000	\$ 2,939,000
Adjustments to reconcile net earnings to net cash and restricted cash provided by operating activities, net of acquisitions:			
Depreciation and amortization	6,117,000	7,609,000	6,202,000
Deferred income taxes	696,000	(1,358,000)	(559,000)
Unrecognized tax benefits	-	(85,000)	(144,000)
Deferred rent	123,000	109,000	(276,000)
Compensation expense related to stock options	7,000	66,000	204,000
Provision for inventory	1,022,000	-	-
Accounts receivable allowance and bad debt	1,966,000	1,065,000	1,330,000
Income on equity method investments	(1,942,000)	(2,669,000)	(1,748,000)
Impairment	30,000	135,000	5,470,000
Loss on disposal of property and equipment	1,536,000	523,000	943,000
Loss on disposal of intangible assets	440,000	491,000	405,000
Changes in operating assets and liabilities:			
Accounts receivable	367,000	(3,643,000)	(148,000)
Income and sales tax receivable	1,314,000	248,000	(559,000)
Due to parent for income taxes	-	2,470,000	-
Inventories	1,032,000	(858,000)	(387,000)
Prepaid expenses and other assets	1,172,000	(73,000)	(461,000)
Deferred costs	294,000	583,000	4,000
Accounts payable	(2,421,000)	669,000	1,193,000
Accrued expenses	(3,674,000)	4,819,000	173,000
Deferred revenue	2,268,000	(190,000)	290,000
Customer deposits	(175,000)	(356,000)	(614,000)
Net cash provided by operating activities	<u>10,550,000</u>	<u>11,156,000</u>	<u>14,257,000</u>
Cash flows from investing activities:			
Purchase of property and equipment	(1,760,000)	(7,766,000)	(5,832,000)
Proceeds from sale of property and equipment	100,000	182,000	118,000
Principal collections on lease contracts and notes receivable	76,000	442,000	587,000
Dividend received from equity investment	1,940,000	2,200,000	1,400,000
Investment in equity investment	(299,000)	-	-
Acquisitions, net of cash acquired	-	(12,353,000)	-
Purchase accounting adjustments	(251,000)	-	-
Net cash used in investing activities	<u>(194,000)</u>	<u>(17,295,000)</u>	<u>(3,727,000)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Snap Fitness, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

Years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
Cash flows from financing activities:			
Payments on capital leases	\$ (6,000)	\$ (217,000)	\$ (228,000)
Payments on long-term debt	(190,000)	(10,000)	(392,000)
Proceeds from long-term debt	218,000	-	-
Distributions to stockholder	(2,586,000)	(500,000)	(8,406,000)
Due to parent	(6,954,000)	4,477,000	-
Other	274,000	150,000	(250,000)
Net cash (used in) provided by financing activities	<u>(9,244,000)</u>	<u>3,900,000</u>	<u>(9,276,000)</u>
Effect of exchange rate changes on cash and restricted cash	<u>(620,000)</u>	<u>794,000</u>	<u>(626,000)</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	492,000	(1,445,000)	628,000
Cash and restricted cash at beginning of year	<u>7,643,000</u>	<u>9,088,000</u>	<u>8,460,000</u>
Cash and restricted cash at end of year	<u><u>\$ 8,135,000</u></u>	<u><u>\$ 7,643,000</u></u>	<u><u>\$ 9,088,000</u></u>
Supplemental disclosures of cash flow information:			
Cash paid for:			
Income taxes	\$ 633,000	\$ 1,369,000	\$ 435,000
Interest	\$ 58,000	\$ 53,000	\$ 166,000
Supplemental disclosure of non-cash investing and financing activities:			
Adjustment to deferred costs and deferred revenue due to change in accounting principle	\$ (140,000)	\$ -	\$ -
Leasehold improvement and equipment acquired via capital lease	\$ -	\$ -	\$ 143,000
Payable to parent for income taxes net against intercompany receivables from parent	\$ -	\$ -	\$ 2,948,000

The accompanying notes are an integral part of these consolidated financial statements.

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019, 2018 and 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Snap Fitness, Inc. and subsidiaries (collectively, the “Company” or “Snap”) sells franchises to operate 24-hour fitness centers under the name “Snap Fitness,” and provides services to its franchisees. The Company, headquartered in Chanhassen, Minnesota, is a wholly owned subsidiary of Lift Brands, Inc. At December 31, 2019 and 2018, the Company had 1,301 and 1,366 Snap Fitness franchises opened throughout the United States, Canada, Australia, New Zealand, India, United Kingdom, Egypt, Spain, Georgia, Benelux (Belgium, Netherlands, and Luxembourg), Ireland, United Arab Emirates, Philippines, Hong Kong, Taiwan, Indonesia, Turkey and Mexico. An additional 32 and 49 Snap Fitness franchise agreements were signed for locations not opened as of December 31, 2019 and 2018. The Company also operated 36 and 39 company-owned Snap Fitness clubs at December 31, 2019 and 2018 throughout the United States, Australia and New Zealand.

The Company sells franchises to operate 24-hour yoga studios that offer a selection of both live classes and virtual on-demand classes under the name “YogaFit,” and provides services to its franchisees. At December 31, 2019 and 2018, the Company had 7 and 10 YogaFit franchises opened in the United States. No additional YogaFit franchise agreements were signed for locations not opened as of December 31, 2019 and 2018. The Company also operated one company-owned YogaFit studio at December 31, 2018.

The Company operates top-tier fitness centers in the United States under the name “Steele Fitness”. Steele offers one-on-one personal training, access to fitness equipment, and classes taught by top instructors. At December 31, 2019 and 2018 the Company operated one Steele center in the United States.

The Company sells Fitness on Demand which allows customers around the world to deliver premium group fitness programs to their users through an innovative video delivery system.

During 2014, the Company acquired the rights to sell “9Round” franchises in Australia, New Zealand, Mexico, and Europe. 9Round is a 30-minute complete-body kickboxing circuit. The Company operated 5 company-owned 9Round clubs in the United Kingdom and Australia at December 31, 2019.

The Company administers a commercial property, crime and general liability insurance program for certain of its franchisees through SAP Insurance, Inc., a variable interest entity and a captive insurance company.

A summary of significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Principles of Consolidation

The consolidated financial statements include the accounts of Snap Fitness, Inc. and its wholly owned subsidiaries:

Lift Brands of Canada Inc.	Wholesale Fitness Supply, LLC
Snap Fitness (India) Pvt. Ltd.	Snap Fitness Development, LLC
Snap Fitness Mexico S de RL de C.V.	Snap Fitness Properties, LLC
Lift Brands (Australia) Pty. Ltd.	Lift Brands Development Spain, S.L.
Lift Brands New Zealand Limited	Kosama Holdings, LLC
Lift Brands UK Limited	GoFit, LLC
Snap Security Systems, Inc.	Health Fran LLC
YogaFit Franchising, LLC	Insurgence Franchising AU Pty Ltd
Steele Fitness, LLC	SF Development Spain, S.L.
Snap Fitness International, LLC	Nicaragua CFC

The consolidation includes two variable interest entities, SAP Insurance, Inc. and SF TMF, LLC (“SF TMF”).

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

SAP Insurance, Inc. is owned by Snap Fitness Holdings, Inc. and is a related party to Snap Fitness, Inc. through common ownership. Snap Fitness, Inc. is considered to be the primary beneficiary of SAP Insurance, Inc. as Snap Fitness, Inc. has provided financial support in the past and its company owned clubs and franchisees receive the benefits of the services provided by SAP Insurance, Inc. Snap Fitness Inc. is exposed to potential losses of, and claims against, SAP Insurance, Inc. in the future. Revenue, assets and liabilities for SAP Insurance, Inc. are described in Note E.

SF TMF, was incorporated in 2017. During 2018, SF TMF formed a joint venture called TMF The Gulch, LLC ("TMF The Gulch"). TMF The Gulch was formed to build and operate a gym in Nashville, TN. Snap Fitness, Inc. has 50% ownership in SF TMF which has a 50% ownership in TMF The Gulch. Snap Fitness Inc. is considered to be the primary beneficiary of SF TMF LLC and TMF The Gulch, as Snap is exposed to nearly all potential losses of, and claims against, SF TMF and TMF The Gulch, in the future.

All significant intercompany accounts and transactions have been eliminated in the consolidation.

Cash

The Company maintains bank accounts in the United States of America, Canada, India, New Zealand, Mexico, United Kingdom and Australia. At times, the bank balances may be in excess of insured limits. As of December 31, 2019 and 2018, the Company had \$1,498,000 and \$2,732,000, of cash located in foreign banks. The Company has not experienced any losses associated with its deposits.

Restricted Cash

At December 31, 2019 and 2018, the Company had cash of \$1,750,000 and \$1,737,000 restricted to pay potential claims pursuant to their agreement with their third-party insurance company. Additionally, at December 31, 2019 and 2018, the Company had \$1,941,000 and \$2,139,000 restricted to cover costs relating to their national marketing fund, lease guarantees, and funds held on behalf of franchisees.

Accounts Receivable

Accounts receivable consist of amounts due for continuing franchise fees, products, sales and services. Additionally, it includes co-op rebates received from vendors on the sale of equipment to franchisees, insurance reimbursements, and other miscellaneous amounts. Accounts outstanding longer than the contractual payment terms are considered past due.

The Company provides an allowance for doubtful accounts based upon prior experience and management's assessment of the collectability of existing accounts. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. The allowance for doubtful accounts was \$553,000 and \$1,370,000 at December 31, 2019 and 2018.

Financing Receivables/Allowance for Credit Losses

Financing receivables primarily consist of amounts due from franchisees for exercise equipment leases.

The Company maintains an allowance for credit losses for its financing receivables at an amount that it believes to be sufficient to absorb losses inherent in the existing lease portfolio as of the reporting dates. Leases are individually and collectively evaluated for potential loss. The Company's methodology for determining the allowance for credit losses includes consideration of the level of delinquencies, historical net charge-off amounts, a review of any significant concentrations and any specific knowledge about individual leases.

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

A provision is charged against earnings to maintain the allowance for credit losses at the appropriate level. The Company's policy is to charge-off against the allowance the estimated unrecoverable portion of accounts in connection with its monthly process of reviewing all delinquent accounts. The allowance for credit losses is considered an estimate that could materially change within the next year. As of December 31, 2019 and 2018 the reserve for allowance was \$0 and \$26,000.

Inventories

Inventories consist principally of equipment, furniture, fixtures, and supplies for fitness centers which are held for sale and are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. All inventory is considered finished goods. The Company performs on-going lower of cost or net realizable value evaluations, and adjustments are made to reflect changes in market conditions, if necessary.

Property and Equipment

Property and equipment, which consists primarily of office equipment, exercise equipment installed in corporate-owned clubs and leasehold improvements, are stated at cost. Depreciation is being provided using the straight-line method over the estimated useful lives of the related assets, which is three to seven years. Leasehold improvements are amortized over the estimated service life of the asset or the term of the related lease, whichever is shorter. Software development costs were placed in service as of January 1, 2014 and are being amortized over five years. During 2018 additional software development costs were incurred and are being amortized over five years. Depreciation expense was \$4,924,000, \$5,479,000 and \$4,423,000 for the years ended December 31, 2019, 2018 and 2017.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount of the asset exceeds expected undiscounted future cash flows, the Company measures the amount of impairment by comparing the carrying amount of the asset to its fair value.

Intangible Assets

In accordance with Financial Standards Accounting Board ("FASB") Accounting Standards Codification ("ASC") 805, *Business Combinations*, the Company accounts for finite lived intangibles at fair value upon acquisition and amortizes this intangible asset on a straight-line basis over the life of the asset. The Company's acquired intangible assets include backlog, trade name and customer relationships made in conjunction with the Steele acquisition in 2013 and the Australia and New Zealand acquisitions in 2018. The useful lives of these assets are as follows:

Backlog	1 year
Trade name	10 years
Customer relationships	3 years

Amortization expense was \$384,000, \$331,000 and \$103,000 for the years ended December 31, 2019, 2018 and 2017.

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Future amortization is as follows:

2020	\$	373,000
2021		171,000
2022		103,000
2023		71,000
2024		-

The Company has \$110,000 of indefinite lived trade names related to master license agreements in Asia.

Goodwill

Goodwill represents the excess of purchase price over net assets acquired. The Company reviews goodwill for impairment annually or at the time of a triggering event, as defined. The Company completed its annual goodwill impairment analysis as of September 30, 2019 and concluded that the fair value is not “more likely than not” to be less than its carrying amount. Therefore, goodwill is not considered impaired. There was no goodwill impairment recorded in 2018.

At December 31, 2017, management used a quantitative approach, using a discounted cash flow model to determine that goodwill was fully impaired and as a result, recorded an impairment charge of \$5,470,000. The impairment was the result of a decline in market conditions and flat membership numbers.

Investment in 9Round Fitness, Inc.

The Company owns a 40% equity interest in 9Round Fitness, Inc. (9Round), which the Company accounts for using the equity method of accounting. The remaining 60% is owned by an independent third party. 9Round is a 30-minute complete-body kickboxing circuit. 9Round has international locations including Australia, New Zealand, Mexico and Europe. The Company's share of 9Round earnings (\$2,202,000 for 2019) are recognized in the Company's consolidated statements of earnings. Earnings and losses of 9Round increase and decrease the Company's investment account. Dividends received from 9Round decrease the Company's investment account. The Company received \$1,940,000, \$2,200,000 and \$1,400,000 of dividends from 9Round during the years ending December 31, 2019, 2018 and 2017. The total equity investment amount at December 31, 2019 and 2018 was \$2,289,000 and \$2,029,000, respectively.

Investment in 24 7 Fitness Spor Hizmetleri

In 2019, the Company purchased a 40% equity interest in 24 7 Fitness Spor Hizmetleri (translates to 24 7 Fitness Sports Services), which the Company accounts for using the equity method of accounting. The remaining 60% is owned by an independent third party. 24 7 Fitness Sports Services is internationally based in Turkey. The Company's share of losses (\$260,000 for 2019) are recognized in the Company's consolidated statements of earnings. Earnings and losses of 24 7 Fitness Sports Services increase and decrease the Company's investment account. Dividends received from 24 7 Fitness Spor Hizmetleri decrease the Company's investment account. The Company received no dividends from 24 7 Fitness Sports Services during the years ending December 31, 2019. The total equity investment amount at December 31, 2019 was \$41,000.

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Fair Value Measurements

The Company uses a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of hierarchy under the framework are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology are inputs other than quoted prices related to Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company determined the fair value of goodwill, identifiable intangible assets, and reacquired franchise rights obtained in the Steele, Australia and New Zealand transactions using Level 3 inputs which included a discounted cash flow model as of the acquisition date. The carrying amounts of cash and cash equivalents and accounts receivable and payable approximate fair value because of their short-term maturities.

Reacquired Franchise Rights

In accordance with ASC 805, the Company accounts for franchise rights acquired from franchisee location purchases at fair value upon acquisition and amortizes this intangible asset on a straight-line basis over the term of the franchise agreements. Amortization expense related to franchise rights on corporate clubs was \$398,000, \$523,000 and \$358,000 for the years ended December 31, 2019, 2018 and 2017.

Future amortization is as follows:

2020	\$	304,000
2021		235,000
2022		190,000
2023		178,000
2024		165,000
Thereafter		502,000

In January 2013, Lift Brands Australia and Lift Brands New Zealand purchased Jeanart PTY LTD (Australia) and NZ 24/7 Limited (New Zealand) for \$10,080,000 AUD (\$9,831,000 USD). The purpose of the acquisitions was to reacquire the franchise rights held by these entities to develop the Snap Fitness brand through franchise development in these countries. The purchases were accounted for as asset acquisitions with the purchase price recorded as reacquired franchise rights which are being amortized over the remaining terms of the franchise development agreements. Amortization expense was \$363,000, \$1,228,000 and \$1,267,000 for the years ended December 31, 2019, 2018 and 2017.

There is no remaining future amortization on these franchise rights.

In March 2014, Health Fran purchased the international rights of 9Round for Europe for \$812,000. During 2016 the Health Fran disposed of the right to Turkey. The purpose of these transactions was to acquire the royalty-based license to use the intellectual property in the territories held by 9Round to develop the brand through franchise development in these countries. The purchase of the license fees were accounted

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

for as asset acquisitions with the purchase price recorded as reacquired franchise rights which are being amortized over 20 year term of the license agreement. Amortization expense was \$48,000 for the years ended December 31, 2019, 2018 and 2017.

Future amortization is as follows:

2020	\$ 48,000
2021	48,000
2022	48,000
2023	48,000
2024	48,000
Thereafter	436,000

The changes in the carrying amount of reacquired franchise rights for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Balance at beginning of year	\$ 3,471,000	\$ 3,629,000
Current year acquired rights	-	2,311,000
Current year disposals and write-offs	(435,000)	(268,000)
Current year amortization	(809,000)	(1,799,000)
Foreign exchange translation	23,000	(402,000)
Balance at end of year	<u>\$ 2,250,000</u>	<u>\$ 3,471,000</u>

The Company recorded impairment expense of \$30,000 and \$135,000 during the year ending December 31, 2019 and 2018 relating to acquired franchise rights of the YogaFit brand in Australia and New Zealand. The impairment was the result of decreasing performance of the YogaFit brand international. There was no impairment of intangibles during the year ended December 31, 2017.

Revenue Recognition

Franchising - The Company derives revenues from the sale of franchises and related services to franchisees. The Company receives initial franchise fees, royalties and revenues from providing product and services to franchisees and rebates from certain vendors used by the company and its franchisees.

Initial franchise fees, which are non-refundable, are typically \$19,500 - \$40,000 per store or \$60,000 - \$75,000 for three store packages. The fees are recognized ratably over the contract period. However, in the instance that the franchisees' designated area reservation agreement is terminated and a store doesn't open, revenue is fully recognized at the time of cancellation. During the years ended December 31, 2019, 2018 and 2017, the Company recognized \$117,000 and \$48,000 and \$0 of franchising revenue from terminated franchisees' designated area reservation agreements.

Pursuant to the franchise agreement, franchisees for Snap Fitness are required to pay a continuing fee of \$349 - \$549 per month which is recognized monthly, beginning when the franchise operations commence.

The Company sells equipment and furniture to franchisees prior to the store opening. Sales are recognized when the products are shipped. Membership processing services and internet hosting services are provided monthly to franchisees and revenue is recognized when services are provided.

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

The Company receives rebates from certain vendors used by the franchisee that are recorded as service and sales revenue when franchisees purchase equipment and the related equipment is delivered to the franchisee.

Franchisees contribute \$75 - \$150 per month to an advertising fund which the Company, at its discretion, may spend for advertising and marketing initiatives. Advertising fees collected were approximately \$2,120,000, \$2,264,000 and \$1,888,000 for the years ended December 31, 2019, 2018 and 2017, and are included within franchising revenues.

Corporate Fitness Clubs - The Company owns fitness clubs under the Snap Fitness, 9Round, and Steele Fitness brands. Monthly membership dues are recorded as revenue when earned. Personal training session revenue is deferred until the session has occurred or when the session has expired. Apparel and merchandise sales are recorded at the point of sale. Returns have not been material.

Commercial - The Company sells to, and installs certain equipment for, franchisees prior to the store opening. The Company sells ongoing wholesale fitness supplies to its franchisees and other third parties. Sales are recognized when the products are shipped. The Company enters into sales arrangements that may provide for multiple deliverables to a customer. Sales agreements for Fitness on Demand as well as a heart rate based system to monitor physical activity may include hardware, audio visual products, installation services, and monthly subscription fee. In general, revenues are separated between hardware, audio visual products, installation services and subscription fees. The allocated revenue for each deliverable is then recognized ratably based on relative fair values of the components of the sale. Revenue from audio visual products and installation services are deemed to have value on a stand-alone basis and are recognized at the time of delivery. Revenue from subscription fees is recognized when the service is delivered on a monthly basis. Revenue from hardware does not have value on a stand-alone basis and is deferred and recognized over the term of the customer contract.

The Company collects various taxes from customers and remits these amounts to applicable taxing authorities. The Company's accounting policy is to exclude these taxes from revenues and cost of sales.

Insurance - The Company administers a commercial property, crime and general liability insurance program for certain franchisees and corporate clubs under the Lift Brands, Inc. collection of fitness-minded businesses including Snap Fitness, YogaFit, Steele Fitness, Farrell's and Kosama.

The insurance program covers franchisee claims up to \$10,000,000 per occurrence. The Company acts as a reinsurance company for a third-party insurance company that handles claims administration and payments.

Under the reinsurance contract between the Company and the third-party insurance company, the Company reimburses the third-party insurance company for claims paid, up to a maximum of \$500,000 per claim, and \$2,750,000 in the aggregate. Prior to January 1, 2016 the Company retained liability up to a maximum of \$500,000 per occurrence, with varying aggregate limits each year. Any claim that exceeds \$500,000 is paid by the third-party insurance company, up to a maximum of \$1,000,000 per occurrence with no aggregate limit. The Company has an umbrella policy that covers claims that exceed the \$1,000,000 per occurrence or \$2,750,000 aggregate up to a maximum of \$10,000,000 per location.

Premiums are collected by the Company from franchisees through its monthly franchise billing process and passed directly to SAP Insurance, Inc. SAP Insurance, Inc. records revenue at the value it receives from the third-party insurance company under the reinsurance contract. Recorded costs include actual claims paid per the reinsurance agreement, claims reported but not yet paid and an estimate of claims incurred but not reported. SAP Insurance, Inc. was determined to be a variable interest entity for which Snap Fitness is the primary beneficiary.

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Leasing - The Company leases fitness equipment to certain franchisees, generally over a term of five years. The leases contain a bargain purchase option and otherwise meet the criteria for a direct financing lease as outlined in ASC 840, Leases. Financing income is recorded over the lease term to produce a constant periodic rate of return on the net investment in the lease.

Adoption of New Revenue Standard (ASC 606): In May 2014, the FASB issued ASC 606 to supersede nearly all existing revenue recognition guidance under GAAP. The core principle of ASC 606 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASC 606 defines a five-step process to achieve this principle and, in doing so, at times more judgment and estimates are required within the revenue recognition process than required under the previous FASB ASC 605, Revenue Recognition ("ASC 605"), including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer. A performance obligation is considered distinct when both (i) a customer can benefit from the product or service either on its own or together with other resources that are readily available to the customer and (ii) the promised product or service is separately identifiable from other promises in the contract. Additionally, ASC 606 provides guidance related to costs of obtaining a contract with a customer that an entity expects to recover. In July 2015, the FASB deferred the effective date of ASC 606 until annual and interim periods beginning on or after December 15, 2018.

The new guidance permitted the use of either a full retrospective or modified retrospective transition method and early adoption was permitted. The Company has adopted this standard beginning with fiscal year 2019 utilizing the modified retrospective transition method, the Company has applied this guidance only to contracts that are not completed at the date of initial application, opposed to all open contracts.

Revenue Recognition: The new guidance did not impact the timing of revenue recognition on franchise royalty revenues, commercial revenues, corporate fitness clubs revenue, insurance revenues, and leasing revenue.

Beginning in fiscal 2019, the Company recognizes franchise fee revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods. Cash payments are due upon signing the agreement or the execution of a renewal of the related franchise agreement. The Company's performance obligation with respect to franchise fee revenues consists of a license to utilize the Company's brand for a specified period of time, which is satisfied equally over the life of each franchise agreement.

The majority of the Company's contracts contain provisions that require customer payment no later than 30 days from the completion of the related performance obligation.

The following table summarizes the impact of the adoption of the new revenue standard on the Company's previously reported consolidated balance sheets:

	December 31, 2018	New Standard Adjustment	January 1, 2019
Deferred Tax Asset	\$ 2,096,000	\$ (7,000)	\$ 2,089,000
Current portion of deferred costs	547,000	175,000	722,000
Deferred costs, less current portion	184,000	759,000	943,000
Current portion of deferred franchise fees	775,000	(474,000)	301,000
Deferred franchise fees, less current portion	-	1,268,000	1,268,000
Retained Earnings	30,265,000	140,000	30,405,000

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Costs to Obtain a Contract: The amended guidance under ASC 340 requires the capitalization of all incremental costs of obtaining a contract with a customer that an entity expects to recover. The Company has identified commissions eligible for capitalization under ASC 340 as they are incremental costs solely associated with new contracts that are expected to be recovered.

These capitalized costs are amortized between 5-15 years, which represents the life of the franchise agreement. The Company classifies such capitalized costs as current and non-current assets (under the caption deferred costs) based on the expected timing of expense recognition. The following table reflects the change in capitalized costs between the date of adoption (January 1, 2019) and December 31, 2019:

Balance, January 1, 2019	\$ 1,665,000
Commission payments	753,000
Amortization	<u>(1,047,000)</u>
Balance, December 31, 2019	<u>\$ 1,371,000</u>

Contract Liabilities: Contract liabilities consist of deferred revenue (current and non-current) resulting from franchise fees paid by franchisees. We classify these liabilities within current liabilities and other liabilities within our consolidated balance sheets (under the caption deferred franchise fees) based on the expected timing of revenue recognition associated with these liabilities. The following table reflects the change in contract liabilities between the date of adoption (January 1, 2019) and December 31, 2019:

Balance, January 1, 2019	\$ 1,569,000
New franchise payments	2,829,000
Revenue recognized	(772,000)
Effect of exchange rates	<u>96,000</u>
Balance, December 31, 2019	<u>\$ 3,722,000</u>

The following table illustrates estimated revenues expected to be recognized in the future related to unsatisfied performance obligations as of December 30, 2019:

2020	\$ 584,000
2021	584,000
2022	512,000
2023	420,000
2024	338,000
Thereafter	1,284,000

Adoption of the new revenue standard had no impact on the Company's cash flows from operating, investing or financing activities.

Stock-Based Compensation

The Company accounts for its stock-based compensation arrangements in accordance with the provisions of the ASC 718, which requires compensation cost to be recognized in the consolidated statements of earnings for stock-based awards granted to employees of the Company based on their fair values at the time of grant over the requisite service period.

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Advertising

Advertising costs are charged to cost of revenues and operating expenses as incurred. Advertising costs charged to cost of revenues totaled \$2,845,000, \$3,608,000 and \$3,031,000 for the years ended December 31, 2019, 2018 and 2017 and costs charged to operating expenses totaled \$821,000, \$1,289,000 and \$683,000 for the years ended December 31, 2019, 2018 and 2017. Costs charged to cost of revenue include cost of advertising materials sold to newly opened clubs, marketing and advertising expenses for corporate-owned clubs in addition to design costs and ad materials for the advertising fund.

Foreign Currency Translation

Lift Brands of Canada, Inc. utilizes the Canadian dollar as its functional currency, Snap Fitness India Pvt. Ltd. utilizes the (Indian) Rupee as its functional currency, Lift Brands (Australia) Pty. Ltd. utilizes the Australian dollar as its functional currency, Lift Brands New Zealand Limited utilizes the New Zealand dollar as its functional currency, Lift Brands UK Limited utilizes the British Pound as its functional currency, Lift Brands Development Spain, S.L. utilizes the Euro as its functional currency, and Snap Fitness Mexico S. de R.L.de C.V. utilizes the Mexican Peso as its functional currency. Accordingly, assets and liabilities denominated in foreign currencies are translated using the exchange rate in effect at the balance sheet date and revenues and expenses are translated at the average foreign exchange rates in effect for the period. Translation gains and losses relating to the foreign currencies considered to be long-term in nature are reflected on the balance of accumulated other comprehensive loss in stockholders' equity in the consolidated balance sheets.

Translation gains and losses relating to the foreign currencies considered to be short-term in nature are reflected in other in the consolidated statements of earnings.

Income Taxes

The Company files a consolidated federal income tax return with Snap Fitness Holdings, Inc.

The Company provides for income taxes utilizing the liability method recognizing taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns.

Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period when the new rate is enacted.

The impact of an uncertain tax position taken or expected to be taken on an income tax return is recognized in the financial statements at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the financial statements unless it is more likely than not of being sustained. The Company elects to recognize interest and penalties related to unrecognized tax benefits in the provision for income taxes.

Use of Estimates

Preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Recently Adopted Accounting Pronouncements

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230)*, to address the diversity that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. ASU 2016-18 requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The new standard is effective for annual periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. The Company adopted this ASU on January 1, 2019.

Recent Accounting Pronouncements

In October 2018, the FASB issued ASU 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*. The amendments to this update affect reporting entities that are required to determine whether they should consolidate a legal entity under the guidance within the Variable Interest Entities Subsections of Subtopic 810-10. For entities other than private companies, the amendments in this update are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The amendments in this update are effective for a private company for fiscal years beginning after December 15, 2020, and interim periods within the fiscal years beginning after December 15, 2021. All entities are required to apply the amendments in this update retrospectively with a cumulative-effect adjustment to retained earnings at the beginning of the earlier period presented. Early adoption is permitted. The adoption of ASC 2018-17 is not expected to have a material impact on our results of operations, financial position or liquidity of our related financial statement disclosures.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350)* that will eliminate the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, impairment charge will be based on the excess of a reporting unit's carrying amount over its fair value. The guidance is effective for the Company beginning after December 31, 2021. The Company does not anticipate the adoption of this guidance to have a material impact on its consolidated financial statements absent any goodwill impairment.

In January 2017, the FASB issued ASU 2017-01, *Business Combination (Topic 805): Clarifying the Definition of a Business*, which assists in determining whether a transaction should be accounted for as an acquisition or disposal of assets or as a business. This ASU is effective for annual and interim periods beginning in 2018 and is required to be adopted using a prospective approach, with early adoption permitted for transactions not previously reported in issued financial statements. The Company adopted this ASU on January 1, 2018, and expects that the adoption of this ASU could have a material impact on future consolidated financial statements, as future asset acquisitions may not be considered businesses.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*, which intends to reduce diversity in practice in how certain cash receipts and cash payments are presented in the statement of cash flows. ASU 2016-15 clarifies that the classification of cash activity relates to debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate and bank-owned life insurance policies, distributions received from equity-method investments and beneficial interests in securitization transactions. The new standard is effective for annual periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, provided that all of the amendments are adopted in the same period. The Company is currently evaluating the effect that adopting this new accounting guidance will have on its consolidated results of operations, financial position and cash flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The standard provides for a new impairment model which requires measurement and recognition of expected credit losses for most financial assets held. ASU No. 2016-13 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2020. The Company is currently evaluating the effect that adopting this new accounting guidance will have on its consolidated results of operations and financial position.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize on the balance sheet certain operating and financing lease liabilities and corresponding right-of-use assets that have lease terms of greater than 12 months. This topic retains the distinction between finance leases and operating leases. The ASU is effective on a modified retrospective approach for annual periods beginning after December 15, 2020, with early adoption permitted. Entities are permitted to adopt this guidance either prospectively or retrospectively. The Company is currently in the process of evaluating the impact of the adoption of this ASU on its consolidated financial statements and has not yet selected a transition method. The Company is currently evaluating the effect that adopting this new accounting guidance will have on its consolidated results of operations, financial position and cash flows.

Subsequent Events

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted. The CARES Act is an emergency economic stimulus package in response to the COVID-19 outbreak, which among other things, provides provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The Company is currently evaluating any other applicable implications of the CARES Act, and its impact on the financial statements and related disclosures has not yet been determined.

The Company has evaluated its consolidated financial statements for subsequent events through July 23, 2020, the date the financial statements were available to be issued. The Company is not aware of any additional subsequent events which would require recognition or disclosure in the financial statements, except for the events noted below and outlined in Note B.

NOTE B - LIQUIDITY

The accompanying financial statements have been prepared under U.S. GAAP, which contemplates continuation of the Company as a going concern. The Company has experienced a significant reduction in its revenue and cash receipts subsequent to December 31, 2019 as a result of a mandated temporary shutdown of Snap Fitness, YogaFit, Steele Fitness, Farrell's and Kosama gym locations related to the public health concerns caused by the COVID-19 pandemic. As these revenues are necessary to fund the Company's business and obligations as they come due, substantial doubt about its ability to continue as a going concern has been raised.

The impact of the pandemic to the Company's business or future operating results cannot be reasonably estimated at this date, however the gym closures could have a material adverse impact on the Company's financial position, results of operations and cash flows. Further, the Company's liquidity, and ability to comply with financial obligations may also be impacted by prolonged closure of the gyms in the future. As of July 21, 2020 the Company has reopened approximately 70% of their gyms worldwide.

The Company has received financial support from its Parent (Lift Brands, Inc.) on occasion in the past and could require the Parent's support in the future, or could be required to support the Parent, in the future in order to honor its or its' Parent financial obligations. The Parent was not in compliance with its debt

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

covenants at December 31, 2019 and was seeking refinancing with its lenders subsequent to year-end. On June 29, 2020, the Parent was able to refinance its debt with its lenders. As a result of the refinance, the owners of the Parent were required to, among other things, contribute \$15 million of equity to the Parent. Additionally, as part of the refinance; the Parent's debt covenants were reduced through March 2022. Through March 2022, the only financial debt covenant the Parent has is to maintain \$3 million in liquidity at the end of each month. As of July 21, 2020, the Parent has \$17.4 million of unrestricted global cash and cash equivalents on hand. Subsequent to December 31, 2019, the Company has implemented expense reductions in areas such as salaries, marketing, travel and entertainment. The Company has also deferred cash payments for rent and implemented new controls to manage cash payments to vendors to better align with its cash receipts.

NOTE C - BUSINESS COMBINATIONS

On April 4, 2018, Lift Brands Australia and Lift Brands New Zealand acquired all issued and outstanding shares of various corporations from their Australia master franchisor for \$6.06 million and \$7.67 million USD respectively. The purpose of the acquisitions was to acquire 23 clubs held by the parties and to expand the brand.

The transaction was accounted for using the acquisition method of accounting and, accordingly, all assets and liabilities were recorded at their fair value as of the date of the acquisition. The premium over the fair value of the net tangible and identifiable intangible assets acquired, resulted in an allocation to goodwill.

The following table summarizes the fair values of the assets and the liabilities of the Australia acquired companies at the acquisition date:

Purchase price, net of cash acquired	\$ 5,260,000
Net tangible assets, excluding deferred tax assets	481,000
Identifiable intangible assets:	
Reacquired rights - development agreements	322,000
Reacquired rights - clubs	833,000
Customer relationships	364,000
Deferred tax assets	93,000
Goodwill	<u>3,167,000</u>
Allocation of purchase price	<u>\$ 5,260,000</u>

The following table summarizes the fair values of the assets and the liabilities of the New Zealand acquired companies at the acquisition date:

Purchase price, net of cash acquired	\$ 7,274,000
Net tangible assets	1,420,000
Identifiable intangible assets:	
Reacquired rights - development agreements	106,000
Reacquired rights - clubs	1,050,000
Customer relationships	586,000
Goodwill	<u>4,112,000</u>
Allocation of purchase price	<u>\$ 7,274,000</u>

On November 16, 2018, Lift Brands Spain SL acquired all issued and outstanding shares of Snap Nicaragua 27, S.L.U from Snap Fitness Iberia, S.L. for one Euro. The purpose of the acquisitions was to acquire one

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

club and to expand the brand internationally. The transaction was accounted for using the acquisition method of accounting and, accordingly, all assets and liabilities were recorded at their fair value as of the date of the acquisition.

ASC Topic 805-10 provides that if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report, in its financial statements, provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date and may recognize additional assets or liabilities to reflect new information obtained from facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period may not exceed one year from the acquisition date. During 2019, goodwill was adjusted by \$251,000.

NOTE D - STOCKHOLDERS' EQUITY

The Series A Preferred provide preferences for payment of dividends and with respect to liquidation or dissolution of the Company. The liquidation preference is equal to the original purchase price of the stock. The Series A Preferred shares are convertible at any time, at the option of the holder, into shares of common stock at a ratio of \$1.00 of common stock for each preferred share.

The conversion rate is adjusted periodically upon additional sales of common stock or issuance of options, warrants, and other rights to common stock.

Upon a liquidation event, as defined, the holders of the Series A Preferred are entitled to be paid out of the assets of the Company an amount equal to the original purchase price of the outstanding Series A Preferred before any distribution may be made with respect to the common stock or any other class of capital stock. After such amount is paid to the Series A Preferred holders, they will participate with holders of the common stock on a pro rata basis as if they had converted their shares prior to the liquidation event.

Stock Options

Stock options may be granted under the terms of the Snap Fitness Holdings, Inc. 2014 Stock Option Plan (the "Plan"). Under its terms, employees of the Company are eligible to receive non-qualified options. The terms of the options shall be fixed by the Board of Directors, not to exceed a period of ten years from the grant date, and vest 20% annually over five years in three groups.

One-third vest based on time, one-third vest based on regular performance-based EBITDA targets and one-third vest based on stretch performance-based EBITDA target as defined by the Plan. The vesting accelerates if there is a change in control, as defined by the Plan.

Snap Fitness, Inc. and Subsidiaries

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December 31, 2019 and 2018

A summary of the Company's stock option activity is presented below:

	Available for grant	Outstanding shares	Weighted- average exercise price	Weighted- average remaining contractual life
Shares at December 31, 2017	7,221,641	10,273,751	\$.02	7.48
Granted	-	-	-	
Cancelled	4,281,661	(4,281,661)	.01	
Forfeited	1,484,590	(1,484,590)	.01	
Shares at December 31, 2018	12,987,892	4,507,500	.05	8.93
Granted	-	-	-	
Cancelled	1,300,226	(1,300,226)	.01	
Forfeited	336,713	(336,713)	.01	
Shares at December 31, 2019	<u>14,624,831</u>	<u>2,870,561</u>	\$.06	8.00
Shares exercisable at December 31, 2019		<u>2,414,151</u>	.01	

For the year ended December 31, 2019, the Company recorded compensation expense for stock options of \$7,000 which has been included in operating expenses. The total fair value of options vested during 2019 was \$414,000.

At December 31, 2019 the Company had \$21,500 of unrecognized compensation costs related to non-vested stock options that are expected to be recognized over a weighted average period of approximately three years.

The fair value of each stock option award was estimated on the date of grant using the Black-Scholes options pricing model. During 2019 and 2018, the Company did not grant stock options to any employees.

NOTE E - RELATED PARTY TRANSACTIONS

The Company sold products and provided services to a club owned by a family member of a minority stockholder. The Company also purchased merchandise and professional services from a company owned by a family member of the same minority stockholder. A summary of these transactions are as follows:

	2019	2018	2017
Continuing franchise fees	\$ 24,000	\$ 22,000	\$ 21,000
Merchandise purchased	388,000	1,295,000	1,306,000
Amounts due to related parties included in accounts payable	6,000	11,000	74,000
Print rebates	-	20,000	35,000

The Company leases its corporate office from an entity owned by a minority stockholder (Note G).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

The Company had a payable to its parent company of \$6,497,000 and a receivable from its parent company of \$13,000 at December 31, 2018. This payable was settled during 2019. During 2019, the Company generated a net receivable of \$1,386,000, but due to the parent company's dependency of Snap Fitness Inc. for cash flow generation, this receivable was treated as a distribution of capital to the parent company.

Lift Brands, Inc. (sole stockholder of Snap Fitness, Inc.) entered into a credit agreement that included a \$10,000,000 revolving loan commitment and a \$120,181,000 term loan commitment. The Company must pay, comply with, and satisfy obligations and liabilities under the guarantee, in the event of nonpayment or default by Lift Brands, Inc. The obligations under the guarantee are unlimited, absolute, independent and unconditional under any and all circumstances. The net assets of the Company have been pledged as collateral for the term loan. The loan bears interest at either a base rate defined in the financing agreement plus 6.00% or the option of the three-month LIBOR rate plus 7.00%. The debt is due on April 16, 2023. Payments of 0.25%, of the original principal, are due on the last business day of each quarter beginning with the second quarter of 2018. Additionally, the lenders have agreed to provide a \$10,000,000 revolving loan to the Borrower. There is \$2,100,000 outstanding on the revolver as of December 31, 2019. The revolving loan accrues interest at the same rate as the term loan and the minimum amount of borrowing is \$250,000. The agreements are subject to various financial covenants including maintenance of a fixed charge coverage ratio and a net leverage ratio. The fixed charge covenant requires that, the Company must maintain a minimum fixed charge coverage ratio of 1.00 to 1.00, tested on a quarterly basis.

The ratio gradually increases until it settles at 1.25 to 1.00 as of the quarter ending December 31, 2022 and each fiscal quarter thereafter. The second financial covenant requires a net leverage ratio no greater than 6.25 to 1.00, tested on a quarterly basis. The net leverage ratio ceiling is gradually reduced over the term of the loan until it settles at 4.50 to 1.00 as of the quarter ending June 31, 2022 and each fiscal quarter thereafter. As of December 31, 2019, Lift Brands was not in compliance with their covenants. Refer to Note B for events subsequent to December 31, 2019.

NOTE F - INSURANCE ACTIVITIES

Insurance revenues are comprised of the following for the years ended December 31:

	2019	2018	2017
Insurance premiums earned from franchisees	\$ 423,000	\$ 527,000	\$ 584,000
Insurance premiums ceded	(189,000)	(193,000)	(241,000)
Insurance revenues, net	234,000	334,000	334,000
Premiums earned from reinsurance	1,580,000	1,577,000	1,583,000
Total insurance revenue, net	\$ 1,814,000	\$ 1,911,000	\$ 1,926,000

Total current assets of SAP Insurance, Inc. were approximately \$3,715,000 and \$4,048,000 at December 31, 2019 and 2018, which includes restricted cash of approximately \$1,750,000 and \$1,737,000. Total liabilities (all current) were \$2,689,000 and \$2,736,000 at December 31, 2019 and 2018. The liability for insurance claims as of December 31, 2019 and 2018 was \$2,435,000 and \$2,600,000 and is included as a component of accrued expenses in the consolidated balance sheets. During 2019, SAP Insurance, Inc. paid a dividend to its parent in the amount of \$1,200,000.

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE G - FINANCING RECEIVABLES

Financing receivables represent direct financing leases resulting from the Company financing equipment for certain franchisees. These receivables are typically paid over five years and are usually collateralized by a security interest in the underlying assets. The Company also advances funds to their franchisees as notes receivable that are typically paid between one and four years.

	2019	2018
Financing receivables	\$ 574,000	\$ 685,000
Unearned income	(71,000)	(80,000)
Total financing receivables	503,000	605,000
Allowance for credit losses	-	(26,000)
Financing receivables, net	503,000	579,000
Less current portion	(287,000)	(242,000)
Long-term financing receivables, net of current portion	\$ 216,000	\$ 337,000

As of December 31, 2019, scheduled maturities of the minimum lease payments receivable, are as follows:

2020	\$ 286,000
2021	159,000
2022	6,000
2023	6,000
Thereafter	46,000

The activity in the allowance for credit losses for financing operations during the years ended December 31:

	2019	2018	2017
Balance at beginning of year	\$ 26,000	\$ 83,000	\$ 121,000
Provision charged to earnings	(26,000)	(57,000)	(38,000)
Balance at end of year	\$ -	\$ 26,000	\$ 83,000

The Company's investment in direct financing leases ("financing receivables") and allowance for credit losses by loss evaluation methodology are as follows:

	December 31, 2019		December 31, 2018	
	Financing receivables	Allowance for credit losses	Financing receivables	Allowance for credit losses
Collectively evaluated for loss potential	\$ 503,000	\$ -	\$ 605,000	\$ 26,000
Individually evaluated for loss potential	-	-	-	-
	\$ 503,000	\$ -	\$ 605,000	\$ 26,000

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

The Company's key credit quality indicator for its financing receivables is the status of the lease, defined as accruing or non-accruing. Leases that are accruing income are considered to have a lower risk of loss. Non-accrual leases are those that the Company believes have a higher risk of loss. As of December 31, 2019 and 2018 all leases were accruing income. Delinquent balances are determined based on the contractual terms of the lease.

NOTE H - COMMITMENTS AND CONTINGENCIES

Capital Leases

The Company has seven capital leases for leasehold improvements and equipment which expire at various times through 2023. Total minimum lease payments required under the capital leases are as follows:

2020	\$ 139,000
2021	97,000
2022	86,000
2023	<u>7,000</u>
Total minimum lease payments	329,000
Less: Amounts representing interest	<u>32,000</u>
Present value of future minimum lease payments	297,000
Less: Current portion	<u>(121,000)</u>
Capital lease obligations, net of current portion	<u>\$ 176,000</u>

Leasehold improvements and equipment includes \$1,193,000 of assets under capital lease with accumulated amortization of \$895,000 at December 31, 2019.

Operating Leases

The Company leases its corporate office space from a related entity, with the lease expiring in 2027. The current lease agreement calls for minimum base rent, including escalating payments as well as association dues and real estate taxes. The remaining corporate owned clubs are leased from unrelated parties with various expiration dates through August 2029. The Company accounts for rent payments on a straight-line basis over the term of the lease.

Estimated future minimum rental payments plus common area charges are as follows:

	<u>Third party amount</u>	<u>Related party amount</u>
2020	\$ 3,774,000	\$ 532,000
2021	3,702,000	564,000
2022	3,654,000	564,000
2023	3,038,000	531,000
2024	2,453,000	547,000
Thereafter	8,888,000	1,588,000

Total rent expense for the years ended December 31, 2019, 2018 and 2017 was \$5,569,000, \$5,981,000 and \$4,776,000 including rent expense to related parties of \$532,000, \$458,000 and \$471,000.

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Litigation

The Company is involved in legal proceedings arising in the ordinary course of business. Although the outcome of these proceedings cannot presently be determined, in the opinion of management, disposition of these proceedings will not have a material adverse effect on the financial position or results of operations of the Company other than the matter described in the following paragraph.

On February 1, 2019 Snap Fitness entered into a settlement agreement with a third party, under which Snap Fitness agreed to pay \$2.9 million to a settlement fund for distribution to class action members. As part of the settlement agreement, Snap Fitness will pay up to \$350,000 in attorney's fees and is responsible for all costs associated with the class administration of the settlement fund. The Company received \$1.2 million in insurance proceeds related to this claim in 2019 and had incurred \$3.2 million of expenses relating to this claim as of December 31, 2019. The Company had accrued \$2.4 million of expenses relating to the claim as of December 31, 2018.

Franchisee Equipment Guarantee

The Company has a franchise financing program with a third party lender. As of December 31, 2019, the Company has guarantees of certain franchisees' loans relating to equipment used within their Snap Fitness club. The term of the agreement is ongoing unless suspended by another agreement or terminated by both parties. If the franchisee remains delinquent on payments for 65 consecutive days, the Company is required to cure the payment defaults under the applicable lease or buy back the equipment subject to the lease. The guarantee buyback is 45% or 65% of the depreciated value of the removable assets included in the standard Snap Fitness equipment package based on a 20% per year depreciation rate. The estimated maximum potential future payments as of December 31, 2019 are \$810,000. In addition, the Company has guarantees of certain franchises loans relating to the re-snap program offered to franchises to update their clubs. Snap guarantees 100% of the remaining principal balance of the franchisee loan.

The estimated maximum potential future payments as of December 31, 2019 are \$269,000.

The Company currently has no liability recorded in its consolidated financial statements for the guarantor's obligation under the guarantees because the Company expects the equipment obtained in the case of default would have value in excess of the Company's obligation. As of December 31, 2019, no franchisees are in default under this program.

Insurance and Claims

The Company consolidated a captive insurance company that is used for the franchisee insurance program described in Note A. Insurance coverage is maintained for per-incident and cumulative liability losses in amounts the Company considers sufficient based upon ongoing review.

The Company provides currently for its share of estimated losses. In connection with insurance carriers and regulatory authorities, as of December 31, 2019 and 2018, the Company maintains restricted cash to guarantee settlement of claims in the amounts of \$1,750,000 and \$1,737,000, which is reflected as restricted cash on the consolidated balance sheets. Should the captive experience losses greater than expected over an extended period, they could have an adverse impact on the operating results of the Company.

Self-Insured Health Insurance

The Company has a self-insured medical and dental plan for its employees and their families. The Company has purchased insurance against all claims exceeding \$75,000 during 2019. The Company has recorded an estimated liability of approximately \$584,000 at December 31, 2019 for claims incurred but not yet received or approved by the plan administrator. The policy renews annually on January 1.

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE I - CYBER SECURITY

The Company discovered in November 2018 that malicious software was clandestinely installed on our computer systems ("the Cyber-Attack"). We incurred IT and other expenses in connection with the Cyber-Attack of \$1.4 million in fiscal year 2018.

NOTE J - INCOME TAXES

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Tax Act") was signed into law effective January 1, 2018. The Tax Act significantly revised the U.S. tax code by, in part but not limited to: reduction of the U.S. federal corporate tax rate, bonus depreciation that will allow for full expensing of qualified property, imposes a one-time tax on accumulated foreign earnings as of December 31, 2017 and a tax on global intangible low-taxed income. Under ASC 740, Income Taxes, the Company must recognize the effects of tax law changes in the period in which the new legislation is enacted. At December 31, 2018, the Company recorded a provisional reasonable estimate of the impact of the Tax Act of approximately \$525,000 in deferred tax expense due to the revaluation of the net deferred tax assets and liabilities. In addition, the Company also included a provisional reasonable estimate of current tax expense \$39,000 related to the one-time tax on accumulated foreign earnings due. At December 31, 2018, the Company completed its accounting for the tax effects of the enactment of the Act. As a result, the Company recorded tax expense of \$26,000 for the final accounting for the transition tax and tax expense of \$122,000 resulting from the completion of the accounting related to the revaluation of its net deferred tax asset utilizing the new U.S. federal corporate income tax rate.

No additional income taxes have been provided for any remaining undistributed foreign earnings not subject to the transition tax or any additional outside basis difference inherent in these entities as these amounts continue to be indefinitely reinvested in foreign operations

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

The following table shows the components of deferred tax assets (liabilities) as of December 31:

	2019	2018
Deferred tax assets		
Settlement reserve	\$ -	\$ 622,000
Net operating losses	766,000	345,000
Amortization	435,000	341,000
Bad debt reserve	106,000	328,000
Unrealized foreign currency	-	297,000
Other accruals	390,000	195,000
Other	79,000	181,000
Deferred rent	141,000	160,000
Accrued severance	9,000	150,000
Deferred revenue	541,000	119,000
Accrued expenses	162,000	127,000
Inventory adjustment	291,000	173,000
Accrued bonus	24,000	117,000
	<u>2,721,000</u>	<u>3,107,000</u>
Valuation allowance	<u>(392,000)</u>	<u>(250,000)</u>
Deferred tax assets	<u>2,329,000</u>	<u>2,857,000</u>
Capitalized Commission	(195,000)	-
Unrealized foreign currency	(279,000)	-
Depreciation	(455,000)	(761,000)
Deferred tax liabilities	<u>(928,000)</u>	<u>(761,000)</u>
Net deferred tax assets	<u>\$ 1,400,000</u>	<u>\$ 2,096,000</u>

Income tax expense (benefit) consists of the following for the years ended December 31:

	2019	2018	2017
Current income tax expense	\$ 2,637,000	\$ 3,098,000	\$ 3,555,000
Deferred income tax expense (benefit)	<u>696,000</u>	<u>(1,358,000)</u>	<u>(559,000)</u>
Income tax expense	<u>\$ 3,333,000</u>	<u>\$ 1,740,000</u>	<u>\$ 2,996,000</u>

The Company's 2019 effective income tax rate is 89.8%. The difference between the statutory and effective tax rate is primarily due to state taxes, nondeductible amortization, change in valuation allowance, subpart F inclusion, return to provision true-up in the income tax receivable, partnership earnings not taxed at the corporate level and Global Intangible Low Taxed Income ("GILTI") income.

The Tax Act creates a new requirement that certain income (i.e., GILTI) earned by controlled foreign corporations (CFCs) must be included currently in the gross income of the CFCs' U.S. Shareholder. Under U.S. GAAP, the Company is allowed to make an accounting policy choice of either 1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the "period cost method") or 2) factoring such amounts into a company's measurement of its deferred taxes (the "deferred method"). The Company has selected the period cost method. As a result, the Company has not provided deferred taxes related to the temporary differences that upon reversal will affect the amount of income subject to GILTI in the period.

Snap Fitness, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

The Company has foreign net operating loss carryforwards of \$2,912,000. The net operating losses relate to operations in the UK, Spain, and New Zealand. All losses can be carried forward indefinitely. The Company believes that it is more likely than not that the benefit from certain foreign deferred tax assets will not be realized. In recognition of this, the Company has provided a valuation allowance of \$392,000 on the deferred tax assets for certain foreign subsidiaries. No other valuation allowance for deferred tax assets was recorded as management believes it is more likely than not that all of the deferred tax assets will be realized.

Unrecognized tax benefits are included in accrued expenses on the consolidated balance sheets. A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2019 and 2018, were as follows:

	2019	2018
Beginning balance	\$ 125,000	\$ 193,000
Increases related to prior period tax positions	-	-
Increases related to current period tax positions	2,000	17,000
Reduction related to prior period tax positions	(17,000)	(85,000)
Ending balance	\$ 111,000	\$ 125,000

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. The Company recognized penalty and interest income of approximately \$1,000, \$(20,000) and \$49,000 in income tax expense for the years ended December 31, 2019, 2018 and 2017.

Total interest and penalties of approximate \$62,000 and \$61,000 are included in accrued expenses on the consolidated balance sheets as of December 31, 2019 and 2018.

The Company files tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. For federal income tax purposes, tax years 2016 - 2018 remain open for examination by tax authorities under the normal three-year statute of limitations. For state tax purposes, 2015 through 2018 tax years remain open for examination by the tax authorities under a four-year statute of limitations. The Company's 2015 audit by the Internal Revenue Service (IRS) closed during the year with minimal adjustment to a deferred tax item.

The Company has not provided any additional U.S. federal or state income taxes or foreign withholding taxes on the undistributed foreign earnings as such earnings have been indefinitely reinvested in the business. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is not practicable because of the complexities associated with its hypothetical calculation.

NOTE K - EMPLOYEE BENEFIT PLANS

The Company has established a defined contribution profit sharing plan that conforms to the IRS provisions for 401(k) plans. The Plan covers all employee who meet certain eligibility requirements. Employer matching contributions are made at a rate of 25% of the first 6% of eligible compensation that each eligible participant contributes to the Plan, subject to certain limitations contained in the Plan and as defined by ERISA. The Company made contributions to the Plan of \$112,000, \$106,000 and \$96,000 during the years ended December 31, 2019, 2018 and 2017.

UNAUDITED CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET

May 31, 2020

Snap Fitness, Inc. and Subsidiaries
Consolidated Statement of Earnings
Year to Date ending May 31, 2020

Revenues, Net		
Franchising	\$	8,200,000
Commercial		6,241,000
Corporate Fitness Clubs		3,551,000
Insurance		2,822,000
Leasing		-
Total Revenues, Net		<u>20,814,000</u>
Cost of Revenues		<u>9,215,000</u>
		11,599,000
Gross Profit		
Operating Expenses		
Sales, General, Administrative and IT related Costs		13,610,000
Impairment		895,000
Legal Settlements		138,000
Loss on Sale of Corporate Clubs		<u>37,000</u>
Operating Profit		(3,081,000)
Other Income (Expense)		
Interest Income		7,000
Income from Equity Method Investments		350,000
Interest Expense		(7,000)
Other Income (Expense)		<u>119,000</u>
Earnings before Income Taxes		(2,612,000)
Income Tax Expense		<u>6,000</u>
Net Earnings		(2,618,000)
Net Loss attributable to non-controlling interest		<u>-</u>
Net earnings attributable to Snap Fitness	\$	(2,618,000)

Snap Fitness, Inc. and Subsidiaries
Consolidated Balance Sheet
May 31, 2020

Assets

Current Assets

Cash	\$ 4,764,000
Restricted Cash	3,351,000
Receivables:	
Accounts Receivables, net	6,409,000
Income and Sales Tax Receivable	905,000
Current Portion of Financing Receivables, net	58,000
Inventories	1,601,000
Prepaid Expenses	1,371,000
Current Portion of Deferred Costs	450,000
Total Current Assets	<u>18,909,000</u>

Property and Equipment - at Cost

Equipment and Leasehold Improvements	27,208,000
Software Development Costs	7,277,000
	<u>34,485,000</u>
Less Accumulated Depreciation	<u>(25,603,000)</u>
Total Property and Equipment	<u>8,882,000</u>

Other Assets

Financing Receivables , less Current Portion	66,000
Goodwill	6,945,000
Intangibles, net	655,000
Reacquired Franchise Rights, net	1,986,000
Equity Method Investments	1,701,000
Deposits	764,000
Deferred Costs, less Current Portion	815,000
Deferred Income Taxes	1,403,000
Other Noncurrent Assets	18,000
Total Other Assets	<u>14,353,000</u>
Total Assets	<u><u>\$ 42,144,000</u></u>

Liabilities and Stockholders' Equity

Current Liabilities

Accounts Payable
Accrued Expenses
Deferred Revenue
Customer Deposits
Current Portion of Long-Term Debt
Current Portion of Deferred Franchise Fees

Other Non-Current Liabilities

Capital Lease Obligations
Deferred Franchise Fees

Long-Term Debt, net of discount

Stockholders' Equity

Series A Redeemable Preferred Stock, \$0.001 par value authorized and 1,000,000 shares outstanding as of May 31
Common Stock, \$0.001 par value and 1,000,000 shares outstanding as of May 31
Additional Paid-in Capital
Retained Earnings
Accumulated Other Comprehensive Income

Non-Controlling Interests

Stockholders Equity

;	
le	\$ 2,895,000
es	7,624,000
ue	4,134,000
sits	237,000
of Capital Lease Obligations	105,000
of Long-Term Debt	104,000
Total Current Liabilities	<u>15,099,000</u>

nt Liabilities

bligations, less Current Portion	170,000
ise Fees, less Current Portion	2,881,000

less Current Portion	<u>156,000</u>
Total liabilities	<u>18,306,000</u>

ity

able Preferred Stock - 100,000,000 shares of no par value; 40,800,000 shares issued and outstanding as of May 31, 2020	-
- authorized 400,000,000 shares of no par value and 100,000,000 shares of \$1.01 par value, 22,266,953 shares issued and outstanding as of May 31, 2020	-
In Capital	1,412,000
gs	25,762,000
her Comprehensive Loss	<u>(3,518,000)</u>
Total Snap Fitness, Inc. Stockholder's Equity	<u>23,656,000</u>

Interest	<u>182,000</u>
Total Equity	<u>23,838,000</u>
Total Liabilities and Equity	<u><u>\$ 42,144,000</u></u>

EXHIBIT C-1
SAMPLE FRANCHISE AGREEMENT AND STATE-SPECIFIC ADDENDA



Franchise Agreement Summary Page

Franchisee Information:

Complete Business Name: _____

Principal Owner(s):

(25% or more ownership, direct or indirect)

Full Name	Percentage Interest
_____	_____ %
Full Name	Percentage Interest
_____	_____ %
Full Name	Percentage Interest
_____	_____ %
Full Name	Percentage Interest
_____	_____ %

Additional Owners:

(less than 25% ownership)

Full Name	Percentage Interest
_____	_____ %
Full Name	Percentage Interest
_____	_____ %

Address for Notices (not a P.O. Box): _____

Telephone No.: _____

Facsimile No.: _____

Mobile Phone*: _____

Email Address: _____

Preliminary Designated Area:

Up to ___ driving miles from _____
(cross-streets or address)

Initial Franchise Fee:

\$29,500

Continuing Fee:

\$580 per month**

National Marketing Fee:

\$275 per month**

Website Fee:

\$43 per month**

*See Section 6.E for additional information about how we use your mobile telephone number.

**Subject to increase in accordance with increases in the Consumer Price Index. See Section 9 for additional fee information.

To be completed by us:

Effective Date: _____

Franchise Number: _____

Franchise Name: _____

Authorized Location:

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Attachment A -	Marks and Designated Area
Attachment B -	Information Release Consent
Attachment C -	Personal Guarantee and Agreement to be Bound Personally by the Terms and Conditions of the Franchise Agreement
Attachment D -	Electronic Transfer of Funds Authorization
Attachment E -	Lease Addendum
Attachment F -	Telephone Number Assignment Agreement
Attachment G -	Membership Contract Assignment Agreement
Attachment H -	Ownership

Franchisee Acknowledgment

State-Specific Addenda

SNAP FITNESS® FRANCHISE AGREEMENT

This Franchise Agreement is made between Snap Fitness, Inc., a Minnesota corporation with its principal business located at 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317 (“**we**” or “**us**”), and the Franchisee identified in the Summary Pages (“**you**”), to be effective on the Effective Date identified in the Summary Pages.

RECITALS

A. We have developed a proprietary business format and system (“**System**”) for operating a fitness club (“**Club**”) offering 24/7 gym access to members (excepted as restricted by law) as well as group fitness and personal training, using advanced fitness technologies and high quality fitness equipment; automated member billing and collection procedures and services; and use of our proprietary and confidential information;

B. The System includes a distinct interior layout, design, décor, color scheme, graphics, fixtures and furnishings, operating and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques and procedures that we designate (collectively, the “**Standards**”).

C. Clubs operating under the System are identified by the trade name and service mark “SNAP FITNESS” and other trademarks, service marks and trade identifiers that we designate to identify businesses operating under the System (the “**Marks**”).

D. You have applied for the right to operate a club using the System and Marks, and we have approved your application in reliance on the representations contained therein, including those concerning your financial resources, your business experience and interests, and the manner in which the Club will be owned and operated.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

DEFINITIONS

1. For purposes of this Agreement:

A. “**Principal Owner**” means any person who directly or indirectly owns a 25% or greater interest in the franchisee when the franchisee is a corporation, limited liability company or a similar entity other than a partnership entity. If the franchisee is a partnership entity, then each general partner is a Principal Owner, regardless of the percentage ownership interest. If the franchisee is one or more individuals, each individual is a Principal Owner of the franchisee. Each franchisee must have at least one Principal Owner.

B. “**Owner**” means any person who directly or indirectly owns an interest in the franchise, including the Principal Owner(s).

C. All capitalized terms not defined in this Section or the Recitals have the meaning given in the text of this Agreement.

GRANT OF LICENSE

2. The following provisions control with respect to the license granted hereunder:

A. Grant of License. We hereby grant you the right and license, and you undertake the obligation, subject to the terms and conditions of this Agreement (*i*) to operate a single SNAP FITNESS® Club, (*ii*) to sell at retail authorized products and services at and from the Club premises, (*iii*) to use the Marks in connection with operating and promoting the Club, and (*iv*) the right to solicit memberships in the Designated Area. You may not solicit memberships online, in person or through advertising or other direct marketing method outside your

Designated Area, except with our prior written approval and in strict accordance with our then-current policies and restrictions (which may include membership assignment policies).

The license granted by this Agreement does not include (i) any right to sell services and products identified by the Marks at any location other than the Authorized Location (as defined in Section 2.B below), or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), catalog sales, telemarketing or other direct marketing (ii) any right to sell services and products identified by the Marks to any person or entity for resale or further distribution, or (iii) except for the designated area protection described in Section 2.C., any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned clubs at any time or at any location.

B. Authorized Location. You must operate the Club only at the location identified, or to be identified on the Summary Page (the “**Authorized Location**”). If the Authorized Location is not known at the time this Agreement is signed, you must acquire an acceptable site for the Club premises no later than 90 days from the Effective Date of this Agreement, at which time you authorize us to insert the Authorized Location on the Summary Page. You must identify a site for the Club that meets our site selection criteria and that is located within the Preliminary Designated Area identified in the Summary Page (see Section 5.A). You may not use the Club premises or Authorized Location for any purpose other than the operation of a SNAP FITNESS Club during the term of this Agreement.

C. Designated Area. The Preliminary Designated Area identified on the Summary Page, if any, is the general location where you intend to secure a site for the Club. If a Preliminary Designated Area is specified on the Summary Page, we will not grant anyone else the right to develop or operate a Club in the Preliminary Designated Area for 90 days from the Effective Date of this Agreement. Once the Authorized Location has been identified, you hereby authorize us to define in Attachment A a “**Designated Area**” around the Authorized Location; provided that such Designated Area will be substantially the same as the Preliminary Designated Area in terms of size, shape and/or demographics. If the Authorized Location is not within the Preliminary Designated Area, the Designated Area will be defined by us based on our current criteria for size, demographics and topographical features. Once defined in Attachment A, your Designated Area will remain constant throughout the initial term of this Agreement (unless you relocate the club and upon renewal or transfer). During the term of this Agreement and provided you are in compliance with the terms of this Agreement, neither we nor our affiliates will develop or operate, or grant to anyone else the right to develop or operate a SNAP FITNESS Club that is physically located in the Designated Area (other than at Special Sites, as described in Section 2.D). You acknowledge and agree that we and our affiliates have the right to develop and operate and grant others the right to develop and operate SNAP FITNESS Clubs outside the Designated Area, regardless of their proximity to the Designated Area or any negative impact they may have on your Club. We and our affiliates also have the right to develop and operate and grant others the right to develop and operate fitness clubs and other businesses under a different trademark within and outside the Designated Area which may be similar to or competitive with SNAP FITNESS Clubs. We will not operate, franchise, or license the operation of a fitness club offering 24/7 keycard access and substantially similar to a SNAP FITNESS club in your Designated Area, except in connection with our acquisition of a multi-unit brand. If we acquire a multi-unit brand (through a stock purchase, asset purchase, merger, or otherwise), we or our affiliate may operate, franchise, or license the operation of the acquired brand within and outside the Designated Area, without offering any rights or compensation to you. You do not have any right to sublicense or sub-franchise within or outside of the Designated Area and under this Agreement you do not have the right to operate more than one Club within the Designated Area without our prior written approval and must sign a separate Franchise Agreement for any additional Club.

D. Reserved Rights. We reserve to ourselves all other rights to use the System and Marks anywhere and in any manner including, without limitation, the right to offer, sell or distribute items such as training videos, equipment, athletic gear, etc., associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods,

without compensation to any franchisee. These distribution channels or methods may include, without limitation, retail stores, mail order, wholesale or the internet (or any other existing or future form of electronic commerce). These rights also include the right to provide and license third parties to provide the FitnessOnDemand™ program and other ancillary programs developed by or for us or our affiliates at host locations (such as apartments, condo associations, corporate offices, schools, community centers and other gym and fitness centers), within and outside your Designated Area and without compensation to you. We and our affiliates also have and reserve the right to operate, franchise and license the STEELE FITNESS, 9ROUND and, subject to the express limitations in section 2.C, future systems within and outside the Designated Area.

You also acknowledge and agree that certain locations within and outside the Designated Area are by their nature unique and separate in character from sites generally developed as SNAP FITNESS Clubs. As a result, you agree that the following locations (“**Special Sites**”) are excluded from the Designated Area and we have the right to develop, license or franchise Clubs within such locations: (1) military bases; (2) public transportation facilities, including, without limitation, airports, railway stations, limited access highway travel plazas and other transportation terminals; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) hotels, resorts or similar short-term lodging; (6) apartment or condominium complex; and (7) corporate office buildings or office parks.

TRADEMARK STANDARDS AND REQUIREMENTS

3. You acknowledge and agree that the Marks are our property. You further acknowledge that your right to use the Marks is specifically conditioned upon the following:

A. Ownership of the Marks. The Marks are our valuable property, and we are the owner of all right, title and interest in and to the Marks and all past, present or future goodwill of the Club and of the business conducted at the Authorized Location that is associated with or attributable to the Marks. Your use of the Marks will inure to our benefit. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Use of the Marks. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Club except those listed in Attachment A or except as we otherwise direct in writing. You may use the Marks only in connection with such services and products as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Marks only in association with services and products approved by us and that meet our standards or requirements with respect to quality, safety and performance. You must refrain, and cause each Covered Person (as defined in Section 10.D.1) and each of your employees and independent contractors to refrain from making or publishing any remarks that disparage or derogate us or the SNAP FITNESS brand. This prohibition applies to oral remarks and remarks that are published in print, electronic, and social media. Your use of the Marks on the internet is governed by Section 6.L below. A breach of your obligations under this Section 3.B is a material default under this Agreement.

C. Club Identification. You must use the name “SNAP FITNESS” as the trade name of the Club and you may not use any other mark or words to identify the Club without our prior written consent. You may not use the words “SNAP” or “SNAP FITNESS” or any of the other Marks as part of the name of your corporation, partnership, limited liability company or other similar entity. You may use the Marks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Marks on the materials, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Marks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Marks. You must post a prominent sign in the Club identifying you as a SNAP FITNESS® franchisee in a format we deem reasonably acceptable, including an acknowledgment that

you independently own and operate the Club and that the SNAP FITNESS Mark is owned by us and your use is under a license we have issued to you.

D. Litigation. In the event any person or entity improperly uses or infringes the Marks or challenges your use or our use or ownership of the Marks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Mark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Marks in violation of this Agreement.

E. Changes. You may not make any changes or substitutions to the Marks unless we direct in writing. We reserve the right to change the Marks at any time. Upon receipt of our notice to change the Marks, you must cease using the former Marks and commence using the changed Marks, at your expense.

TERM AND RENEWAL

4. The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement will commence on the Effective Date and will expire at midnight on the day preceding the tenth anniversary of this Agreement unless this Agreement is sooner transferred in accordance with Section 11 or terminated in accordance with Section 13. Upon your written request, we may extend this initial term in writing for a limited period of time to correspond with the end of a calendar month.

B. Renewal Term and Conditions of Renewal. You may renew your license for unlimited renewal terms (each renewal term is 10 years), provided that with respect to each renewal: *(i)* you have given us written notice of your decision to renew at least six months but not more than 12 months prior to the end of the expiring term; *(ii)* you sign at least six months but not more than 12 months prior to the end of the expiring term, at our option, either (a) our then-current form of franchise agreement and renewal addendum, the terms and conditions of which may be materially different than the terms and conditions of our current franchise agreement and may reflect, among other things, different fees and advertising obligations and a modified Designated Area or (b) an instrument extending for the duration of the renewal term, all the covenants, conditions and provisions contained in this Agreement; *(iii)* you have complied with the provisions of Section 5.F regarding modernization and have agreed, in writing, to make such capital expenditures necessary to refurbish, replace and modernize your Club so that it will conform to our then-current standards for Clubs; *(iv)* you are not in default of this Agreement or any other agreement pertaining to the franchise, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing; *(v)* if leasing the Club premises, you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period; *(vi)* you comply with our then-current training requirements; and *(vii)* you and your Principal Owners and guarantors execute a general release in a form we prescribe in favor of us and our affiliates and each company's respective present and former officers, directors, managers, and employees; provided, however, that such release will not be inconsistent with any state law regulating franchising. There is no renewal fee or initial franchise fee due in connection with any renewal term.

C. Interim Period. If you continue to accept the benefits of this Agreement after the expiration of the initial term but do not complete the requirements in Section 4.B, then at our sole option, this Agreement may be treated as *(i)* expired as of the date of the expiration and you will be operating without a franchise or license to do so and in violation of our rights to the Marks and System; or *(ii)* continued on a month-to-month basis (an "Interim Period") and all your obligations will remain in full force and effect during the Interim Period as if the Agreement had not expired. Each Interim Period expires at the end of each calendar month unless this Agreement is continued as provided in this Section. The Interim Period does not create any new franchise

rights and upon expiration of the final Interim Period, you will be bound by all post-term obligations as provided in this Agreement.

CLUB STANDARDS AND MAINTENANCE

5. You acknowledge and agree that we have the right to establish, from time to time, required quality standards regarding the business operations of SNAP FITNESS clubs to protect the distinction, goodwill and uniformity symbolized by the Marks and the System. Accordingly, you agree to maintain and comply with our required quality standards and agree to the following terms and conditions:

A. **Site Selection.** You must identify a site for the Club within the Preliminary Designated Area that meets our site selection criteria and that we have approved. You must provide us notice of the site you have selected and we have 15 days to accept or reject the site. If we do not accept the site within 15 days it will be deemed disapproved. **The parties acknowledge and agree that our site approval is not an assurance that the Club will achieve a certain sales volume or level of profitability; it means only that the proposed site meets our minimum site selection criteria. We assume no liability or responsibility for (i) evaluation of the location's soil for hazardous substances; (ii) inspection of any structure for asbestos or other toxic or hazardous materials; (iii) compliance with the Americans with Disabilities Act ("ADA"); or (iv) compliance with any other applicable law. It is solely your responsibility to obtain satisfactory evidence and/or assurances that the Club premises (and any structures thereon) is free from environmental contamination and is in compliance with the requirements of the ADA and other applicable laws.**

B. **Lease.** If you propose to occupy the Club premises pursuant to a lease or sublease ("**Lease**"), the Lease may not prevent you from performing your obligations under this Agreement, and must permit us to exercise our rights pursuant to this Agreement. We may condition our approval of a proposed site on the full execution of a Lease Addendum substantially in the form attached as Attachment E to this Agreement. You must deliver to us a fully executed copy of the Lease as amended by the Lease Addendum within 10 days after its execution. **The parties acknowledge and agree that our approval of a Lease does not mean that the economic terms of the Lease are favorable; it means only that the Lease contains the lease terms that we require.**

C. **Construction; Future Alteration.** You must construct and equip the Club in strict accordance with our current approved specifications and standards pertaining to equipment, signage, fixtures and design and layout of the building. You must purchase from us or the approved supplier all items contained in our GO FAST™ kit, and pay us the then-current purchase price therefore in accordance with our then-current payment terms. You may not commence construction of the Club until you have received our written consent to your plans. Without limiting the generality of the foregoing, you must promptly after obtaining possession of the site for the Club **(i)** have prepared and submitted for our approval basic plans and specifications consistent with our general design and layout requirements as set forth from time to time in the manuals for a SNAP FITNESS Club; **(ii)** purchase or lease and then use only the approved equipment, fixtures, furniture and signs; **(iii)** complete the equipment, fixtures, furniture and sign installation and decorating of the Club in full compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations; **(iv)** obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act; and **(v)** obtain and maintain all required zoning changes, building, utility, sign permits and licenses and any other required permits and licenses. It is your responsibility to comply with the foregoing conditions. Any change to the plans or any replacement, reconstruction, addition or modification in the premises, interior or exterior décor or image, equipment or signage of the Club made after our consent to the initial plans, whether at the request of you, us or a third party, may be made only with our prior written consent.

D. **Opening.** You must open the Club for business no later than 180 days from the Effective Date. You may not open your Club for business, however, until we have notified you in writing that you have satisfied your pre-opening obligations as identified in Sections 5.A and 5.B and we have approved your opening date.

We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date. We also are entitled to injunctive relief or specific performance under Section 12.B for your failure to comply with your obligations. Further, if you fail to open the Club in the timeframe required by this Agreement, we may, in our sole and unilateral judgment, (i) exercise our termination rights in accordance with Section 13; or (ii) amend this Agreement to eliminate the Designated Area protection afforded by Sections 2.B and 2.C.

E. Maintenance. The building (exterior and interior), equipment, fixtures, signage and trade dress employed in the operation of your Club must be maintained and refreshed in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon our periodic evaluations of the premises. Within a period of 30 days (as we determine depending on the work needed) after the receipt of any particular report prepared following such an evaluation, you must affect the items of maintenance we designate, including the repair of defective equipment and items such as carpet and/or the replacement of irreparable or obsolete items of equipment and signage. If, however, any condition presents a threat to members or to public safety, you must affect the items of maintenance immediately, as further described in Section 6.F. If you fail to complete the required maintenance, we reserve the right (but no obligation) to do so on your behalf and you must reimburse us for our costs and expenses.

F. Modernization. From time to time as we require, you must modernize and/or replace items of the trade dress or equipment as may be necessary for your Club to conform to the standards for similarly situated new SNAP FITNESS clubs. For instance, we require that you modernize the club within five years of the Effective Date of this Agreement, which will include replacing cardio equipment and other updates and improvements. You may offer your old equipment to anyone, but we have the right of first refusal to buy the equipment on the same terms and conditions as any potential buyer. You must give us seven days' written notice of any potential sale of your old equipment and a reasonable opportunity to match any offer you have that you intend to accept. We are under no obligation to actually exercise our right of first refusal. A transfer of any interest in this Agreement or your business governed by Section 11 or renewal covered by Section 4 is expressly conditioned upon your (or the transferee, as applicable) modernizing the Club to conform to the standards for new SNAP FITNESS Clubs. You acknowledge and agree that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of the Club and to avoid deterioration in connection with the operation of your Club. If you fail to make any improvement or perform the maintenance listed above, we may, in addition to our other rights under this Agreement, effect such improvement or maintenance on your behalf and you must reimburse us for the costs we incur.

G. Relocation. You may not relocate your Club without our prior written consent. If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us that is within your Designated Area, is reasonably suited for a Club and does not infringe on the rights of any other Snap Fitness franchisee, provided that the new Club is open and operating within 60 days after you discontinue operation at the present Club, all in accordance with our then-current standards. If you voluntarily decide to relocate the Club, your right to relocate the Club will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Club, have procured a site within your Designated Area that we accept 15 days prior to such closure, have opened the new Club for business within 24 hours of such closure and complied with any other conditions that we reasonably require. In connection with any relocation, you must sign our then-current form of relocation agreement (which includes a general release of claims to the extent permitted by law), you must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur. Upon relocation of your Club for any reason, we may modify your Designated Area, in our sole judgment, to take into account the designated areas of neighboring clubs and other factors.

In the event your Club is destroyed or damaged and you repair the Club at the Authorized Location (rather than relocate the Club), you must repair and reopen the Club at the Authorized Location in accordance with our then-current standards for the destroyed or damaged area within 20 days of the date of occurrence of

the destruction or damage, or such longer time as we reasonably determine, in our sole judgment, is required given the nature and extent of the damage.

We have the right to refuse to consent to a relocation in the event you lose the right to occupy the Club premises because of the termination of your lease due to your breach. Further, the cancellation of your lease due to your breach is grounds for immediate termination under Section 13.B.2.

PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

6. You must implement and abide by our requirements directed to enhancing substantial System uniformity. The following provisions control with respect to products and operations:

A. Authorized Equipment. You must use in the operation of the Club only the proprietary or non-proprietary equipment that we specify in the Manual (as defined in Section 6.H) or other written directives. You must purchase or lease all equipment we designate (including the security and door access system, digital media and In Club Technology Package described below) from our approved suppliers. We will supply to you a copy of the current equipment list prior to opening of the Club. You acknowledge and agree that we may change the list periodically and that you are obligated to conform to the requirements. Prior to opening your Club to the public, you may seek our approval to add additional equipment at your location. We may approve or disapprove your request to add additional equipment in our sole judgment. You will not be allowed to open or operate the Club with any unapproved equipment.

B. Authorized Products and Services; Memberships. You may offer and sell only approved products and approved services in the Club and must offer for sale the complete range of required products and required services as listed in the approved products and approved services lists, as we may amend from time to time. You must maintain in stock an inventory of approved products sufficient to meet customer demand and as set forth in the Manual for operating a SNAP FITNESS club. You may not offer, sell or supply any products or services which are not approved products or approved services (including products or services that we have withdrawn), without our prior written consent. You must also conform to all quality and customer service standards we prescribe in writing.

C. Memberships. You must sell memberships (“**Memberships**”) only on such terms and conditions as we specify periodically. All Memberships must be evidenced by a written or, if approved or required by us, electronic agreement (“**Membership Agreement**”) and all member and billing information must be promptly and accurately entered into the approved system according to our then-current policies.

You must use Membership Agreements that are based on our then-current standard form of Membership Agreement, with the exception, however, that there may be state and local laws that may require you to alter the Membership Agreement in the jurisdictions under which your Club operates – you must abide by those laws. You are solely and exclusively responsible for ensuring that the Membership Agreements you use in connection with the operation of your Club comply with all applicable laws and regulations. Any changes to the form document must be approved in writing by us. The Membership Agreement must include: (i) a reciprocity provision that permit members from your Club to use other facilities and permits another facility’s members to also use your Club, (ii) a waiver and release of us and our affiliates and (iii) a statement identifying the Club as an independently-owned franchised location. You must permit members of other facilities to use your Club under such terms and conditions as we may state in writing from time to time. All Membership Agreements and all billings of any type must be processed through us and our approved processing system (which is currently the In Club Technology Package described in Section 6.E).

You may only solicit memberships within your Designated Area (unless otherwise authorized by us as stated below). We or other franchisees may solicit memberships within your Designated Area (for example, if designated areas overlap). Unless we have provided prior written approval, all membership sales must be made face-to-face, although you may solicit membership sales by mail, telemarketing (so long as you abide by the no-call lists) or other non-face-to-face basis *within* your Designated Area. You may solicit, advertise and accept memberships online or outside your Designated Area only with our prior written approval or in

accordance with our then-current policies. We have the right to prohibit or cancel memberships you sell that will expire beyond the expiration date of your Term or any exercised renewal term. You are responsible for all refunds or liabilities to your members due to the cancellation of memberships as provided in this paragraph. You must execute the Membership Contract Assignment Agreement in the form attached at Attachment G.

D. Approved Supplies and Suppliers. We will furnish to you from time to time lists of approved supplies or approved suppliers. You must only use approved equipment, products, fixtures, signs, advertising materials, trademarked items and other items (collectively, “approved supplies”) in the Club as listed in the approved supplies and approved suppliers lists, as we may amend from time to time. Although we do not do so for every item, we have the right to approve the manufacturer of approved supplies. You acknowledge and agree that certain approved supplies may only be available from one source, and we or our affiliates may be that source. You will pay the then-current price in effect for approved supplies you purchase from us or our affiliates. All inventories, products, operating forms, materials and other items and supplies used in the operation of the Club must be purchased from approved suppliers and any items not included on the approved supplies or approved suppliers list must conform to the specifications and standards we establish from time to time. **ALTHOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION AND ANY REQUIRED TECHNOLOGY SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS.**

E. Technology System. You must purchase and use any technology system that we develop or select for the Club or System, including all future updates, supplements and modifications (the “**In Club Technology Package**”). The In Club Technology Package may include all hardware and software used in the operation of the Club, including (i) all computer hardware and related accessories and peripheral equipment for video surveillance, door access, digital media and telephone systems and (ii) the billing, electronic point-of-sale cash registers, club management and back office programs used to record, analyze and report sales and Club operations. Requirements for use may include, among other things, connection to remote servers, off-site electronic repositories, and high speed Internet connections, and establishment of one or more e-mail accounts. You further agree and provide your express consent that we may contact you using any of the contact information we have on file, including by telephone, email, SMS text message, messages sent by automated technology and messages sent by future technologies. Providing your mobile number (and thereby consenting to receive SMS text messages and messages sent by automated and future technologies) is not a condition of doing business with or becoming a franchisee.

You must: (i) use any proprietary software programs, system documentation manuals, and other proprietary materials that we provide to you in connection with your operation of the Club; (ii) input and maintain in your computer such data and information as we prescribe in the Manual and other written directives; (iii) purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever we adopt such new or upgraded programs, manuals, and materials system-wide. You must enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner we prescribe, and pay all fees imposed by us, our affiliate or any third party software and software service providers there under.

You acknowledge that we may independently access from a remote location, at any time, all information input to and compiled by your In Club Technology Package (including video surveillance equipment) or an off-site server, including Member Information (as defined in Section 6.I below).

You acknowledge that technology is ever changing and that, as technology or software is developed in the future, we may, at our sole option, require you to: (i) add to your In Club Technology Package memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software; and (ii) replace or upgrade your In Club Technology Package and software as we prescribe.

We reserve the right to designate a single source from whom you must purchase the In Club Technology Package, including video surveillance equipment. It is your responsibility to make sure you are in compliance with all laws that are applicable to the In Club Technology Package, including all data protection or security laws.

F. Evaluations. We or our authorized representative have the right to enter your Club at all reasonable times when the Club is open to the public for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your premises, equipment and member satisfaction. Our inspections and evaluations may include a “mystery shopper” program, and we reserve the right to seek reimbursement from you for any mystery shopper program we implement. If we determine that any condition in the Club presents a threat to members or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Club until the situation is remedied to our satisfaction. Any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operations or to assume any of your obligations under this Agreement.

G. Period of Operation. Subject to any contrary requirements of state or local law, your Club must be open to the public and operated 24 hours each day of the year. We also reserve the right to require a minimum number of staffed hours (and currently require a minimum of 25 staffed hours per week). Any variance from this provision must be authorized by us in writing. You acknowledge and agree that if your Club is closed for a period of two consecutive days or five or more days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of the franchise and business and we have the right, in addition to other remedies provided for herein, to terminate this Agreement.

H. Operating Procedures. You must adopt and use as your continuing operational routine the required standards, procedures, methods of operation and management and security systems described in our operations manual or other written directives, including, but not limited to, system newsletters or bulletins that may be sent to all franchisees from time to time (collectively, “**Manual**”). We will revise the Manual and these standards and systems periodically to meet changing conditions of operation and we will send out system newsletters and bulletins from time to time.

The Manual is currently available through electronic access on the franchisee portal we maintain. The Manual at all times is our sole property. You must at all times treat the Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. You will be required to sign a confidentiality agreement at the time of access. We may from time to time revise the contents of the Manual and you expressly agree to comply with each new or changed requirement. You acknowledge and agree that the Manual and other system communications may only be available on the Internet or other online or computer communications.

I. Confidential Information. You may not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity any Confidential Information, except to such employees as must have access to it in order to operate the Club. For purposes of this Agreement, “**Confidential Information**” means and includes, without limitation, all member information and information concerning prospective and former members (collectively, “**Member Information**”), and all proprietary information contained in the Manual or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Club. You hereby acknowledge and agree that all Confidential Information, including Member Information, belongs exclusively to us. You and each Principal Owner agree to maintain the confidentiality of all Confidential Information, including Member Information, not to duplicate any materials containing Confidential Information, including Member Information, and not to divulge any Confidential Information, except to other franchisees and to your employees and professional advisors on a need to know basis. You may use the Confidential Information, including Member Information, only for the

purpose of operating the Club. This provision will survive the transfer, expiration or termination of this Agreement.

You must cause your general manager and any employee with access to Confidential Information, including Member Information, to sign a nondisclosure and confidentiality agreement in a form satisfactory to us. You must provide a copy of each such agreement to us upon our request.

J. Compliance with Standards and Specifications; Participation in Joint Advertising Campaigns and Endorsements. You further agree to comply with all required System specifications, standards and operating procedures (whether contained in the Manual or any other written communication) relating to the appearance, function, cleanliness, operation and promotion of a SNAP FITNESS Club including, without limitation (i) sales and marketing procedures and customer service; (ii) advertising and promotional programs; (iii) member loyalty and rewards programs; (iv) layout, décor and color scheme of the Club; (v) appearance and dress of employees; (vi) safety, maintenance, appearance, cleanliness, sanitation, standards of service, and operation of the Club; (vii) submission of requests for approval of brands of products, supplies and suppliers; (viii) use and illumination of signs, posters, displays, standard formats and similar items; (ix) use of audio equipment and type and decibel levels of music; (x) use of video equipment and type and decibel level of television broadcasts (including closed captioning requirements); (xi) types of fixtures, furnishings, and equipment; and (xii) the make, type, location and decibel level of any game, entertainment or vending machine (and restrictions against the use of gaming, entertainment or vending machines).

From time to time, we and our affiliates also may participate in and require your participation in joint advertising campaigns and endorsement of third party products or services (which participation may include, among other things, broadcasting audio-visual advertising on in-Club televisions or computer monitors and/or placing promotional items at prescribed locations throughout the Club). You agree to participate in all such campaigns and endorsements according to our directives, provided that we will provide you all promotional items necessary for participation free of charge. You further acknowledge and agree that we or our affiliates may receive revenue, and may retain all revenue received, on account of your participation and other franchisee's participation in such campaigns and endorsements.

Any required standards exist to protect our interests in the System and Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Manual or other written materials. The Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

K. Compliance with Law; Licenses and Permits. You have an obligation, both prior to and after purchasing the franchise, to review the laws of the area in which you will be operating to determine what statutes, regulations, ordinances, or other laws may have an impact on your ability to operate the franchise. We are not responsible for reviewing the laws, and we make no representation or warranty (express or implied) that the System we have developed complies with the laws of your particular area. You represent and agree that you have conducted a review of the potentially-applicable laws and that you have provided to us, in writing, a statement of all legal issues that you feel may have a significant impact on your ability to follow the system or to operate your business. You must at all times maintain your premises and conduct your Club operations in compliance with all applicable laws, regulations, codes and ordinances including, without limitation, (i) all governmental regulations relating to sales, advertising and membership cancellation rights of health club memberships, and all bonding requirements, (ii) all governmental regulations relating to tanning (where applicable), (iii) all music licensing and permit laws; and (iv) all applicable laws pertaining to

the privacy of consumer, employee and transactional information (“**Privacy Laws**”). If there is a conflict between our standards and policies and actual applicable law, you must comply with the requirements of applicable law, immediately give us notice of said conflict and promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies within the bounds of applicable law. You must secure and maintain in force all required licenses, permits and certificates relating to your Club. You must not publish, disseminate, implement, revise or rescind a data privacy policy without our prior written consent. You must have in place appropriate security measures (administrative, physical and technical) to prevent customer or employee personal data from being accidentally lost, altered, disclosed, used or accessed in an unauthorized way. You must immediately notify us in writing of any claim, litigation, proceeding or complaint (whether from individuals or governmental agencies) that arises from or affects the operation or financial condition of your SNAP FITNESS business or Club. As between you and us, you are solely responsible for the safety and wellbeing of your employees and the customers of the franchise business.

L. Participation in Internet Web Sites or Other Online Communications. You must, at your expense, participate in our SNAP FITNESS web site, any intranet or extranet system we may develop or other online communications as we may require (the current website fee for the website and intranet use is listed on the Summary Page of this Agreement). We have the right to determine the content and use of our web site and any intranet or extranet system we may develop and will establish the rules under which franchisees may or must participate. You may not use the Marks or any part or derivative thereof on the internet, except as we expressly permit in writing and as authorized by our then-current policies. Without limiting the generality of the foregoing, you may not use the Marks or any part or derivative of the Marks as part of any URL or domain name or as part of any unauthorized e-mail address and may only register the Marks or any part or derivative of the Marks as part of any user name on any gaming website or social networking website (such as FACEBOOK, TWITTER or INSTAGRAM) in accordance with our then-current policies. You also may not display on any website (including commercial websites, gaming websites, and social networking websites) any of our copyrighted or proprietary works, which include the design portion of our Marks, or any collateral merchandise identified by the Marks. We retain all rights relating to our web site and any intranet or extranet system we may develop and may alter or terminate our web site, intranet or extranet system. Your general conduct on our web site, intranet and extranet system or other online communications and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our web site, intranet or extranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our web site, intranet and extranet system, or otherwise use the Marks or System on the internet or other online communications, will terminate when this Agreement expires or terminates or is transferred by you.

M. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and other changes as we deem appropriate. This right includes, but is not limited to, the right to introduce new products and services. You must comply with these modifications, additions or rescissions at your expense, subject to the express limitations listed in this Agreement.

You must operate your Club in strict compliance with all applicable laws and with the required standard procedures, policies, rules and regulations established by us and incorporated herein or in the Manual or in SNAP FITNESS System bulletins or other publications that are distributed to franchisees from time to time. Such required standard procedures, policies, rules and regulations established by us may be revised from time to time as circumstances warrant, and you must comply with all such required procedures as they exist from time to time as though they were specifically listed in this Agreement and when incorporated in a system bulletin or other written notice to franchisees, the same is incorporated herein by reference. These required standard procedures, policies, rules, and regulations may include operational matters, advertising or marketing

matters, membership issues, relationships between you and other franchisees, accounting issues, and any other issues that we believe, in our business judgment, are required to generally benefit the SNAP FITNESS System and its franchisees.

N. Suggested Pricing Policies. We reserve the right to establish prices for the products and services you sell, both minimum and maximum, subject to applicable law. Unless stated otherwise in writing, any list or schedule of prices we furnish you is a recommendation only and any decision you make to accept or reject the suggestion will not affect the relationship between us.

O. National Accounts. From time to time we will negotiate contracts with corporations, affinity groups and insurance plans that will require that certain terms and/or discounts be offered to members of that corporation, affinity group or insurance plan by all franchisees at all locations (“**National Accounts**”). You are required to provide the special terms and/or discounts to these National Accounts.

P. Member Administration. We or an affiliate may from time to time engage in administrative tasks related to member administration such as administering online enrollment or membership transfer and reciprocity programs. You agree that we may take those actions in accordance with our then-current policies, which may include transferring members to and from your Club and providing on-line member enrollment. You agree that we may make such corrections as necessary, including that if a member is mistakenly transferred to the wrong club, we may issue credits and charges for the membership dues to the affected clubs. Any actions we take for member administration are for the benefit of the brand and uniformity in the System and not to exercise control over your business.

PERSONNEL AND SUPERVISION STANDARDS

7. The following provisions and conditions control with respect to personnel, training and supervision:

A. Supervision. You must ensure that the Club is operated in accordance with the terms and conditions of this Agreement. If you employ a general manager, he or she must attend and successfully complete all required training, as listed in Sections 7.B and C.

B. Training. You must, at your expense, comply with all of the training requirements we prescribe for the Club to be developed under this Agreement. If you employ a general manager, he or she also must comply with all training requirements. Specifically, prior to opening, you must attend our initial training program and complete the training to our satisfaction. In the event you are given notice of default as described in Sections 13.A and B and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you, at your expense, comply with the additional training requirements we prescribe. Any new general manager must comply with our training requirements within a reasonable time as we specify. Under no circumstances may you permit management of the Club’s operations on a regular basis by a person who has not successfully completed to our reasonable satisfaction all applicable training we require.

C. Ongoing Training. We may require you and other key employees of the Club to attend, at your expense, ongoing training at our training club, the Authorized Location or other location we designate. Beyond our initial training program, you must pay our then-current training fee for all training we conduct for you.

D. Staffing. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System and Marks in any way shifts any employee or employment related responsibility from you to us. You acknowledge that you are an independent business and responsible for control and management of your Club, including, but not limited to, the hiring, discharging, training, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, supervision and discipline of employees, regardless of whether you receive advice from us on these subjects. You acknowledge that we have no power, responsibility or liability for personnel decisions regarding your employees.

E. Attendance at Meetings. Unless we approve otherwise, you and your manager must attend all quarterly sales and operations meetings and annual franchise conventions we may hold or sponsor, and we reserve the right to charge you a fee to attend any franchise convention or meeting we hold or sponsor. If you are not able to attend a meeting or convention, you must notify us prior to the meeting and we may mandate that you substitute a person acceptable to us to attend on your behalf. If you fail to attend a franchise convention or meeting, we reserve the right to charge you our then-current non-attendance fee.

MARKETING

8. You agree to actively promote your Club, to abide by all of our advertising requirements and to comply with the following provisions:

A. National Marketing Fee. You must pay us each month a National Marketing Fee in the amount set forth in the Summary Pages. We will deposit the National Marketing Fee in the Marketing Fund that we manage. We may use the Marketing Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, including the cost of: *(i)* preparing and conducting print, point-of-sale, radio, television, internet, electronic, out-of-home, and billboard advertising; *(ii)* conducting e-commerce website activities; *(iii)* updating and hosting a website (including the development of locator programs); *(iv)* providing market intelligence through analytics to the System; *(v)* conducting member interviews, focus groups and surveys; *(vi)* providing creative development services including the development and modification of Club design and trade dress, logos, graphics and vehicle wraps; *(vii)* obtaining sponsorships and endorsements; *(viii)* developing and conducting contests, sweepstakes and other prize promotions; *(ix)* developing and administering member loyalty programs, coupons and gift certificates; *(x)* engaging advertising and marketing agencies and public relations firms; and *(xi)* any other expenses for developing and promoting the brand or System. We also may use the Marketing Fund to develop advertising and promotional materials for regional and local advertising and marketing cooperatives and for use in each franchisee's local market. In certain markets, we may assist a franchisee with its initial advertising and promotional activities to increase brand awareness. We have an in-house marketing staff that assists in developing and placing national, local and regional advertising and other matters. We also contract with various outside advertising and marketing agencies and third party vendors to produce certain advertising and promotional materials and to create and implement public relations campaigns. We will determine the use of the monies in the Marketing Fund. We are reimbursed for reasonable administrative costs, salaries and overhead incurred in administering or providing services to the Marketing Fund.

B. Local Expenditures Approved Materials. You must use your best efforts to aggressively promote and advertise the Club in your local area, and participate in any local marketing and promotional programs that we establish from time to time, including but not limited to any in-club marketing or promotions we may choose to run (subject to applicable law). You must conduct an initial promotional campaign in accordance with our standards and specifications. In addition to the National Marketing Fee payable to us, you must spend a minimum of \$4,800 (an average of \$400 per month) on local advertising each year. We strongly recommend that you spend money every month on local advertising but you may want to spend more on local advertising during peak months and less during non-peak months. Upon our request, you must provide us with itemization and proof that you are conducting advertising and marketing and also provide an accounting of the monies that you have spent for approved local marketing. If you fail to spend at least \$4,800 each year on local advertising we reserve the right to collect any deficiency from you and deposit the amount in the Marketing Fund. You must use only such marketing materials as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. Furthermore, any promotional activities you conduct in the Club or on its premises are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials and activities; provided that they are current, in good condition, adhere to brand standards, in good taste, dignified, and accurately depict the Marks (any use of the Marks, or a new variation you propose to the Marks, without our prior written approval is prohibited).

C. Local Marketing Fund and Advertising Co-ops.

We may, at our option, designate any geographic area in which at least two SNAP FITNESS franchises are located as a “designated advertising area” for the purposes of establishing a local marketing fund that we control (“**Local Marketing Fund**”) or local or regional advertising cooperative controlled by majority vote of its members (“**Cooperative**”), and may require you to make a contribution to a local marketing fund and/or a Cooperative, as provided in this paragraph. Any amount contributed to a Local Marketing Fund or Cooperative will be in addition to, and not in lieu of, the National Marketing Fee described above. We have the right to determine the amount of contribution, in our sole judgment, provided that aggregate monthly contributions will not exceed \$200 per month (subject to adjustment based on the CPI as provided in Section 9.E). If, however, a Cooperative chooses to contribute a greater amount and the amount is approved by a two-thirds majority of the members of the Cooperative, you must contribute such amount. Any contribution you make to a Local Marketing Fund or Cooperative will count towards the minimum local advertising expenditures outlined in Section 8.B.

If established, you must participate in any Local Marketing Fund and/or Cooperative formed to serve the geographic area in which the Club is located, and must promptly execute all participation documents that we require. For Cooperatives only, each Club in the Cooperative will have one vote. Each Cooperative will be required to adopt governing bylaws that meet our approval. We will provide each Cooperative with a sample form of bylaws, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure set forth in this paragraph. Cooperatives must submit to us their meeting minutes on our request. All Cooperatives must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. Each Cooperative must use only the approved media buyer and advertising agency. The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative. We reserve the right to administer the Cooperatives’ funds and require payment from its members via electronic funds transfer. The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative. We have the right to require Cooperatives to be formed, changed, dissolved or merged.

D. Sponsorships and Partnerships. You may not enter into any sponsorship agreements or arrangements or any marketing partnerships without our prior written consent.

E. Grand Opening Marketing. You must conduct an initial promotional campaign in accordance with our standards and specifications which includes a required minimum amount of \$10,200 spent on advertising and marketing of your Club within the first 60 days of business operation. You must provide us with receipts for approved grand opening expenses within 90 days of business operations.

FEES, REPORTING AND AUDIT RIGHTS

9. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. Upon execution of this Agreement you must pay us an initial franchise fee in the amount set forth on the Summary Page. The initial franchise fee is deemed fully earned upon payment in consideration for our expenses incurred and services rendered in granting you the franchise and is non-refundable.

B. Membership Fees. You must pay a one time fee of \$6.02 for each membership agreement to your Club and a monthly Billing Maintenance Fee of \$0.62 per each membership enrolled at your Club. You will also purchase the door access cards at the then-current price (currently, \$5.00 per card).

C. Continuing Fee. In addition to the Initial Franchise Fee, in consideration of the rights granted to you, you must pay to us a Continuing Fee in the amount set forth in the Summary Pages. You must pay the Continuing Fee beginning the month that your Club opens and each following month through the term of this Agreement. You will pay the full Continuing Fee for any partial month.

D. Member Services. Currently, you must pay a \$1 fee for each new member for online member services. Periodically, as technology and member demands evolve, we may change or provide additional member services. You agree to participate in our future member service initiatives and to pay the applicable fees at the then-current rates.

E. CPI Adjustment. All fees under this Agreement, including the Continuing Fee, Marketing Fee, Web Site Fee, Membership Fees and Local Marketing Fund or Cooperative contribution (unless calculated as a percentage of sales), are subject to adjustment based on any increase in the Consumer Price Index (meaning the annual average of the Consumer Price Index for All Urban Consumers, Other goods and services, 1982-1984=100, published by the Bureau of Labor Statistics of the United States Department of Labor). If the Bureau of Labor Statistics ceases publishing the Consumer Price Index, then the successor or most nearly comparable index as we select will be used. Fees will be changed no more than once per year. The increase will be based on the increase in the Index from January 1 of any year to January 1, 2020 or the previous CPI adjustment.

F. Computations and Remittances. The Continuing Fee, Marketing Fee, Website Fee, Local Marketing Fund or Cooperative contribution are due and owing on the first of the month. The Membership Fees and Member Services Fees are due and owing at the end of each month's operation. You must make all payments to us by the 5th of the month the fees are due (or such other day as we designate). You may not withhold payment of any amounts owed to use and hereby waive any and all existing and future claims and offsets against any amounts due under this Agreement. Notwithstanding any designation by you, we will be entitled to apply your payments against any amounts due to us. We also may set off any amounts that may be held by us or our affiliates on your behalf or owed to you by us or through our affiliates against amounts you owe to us or our affiliates.

G. Method of Payment. You must make payments to us and our affiliates by electronic funds transfer or such alternative methods as we may designate. You must execute and deliver to us, our bank and your bank, as necessary, all forms and documents that we request to permit us to use any payment method we designate, including the electronic transfer of funds authorization attached as Attachment D. You must comply with all procedures we specify from time to time, and take such reasonable action as we request to assist in any of the payment methods. Specifically, you agree that upon notice by us, all payments to us and our affiliates may be deducted from the monies your billing and payment processor collects on your behalf and you hereby authorize the billing and payment processor to deduct such amounts and to pay those amounts to us on the due date of such amount. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed to us when due and must notify us at least 20 days before closing or changing the account against which such debits are to be made. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Section.

H. Interest Charges. Any and all amounts that you owe to us or to our affiliates will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual.

I. Financial Planning and Management. You are responsible for keeping your own general accounting books. We may periodically request financial information, including but not limited to, a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, membership and purchase records, invoices, inventories, payroll records, cash disbursement journals and general ledger, all of which accurately reflect the operations and condition of your Club operations. You must allow us electronic and manual access to any and all records relating to your Club.

J. Reports and Audit. In the event of an audit, you must verify the accuracy of the membership numbers on the 5th day of each month for the preceding month. Within 10 days after the request, you must submit to us a report with respect to our request in the form and content as we periodically prescribe. The report must include, but not be limited to, the following information for the preceding month: (i) number of membership sales; and (ii) if we request, monthly sales summary and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items. We may also

request, at your expense, that you submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year, including all adjustments necessary for fair presentation of the financial statements. You must certify all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirements on our other franchisees. If any audit determines that you have understated your income or your membership level by more than 2%, you must pay us all costs of the audit plus interest on the amount due to us at 18% per annum or the highest rate allowed by law, whichever is less.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Club are kept and to evaluate, copy and audit such books and records. In addition, upon our request, you must provide us the current information regarding the name and telephone number of the landlord, lender or vendors and suppliers for the Club. You agree that we have the right to communicate with the landlord, lender and other vendors related to your operation of the Club regarding the Club or any default by you under an agreement with the landlord, lender or vender. You hereby authorize the landlord, lender and any vendor associated with your Club to communication with us and provide us information regarding the Club.

K. Attorneys' Fees and Costs. You must reimburse us for all attorney's fees, costs, interest and expenses we incur: (i) to enforce the terms of this Agreement or any obligation owed to us by you and/or your Owners; and (ii) in the defense of any claim you and/or your Owners assert against us upon which we substantially prevail in court, arbitration or other formal legal proceedings.

L. Taxes. If any taxes, fees, or assessments are imposed on royalties or other fees by reason of us acting as franchisor or licensing the Marks or the System under this Agreement (for example, sales tax), you will reimburse us the amount of those taxes, fees, or assessments within 15 days after receipt of our written notice to you.

YOUR OTHER OBLIGATIONS; NON-COMPETE COVENANTS

10. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and our affiliates, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; (ii) amounts related to all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Club or business; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Club or business. In the event you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

B. Indemnification. You waive all claims against us for damages to property or injuries to persons arising out of the operation of your Club. You must fully protect, indemnify and hold us and our owners, directors, officers, successors and assigns and our affiliates harmless from and against any and all actions, suits, proceedings, investigations, claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Club (regardless of cause or any concurrent or contributing fault or negligence of us or our affiliates) or any breach by you or your failure to comply with the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for our costs and attorneys' fees immediately upon our request as they are incurred. Further, it is the intention of the parties to this Agreement that we must not be deemed a joint employer with you for any reason. If we incur any cost, loss or damage as a result of any actions or omissions of you or your employees, including that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such loss.

C. Insurance. You must maintain in full force and effect throughout the term of this Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Club. Such insurance must include, at a minimum: (i)

special/causes of loss coverage forms, including mechanical/equipment breakdown (previously called “All Risk coverage”) on the Club and all fixtures, equipment and other property used in the operation of the Club, for full replacement value of the equipment and improvements; (ii) business interruption insurance covering a minimum 12 months loss of income, written on an actual loss sustained basis, including coverage for our monthly fees with us named as a loss payee with respect to those fees; (iii) comprehensive general liability insurance with minimum limits of at least \$1,000,000 per occurrence and \$2,000,000 general aggregate (including product liability and personal and advertising injury) and “Per Location” aggregate limits when multiple club locations are insured under one comprehensive general liability policy; (iv) automobile liability insurance, including hired and non-owned vehicle coverage with a minimum combined single limit of at least \$1,000,000 per claim; (v) workers’ compensation and employer’s liability insurance covering all of your employees where required by state statute; (vi) professional liability insurance, including abuse and molestation, with a minimum limit of at least \$1,000,000 per occurrence; (vii) Commercial Umbrella/Excess Liability of at least \$9,000,000 per occurrence and \$9,000,000 general aggregate with “Per Location” aggregate limits when multiple club locations are insured under one comprehensive umbrella/excess liability policy (viii) cyber liability with minimum limits of at least \$25,000 per occurrence; (ix) medical expense coverage of at least \$1,000 any one person; (x) crime (employee dishonesty, theft and robbery) with minimum limits of at least \$10,000 per occurrence; (xi) employment practices liability with minimum limits of at least \$50,000 per occurrence and inclusive of both first and third party coverage; (xii) Snap Fitness, Inc. and any entity with an insurable interest that we designate (the “Additional Insureds”) must be named an additional insured on all liability policies required by this subparagraph to the extent each has an insurable interest; (xiii) each policy of insurance maintained pursuant to this Agreement must contain a waiver of subrogation in favor of the Additional Insureds; and (xiv) any other such insurance coverage’s or amounts as required by law or other agreement related to the Club..

All insurance policies must be written by an insurance company or companies satisfactory to us (generally, companies with an AM Best rating of A- or better). You must participate in the current and any future insurance plan we establish for the benefit of the System and pay all required premiums due there under, unless we agree otherwise in writing.

The required insurance coverage must commence as of the date the building lease or building purchase agreement has been signed for your Authorized Location. You must deliver to us at commencement and thereafter annually or at our request a proper certificate, endorsement, or other documentation as we require evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate or endorsement must show all required Additional Insureds (as noted in (xii) and (xiii) above) and provide that we will be given 30 days’ prior written notice of material change in or termination or cancellation of the policy. We also may request copies of all policies. We may modify the required minimum limits from time to time and by written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the SNAP FITNESS system, standards of liability and higher damage awards. If you do not procure and maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the same to you, together with a reasonable fee for the expenses we incur in doing so, payable by you immediately upon notice.

You acknowledge that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect you from losses in connection with the Club. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than we require.

D. Non-compete Covenants. You agree that you will receive training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following non-competition covenants:

1. Persons Bound. Unless otherwise specified, the term “Covered Person” as used in this Section 10.D includes, collectively and individually, the Principal Owner (including spouse) and all guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this Section 10.D.

2. During Term. During the term of this Agreement, Covered Persons must not directly or indirectly, for themselves or through, on behalf of or in conjunction with any individual or business entity: (i) divert any Club member, potential Club member or former Club member to any fitness club except another SNAP FITNESS Club; or (ii) own, operate, lease, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in any other fitness club (including, but not limited to a 24/7 fitness club, studio or exercise facility; a fitness club, studio or exercise facility featuring keycard access or a structured fitness/training program or complete body overhaul program for individuals) in the United States, except another SNAP FITNESS Club pursuant to a valid franchise agreement with us.

3. After Termination. For a period of two years after the transfer, expiration or termination of this Agreement (and with respect to any Principal Owner, for a period of two years after such person ceases to be a Principal Owner, regardless of the reason), Covered Persons must not directly or indirectly, for themselves or through, on behalf of or in conjunction with any individual or business entity: (i) divert any Club member, potential Club member or former Club member to any fitness club except another SNAP FITNESS Club; or (ii) own, operate, lease, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in any other fitness club (including, but not limited to a 24/7 fitness club, studio or exercise facility; a fitness club, studio or exercise facility featuring keycard access or a structured fitness/training program or complete body overhaul program for individuals) that is located at or within a 10-mile radius of the Authorized Location, that is located within a 10-mile radius of any other SNAP FITNESS Club in operation or under construction, or that is located in the Designated Area of any other SNAP FITNESS franchisee. The two year period described in this paragraph will be tolled during any period of noncompliance.

4. Reasonableness. You agree that the scope of the prohibitions stated in this Section 10.D is reasonable and necessary to protect us and the System (including other franchisees of the System). You agree that the prohibitions in this Section 10.D must be very broad in order to prevent you from taking information, materials and training we are providing to you on an ongoing basis and using them to either compete with us, or preempt or otherwise restrict our ability to enter new markets. You agree that the time period and the scope of the prohibitions stated in this Section 10.D are the reasonable and necessary time and distance needed to protect us if this Agreement expires or is terminated for any reason. You also agree that you have many other opportunities available to earn a living, and that these restrictions will not preclude you from engaging in a lawful trade or business for which you otherwise are qualified.

5. Exception. The purchase of a publicly traded security of a corporation engaged in a competitive business or service will not in itself be deemed violative of this Section 10.D so long as you do not own, directly or indirectly, more than 5% of the securities of such corporation.

6. Reformation and Reduction of Scope of Covenants. If all or a portion of any covenant contained in this Section 10.D. is held to be unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you and each Covered Person will be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 10.D. Notwithstanding the foregoing, we have the unilateral right to reduce the scope of any covenant set forth in Section 10.D, or any portion thereof, which reduction will be effective immediately upon delivery of notice of the reduction.

7. Injunctive Relief. You and each Covered Person agree that the violation of any covenant contained in this Section 10.D. would result in immediate and irreparable injury to us for which there is no adequate remedy at law. You and each Covered Person therefore agree that in case of an alleged breach or violation of this Section, we may seek injunctive relief, in addition to all other remedies that may be available to us at equity or law. We will not be required to post a bond or other security for any injunctive proceeding.

8. Severability. Each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

E. Innovations. You agree to fully and promptly disclose to us all ideas, plans, improvements, concepts, methods and techniques relating to the development or operation (including marketing, advertising and promotions) of the Club or any similar aspect of the business conceived or developed by you, any Owner or your employees during the term of this Agreement (“**Innovations**”). We and our affiliates own and have the right to authorize other Clubs to use any Innovations without any compensation to you, any Owner, or your employees. Nothing in this Section modifies your obligations to comply with the System and the Manual.

F. Copyright. You hereby acknowledge and agree that the ownership of all printed, audio and visual material and any other material whatsoever (including all Confidential Information) being part of the Club or System (the “**Work**”) belongs to us or our affiliates and any copyright in respect to the Work belongs to us. In addition, you acknowledge that you have no right to manufacture any component of the Work or duplicate the Work and agree to purchase all components of (or rights of access to) the Work exclusively from us. You have no right to claim any proprietary interest in any of the Work. You must immediately notify us of any known infringement to the Work or to our copyright interest therein. We have the right to control any litigation related to our copyrights or the Work. You agree to assist us, as directed by us, in any claim or action against the infringer.

TRANSFER OF FRANCHISE

11. You agree that the following provisions govern any transfer or proposed transfer:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Club. Consequently, your interest in this Agreement or in the Club, or all or substantially all of the assets of the Club, or any Owner’s interest in a franchisee that is a partnership or entity may be transferred or assigned to or assumed by any other person or entity (the “assignee”), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with Section 11.E, and if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in Section 11.C is paid, if applicable, and the transfer conditions described in Section 11.C are satisfied. Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer and you must comply with the right of first refusal, consent, transfer fee, and other transfer conditions in this Section 11:

1. Any change or series of changes in the percentage of the franchisee entity owned, directly or indirectly, by the Principal Owner (including any addition or deletion of any person or entity who qualifies as a Principal Owner);

2. Any change in the general partner of a franchisee that is a general, limited or other partnership entity; or

3. For purposes of this Section 11.A, a pledge or seizure of any ownership interests in you or in any Principal Owner that affects the ownership of 25% or more of you or Principal Owner, which we have not approved in advance in writing.

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in Section 11.E, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in Section 11.C, if applicable, and satisfy the transfer conditions described in Section 11.C. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

You may not place in, on or upon the location of the Club, or in any communication media or any form of advertising, any information relating to the sale of the Club or the rights under this Agreement, without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided we determine that all of the conditions described in this Section 11 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in Section 11.E must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other required information. The application must indicate whether you or a Principal Owner proposes to retain a security interest in the property to be transferred. No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer is subject to our prior written approval, which approval will not be withheld unreasonably. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void and will provide us with the right to elect either to default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in Section 11.C.

C. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following:

1. Assignee Qualifications. The assignee must meet all of our then-current requirements for the franchise we are offering at the time of the proposed transfer.

2. Payment of Amounts Owed. All amounts owed by you to us or any of our affiliates, your suppliers or any landlord for the Club premises and Authorized Location, or upon which we or any of our affiliates have any contingent liability must be paid in full.

3. Reports. You must have provided all required reports to us in accordance with Sections 9.I and 9.J.

4. Modernization. You must have complied with the provisions of Section 5.F.

5. Guarantee. In the case of an installment sale for which we have consented to you or any Principal Owner retaining a security interest or other financial interest in this Agreement or the business operated hereunder, you or such Principal Owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

6. Consent to Transfer; General Release. You, each Principal Owner and each guarantor must execute all transfer documents that we require and in the form we designate, which documents will include a general release of all claims arising out of or relating to this Agreement, your Club or the parties' business relationship; provided, however, that the release will not be inconsistent with any state law regulating franchising.

7. Training. The assignee must, at your or the assignee's expense, comply with the training requirements of Section 7.B.

8. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Club and its operations as we deem reasonably necessary or appropriate for assignee and/or us to evaluate the Club and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Club and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Club and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

9. Transfer Fee. If the assignee is an existing SNAP FITNESS franchisee, you must pay us a transfer fee equal to \$5,000; if the assignee is not an existing SNAP FITNESS franchisee, you must pay us a transfer fee equal to our then-current initial franchise fee.

10. New Franchise Agreement. If the proposed transfer (or a series of transfers) would result in a change in control of the franchisee, the transferee must execute our then-current form of franchise agreement (provided that no initial franchise fee will be due there under); and each of transferee's Principal Owners execute our then-current form of personal guaranty and undertaking. The parties acknowledge and agree that our then-current form of franchise agreement may be materially different than this Agreement and may include, among other things, different fees. Additionally, in the event of a transfer, we have the unilateral right to change or modify the boundaries of the Designated Area under the new franchise agreement. The Designated Area modification, if any, will be noted in the new franchise agreement issued with respect to the transfer.

11. Transaction Terms. You or the proposed transferee have provided us with all information we have reasonably requested regarding the terms of the proposed transfer, and we are satisfied that the financial terms and conditions of the proposed transfer will not have a materially adverse effect on the business' post-transfer ability to continue in operation and to meet its liabilities as they fall due.

12. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies.

D. Death, Disability or Incapacity. If any individual who is a Principal Owner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a Principal Owner, such person or entity must apply for our consent under Section 11.B, comply with the training requirements of Section 7.B, pay the transfer fee, if applicable, under Section 11.C, and satisfy the transfer conditions under Section 11.C, as in any other case of a proposed transfer, all within 180 days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the Club still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, the transfer conditions in Section 11.C will apply; provided no transfer fee will be payable to us and we will not have a right of first refusal as stated in Section 11.E.

E. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by Section 11.D or any transfer described in Section 11.A, you first must offer to sell to us your interest. In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer. In the event the proposed transfer results from a change in control of the franchisee or a Principal Owner under Section 11.A.1 through 11.A.3, or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures, and any leasehold interest used in the operation of your Club. Unless otherwise agreed to in writing by us and you, the purchase price for our purchase of assets in the event of a

transfer that occurs by a change in control or insolvency or bankruptcy filing will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in Section 14.B in connection with an asset purchase upon expiration. In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Authorized Location is located will appoint one upon petition of either party.

You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested. We then have 45 days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you. Our acceptance of any right of first refusal will be on the same price and terms listed in the statement delivered to us; provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 45-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Section 11. You may effect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this Section 11.E.

F. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement and you hereby consent to any such sale or assignment.

G. Individual Franchisee. If you are in full compliance with this Agreement, you may transfer this Agreement to a corporate or other business entity (i) which conducts no business other than operating your Club (and if applicable other SNAP FITNESS Clubs), (ii) in which you maintain management control (iii) of which you own and control 100% of the equity and voting power of all issued and outstanding equity interests and (iv) further provided that all assets of the Club are owned, and the entire Club is conducted by a single business entity. Any transfer meeting the conditions in this Section 11.G will not be subject to the conditions in Section 11.C, however, the corporation or other similar entity must execute a document in a form approved by us in which it agrees to become a party to and be bound by all the provisions of this Agreement and the Principal Owners must agree to remain personally liable under this Agreement.

H. Securities Offerings.

1. No Public Offerings. Neither you nor any of your Owners may issue or sell your securities or the securities of any of your affiliates if: (a) such securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than 35 persons; or (2) after the issuance or sale, you or such affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended.

2. Private Placements. You, your Owners and affiliates may offer securities or partnership interests, by private offering or otherwise, only with our prior written consent, which will not be unreasonably withheld (except for public offerings prohibited above). All materials required for such offering by federal or state law must be submitted to us for review prior to their being filed with any government agency; and any materials to be used in any exempt offering must be submitted to us for review prior to their use. No offering may imply (by use of the Marks or otherwise) that we are participating in the underwriting, issuance or offer of securities and our review of any offering will be limited solely to the subject of the relationship between you and us. In preparing a prospectus or other offering materials, you must make any changes and incorporate any disclaimers we require with respect to your relationship with us and your use of the Marks. You, Owners and the other participants in the offering must fully indemnify us in connection with the offering. For each proposed offering, you must pay us for our reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. You must give us written notice at least 30 days prior to the date of commencement of any offering or other transaction covered by this Section.

DISPUTE RESOLUTION

12. The following provisions apply with respect to dispute resolution:

A. **Arbitration; Mediation.** Except as qualified below, any dispute between you and us and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees or owners arising under, out of, in connection with or in relation to this Agreement, any lease for the Club or Authorized Location, the parties' relationship, the Club, our Standards, or the scope or validity of the arbitration obligations under this Section must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association ("AAA"). Any arbitration must be on an individual basis, and not as part of a consolidated, common, or class action, and you and/or your Owners waive any right to proceed on a consolidated, common, or class basis. Multiparty arbitration is specifically excluded, and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any claim or other proceeding involving third parties. In the event a court or arbitrator determines that this exclusion of multiparty arbitration (including class arbitration) is unenforceable, then this entire commitment to arbitrate will be null and void and the parties must submit all claims to the jurisdiction of the courts. Minneapolis, Minnesota is the exclusive locale or venue of any arbitration or civil action. The arbitrators must follow the law and not disregard the terms of this Agreement. Any arbitrator must have at least five years' experience in franchising or in franchise law.

Any unappealed decision of the arbitrator(s) will be final and binding on all parties to the dispute; however, the arbitrator(s) shall have no authority to: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; (iii) certify a class or consolidate an action, or (iv) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any court of competent jurisdiction.

We and you agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. We and you further agree that, in connection with any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 12.C. Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section 12 without the prior written consent of both parties. The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any award rendered by the arbitrator(s) may be appealed pursuant to the AAA's Optional Appellate Arbitration Rules in effect as of the Effective Date of this agreement ("Appellate Rules"). Any award will, at a minimum, be a reasoned award. The award will not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty days of receipt of an award, as defined by Rule A-3 of the existing Appellate Rules, by filing a notice of appeal with any AAA office. The appeal tribunal may affirm, reverse, or modify the award of the arbitrator(s), or return the matter to the arbitrator(s) for further action. A final award may be entered once the appeal process is complete or the time for filing an appeal has expired, and a judgment may be entered upon the arbitration award in accordance with the procedures identified above.

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered under Section 12.B, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted by a mediator or mediation program agreed to by the parties and will take place in Minneapolis, Minnesota. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days, the parties are free to pursue arbitration.

B. Injunctive Relief. Notwithstanding Section 12.A, the parties agree that the following claims will not be subject to arbitration or mediation: (i) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including without limitation, prior to or during the pendency or any arbitration proceeding initiated under Section 12.A; or (ii) any action in ejectment or for possession of any interest in real or personal property; or (iii) our decision in the first instance to issue a notice of default and/or notice of termination, or undertake any other conduct with respect to the franchise relationship that might later result in a dispute or controversy between us.

C. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement or other dispute between the parties, any lease or sublease for the Club or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs. If any party initiates litigation in violation of this arbitration provision and the other party successfully moves to compel arbitration, the party moving to compel arbitration will be entitled to reimbursement of its attorneys' fees and costs incurred in connection with defending the litigation and compelling arbitration.

DEFAULT AND TERMINATION AND OTHER REMEDIES

13. The following provisions apply with respect to default and termination:

A. Defaults. You are in default if we determine that you or any Principal Owner or guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes: (i) making any false report to us; (ii) intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us or any of our affiliates; (iii) conviction of you, a Principal Owner, or a guarantor of (or pleading no contest to) (a) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Marks or the Club or (b) any felony; (iv) filing of tax or other liens that may affect this Agreement; or (v) voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise provided in this Section 13.B: (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults; (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and (iv) the termination will be effective immediately upon our issuance of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate

effective immediately on our issuance of written notice of termination: (i) you have failed to identify a mutually acceptable site for the operation of the Club or to open the Club for business within the time period provided by this Agreement; (ii) you or any Owner has made any material misrepresentation or omission in your franchise application; (iii) your voluntary abandonment of this Agreement or the Authorized Location, (iv) the loss of your lease, or the failure to timely cure a default under the lease, (v) the loss of your right of possession or failure to reopen or relocate under Section 5.G.; (vi) the closing of the Club by any state or local authorities for health or public safety reasons; (vii) any unauthorized use of the Confidential Information; (viii) insolvency of you, a Principal Owner or guarantor; (ix) you, a Principal Owner or guarantor making an assignment or entering into any similar arrangement for the benefit of creditors; (x) conviction of you, any Principal Owners, or guarantors of (or pleading no contest to) any felony or misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of the Marks or the Club, (xi) you, any Owner, guarantor or an affiliate of any of you are listed by the United States or United Nations as being a terrorist, financier of terrorism or otherwise restricted from doing business in or with the United States; (xii) intentionally underreport membership sales or Gross Sales, falsify financial data, or otherwise commit an act of fraud with respect to your acquisition of this franchise or your rights or obligations under this Agreement, or any understatement or 2% variance on a subsequent audit within a two-year period under Section 9.J, (xiii) any unauthorized transfer or assignment in violation of Section 11; or (xiv) any default by you that is the second same or similar default within any 12-month consecutive period or the third default of any type within any 24-month consecutive period.

3. Immediate Termination After No More than 24 Hours to Cure. In the event that a default under this Agreement occurs that materially impairs the goodwill associated with any of the Marks, violates any health, safety or sanitation law or regulation, or if the operation of the Club presents a health or safety hazard to your members or to the public: (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within a reasonable time, which will in no event be less than 60 days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective 90 days after our receipt of your written notice of breach. Your termination of this Agreement under this Section will not release or modify your post-term obligations under Section 10.D and Section 14 of this Agreement.

D. Other Remedies. If you fail to identify a site for the Club or open the Club within the time required by this Agreement, in lieu of terminating this Agreement *in toto*, we may, at our sole option, eliminate any designated area protection or reservation provided to you under Section 2.C of this Agreement. If you are in default under this Agreement, in addition to any other remedies we may have, we have the right to withhold services pending any cure of the default including: (1) removing your Club from any website we manage; (2) suspending online enrollment; or (3) suspending our facilitation of the member billing process.

E. Liquidated Damages. In the event of any default by you that results in a premature termination of this Agreement (regardless of which party actually terminates this Agreement), without prejudice to any other remedy we may have under the terms of this Agreement or otherwise, you must pay us, as liquidated damages and not as a penalty, an amount equal to the average monthly fees paid to us over the past 12 months (or, if the Club has operated for fewer than 12 months, then the average monthly fees paid to us over the number of full months of operation) multiplied by the number of months remaining in the then-current term, reduced to present

value at a rate of 6%. The parties acknowledge and agree that such amount represents a reasonable estimate of the damages we will incur as a result of such default and premature termination.

POST-TERM OBLIGATIONS

14. Upon the expiration or termination of this Agreement:

A. Reversion of Rights; Discontinuation of Trademark Use. All of your rights to the use of the Marks and all other rights and licenses granted in this Agreement and the right and license to conduct business under the Marks at the Authorized Location will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. You must immediately comply with the post-term non-compete obligations under Section 10.D, cease all use and display of the Marks and of any proprietary material (including the Manual) and of all or any portion of promotional materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the Club and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You must pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates. You must immediately return to us, at your expense, all copies of the Manuals then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of Section 6.I. You must promptly at your expense and subject to Section 14.B, remove or obliterate all Club signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Marks or names or material confusingly similar to the Marks and so alter the appearance of the Club as to differentiate the Club unmistakably from duly licensed clubs identified by the Marks. If, however, you refuse to comply with the provisions of the preceding sentence within 30 days, we have the right to enter the Authorized Location and remove all Club signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Marks or names or material confusingly similar to the Marks, and you must reimburse us for our costs incurred. You are responsible for reimbursing members for all pre-paid services not rendered. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement, you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement.

B. Option to Assume Lease; Assume Telephone Numbers and Membership Contracts, and Purchase Assets. Upon termination or expiration of this Agreement, we will have the option (but not the obligation) to do any or all of the following: (i) assume your Lease for the Club premises; (ii) assume all telephone numbers used in connection with the operation of the Club; (iii) assume all utilities used in connection with the operation of the Club; (iv) assume your rights and interest in and to any Membership Contract to which you are a party, by delivering to you written notice of our election within 30 days after termination or expiration of this Agreement; and/or (v) assume all social media accounts associated with the Club.

Upon termination or expiration of this Agreement, we also will have the option, to purchase any or all of the assets used in connection with the operation of the Club including, without limitation, equipment, fixtures, signage, furnishings, supplies and leasehold improvements. The purchase price for the assets will be determined by a qualified appraiser selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Section 14.B. within 30 days after the date of the expiration or termination of this Agreement. If the parties cannot agree upon the selection of an appraiser(s), each party will appoint their own appraiser and the two appraisers will select a neutral appraiser, who will independently perform the appraisal. Within 45 days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report. We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner. We and you will each pay one-half of the appraiser's fees and expenses. Our interest in the assets of the Club that are owned by you or your affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of

any of those assets to a third party. Upon our or our designated purchaser's exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause your affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefore, and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

You must execute all additional documentation that we designate to give effect to the options described in this Section 14.B. We may assign our option rights to any person of our choice.

C. **Claims.** You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or the business contemplated under this Agreement after the shorter period of the applicable statute of limitations or one year following the effective date of termination or expiration of this Agreement; provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit, arbitration proceeding, or other action may be commenced or maintained unless commenced within the applicable statute of limitations.

GENERAL PROVISIONS

15. The parties agree to the following provisions:

A. **Severability.** Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. **Waiver/Integration.** No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Marks, System, Manual, and to designate the Authorized Location and Designated Area as stated in this Agreement, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and an executive officer of ours. This Agreement together with the addenda and appendices and the application form executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business. You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your business. There are no representations or warranties of any kind, express or implied, except as contained in this Agreement and in the aforesaid application. Nothing in this Agreement is intended to disclaim the representations we have made in our Franchise Disclosure Document.

C. **Notices.** Except as otherwise provided in this Agreement, any notice, demand or communication provided for in this Agreement must be in writing and signed by the party serving the same and (i) delivered personally or (ii) delivered by a reputable overnight service (such as FedEx) or (iii) deposited in the United States mail, service or postage prepaid (and if such notice is a notice of default or of termination, by registered or certified mail), and addressed as follows:

1. If intended for us, addressed to CEO; Snap Fitness, Inc., 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317;

2. If intended for you, addressed to you at Address for Notices set forth on the Summary Pages or at the Authorized Location; or, in either case, to such other address as may have been designated by notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

D. Authority. Any modification, consent, approval, authorization or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by an authorized officer.

E. References. If the franchisee is two or more persons, the persons are jointly and severally liable, and references to you in this Agreement includes all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Guarantee. All Principal Owners of a franchisee that is a corporation, partnership, Limited Liability Company or partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner pursuant to the provisions of Section 11 or otherwise must execute the form of undertaking and guarantee at the end of this Agreement. In the event no individual meets the definition of Principal Owner, all owners we designate must provide the guarantee. All Owners of a franchisee that is a corporation, partnership or other legal entity must be listed on Attachment H and you must ensure that Attachment H is current and correct at all times.

G. Successors/Assigns. Subject to the terms of Section 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

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

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 12 of this Agreement, all claims arising out of or relating to this Agreement and the parties' relationship will be governed by, and will be interpreted in accordance with, the substantive laws of the state of Minnesota (irrespective of any conflicts of laws); provided that the Minnesota Franchise Act and any other law or regulation applicable to the offer or sale of franchises or the franchise relationship will apply only if the jurisdictional provisions of the law are otherwise met. The choice of Minnesota law is not intended to incorporate into this Agreement any provisions not expressly stated herein. You waive, to the fullest extent permitted by law, the rights and protections provided by the Minnesota Franchise Act.

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

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving member service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

I. Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 12, must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota. Both parties irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

J. Jury Waiver. **All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.**

K. Waiver of Punitive Damages. **You and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.**

L. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

M. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the equipment offerings and other standards, specifications, and requirements for any franchised club or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such club or store, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard operations, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

N. Notice of Potential Profit. We and/or our affiliates may from time to time make available to you supplies, equipment, products and/or services for use in your Club on the sale of which we and/or our affiliates may make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of supplies, equipment, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

O. Force Majeure. If a party's default under this Agreement (other than your obligations with respect to insurance and indemnification, to obtain a site and open the club within a specified period, and to pay all fees and other amounts due to us and our affiliates under this Agreement and any other agreement between you and us or our affiliates), is caused in whole or in part by a force majeure, such default and any right of the other party to terminate this Agreement for such default is suspended for as long as the default is reasonably caused by such force majeure. Any suspension is effective only from the delivery of a notice of the force majeure to the other party stating the party's intention to invoke the force majeure. However, if such suspension continues for longer than six months and the default still exists, either party has the right to terminate this Agreement upon 30 days notice to the other party. Events of force majeure are those that cannot be prevented, avoided or removed by the party invoking the force majeure despite the exercise of reasonably diligence, including acts of God, actions of the elements, cyber attacks, lockouts, strikes, wars, riots, acts or terrorism, civil commotion,

and acts of governmental authorities (not including a governmental authority's delaying or refusing to grant building permits, licenses and other permissions and approvals), and except as specifically provided for elsewhere in this Agreement.

P. Representations of Franchisee. As an inducement to us to grant you the franchise contemplated by this Agreement, you hereby acknowledge and represent to us the following (and agree to notify us immediately in writing upon the occurrence of any act or event that would render any representation incorrect):

1. Corporate Ownership. If you are a corporation, limited liability company, partnership or similar entity, you and each of your Owners represents and warrants that your ownership is completely and accurately listed on the Summary Page and that you will provide us with updated ownership information so that at all times the ownership information is current, complete and accurate. In addition, you represent and warrant that: (i) you are duly organized, in good standing and authorized to conduct business in your state of incorporation and the state where the Club is located; (ii) you will confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Club or another club under a franchise agreement with us; (iii) all assets used in the operation of the Club are owned or leased by you; and (iv) you have and will maintain stop transfer instructions on your records against the transfer of equity securities except in compliance with this Agreement and will only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.

2. Patriot Act. You represent, warrant and certify that none of you, your affiliates, officers or directors or holders of any equity interest in you is or will be named as a "specially designated national" or "blocked person" (or other similar classification) as designed by the United States Department of The Treasury's Office of Foreign Assets Control (or other applicable governmental agency).

3. Applicable Laws. You acknowledge that there may be federal, state and local laws ("Applicable Laws") that may affect the operation of the Club, that may conflict with your obligation to comply with our Standards, and that may negatively impact the financial performance of the Club. These laws may exist today, or may be enacted in the future. It is solely your responsibility, both prior to and after purchasing the franchise, to identify, understand and comply with all Applicable Laws. In entering into this Agreement, you are not relying in any way upon any representation or warranty (express or implied) by us or anyone associated with us that our System or Standards complies with Applicable Laws.

Q. Set-Off by the Franchisor. Notwithstanding anything contained in this Agreement, upon your failure to pay to us as and when due, any amounts of money provided for herein or in any other agreement between you and us or our affiliates, we shall have the right, at our election, to deduct any and all such amounts remaining unpaid from any monies or credits held by us for your account.

R. Cross Default. Where there is more than one agreement in existence between you and us (including agreements guaranteed by the Principal Owners), you agree that we have the right to treat a material breach or default of any one agreement between the parties as a material breach or default of all or any of the other agreements between the parties, and any such material breach or default of any one agreement shall be treated, in respect of any of the other agreements, as a material breach or default of each such agreement in accordance with its own terms.

S. Submission of Agreement. The submission of this Agreement to you does not constitute an offer, and this Agreement shall become effective only upon execution by both you and us.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement as of the dates written below.

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____

FRANCHISOR: SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Date: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Date: _____

Signature: _____

Printed Name: _____

Date: _____

Attachment A to the Franchise Agreement

MARKS AND DESIGNATED AREA

A. MARKS. You have the right to use the following Marks in accordance with the terms of the Franchise Agreement:

Service Mark: SNAP FITNESS

Registration No.: 3107672

Service Mark: SNAP FITNESS fast – convenient - affordable

Filing No.: 3084847

We may amend this Attachment A from time to time in order to make available additional Marks or to delete those Marks that become unavailable. You agree to use only those Marks that are then currently authorized in this Attachment or the Manual.

B. DESIGNATED AREA. The “Designated Area” means the following area:

If the Designated Area is not identified as of the date of this Franchise Agreement, we will determine the Designated Area when you sign the lease for the Authorized Location. The Designated Area will be an area of up to 3 driving miles from the Authorized Location as we determine in our sole judgment after a review of relevant factors (see Section 2.C).

The Designated Area may overlap with designated areas of other clubs. In the overlapping areas, each club is permitted to market and solicit for members (see Section 6.B). Once identified by us, the Designated Area is fixed for the initial term of the Franchise Agreement unless you relocate the Club and upon renewal or transfer (see Sections 4.B, 5.G, and 11.C). The driving miles are fixed as of the date the Designated Area is determined by us based on our mapping program used at the time the Designated Area is determined (currently, ESRI). No Designated Area will be enlarged due to any future road construction or other alteration.

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:

SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

Attachment B to the Franchise Agreement
INFORMATION RELEASE CONSENT

The undersigned entered into a Franchise Agreement for the operation of a SNAP FITNESS® club under a license from Snap Fitness, Inc. In connection with the Franchise Agreement, I authorize Snap Fitness, Inc. to discuss with and obtain information from the third party providers for any SNAP FITNESS club owned or guaranteed by my Principal Owners (directly or indirectly), including: (1) the landlord of the Club, (2) any lender providing financing for the Club or that holds any security interest in any of the assets of the Club or in the Franchisee (if a corporate entity), and (3) any other vendor or supplier for the Club. I authorize such persons to provide information regarding the SNAP FITNESS club to Snap Fitness, Inc.

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

Attachment C to the Franchise Agreement
PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND
PERSONALLY BY THE TERMS AND CONDITIONS
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the non-compete provisions in paragraph 10.D, the dispute resolution provision in Section 12, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or non-performance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of our successors and assigns.

FRANCHISEE: _____ (insert name of entity)

PERSONAL GUARANTORS:

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

Attachment D to the Franchise Agreement

Electronic Transfer of Funds Authorization

Franchisee: _____

Location: _____

Date: _____

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes Snap Fitness, Inc., its parent company or any affiliated entity (collectively, "Snap Fitness"), to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Continuing Fees, Advertising Fees or other amounts that become payable by the undersigned to Snap Fitness. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Snap Fitness. This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization. Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

*** We also need a VOIDED Check ***

Bank Name

Branch

Street Address

City
State
Zip Code

Bank Telephone Number

Bank's Account Number

Customer's Account Number

Sincerely yours,

Account Name

Street Address

City
State
Zip Code

Telephone Number

SIGNATURE: _____
Name: _____
Title: _____
Date: _____

Attachment E to the Franchise Agreement
LEASE ADDENDUM

This Lease Addendum (“**Addendum**”) dated _____, 20____, is entered into between _____ (“**Landlord**”), and _____ (“**Tenant**”).

RECITALS

- A. The parties have entered into a Lease Agreement, dated _____ (the “**Lease**”) for the premises located at _____ (the “**Premises**”).
- B. Tenant has agreed to use the Premises only for the operation of a SNAP FITNESS® Club pursuant to a franchise agreement (“**Franchise Agreement**”) with Snap Fitness, Inc. (“**Snap Fitness**”).
- C. The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum.

AGREEMENT

1. Remodeling and Décor. Landlord agrees to allow Tenant to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises pursuant to the Franchise Agreement and any successor Franchise Agreement.

2. Assignment. Tenant has the right to assign all of its right, title and interest in the Lease to Snap Fitness or its successor, or either company’s affiliates, at any time during the term of the Lease, including any extensions or renewals, without first obtaining Landlord’s consent. No assignment will be effective, however, until Snap Fitness or its successor or designated affiliate gives Landlord written notice of its acceptance of the assignment. If Snap Fitness elects to assume the lease under this paragraph or unilaterally assumes the lease as provided for in subparagraphs 3(c) or 4(a), Landlord and Tenant agree that (i) Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption, and (ii) Snap Fitness will have the right to sublease the Premises to another SNAP FITNESS franchisee, without further need for Landlord approval, provided the franchisee agrees to operate the Club as a SNAP FITNESS Club pursuant to a franchise agreement with Snap Fitness. Snap Fitness will be responsible for the lease obligations incurred after the effective date of the assignment.

3. Default and Notice.

- (a) In the event there is a default or violation by Tenant under the terms of the Lease, Landlord agrees to give Tenant and Snap Fitness written notice of such default or violation within a reasonable time after Landlord knows of its occurrence. Landlord agrees to provide Snap Fitness the written notice of default as written and on the same day Landlord gives it to Tenant. Although Snap Fitness is under no obligation to cure the default, Snap Fitness will notify Landlord it intends to cure the default and unilaterally assume Tenant’s interest in the lease as provided in Paragraph 3(c). Snap Fitness will have an additional 15 days from the expiration of Tenant’s cure period in which to cure the default or violation.
- (b) All notices to Snap Fitness must be sent by registered or certified mail, postage prepaid, to the following address:

Snap Fitness, Inc.
2411 Galpin Court, Suite 110
Chanhassen, MN 55317
(952) 474-5422

Snap Fitness may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees to notify both Tenant and Snap Fitness of any change in Landlord's mailing address to which notices should be sent.

- (c) Upon Tenant's default and failure to cure a default under either the Lease or the Franchise Agreement, Snap Fitness has the right (but not the obligation) to unilaterally assume Tenant's interest in the Lease in accordance with Paragraph 2.

4. Termination or Expiration.

- (a) Upon the expiration or termination of the Franchise Agreement, Snap Fitness has the right (but not the obligation) to unilaterally assume Tenant's interest in the Lease in accordance with Paragraph 2.
- (b) Upon the expiration or termination of the Lease, if Snap Fitness does not assume Tenant's interest in the Lease, Landlord agrees to cooperate and allow Snap Fitness to enter the Premises, without cost and without being guilty of trespass and without incurring any liability to Landlord, to remove all signs and all other items identifying the Premises as a Snap Fitness Club and to make such other modifications as are reasonably necessary to protect the marks and system, and to distinguish the Premises from Snap Fitness Clubs. In the event Snap Fitness exercises its option to purchase assets of Tenant, Landlord agrees to permit Snap Fitness to remove all such assets being purchased by Snap Fitness.

5. Consideration; No Liability.

- (a) Landlord acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement and that Tenant may not lease the Premises without this Addendum.
- (b) Landlord acknowledges that Tenant is not an agent or employee of Snap Fitness and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Snap Fitness or any affiliate of Snap Fitness and that Landlord has entered into this Addendum with full understanding that it creates no duties, obligations, or liabilities of or against Snap Fitness or any affiliate of Snap Fitness.
- (c) Nothing contained in this Addendum makes Snap Fitness or its affiliates a party or guarantor to the Lease, and does not create any liability or obligation of Snap Fitness or its affiliates.

6. Modification. No amendment or variation of the terms of this Addendum is valid unless made in writing and signed by the parties and the parties have obtained Snap Fitness's written consent.

7. Reaffirmation of Lease. Except as amended or modified by this Addendum, all of the terms, conditions, and covenants of the Lease remain in full force and effect.

8. Miscellaneous.

- (a) Snap Fitness is a third party beneficiary of this Addendum, with independent rights of enforcement.
- (b) References to the Lease and to the Franchise Agreement include all amendments, addenda, extensions, and renewals to the documents.
- (c) References to Landlord, Tenant, and Snap Fitness include the successors and assigns of each of the parties.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date written above.

TENANT:

LANDLORD:

Attachment F to the Franchise Agreement
TELEPHONE NUMBER ASSIGNMENT AGREEMENT

THIS TELEPHONE NUMBER ASSIGNMENT AGREEMENT by and between the Franchisee identified below (“**Franchisee**”) and Snap Fitness, Inc. (hereinafter the “**Snap Fitness**”).

BACKGROUND:

- A. Snap Fitness has developed and owns the proprietary system (“**System**”) for the operation of a fitness club under the trademark and logo SNAP FITNESS® (the “**Club**”);
- B. Franchisee has been granted a franchise to operate a Club pursuant to a Franchise Agreement and in accordance with the System;
- C. In order to operate its Club, the Franchisee will be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements; and
- D. As a condition to the execution of the Franchise Agreement, Snap Fitness has required that the Franchisee collaterally assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the Snap Fitness in the event of expiration or termination of the Franchise Agreement.

AGREEMENT

In consideration of the foregoing, the mutual premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Assignment. In the event of expiration or termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the Club, Franchisee hereby sells, assigns, transfers and conveys to the Snap Fitness all of its rights, title and interest in and to all telephone numbers, telephone listings and telephone directory advertisements used in connection with the operation of the Club; provided, however, such Assignment will not be effective unless and until the Franchise Agreement has expired or is terminated in accordance with the provisions thereof and Snap Fitness has delivered to Franchisee written notice of acceptance of the assignment. In the event of such assignment, Snap Fitness assumes no liability for monies owed or other liabilities relating to the telephone numbers, telephone listings, and telephone directory advertisements that have accrued prior to the effective date of the assignment.

Franchisee hereby grants to Snap Fitness an irrevocable power of attorney and appoints Snap Fitness as your attorney-in-fact to take any necessary actions to assign the telephone numbers, including but not limited to, executing any forms that the telephone companies may require to effectuate the assignment. This assignment is also for the benefit of the telephone companies, and Franchisee agrees that the telephone companies may accept this assignment and Snap Fitness’s instructions as conclusive evidence of its rights in the telephone numbers and our authority to direct the amendment, termination or transfer of the telephone numbers, as if they had originally been issued to Snap Fitness. In addition, Franchisee agrees to hold the telephone companies harmless from any and all claims against them arising out of any actions or instructions by Snap Fitness regarding the assignment contemplated in this Assignment.

2. Representation and Warranties of the Franchisee. Franchisee hereby represents, warrants and covenants to the Snap Fitness that: (a) As of the effective date of the Assignment, all of Franchisee’s obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services will be paid and current; (b) As of the date hereof, Franchisee has full power and legal right to enter into, execute, deliver and perform this Agreement; (c) This Agreement is a legal and binding obligation of Franchisee, enforceable in accordance with the terms hereof; (d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which Franchisee is a party or by which Franchisee is bound,

and no consent of nor approval by any third party is required in connection herewith; and (e) Franchisee has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements, and Franchisee has obtained all necessary consents to this Assignment.

3. Cancellation. Notwithstanding the foregoing, Snap Fitness may, in its sole discretion and at any time prior to effectiveness of the assignment, declare this Agreement and the assignment contemplated hereunder null and void.

4. Miscellaneous. The validity, construction and performance of this Assignment is governed by the laws of the State of Minnesota. All agreements, covenants, representations and warranties made herein will survive the execution hereof. All rights of the Snap Fitness inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, each of the parties has executed this Assignment as of the Effective Date of the Franchise Agreement.

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:

SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

Attachment G to the Franchise Agreement
MEMBERSHIP CONTRACT ASSIGNMENT AGREEMENT

THIS MEMBERSHIP CONTRACT ASSIGNMENT AGREEMENT by and between the Franchisee identified below (“**Franchisee**”) and Snap Fitness, Inc. (hereinafter the “**Snap Fitness**”).

BACKGROUND:

- A. Snap Fitness has developed and owns the proprietary system (“**System**”) for the operation of a fitness club under the trademark and logo SNAP FITNESS® (the “**Club**”);
- B. Franchisee has been granted a franchise to operate a Club pursuant to a Franchise Agreement and in accordance with the System;
- C. During the term of the franchise, Franchisee will be entering to membership contracts with Club members permitting them access to the Club facilities (“**Membership Contracts**”); and
- D. As a condition to the execution of the Franchise Agreement, Snap Fitness has required that Franchisee collaterally assign all of its right, title and interest in the Membership Contracts to Snap Fitness in the event of expiration or termination of the Franchise Agreement;

AGREEMENT

In consideration of the foregoing, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

- 1. Assignment. In the event of expiration or termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the Club, Franchisee hereby sells, assigns, transfers and conveys to the Snap Fitness all of its rights, title and interest in and to all Membership Contracts; provided, however, such Assignment will not be effective unless and until the Franchise Agreement has expired or is terminated in accordance with the provisions thereof and Snap Fitness has delivered to Franchisee written notice of its acceptance of the assignment. In the event of such assignment, Snap Fitness will assume no liability for monies owed or other liabilities relating to the Membership Contracts that have accrued prior to the effective date of the assignment.
- 2. Representation and Warranties of the Franchisee. Franchisee hereby represents, warrants and covenants to Snap Fitness that:
 - (a) As of the effective date of the Assignment, all of Franchisee’s obligations under the Memberships Contracts have been satisfied;
 - (b) As of the date hereof, Franchisee has full power and legal right to enter into, execute, deliver and perform this Agreement;
 - (c) This Agreement is a legal and binding obligation of Franchisee, enforceable in accordance with the terms hereof;
 - (d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which Franchisee is a party or by which Franchisee is bound, and no consent of nor approval by any third party is required in connection herewith; and
 - (e) Franchisee has the specific power to assign and transfer its right, title and interest in its Membership Contracts and Franchisee has obtained all necessary consents to this Assignment.
- 3. Cancellation. Notwithstanding the foregoing, Snap Fitness may, in its sole discretion and at any time prior to effectiveness of the assignment, declare this Agreement and the assignment contemplated hereunder null and void.

4. Miscellaneous. The validity, construction and performance of this Assignment is governed by the laws of the State of Minnesota. All agreements, covenants, representations and warranties made herein will survive the execution hereof. All rights of the Snap Fitness inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, each of the parties has executed this Assignment as of the Effective Date of the Franchise Agreement.

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:

SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

Attachment H to Franchise Agreement

OWNERSHIP

You represent and warrant that the following is a complete and accurate list of all Owners of equity interests in franchisee, including the full name and home address of each Owner, and fully describes the nature and extent of each Owner's equity interest. You, and each Owner as to his or her ownership interest in you, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his or her interest, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

OWNER'S NAME	HOME ADDRESS	EQUITY INTEREST (must equal 100%)
		TOTAL: 100%

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

OWNERS:

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

FRANCHISEE ACKNOWLEDGMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a SNAP FITNESS® franchise. The purpose of this Franchisee Acknowledgment is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations.*

1. Did you receive a copy of our Disclosure Document at least 14 calendar days before the earlier of (i) you signing the Franchise Agreement; and (ii) any payment of any consideration?
Check one: ☐ Yes. ☐ No.
2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement?
Check one: ☐ Yes. ☐ No.
3. Is the name, address and phone number of any broker and each of our employees or representatives who was involved in offering you this franchise listed on the Disclosure Document receipt you signed (or on any updated receipt we provided to you)?
Check one: ☐ Yes. ☐ No.
4. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise, meaning that any prior oral or written statements not included in the Franchise Agreement or our Disclosure Document will not be binding?
Check one: ☐ Yes. ☐ No.
5. Do you understand that the success or failure of your business will depend in large part on your skills and experience, your business acumen, your location, the local market for products, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors?
Check one: ☐ Yes. ☐ No.
6. Do you understand that the franchise is granted for the right to operate the business at the Approved Location and that your Designated Area may overlap with the Designated Area of another franchisee?
Check one: ☐ Yes. ☐ No.
7. Do you understand that the Franchise Agreement restricts us only from operating or granting others the right to operate a Snap Fitness Club physically located in your Designated Area, but that we and our affiliates may operate and license similar or competitive businesses in your Designated Area under a different name?
Check one: ☐ Yes. ☐ No.
8. Do you understand that we have the right to offer, sell or distribute items such as training videos, equipment, athletic gear, etc., associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods (including retail stores, mail order, wholesale, the Internet, or any other existing or future form of electronic commerce) in your Designated Area, and that you are not entitled to any compensation on account of the sales?
Check one: ☐ Yes. ☐ No.
9. Do you understand that we have the right to provide and license third parties to provide the FitnessOnDemand™ program, and other ancillary programs developed by or for us or our affiliates, at host locations (such as apartments, condo associations, corporate office buildings, schools, community centers and other gyms and fitness centers) in your Designated Area?
Check one: ☐ Yes. ☐ No.

10. Do you understand that your territorial protection excludes “Special Sites” in your Designated Area such as (1) military bases; (2) public transportation facilities, including, without limitation, airports, railway stations, limited access highway travel plazas, and other transportation terminals; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) hotels, resorts or similar short-term lodging; (6) apartment or condominium complex; and (7) corporate office buildings or office parks, and that we may operate and grant others the right to operate SNAP FITNESS Clubs at Special Sites in your Designated Area?
Check one: ☐ Yes. ☐ No.
11. Do you understand that if you fail to secure a site or open a club by the deadlines in the Franchise Agreement, your Designated Area protection and reservation can be removed by us and we may authorize another franchisee to locate in that area?
Check one: ☐ Yes. ☐ No.
12. Do you understand that we or our affiliates may be the only approved supplier for certain products, that you will pay the then-current price in effect for the approved products and other goods and products you receive from us and our affiliates, and that that we may make a profit on those items?
Check one: ☐ Yes. ☐ No.
13. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Section 10 and that an injunction is an appropriate remedy to protect the interests of the System if you violate the covenant(s)? Further, do you understand that the term “you” for purposes of the non-compete covenants is defined broadly in Section 10, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement?
Check one: ☐ Yes. ☐ No.
14. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting our brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters?
Check one: ☐ Yes. ☐ No.

If you answered “No” to questions 1-14, please explain (attached additional sheets if necessary): _____

15. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document?
Check one: ☐ Yes. ☐ No.
16. Except as stated in Item 19 of our Disclosure Document, was any oral, written or visual claim or representation made to you which stated, suggested, predicated or projected your sales, income or profit levels?
Check one: ☐ Yes. ☐ No.

17. Except as stated in Item 19 of our Disclosure Document, did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to or different from the information in the Disclosure Document?

Check one: ☐ Yes. ☐ No.

If you answered "Yes" to questions 15-17, please explain in detail the claim, representation or statement (attached additional sheets if necessary): _____

YOUR ANSWERS ARE IMPORTANT TO US AND WE WILL RELY ON THEM. BY SIGNING THIS FRANCHISEE ACKNOWLEDGMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

* Such representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, AN OFFICER AND EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS FRANCHISEE ACKNOWLEDGMENT.

Signed: _____
Print Name: _____

Signed: _____
Print Name: _____

Signed: _____
Print Name: _____

Signed: _____
Print Name: _____

**ADDENDUM TO THE SNAP FITNESS FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

1. Section 4 of the Illinois Franchise Disclosure Act and Rule 200.608 of the Rules and Regulations promulgated thereunder dictate that “any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a Franchise Agreement may provide for arbitration in a forum outside of this State.”

2. Section 41 of the Illinois Franchise Disclosure Act and Rule 200.609 also void any attempt to waive compliance with Illinois law. Nothing in the Disclosure Document or the Franchise Agreement (or the attachments thereto) may require franchisees covered by the Illinois Franchise Disclosure Act to waive compliance with Illinois law. Any provision in the Franchise Agreement (including but not limited to any choice of law provision) that may be read as calling for application of a state law other than Illinois law is hereby deleted and franchisees covered by the Illinois Franchise Disclosure Act are entitled to the protections of Illinois law, notwithstanding any such provision. A franchisee who would otherwise enjoy the protections of the Illinois Franchise Disclosure Act will continue to have those protections despite anything to the contrary in the Franchise Agreement, including but not limited to the language in Section 15.H.1.

3. Each provision of this addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this addendum.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:

SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

**ADDENDUM TO SNAP FITNESS FRANCHISE AGREEMENT FOR
THE STATE OF MARYLAND**

Even though there may be terms in the Disclosure Document or the Franchise Agreement to the contrary, the following provisions will apply to franchisees protected by terms of the Maryland Franchise Registration and Disclosure Law:

1. The franchisee is not required to commence litigation in Minnesota, but, instead, may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
2. None of the representations required to be made by the franchisee to Snap Fitness in the documents to be executed by the franchisee are intended to act as, and the party agree that they shall not be deemed to constitute, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
3. Any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:
SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

**ADDENDUM TO THE SNAP FITNESS FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

This Addendum pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. We will undertake the defense of any claim of infringement by third parties involving the SNAP FITNESS mark, and you will cooperate with the defense in any reasonable manner prescribed by us with any direct cost of such cooperation to be borne by us.
2. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the franchise agreement.
3. Section 13.E (Liquidated Damages) of the Franchise Agreement is deleted.
4. Section 14.C (Claims) is amended to provide that any claims arising under the Minnesota Franchise Act must be brought within three years after the date the cause of action accrues.
5. Section 15.J (Jury Waiver) and Section 15.K (Waiver of Punitive Damages) are hereby deleted.
6. No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act; provided, that this part shall not bar the voluntary settlement of disputes.
7. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C.01 to 80C.22 are met independently without reference to this addendum.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:
SNAP FITNESS, INC.

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

**ADDENDUM TO THE SNAP FITNESS FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

With respect to franchises falling within the scope of the North Dakota Franchise Investment Law, the Franchise Disclosure Document and Franchise Agreement are hereby amended as follows:

1. The State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law:

(a) A provision requiring a North Dakota franchisee to sign a general release upon renewal of the franchise agreement;

(b) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;

(c) A provision requiring a North Dakota franchisee to consent to the jurisdiction of courts outside the state of North Dakota;

(d) A provision restricting the time in which a North Dakota franchisee may make a claim to less than the applicable North Dakota statute of limitations;

(e) A provision calling for the waiver by a North Dakota franchisee of the right to trial by jury;

(f) A provision requiring a North Dakota franchisee to consent to a waiver of exemplary and punitive damages.

Any and all provisions in the Franchise Agreement that are in violation of Paragraphs 5 (a-f) are deleted.

2. North Dakota Century Code Section 9-08-06 subjects covenants not to compete to the provisions of that statute. The covenants not to compete contained within the franchise agreement are subject to Section 9-08-06 and may be unenforceable under North Dakota law.

3. The site of any mediation or arbitration of the parties' disputes will be at a site mutually agreeable to all parties. If all parties cannot agree upon a location, the arbitration or mediation will be Fargo, North Dakota.

4. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this addendum

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:
SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

**ADDENDUM TO THE SNAP FITNESS FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON**

This Addendum pertains to franchises sold in the State of Washington and is for the purpose of complying with Washington statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

The State of Washington has a statute, RCW 19.100.180 (the “Act”) that 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 that may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In the event of a conflict of laws, the provisions of the Act shall prevail.
3. A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act 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 that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
4. In any arbitration involving a franchise purchased in Washington, the arbitration site shall 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.
5. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
6. The undersigned does hereby acknowledge receipt of this addendum.
7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:

SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

EXHIBIT C-2

SAMPLE AREA DEVELOPMENT AGREEMENT AND STATE-SPECIFIC ADDENDA

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the “**Agreement**”) is entered into effective as of _____ (the “**Effective Date**”), by and between Snap Fitness, Inc., a Minnesota corporation with its principal business address at 2411 Galpin Court, Suite 110, Chanhassen, MN 55317 (“**Company**”, “**Snap Fitness**,” “**we**” or “**us**”), and _____ a _____ company with its principal business address at _____ (“**Area Developer**” or “**you**”).

RECITALS

A. Snap Fitness has developed a proprietary business format and system (“**System**”) for operating a fitness facility (“**Club**”) offering 24/7 gym access to members (except as restricted by law) as well as group fitness and personal training, using advanced fitness technologies and high quality fitness equipment; automated member billing and collection procedures and services; and use of proprietary and confidential information.

B. Clubs operating under the System are identified by the trade name and service mark “SNAP FITNESS” and other trademarks, service marks and trade identifiers that we designate (“**Marks**”).

C. Area Developer desires to develop, own and operate multiple SNAP FITNESS Clubs in the Development Area as provided in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and promises contained herein, the sufficiency of which is hereby acknowledged by each of the parties, Snap Fitness and Area Developer hereby agree as follows:

ARTICLE 1

GRANT OF DEVELOPMENT RIGHTS; RESERVATIONS OF RIGHTS

1.1 Development Area. The development area (“**Development Area**”) is the geographic area identified on the map attached at Exhibit A.

1.2 Area Development Fee. As a condition to the effectiveness of this Agreement, Area Developer must pay Snap Fitness a non-refundable Development Fee in the amount of \$_____, due upon execution of this Agreement.

1.3 Grant of Development Rights. Snap Fitness hereby grants to Area Developer, subject to the terms and conditions of this Agreement, the right and license to develop the specified number of Clubs within the Development Area. Area Developer must open the Clubs according to the Development Schedule outlined on Exhibit B. Each Club to be developed hereunder must be established and operated pursuant to Franchise Agreement as further described in Article 2.2 below. This Agreement is not a franchise agreement and Area Developer will have no right to use the Marks in any manner by virtue hereof unless and until a franchise agreement for each Club is executed by Area Developer and Snap Fitness.

1.4 Scope of Exclusivity. Except as stated in Sections 1.5 (Existing Clubs) and 1.9 (Reservation of Rights) and subject to the terms of this Agreement, Snap Fitness agrees that it will not license to another person or entity other than Area Developer the right to establish and operate new SNAP FITNESS Clubs physically located in the Development Area during the Term.

1.5 Existing Clubs. Area Developer acknowledges that the clubs and franchise rights listed on Exhibit C (“**Existing Clubs**”) were granted before the date of this Agreement and are expressly permitted to operate within the Development Area and the existence of the Existing Clubs (including following any renewal, relocation or transfer) does not violate the scope of rights granted to Area Developer in this Agreement. Area Developer further acknowledges and agrees that nothing in this Agreement gives Area

Developer the right to open any Clubs in the Designated Areas identified in the Franchise Agreements of the Existing Clubs. Area Developer is responsible for confirming with Snap Fitness that a location is not within such Designated Areas before signing any leases or otherwise commencing development of a new Club.

1.6 Franchise Agreements. Area Developer (or its designated wholly-owned subsidiary) must execute the then-current form of Franchise Agreement for each new Club to be established pursuant to this Agreement, provided that the initial franchise fee for each of the corresponding Franchise Agreements will not apply. Area Developer will sign its first Franchise Agreement in connection with signing this Agreement. All future Franchise Agreements must be executed on the earlier of (a) lease signing; or (b) Club opening.

1.7 Site Selection. Snap Fitness' review and approval of a prospective site or the rendering of assistance in the selection of a site for a Club does not in any manner constitute a representation, promise or guarantee by Snap Fitness that a Club operated at that site will be profitable or otherwise successful. Area Developer remains responsible for all costs, liability, expenses, and responsibility for locating, obtaining, and developing sites for the Clubs.

1.8 Covenants. Area Developer represents and warrants that the ownership information outlined on Exhibit D is true, correct and complete.

1.9 Reservation of Rights. Except as expressly stated in this Article 1, Snap Fitness and its parent and affiliates (and each of their respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all rights with respect to the Marks, the System and SNAP FITNESS Clubs anywhere in the world, and the right to engage in any business whatsoever, without compensation to Area Developer, including the right to: (a) operate and grant the right to operate, SNAP FITNESS Clubs at such locations and on such terms as Snap Fitness deems appropriate; (b) offer to sell, sell and distribute, any products or services associated with the SNAP FITNESS system (now or in the future) or identified by the Marks, or any other trademarks, services marks or trade names, through any distribution channels or methods (including without limitation retail stores, wholesale and the internet); (c) operate, and grant others the right to operate, fitness facilities, gyms and health related establishments identified by trade names, trademarks, service marks or trade dress, other than the Marks and pursuant to such terms and conditions as it deems appropriate; and (d) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere.

ARTICLE 2 TERM AND TERMINATION

2.1. Term. Unless sooner terminated as provided herein, the term of this Agreement will expire on the earlier of (a) the date when the last Club is to be developed in accordance with the Development Schedule; or (b) the date the last Club to be developed under this Agreement opens for business (the "**Term**").

2.2 Default and Termination. If Area Developer fails to comply with any of the terms of this Agreement or any Franchise Agreement with Snap Fitness to which Area Developer or an approved related entity have an interest, upon expiration of any applicable cure period, Snap Fitness shall have the right to terminate this Agreement by providing written notice of termination to Area Developer. Without waiving any rights afforded to Snap Fitness under this Agreement or any Franchise Agreement in which Area Developer (or its approved affiliates) own or hold any interest, Snap Fitness has the discretionary right, but no obligation, to do any one or more of the following in the event of a default of Area Developer under this Agreement: (a) terminate or reduce the size of the Development Area, (b) terminate this Agreement as provided above, or (c) exercise any other rights and remedies which Snap Fitness may have under this Agreement or applicable law.

2.3 Effect of Expiration or Termination. Upon expiration or termination of this Agreement for any reason, all remaining rights granted to Area Developer to establish Clubs under this Agreement shall automatically revert to Snap Fitness. Area Developer shall have no right to establish or operate any Club for which a Franchise Agreement has not been fully executed before the effective date of the expiration or termination.

Upon expiration or termination of this Agreement, (a) the terms of each applicable Franchise Agreement executed by Snap Fitness prior to termination or expiration shall continue to apply (provided that if such Franchise Agreement does not contain a specific Designated Area, Snap Fitness will determine a Designated Area in accordance with its then-current criteria); and (b) Area Developer and Snap Fitness' rights and obligations with respect to the Clubs already in existence shall be governed by the terms of the applicable Franchise Agreements unless there also exists a basis or cause to terminate the applicable Franchise Agreement for a Club.

ARTICLE 3 TRANSFER AND ASSIGNMENT OF DEVELOPMENT AGREEMENT

3.1 Assignment by Snap Fitness. This Agreement and all rights hereunder may be unilaterally assigned and transferred by Snap Fitness without the need to obtain the consent of Area Developer and, if so assigned, shall be binding upon and inure to the benefit of Snap Fitness' successors and assigns. The assignee will be required to fully perform all of Snap Fitness' obligations under this Agreement and expressly assume and agree to perform such obligations. Area Developer hereby consents to such assignment and agrees that upon notice of such assignment from Snap Fitness and/or its assignee, the assignee shall be solely responsible for Snap Fitness' obligations under this Agreement.

3.2 Assignment by Area Developer. Neither Area Developer nor any partner or shareholder thereof shall, without Snap Fitness' prior written consent, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in any Club (collectively referred to as "Transfer") or in Area Developer, unless Area Developer obtains Snap Fitness' prior written consent and Area Developer transfers all of its rights and interest under this Agreement and all of its Franchise Agreements for Clubs in the Development Area. Area Developer acknowledges and agrees that it cannot Transfer its rights under this Agreement independent of its rights under the Franchise Agreements. Accordingly, the assignment terms and conditions of the Franchise Agreements shall apply to any Transfer of Area Developer's rights and interest under this Agreement, including the payment of transfer fees and Snap Fitness' right of first refusal. Furthermore, the transferee must demonstrate to Snap Fitness' satisfaction that he, she or it meets the Snap Fitness' managerial, financial, and business standards, possesses a good business reputation and credit rating, and possesses the aptitude and ability to operate the Clubs required to be opened and operating pursuant to this Agreement in an economic and businesslike manner. Any such proposed Transfer occurring by operation of law or otherwise, including any assignment by or to any trustee in an insolvency or bankruptcy procedure, without Snap Fitness' prior written consent, shall be a material default of this Agreement.

ARTICLE 4 DISPUTE RESOLUTION

4. The following provisions apply with respect to resolution of any dispute between Snap Fitness and Area Developer, or their respective owners, arising under, out of, in connection with or in relation to this Agreement:

4.1 Arbitration; Mediation. Except as qualified below, any dispute between Area Developer and Snap Fitness and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees or owners arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, any Clubs developed pursuant to this Agreement, or the scope or validity of the arbitration obligations under this

Section must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association (“AAA”). Any arbitration must be on an individual basis, and not as part of a consolidated, common, or class action, and Area Developer and/or your Owners waive any right to proceed on a consolidated, common, or class basis. Multiparty arbitration is specifically excluded, and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any claim or other proceeding involving third parties. In the event a court or arbitrator determines that this exclusion of multiparty arbitration (including class arbitration) is unenforceable, then this entire commitment to arbitrate will be null and void and the parties must submit all claims to the jurisdiction of the courts. Minneapolis, Minnesota is the exclusive locale or venue of any arbitration or civil action. The arbitrators must follow the law and not disregard the terms of this Agreement. Any arbitrator must have at least five years’ experience in franchising or in franchise law.

Any unappealed decision of the arbitrator(s) will be final and binding on all parties to the dispute; however, the arbitrator(s) shall have no authority to: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; (iii) certify a class or consolidate an action, or (iv) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any court of competent jurisdiction.

Snap Fitness and Area Developer agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. Snap Fitness and Area Developer further agree that, in connection with any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Area Developer or Snap Fitness. Snap Fitness reserves the right, but has no obligation, to advance Area Developer’s share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 4.3. Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration under this Article 4 without the prior written consent of both parties. The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any award rendered by the arbitrator(s) may be appealed pursuant to the AAA’s Optional Appellate Arbitration Rules in effect as of the Effective Date of this agreement (“Appellate Rules”). Any award will, at a minimum, be a reasoned award. The award will not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty days of receipt of an award, as defined by Rule A-3 of the existing Appellate Rules, by filing a notice of appeal with any AAA office. The appeal tribunal may affirm, reverse, or modify the award of the arbitrator(s), or return the matter to the arbitrator(s) for further action. A final award may be entered once the appeal process is complete or the time for filing an appeal has expired, and a judgment may be entered upon the arbitration award in accordance with the procedures identified above.

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered under Section 4.2, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted by a mediator or mediation program agreed to by the parties and will take place in Minneapolis, Minnesota. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the

intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days, the parties are free to pursue arbitration.

4.2 Injunctive Relief. Notwithstanding Section 4.1, the parties agree that the following claims will not be subject to arbitration or mediation: (i) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including without limitation, prior to or during the pendency or any arbitration proceeding initiated under Section 4.1; or (ii) our decision in the first instance to issue a notice of default and/or notice of termination, or undertake any other conduct with respect to the franchise relationship that might later result in a dispute or controversy between us.

4.3 Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement or other dispute between the parties, will be entitled to recover its reasonable attorneys' fees and costs. If any party initiates' litigation in violation of this arbitration provision and the other party successfully moves to compel arbitration, the party moving to compel arbitration will be entitled to reimbursement of its attorneys' fees and costs incurred in connection with defending the litigation and compelling arbitration.

4.4 Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Article 4, must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota. Both parties irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

ARTICLE 5 MISCELLANEOUS

5.1 Independent Contractor. Area Developer is an independent contractor. Nothing herein contained shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture, employment, or a fiduciary relationship, and Area Developer shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of Snap Fitness. Neither Snap Fitness nor Area Developer has the right to bind or obligate the other to any obligations or debts.

5.2 Waiver and Delay. No waiver or delay by either party with respect to any default by the other of any term, covenant, or condition of this Agreement or in exercising any right, power, or remedy with regard to any such default shall be construed as a waiver of any preceding or succeeding default of any other term, covenant or condition of this Agreement, nor shall it impair any right, remedy or power to enforce the same. The acceptance of any payments shall not be, nor be construed to be, a waiver of any default of any term, covenant or condition of this Agreement. Any waiver, permit, consent or approval of any provision or condition of this Agreement or of any default under this Agreement shall be in writing and shall be effective only to the extent specifically allowed by such writing. All remedies, either under this Agreement, at law, in equity, or otherwise shall be cumulative and not alternative and may be exercised simultaneously or sequentially in any order. Time is of the essence in Area Developer's performance of this Agreement.

5.3 Successors. Subject to the restrictions in Article 3, this Agreement shall be binding upon and inure to the benefit of the permitted successors, assigns, heirs, and personal representatives of the parties.

5.4 Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for in this Agreement must be in writing and signed by the party serving the same and (i) delivered personally or (ii) delivered by a reputable overnight service (such as FedEx) or (iii) deposited in the United

States mail, service or postage prepaid (and if such notice is a notice of default or of termination, by registered or certified mail), and addressed as follows:

1. If intended for Snap Fitness, addressed to CEO; Snap Fitness, Inc., 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317;

2. If intended for Area Developer, addressed to Area Developer at Address set forth in the introductory paragraph of this Agreement; or, in either case, to such other address as may have been designated by notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

5.5 Applicable Law. All claims arising out of or relating to this Agreement and the parties' relationship will be governed by, and will be interpreted in accordance with, the substantive laws of Minnesota (irrespective of any conflicts of laws); provided that the Minnesota Franchise Act and any other law or regulation applicable to the offer or sale of franchises or the franchise relationship will apply only if the jurisdictional provisions of the law are otherwise met.

5.6 Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable.

5.7 Entire Agreement. This Agreement and all exhibits and documents referenced in this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Except as otherwise expressly provided herein, this Agreement may be amended only by a written document signed by the Area Developer and Snap Fitness.

5.8 Further Assurances. The parties hereby agree to execute such other documents as may be necessary or desirable to carry out the purposes of this Agreement.

5.9 Counterparts. This Agreement may be executed in two or more counterparts and delivered by e-mail or facsimile, all of which taken together will constitute one instrument.

ARTICLE 6 ACKNOWLEDGMENTS

6.1 As an inducement to Snap Fitness to grant Area Developer the franchise contemplated by this Agreement, Area Developer hereby acknowledges and represents to Snap Fitness the following:

1. The parties agree that their relationship is not a fiduciary or similar special relationship, but rather is an ordinary commercial relationship between independent business people dealing on an arm's length basis and that as a result Snap Fitness does not either before entering into this Agreement or during its term owe Area Developer a duty of care in relation to any advice or information which Snap Fitness provides whether orally or in writing. In other words it is Area Developer's responsibility to verify any advice or information which Snap Fitness provides and to form its own view on it.

2. Area Developer acknowledges that it (and each of its owners) have had the opportunity and been advised by Snap Fitness to have this Agreement and all other documents reviewed by an experienced attorney, and that Area Developer has read, understands, has had an opportunity to discuss and has agreed to each provision of this Agreement. Area Developer agrees that it has been under no compulsion to sign this Agreement.

3. Area Developer specifically acknowledges that it has not relied on any statements, promises or representations that Area Developer will succeed in the business or at any location; achieve any particular sales, income or other levels of performance; earn any particular amount, including any

amount in excess of Area Developer's initial fee or other payments to Snap Fitness; or receive any rights, goods, or services not expressly set forth in this Agreement.

4. If any such information, promises, representations and/or warranties have been provided to Area Developer, they are unauthorised and inherently unreliable. Area Developer agrees to advise Snap Fitness of the delivery of any such information. Area Developer must not rely upon any such information, nor will Snap Fitness be bound by it. Snap Fitness does not, nor does it attempt to, predict, forecast or project future performance, revenues or profits of Area Developer or any Area Developer or franchisee. Snap Fitness is unable reliably to predict the performance of a business even operated by Snap Fitness, and certainly cannot predict results for Area Developer's business. Area Developer acknowledges and agrees that franchisees are separate and distinct from Snap Fitness and are independently owned and operated, and that while Snap Fitness strongly encourages Area Developer to speak with all of Snap Fitness' franchisees in connection with Area Developer's evaluation of this opportunity, franchisees do not act as Snap Fitness' agents or representatives in providing any information to Area Developer and Snap Fitness will have no obligations or liabilities with respect to (and Area Developer should not rely on) any information, opinions or otherwise they may provide to Area Developer.

5. Area Developer acknowledges and agrees that the success of the business venture contemplated to be undertaken by Area Developer is speculative and will be dependent upon Area Developer's personal efforts, and success is not guaranteed. Area Developer acknowledges and represents that it has entered into this Agreement and made an investment only after making an independent investigation of the opportunity.

6. Area Developer represents, warrants and agrees that no condition precedent (including but not limited to obtaining financing) exists with respect to Area Developer fully performing any or all of its obligations under this Agreement. Area Developer further represents, as an inducement to Snap Fitness entering into this relationship, that Area Developer has made no misrepresentations or material omissions in obtaining the business.

7. Area Developer acknowledges and agrees that Snap Fitness' officers, directors, employees, and agents act only in a representative capacity and not in an individual capacity so that they accept no personal liability will attach to them, and that no other entities other than Snap Fitness has or will have any duties or obligations to Area Developer.

8. Area Developer understands that Snap Fitness is relying upon Area Developer to bring forward in writing at this time any matters inconsistent with the representations contained in this Article 6. Area Developer agrees that if any of the statements or matters set out in this Article 6 are not true, correct and complete that Area Developer will make a written statement regarding the same before entering into this Agreement which will be annexed to this Agreement unless before Area Developer enters into this Agreement Snap Fitness has resolved any such issues.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement in multiple copies effective as of the day and year first above written.

FRANCHISOR: Snap Fitness, Inc.

FRANCHISEE: Company

By: _____

Name: Cory Lyons

Title: Director of Franchise Sales & Development

By: _____

Name: _____

Title: _____

Date: _____

GUARANTOR: Name

By: _____

Date: _____

GUARANTOR: Name

By: _____

Date: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

**ADDENDUM TO THE SNAP FITNESS AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF ILLINOIS**

1. Section 4 of the Illinois Franchise Disclosure Act and Rule 200.608 of the Rules and Regulations promulgated thereunder dictate that “any provision in the Area Development Agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that an Area Development Agreement may provide for arbitration in a forum outside of this State.”

2. Section 41 of the Illinois Franchise Disclosure Act and Rule 200.609 also void any attempt to waive compliance with Illinois law. Nothing in the Disclosure Document or the Area Development Agreement (or the attachments thereto) may require area developers covered by the Illinois Franchise Disclosure Act to waive compliance with Illinois law. Any provision in the Area Development Agreement (including but not limited to any choice of law provision) that may be read as calling for application of a state law other than Illinois law is hereby deleted and area developers covered by the Illinois Franchise Disclosure Act are entitled to the protections of Illinois law, notwithstanding any such provision. An area developer who would otherwise enjoy the protections of the Illinois Franchise Disclosure Act will continue to have those protections despite anything to the contrary in the Area Development Agreement, including but not limited to the language in Section 5.5.

3. Each provision of this addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this addendum.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

AREA DEVELOPER: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

AREA DEVELOPER: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:

SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

**ADDENDUM TO SNAP FITNESS AREA DEVELOPMENT AGREEMENT FOR
THE STATE OF MARYLAND**

Even though there may be terms in the Disclosure Document or the Area Development Agreement to the contrary, the following provisions will apply to area developers protected by terms of the Maryland Franchise Registration and Disclosure Law:

1. The area developer is not required to commence litigation in Minnesota, but, instead, may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
2. None of the representations required to be made by the area developer to Snap Fitness in the documents to be executed by the area developer are intended to act as, and the party agree that they shall not be deemed to constitute, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
3. Any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

AREA DEVELOPER: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

AREA DEVELOPER: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:
SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

**ADDENDUM TO THE SNAP FITNESS AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF MINNESOTA**

This Addendum pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended as follows:

1. We will undertake the defense of any claim of infringement by third parties involving the SNAP FITNESS mark, and you will cooperate with the defense in any reasonable manner prescribed by us with any direct cost of such cooperation to be borne by us.
2. Minnesota law provides area developer with certain termination and nonrenewal rights. As of the date of this Area Development Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that an area developer be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the area development agreement.
3. No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act; provided, that this part shall not bar the voluntary settlement of disputes.
4. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C.01 to 80C.22 are met independently without reference to this addendum.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

AREA DEVELOPER: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

AREA DEVELOPER: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:

SNAP FITNESS, INC.

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

**ADDENDUM TO THE SNAP FITNESS AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

With respect to franchises falling within the scope of the North Dakota Franchise Investment Law, the Franchise Disclosure Document and Area Development Agreement are hereby amended as follows:

1. The State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law:

(a) A provision requiring a North Dakota area developer to sign a general release upon renewal of the area development agreement;

(b) A provision requiring a North Dakota area developer to consent to termination penalties or liquidated damages;

(c) A provision requiring a North Dakota area developer to consent to the jurisdiction of courts outside the state of North Dakota;

(d) A provision restricting the time in which a North Dakota area developer may make a claim to less than the applicable North Dakota statute of limitations;

(e) A provision calling for the waiver by a North Dakota area developer of the right to trial by jury;

(f) A provision requiring a North Dakota area developer to consent to a waiver of exemplary and punitive damages.

Any and all provisions in the Area Development Agreement that are in violation of Paragraphs 5 (a-f) are deleted.

2. The site of any mediation or arbitration of the parties' disputes will be at a site mutually agreeable to all parties. If all parties cannot agree upon a location, the arbitration or mediation will be Fargo, North Dakota.

3. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this addendum

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

AREA DEVELOPER: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

AREA DEVELOPER: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:
SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

**ADDENDUM TO THE SNAP FITNESS AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF WASHINGTON**

This Addendum pertains to franchises sold in the State of Washington and is for the purpose of complying with Washington statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended as follows:

The State of Washington has a statute, RCW 19.100.180 (the “**Act**”) that may supersede the Area Development Agreement in your relationship with Snap Fitness including the areas of termination and renewal of your area development rights. There may also be court decisions that may supersede the Area Development Agreement in your relationship with Snap Fitness including the areas of termination and renewal of your area development rights.

2. In the event of a conflict of laws, the provisions of the Act shall prevail.
3. A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act 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 that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
4. In any arbitration involving a franchise purchased in Washington, the arbitration site shall 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.
5. Transfer fees are collectable to the extent that they reflect Snap Fitness’ reasonable estimated or actual costs in effecting a transfer.
6. The undersigned does hereby acknowledge receipt of this addendum.
7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

AREA DEVELOPER: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

AREA DEVELOPER: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:

SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

EXHIBIT A
DEVELOPMENT AREA

The Development Area is the area highlighted in red on the map below.

EXHIBIT B
DEVELOPMENT SCHEDULE

Development Schedule: Area Developer acknowledges and agrees that it is a material provision of this Agreement that the number of Clubs set out in the Development Schedule below must be open and continually operate during the Term in the Development Area:

* [Note: Below are development schedules for 3, 5 and 8 locations. If your development area holds a different number of locations, the schedule will be adjusted accordingly.]

3 locations:

Deadline	New Open Clubs during the period	Total Clubs Open at end of period
12 months from Effective Date	1	1
18 months from Effective Date	1	2
24 months from Effective Date	1	3

5 locations:

Deadline	New Open Clubs during the period	Total Clubs Open at end of period
12 months from Effective Date	1	1
18 months from Effective Date	2	3
24 months from Effective Date	2	5

8 locations:

Deadline	New Open Clubs during the period	Total Clubs Open at end of period
12 months from Effective Date	1	1
18 months from Effective Date	2	3
24 months from Effective Date	2	5
30 months from Effective Date	2	7
36 months from Effective Date	1	8

Failure to meet the Development Schedule above is a material default of this Agreement.

**EXHIBIT C
EXISTING CLUBS**

Club Status	Franchisee	Club Name	Club Number
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**EXHIBIT D
OWNERSHIP**

Area Developer represents and warrants that the following is a complete and accurate list of all owners of equity interests in Area Developer, including the full name and home address of each owner, and fully describes the nature and extent of each owner's equity interest. Area Developer, on its own behalf and on behalf of each owner as to his or her ownership interest in Area Developer, represents and warrants that each owner is the sole and exclusive legal and beneficial owner of his or her interest, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

OWNER'S NAME	HOME ADDRESS	EQUITY INTEREST (must equal 100%)
		TOTAL: 100%

AREA DEVELOPER: COMPANY

Signature: _____
Name: _____
Title: _____
Date: _____

Signature: _____
Name: _____
Title: _____
Date: _____

OWNERS:

Signature: _____
Name: _____
Date: _____

Signature: _____
Name: _____
Date: _____

EXHIBIT D
FRANCHISEE LIST

SNAP FITNESS FRANCHISEES
OPEN CLUBS AS OF DECEMBER 31, 2019

Franchisee Name	Phone	Address	City	State	Zip
Bay Minette Fitness, LLC	251-580-0810	201 Chambers Dr	Bay Minette	AL	36507
Core Fitness, LLC	251-626-0320	6450 US-90	Daphne	AL	36527
Core Fitness, LLC	251-679-5554	25 Shelton Beach Rd	Saraland	AL	36571
Fitinuss LLC	256-459-7200	620 Banks St	Glencoe	AL	35905
Fitinuss LLC	256-861-2188	207 James B Payton Blvd	Sylacauga	AL	35150
Fitinuss LLC	205-664-2600	2600 CR-58	Helena	AL	35080
Fitinuss LLC	205-202-4010	2835 Highland Ave S	Birmingham	AL	35205
Fitinuss LLC	256-273-0400	2605 Gault Ave N	Fort Payne	AL	35967
Fitinuss LLC	256-399-0190	43 Elm St (Hwy 431)	Oxford	AL	36203
Fitinuss LLC	205-620-2406	301 Airport Commons Dr	Calera	AL	35040
Fitinuss LLC	256-344-0373	977 Gilbert Ferry Rd SE	Attalla	AL	35954
Quick Fitness LLC	205-640-5588	2846 Moody Pkwy	Moody	AL	35004
Quick Fitness LLC	205-610-9291	208-A W College St	Columbiana	AL	35051
Quick Fitness LLC	256-474-0363	215 E Battle St	Talladega	AL	35160
Quick Fitness LLC	205-338-7666	2401 Stemley Bridge Rd	Pell City	AL	35128
Brawley's Fitness, LLC	870-663-0049	2110 S Buerkle St	Stuttgart	AR	72160
Functional Health+Wellness Restoration, LLC	870-493-3343	805 Highway 165 E	Dumas	AR	71639
LulingJJ, LLC	870-298-4420	1410 Dr Martin Luther King Jr Dr	Crossett	AR	71635
Muddy Rhino Investments, LLC	479-202-9930	2600 W Pleasant Crossing Dr	Rogers	AR	72758
Apex Physical Conditioning and Fitness, LLC	480-837-3901	13525 N Fountain Hills Blvd	Fountain Hills	AZ	85268
AZ Star Muscle, LLC	520-400-4646	8567 N Silverbell Rd	Tucson	AZ	85743
Blake Hahn	480-279-2246	1459 S Higley Rd	Gilbert	AZ	85296
Conrad Fitness, LLC	928-776-0355	1938 N Hwy 89	Chino Valley	AZ	86323
Conrad Fitness, LLC	928-443-1309	1046 Willow Creek Rd	Prescott	AZ	86301
Conrad Fitness, LLC	928-775-0888	6455 N Viewpoint Dr	Prescott Valley	AZ	86314
DSF Express-6, LLC	520-293-1584	5095 N La Canada Dr	Tucson	AZ	85704
DSF Express-Four, LLC	520-572-8788	7545 S Houghton Rd	Tucson	AZ	85747
Dynamite Fitness, LLC	928-522-6600	7810 N US-89	Flagstaff	AZ	86004
Montano Industries LLC	480-987-1255	21258 E Rittenhouse Rd	Queen Creek	AZ	85142
PK Fitness Scottsdale, LLC	480-745-2465	827 E Monroe Ave	Buckeye	AZ	85326
Real Vestra, LLC	928-282-7627	400 Finnie Flat Rd	Camp Verde	AZ	86322
Real Vestra, LLC	520-350-9252	1491 N Arizona Blvd	Coolidge	AZ	85128
Snap Fitness Cottonwood, Inc.	928-649-1905	976 S Main St	Cottonwood	AZ	86326
Snap Fitness Sedona VOC, Inc.	928-284-0554	7000 State Highway 179	Sedona	AZ	86351
Snap West Sedona, Inc.	928-282-2139	2081 W State Route 89A	Sedona	AZ	86336
Steele Fitness Taylor Inc.	928-457-2800	704 N Main St	Taylor	AZ	85939
Steele Fitness Wickenburg Corporation	928-232-4200	340 W Wickenburg Way	Wickenburg	AZ	85390
Steele Fitness Winslow Corporation	928-224-3030	1535 N Park Dr	Winslow	AZ	86047
Allen C. Hall, Inc.	650-948-5500	955 Fremont Ave	Los Altos	CA	94024
Brawley Fitness, LLC	760-412-5550	435-A W Main St	Brawley	CA	92227

Franchisee Name	Phone	Address	City	State	Zip
Burch Industries, Inc.	925-938-8006	1533A Palos Verdes Mall	Walnut Creek	CA	94597
Cutting Edge Fitness, Inc.	626-639-3787	2451 Mission Street	San Marino	CA	91108
Cutting Edge Fitness, Inc.	626-403-6463	807 Meridian Ave	South Pasadena	CA	91030
Double TT, Inc.	559-594-4317	231 E Pine St	Exeter	CA	93221
K&K Fitness, LLC	916-933-9448	2222 Francisco Dr	El Dorado Hills	CA	95762
Mavi Capital Incorporated	510-226-7627	43480 Mission Blvd	Fremont	CA	94539
Michael Puhek	805-929-2900	671 W Tefft St	Nipomo	CA	93444
MVCCM, LLC	209-309-0009	18919 Ferretti Rd	Groveland	CA	95321
OC Health & Fitness, Inc.	714-769-7627	8412 E Chapman Ave	Orange	CA	92869
P&EEnterprisesLLC	209-838-7517	1900 McHenry Ave	Escalon	CA	95320
Pony Express Fitness 24-7 LLC	530-344-7027	6454 Pony Express Trl	Pollock Pines	CA	95726
Rod Cotton Fitness, LLC	408-260-1111	60 N Winchester Blvd	Santa Clara	CA	95050
RTR Group, LLC	650-365-7627	3209 Oak Knoll Dr	Redwood City	CA	94062
SL Ventures Inc.	925-693-0110	6200 Center St	Clayton	CA	94517
Steve Edmundson	661-424-2700	19233 Golden Valley Rd	Santa Clarita	CA	91387
Terry's Unlimited Fitness, LLC	408-848-8701	8050 Santa Teresa Blvd	Gilroy	CA	95020
TITANIUMFIT, LLC	650-393-5625	1232 W Hillsdale Blvd	San Mateo	CA	94403
Vitality Health LLC	650-993-8224	6403 Mission St	Daly City	CA	94014
AppleCor, LLC	719-422-4733	2202 Freedom Rd	Trinidad	CO	81082
Colorado Fitness Solutions, Inc.	303-904-7627	8351 N Rampart Range Rd	Littleton	CO	80125
F8 Enterprises, LLC	303-289-7333	18240 E 104th Ave	Commerce City	CO	80022
Hurley Training LLC	970-468-9801	358 Blue River Pkwy Suite B	Silverthorne	CO	80498
M&G Fitness, Inc.	970-344-5072	939 Mountain Ave	Berthoud	CO	80513
M&G Fitness, LLC	719-686-6494	1131 E US Highway 24	Woodland Park	CO	80863
Strong Ham Holdings Inc.	970-472-1777	1015 S Taft Hill Rd	Fort Collins	CO	80521
Utopia Enterprises, Inc.	719-544-7627	279 S Purcell Blvd	Pueblo	CO	81007
ALEXANDERFITNESS LLC	860-552-2018	266 E Main St	Clinton	CT	6413
DDA Fitness LLC	860-767-0155	125 Westbrook Rd	Essex	CT	6426
Moran 4, Inc.	860-603-5060	179 Linwood Ave	Colchester	CT	6415
Moran 4, Inc.	860-434-3332	54 Halls Rd	Old Lyme	CT	6371
Moran 4, Inc.	860-691-1140	88 Pennsylvania Ave	Niantic	CT	6357
Robert Hurd	860-516-4066	336 Marlborough St	Portland	CT	6480
JEFFKO, Inc.	302-235-2180	7209 Lancaster Pike	Hockessin	DE	19707
Soho Fitness Partners Smyrna, LLC	302-653-8023	665 S Carter Rd	Smyrna	DE	19977
Soho Fitness Partners-Middletown, LLC	302-376-6969	312 E Main St	Middletown	DE	19709
ACD Ventures LLC	727-474-3801	9360 Oakhurst Rd	Seminole	FL	33776
Creative Concept Group, LLC	727-330-7570	1370 Tampa Rd	Palm Harbor	FL	34683
D&IGymsLLC	850-362-6019	232 Racetrack Rd NE	Fort Walton Beach	FL	32547
Galaxy Fitness Corp	863-983-3000	920 W Sugarland Hwy	Clewiston	FL	33440
JBF Fitness, Inc.	904-738-8325	2216 Oak St	Jacksonville	FL	32204
JTK Destination Fitness LLC	386-423-8995	424 Luna Bella Ln	New Smyrna Beach	FL	32168
KinFit Inc	239-949-4600	20041 S Tamiami Trl	Estero	FL	33928
LA Martin, LLC	941-377-5646	5802 Bee Ridge Rd	Sarasota	FL	34233

Franchisee Name	Phone	Address	City	State	Zip
Rick Bourn and Harold Moss	407-598-2700	1655 Rock Springs Rd	Apopka	FL	32712
Virtual Wellness Enterprises, LLC	352-600-3067	6264 Commercial Way	Brooksville	FL	34613
Whole Fitness Solutions Inc	813-814-1984	12611 Race Track Rd	Tampa	FL	33626
B & B Athletics LLC	470-422-7735	375 Rockbridge Rd	Lilburn	GA	30047
Build-A-Body Fitness, LLC	706-498-9636	1053 Franklin Springs St	Royston	GA	30662
Build-A-Body Fitness, LLC	912-225-1211	214C N Duval St	Claxton	GA	30417
DeLoney Enterprises, LLC	770-727-1003	27 Barnes St	Senoia	GA	30276
Fitinuss LLC	478-410-7993	58 Surrey Plz	Hawkinsville	GA	31036
GDaddy Fitness, LLC	404-698-2700	220 Sandy Springs Circle	Atlanta	GA	30328
Georgia Health Club Partners, LLC	912-764-7627	609 Brannen St	Statesboro	GA	30458
GSM Fitness Inc.	404-875-5656	1799 Briarcliff Rd NE	Atlanta	GA	30306
H3 Fitness, LLC	770-251-6900	3161 B Hwy 34 E	Newnan	GA	30265
Hatchfit Enterprises, Inc.	706-507-7627	1290 Double Churches Rd	Columbus	GA	31904
Hazcode Inc.	678-552-2338	300 Crosstown Dr	Peachtree City	GA	30269
JRG Fitness Ellenwood, LLC	404-996-1677	115 Fairview Rd	Ellenwood	GA	30294
LVW Fitness LLC	404-793-7398	1167 Lavista Rd NE	Atlanta	GA	30324
M.R. Fitness, LLC	404-627-8000	920 Glenwood Ave SE	Atlanta	GA	30316
M.R. Fitness, LLC	404-584-9669	245 N Highland Ave NE	Atlanta	GA	30307
Nicholas and Mary Ann, LLC	770-632-4444	2512 Redwine Rd	Fayetteville	GA	30215
Randolph Michael LLC	678-586-5047	1985 McDonough Rd	Hampton	GA	30228
ShawMut Fitness Alpharetta, LLC	770-285-7099	5170 McGinnis Ferry Rd	Alpharetta	GA	30005
ShawMut Fitness Peachtree Corners, LLC	770-224-0050	4941 S Old Peachtree Rd	Peachtree Corners	GA	30092
Starwood LLC	770-693-9013	3621 Vinings Slope SE	Atlanta	GA	30339
Twinman Consulting, LLC	678-888-5777	610 W Crossville Rd	Roswell	GA	30075
Wholesome Ventures, Inc.	678-705-1439	137 S McDonough St	Decatur	GA	30030
Bushleaguer Fitness, Inc.	641-330-2963	220 N Main St	Charles City	IA	50616
Fit4Christ, LLC	712-722-2594	108 16th St SW	Sioux Center	IA	51250
Fort Dodge Community Recreation Center	515-576-5599	2105 5th Ave S	Fort Dodge	IA	50501
GAE, Inc.	515-832-7965	902 Seneca St	Webster City	IA	50595
J&S Sports, LLC	641-569-7005	710 N 18th St	Centerville	IA	52544
Katrina Althaus Inc.	563-285-5770	600 E Leclair Rd	Eldridge	IA	52748
Kelly and Brad Miller	563-289-2700	1405 Eagle Ridge Rd	Le Claire	IA	52753
Maxxed, LLC	563-659-1948	100 6th Ave	De Witt	IA	52742
Midwest Snap Fitness, L.C.	715-254-9652	110 N Grand St	Chariton	IA	50049
SCW Fitness, LLC	515-465-2848	509 1st Ave	Perry	IA	50220
Dustin and Michelle Roby	208-298-2057	1019 21st St	Lewiston	ID	83501
Dustin Roby	208-746-7472	224 E Third Street	Moscow	ID	83843
HLF Fitness, LLC	208-209-7089	231 W Hayden Ave	Hayden	ID	83835
JJ Fitness, LLC	208-772-4900	3270 W Prairie Ave	Coeur D Alene	ID	83815
Anthony Fitness of Gurnee, Inc.	847-223-5300	34491 N Old Walnut Cir	Gurnee	IL	60031
B&B Fitness, Inc.	815-234-2700	211 N Walnut St	Byron	IL	61010
BAHA Investments Inc.	217-321-4545	900 W Union Ave	Litchfield	IL	62056
BK3J, Inc.	309-944-4335	1045 S Oakwood Ave	Geneseo	IL	61254

Franchisee Name	Phone	Address	City	State	Zip
Brett and Meghann Benson	312-533-4646	1212 S Michigan Ave	Chicago	IL	60605
Conyers Enterprises LLC	847-546-1400	389 N Wilson Rd	Round Lake	IL	60073
Darr Capital, LLC Darr Fitness	618-498-7330	1404 Windy Ln	Jerseyville	IL	62052
David Pickard	815-338-7627	1400 N Seminary Ave	Woodstock	IL	60098
David Simmons	217-483-5701	1061 Jason Pl	Chatham	IL	62629
David Simmons	217-679-0081	1362 Toronto Rd.	Springfield	IL	62791
FutureFit LLC	847-852-4425	19 W Wilson St	Palatine	IL	60067
Gary Meyer	847-551-3690	4640 W Main St	Dundee	IL	60118
JD Fitness, LLC	309-467-9500	1958 S Main St	Eureka	IL	61530
JRUBE, LLC	217-381-4951	131 Illini Blvd	Sherman	IL	62684
Jupiter Enterprises LLC	815-444-9050	452 W State Rd	Island Lake	IL	60042
Keller's Fitness I, LLC	847-356-1800	435 S. Route 45	Lindenhurst	IL	60046
Keller's Fitness II, LLC	847-587-7627	7223 State Park Rd	Fox Lake	IL	60020
Lake Villa Fitness Inc.	847-838-1299	850 Tower Dr	Lake Villa	IL	60046
Lake Villa Fitness, Inc.	847-740-7627	139 W Belvidere Rd	Round Lake	IL	60073
Landwehr Enterprises, LLC	815-568-6000	910 C Greenlee St	Marengo	IL	60152
Marquee Exclusive Inc.	630-448-0901	910 N Main St	Elburn	IL	60119
Marquee Exclusive Inc.	847-683-3300	111 W Oak Knoll Dr	Hampshire	IL	60140
Morning Rose Investments, Inc.	217-438-4348	650 E Jackson St	Auburn	IL	62615
Morning Rose Investments, Inc.	217-560-3060	276 N Broad St	Carlinville	IL	62626
NALA Fitness of West Belleville, LLC	618-233-3055	3030 Frank Scott Pkwy W	Belleville	IL	62223
Rhino Fitness, LLC	815-570-5244	6518-6524 West Rt. 34	Plano	IL	60545
Unique Health and Fitness Corp.	217-223-3488	6228 Broadway	Quincy	IL	62305
Unique Health and Fitness Corp.	309-731-4341	212 E Calhoun St	Macomb	IL	61455
AJ FITNESS LLC	765-653-4000	1752 Indianapolis Rd	Greencastle	IN	46135
Body Fitness, LLC	812-680-4570	1119 W Tipton St	Seymour	IN	47274
Bookman Fitness, LLC	765-474-3219	2049 Veterans Memorial Pkwy S	Lafayette	IN	47909
Brookhaven Fitness, LLC	765-448-3219	3830 State Route 26 E.	Lafayette	IN	47905
Brookman Fitness LLC	765-463-3219	2060 Sagamore Parkway W	West Lafayette	IN	47906
DNB Fitness Enterprises, LLC	317-867-7627	220 W 161st St	Westfield	IN	46074
3MJ Fitness, LLC	913-367-1511	409 Commercial St	Atchison	KS	66002
Legacy Fitness, LLC	913-724-2424	15604 Pinehurst Dr	Basehor	KS	66007
Legacy Fitness, LLC	913-441-9496	5437 Roberts St	Shawnee	KS	66226
Bates Enterprises LLC	270-358-5417	83 Shawnee Dr	Hodgenville	KY	42748
Benson Health and Fitness LLC	859-271-8210	4384 Clearwater Way	Lexington	KY	40515
Blessed Enterprise, LLC	502-618-2080	7517 Outer Loop	Louisville	KY	40228
Dennis and June Smith	270-387-0124	121 Commerce Blvd	Benton	KY	42025
Dennis and June Smith	270-387-0124	888 5 th Ave	Calvert City	KY	42029
Farr and Young, Inc.	270-443-0900	3215 Irvin Cobb Dr	Paducah	KY	42003
Farr and Young, Inc.	270-908-0311	2540 Lone Oak Rd	Paducah	KY	42003
Kingdom Investments 3, Inc.	270-422-2225	526 Bypass Rd	Brandenburg	KY	40108
La Rocca & Strode Inc.	502-241-6282	6003 Pleasant Colony Ct	Crestwood	KY	40014
Made For More, Inc.	270-200-1352	204 Zoe Lane	Leitchfield	KY	42754

Franchisee Name	Phone	Address	City	State	Zip
Power Up Fitness, LLC	859-586-6100	1990 N Bend Rd	Hebron	KY	41048
Sun Park	859-966-2224	2168 Declaration Dr	Independence	KY	41051
Winning Fitness, LLC	502-991-8407	6031 Timber Ridge Dr	Prospect	KY	40059
BJZJ, LLC	337-385-1996	9611 Maurice Ave.	Maurice	LA	70510
Brownco, LLC	225-654-5528	20377 Old Scenic Hwy	Zachary	LA	70791
Brownco, LLC	225-615-7936	257 Lee Dr	Baton Rouge	LA	70808
Brownco, LLC	225-261-5008	14395 Greenwell Springs Rd	Greenwell Springs	LA	70739
C & T's FITNESS	225-622-9999	14505 LA-44	Gonzales	LA	70737
ColCor Investments LLC	504-883-0309	4540 W Napoleon Ave	Metairie	LA	70001
Fitinuss LLC	985-651-4404	546 Belle Terre Blvd	La Place	LA	70068
Harvey Fitness, LLC	504-301-1289	3700 Lapalco Blvd	Harvey	LA	70058
HJM Fitness, LLC	225-751-1881	17002 Jefferson Hwy	Baton Rouge	LA	70817
J&L Fit LLC	985-674-7627	3441 E Causeway Approach	Mandeville	LA	70448
Jake Fitness, LLC	225-791-0100	34254 LA Hwy 16	Denham Springs	LA	70706
Jake Fitness, LLC	225-372-2003	28977 Walker South Rd	Walker	LA	70785
Jake Fitness, LLC	225-261-6119	18513 Magnolia Bridge Rd	Greenwell Springs	LA	70739
JJSP First, LLC	985-386-7105	18539 LA-22	Ponchatoula	LA	70454
John Foret, Jr. and Lisa Foret	337-478-4525	2724 Country Club Rd	Lake Charles	LA	70605
Joseph Mallett	225-665-0272	1217 N Range Ave	Denham Springs	LA	70726
L.A. Fitness, LLC	504-348-4242	1401 Westbank Expy	Westwego	LA	70094
Leaux Lane, LLC	225-644-1297	625 S Burnside Ave	Gonzales	LA	70737
Luscappo, LLC	225-622-7627	40306 Highway 42	Galvez	LA	70769
MJG Silverlilly Investments LLC	985-785-1718	12807 Highway 90	Luling	LA	70070
Natale Management Group, LLC	504-305-6220	910 W Esplanade Ave	Kenner	LA	70065
NOLA Fitness Inc.	504-304-3638	785 Harrison Ave	New Orleans	LA	70124
Outdoor Lawn Development LLC	225-751-0121	14241 Coursey Blvd	Baton Rouge	LA	70817
Ruthless Training Academy LLC	985-732-1774	400 Georgia Ave	Bogalusa	LA	70427
Snap Enterprises, LLC	504-304-7321	3501 Severn Ave	Metairie	LA	70002
Snap Fitness of New Roads, LLC	225-638-7627	1320 Hospital Rd	New Roads	LA	70760
So Fit - Youngsville, LLC	337-856-6564	803 S St Blaise Ln	Youngsville	LA	70592
So Fit Lafayette, LLC	337-232-1955	2800 W Pinhook Rd	Lafayette	LA	70508
Troubled Son of Pelican Point, LLC	225-474-8208	6473 LA-44	Gonzales	LA	70737
Wellness One LLC	337-456-7983	2425 W Congress St	Lafayette	LA	70506
Wellness One, LLC	337-839-8277	218 St Nazaire Rd	Broussard	LA	70518
Wellness Partners, LLC	337-893-0009	109 Rue Centre Suite 3	Abbeville	LA	70510
Ashley Soules	413-243-8000	14 Pleasant St	Lee	MA	1238
DMZ Fit, Inc.	508-833-7627	280B Rte 130	Forrestdale	MA	2644
EastHampton Fitness Inc.	413-529-2200	39 Union St	Easthampton	MA	1027
GarvCorp, Inc.	413-566-1600	5 Allen St	Hampden	MA	1036
GarvCorp, Inc.	413-532-7627	506 Westfield Rd	Holyoke	MA	1040
GRAFTON HILL FITNESS LLC	508-791-7627	1000 Grafton St	Worcester	MA	1604
Motivate Fitness, LLC	410-679-1000	413 Pulaski Hwy	Joppa	MD	21085
Pheonix Fitness LLC	301-829-0680	1311 S Main St	Mount Airy	MD	21771

Franchisee Name	Phone	Address	City	State	Zip
ROCK STRONG FITNESS, LLC	410-600-7627	2721 Fallston Rd	Fallston	MD	21047
Cascade Health, Inc.	207-934-6136	2 Cascade Rd	Old Orchard Beach	ME	4064
Jellison Fitness, Inc.	207-799-0864	747 Broadway	South Portland	ME	4106
Alpine Fitness LLC	616-635-2363	746 4 Mile Rd NW	Comstock Park	MI	49321
B&R Partners LLC	616-846-7627	414 W Savidge St	Spring Lake	MI	49456
Barbara Rabitoy	906-483-0310	850 W Sharon Ave	Houghton	MI	49931
Beltline Fitness, LLC	616-942-5600	855 Michigan St NE	Grand Rapids	MI	49503
BJF Fitness II, LLC	810-735-3375	614 W Broad St	Linden	MI	48451
BJF Fitness, LLC	248-634-2000	124 N Saginaw St	Holly	MI	48442
BTE Fitness, LLC	517-546-1200	1455 N Michigan Ave	Howell	MI	48843
Bubba Chuck Enterprises, LLC	734-529-7627	107 Waterstradt Commerce Dr	Dundee	MI	48131
BVD Fitness, LLC	616-205-5700	630 S State St	Sparta	MI	49345
C.L. Rosser, LLC	989-705-7627	1140 Gornick Ave	Gaylord	MI	49735
Carter Collaboration, LLC	517-339-7627	1630 Haslett Rd	Haslett	MI	48840
Cavalli Fitness, LLC	616-522-0301	3192 Commerce Ln	Ionia	MI	48846
Coco Fitness Inc.	248-714-9686	2825 E Highland Rd	Highland	MI	48356
CoCo Fitness, II, Inc.	586-443-4437	26700 Gratiot Ave	Roseville	MI	48066
Coopersville Snap 1563	269-953-1031	804 W State St	Hastings	MI	49058
Coopersville Snap 1563	616-536-2662	9321 Cherry Valley Ave SE	Caledonia	MI	49316
Coopersville Snap 1563	616-997-7627	1136 W Randall Rd	Coopersville	MI	49404
Creating A Better U, LLC	616-741-9380	12059 Felch St	Holland	MI	49424
Creating A Better U, LLC	616-355-1070	1153 Washington Ave	Holland	MI	49423
Creek Fitness, LLC	810-213-4633	9136 Miller Rd	Swartz Creek	MI	48473
FASTFIT 247, LLC	734-398-7627	4011 S Canton Center Rd	Canton	MI	48188
First Generation Development, LLC	616-548-5794	420 W Main St	Carson City	MI	48811
Fit Bear, LLC	734-207-2000	521 Ann Arbor Rd	Plymouth	MI	48170
Fitness Professionals Inc.	810-213-6724	5515 Davison Rd	Burton	MI	48509
GB Fitness, LLC	810-694-4000	4501 E Hill Rd	Grand Blanc	MI	48439
George Zerka	810-275-1250	1381 W Bristol Rd	Flint	MI	48507
GETBIGFITNESS, Inc.	989-227-8000	2453 Ontario Dr	Saint Johns	MI	48879
Go For It, LLC	616-719-4577	2355 Belmont Center Dr NE	Belmont	MI	49306
Grabruck Consulting, LLC	586-532-7800	42918 Schoenherr Rd	Sterling Heights	MI	48313
GRABRUCK CONSULTING, LLC	586-601-5335	26110 Crocker Blvd	Harrison Township	MI	48045
Greenville Fitness, LLC	616-828-5997	701 S Greenville West Dr	Greenville	MI	48838
Gym Partners, LLC	616-669-9100	3715 Baldwin St	Hudsonville	MI	49426
Gym Partners, LLC	616-777-1345	5696 Balsam Dr	Hudsonville	MI	49426
Heather Mills	989-463-5300	2850 W Cheesman Rd	Alma	MI	48801
J Ryan Fitness, LLC	517-782-1001	1527 Horton Rd	Jackson	MI	49203
JMAD Ventures, LLC	989-845-1500	901 W Broad St	Chesaning	MI	48616
Knapps Corner Fitness, LLC	616-361-1600	1600 E Beltline Ave NE	Grand Rapids	MI	49525
Lowell Fitness, LLC	616-987-4000	2173 W Main St	Lowell	MI	49331
M & Z Fitness LLC	616-453-6666	2056 Lake Michigan Dr NW	Grand Rapids	MI	49504
McBond Group, LLC	989-348-3900	8307 West M72	Grayling	MI	49738

Franchisee Name	Phone	Address	City	State	Zip
MI Gym, LLC	616-928-1988	3467 Blue Star Hwy	Saugatuck	MI	49453
Milam, Inc.	844-895-2176	6101 Lake Michigan Dr	Allendale	MI	49401
North Country Closeouts, Inc.	906-364-7687	629 W Cloverland Dr	Ironwood	MI	49938
P & R Group Inc.	734-426-2655	7007 Dexter Ann Arbor Rd	Dexter	MI	48130
P & R Group, Inc.	734-648-0424	1337 E. M-36	Pinckney	MI	48169
PAZ Fitness, LLC	616-931-4470	9479 Riley St	Zeeland	MI	49464
PMB Enterprise LLC	616-878-1111	2492 84th St SW	Byron Center	MI	49315
R&K Fitness, LLC	616-951-7004	157 Marcell Dr NE	Rockford	MI	49341
R. Cook Holdings, LLC	616-554-3200	7199 Kalamazoo Ave SE	Caledonia	MI	49316
RNB Enterprise LLC	269-792-0000	707 W Superior St	Wayland	MI	49348
SLH Enterprise, Inc.	248-377-2294	4918 N Adams Rd	Oakland Township	MI	48306
T&K Snap Inc.	810-547-1666	425 W Vienna St	Clio	MI	48420
T&K Snap Inc.	810-867-4132	6429 W Pierson Rd	Flushing	MI	48433
TAC Acquisitions, LLC	517-627-3481	607 E Saginaw Hwy	Grand Ledge	MI	48837
TAC Acquisitions, LLC	517-541-3483	1658 Lansing Rd	Charlotte	MI	48813
Watermark Snap Fitness, LLC	616-949-2000	5500 Cascade Rd SE	Grand Rapids	MI	49546
Watersnap, L.L.C.	616-607-8196	13040 US Highway 31	Grand Haven	MI	49417
Whispering Willows, LLC	517-244-0300	132 S Cedar St	Mason	MI	48854
WoodWard Fit Club 247, LLC	248-399-4030	23000 Woodward Ave	Ferndale	MI	48220
A&J Fitness IGH, LLC	651-455-5113	3056 65th St E	Inver Grove Heights	MN	55076
AC Fitness, LLC	507-263-8326	31270 64th Ave Path	Cannon Falls	MN	55009
AC Fitness, LLC	507-732-7047	92 West 5th Street	Zumbrota	MN	55992
Albany Fitness, LLC	320-845-7888	131 8th St S	Albany	MN	56307
AM Fitness of Owatonna, LLC	507-455-3500	1824 S Cedar Ave	Owatonna	MN	55060
AMWOW LLC	952-314-1499	5221 Edina Industrial Blvd	Edina	MN	55439
Angell Fitness, LLC	507-357-2242	100 E Minnesota St	Le Center	MN	56057
Arosfitness L.L.C.	651-739-9766	1807 Geneva Ave N	Saint Paul	MN	55128
AT Fitness LLC	651-501-7672	1750 Weir Dr	Saint Paul	MN	55125
B & B Fitness Inc.	320-351-7627	1190 Main St S	Sauk Centre	MN	56378
B&B Bemidji Fitness, LLC	218-444-9163	3835 Supreme Ct NW	Bemidji	MN	56601
B&D, LLC	320-222-7627	812 1st St S	Willmar	MN	56201
B&N Bradford, LLC	320-796-2424	300 MN-23 S	Spicer	MN	56288
Bank Street Fitness LLC	763-220-0787	14083 Bank St	Becker	MN	55308
Bank Street Fitness LLC	763-220-0787	651 Rose Dr	Big Lake	MN	55309
BAPSMN, LLC	612-388-2762	6528 University Ave NE	Minneapolis	MN	55432
Bass Lake Fitness LLC	763-447-4014	13408 Bass Lake Rd	Maple Grove	MN	55311
Big Red Fitness, LLC	952-926-3040	7210 Minnetonka Blvd	St. Louis Park	MN	55426
Blue Skyle, LLC	763-231-0125	1400 County Road 101 N	Minneapolis	MN	55447
Blue Skyle, LLC	763-391-7627	5676 La Centre Ave	Albertville	MN	55301
Blue Skyle, LLC	763-497-7627	1 Central Ave W	Saint Michael	MN	55376
Bramel Company LLC	507-744-3700	739 Ash St NE	Lonsdale	MN	55046
Clear Lake Fitness II, LLC	763-444-3400	404 Whiskey Rd	Isanti	MN	55040
Clear Lake Fitness, LLC	320-983-2300	900 State Hwy 23 West	Milaca	MN	56353

Franchisee Name	Phone	Address	City	State	Zip
Clear Lake Fitness, LLC	320-558-6088	800 Nelson Dr	Clearwater	MN	55320
Clear Lake Fitness, LLC	763-552-7627	234 Main St N	Cambridge	MN	55008
Cornerstone Fitness Centers LLC	651-438-9309	275 33rd St W	Hastings	MN	55033
Crookston Sport Fitness, LLC	218-281-7627	404 N Broadway	Crookston	MN	56716
CY Fitness Inc.	320-234-7627	114 Main St N	Hutchinson	MN	55350
CZ Lobo, LLC	218-727-2544	102 E Central Entrance	Duluth	MN	55811
D2, LLC	651-646-2040	80 Snelling Ave N	Saint Paul	MN	55104
D2, LLC	651-772-3118	1320 Maryland Ave E	Saint Paul	MN	55106
D2, LLC	651-649-0000	2650 University Ave W	Saint Paul	MN	55114
D2, LLC	651-646-7627	1557 Larpenteur Ave W	Saint Paul	MN	55113
DCW FITNESS, INC.	763-307-7627	4325 Pheasant Ridge Dr NE	Blaine	MN	55449
DR Fit, LLC	507-895-6700	136 S Walnut St	La Crescent	MN	55947
Essential Health Solutions LLC	218-283-0020	615 3rd Ave W	International Falls	MN	56649
F&M Enterprises Inc.	320-963-7627	220 MN-55	Maple Lake	MN	55358
Fit7, LLC	952-746-7627	14419 Excelsior Blvd	Minnetonka	MN	55345
Foley Fitness, LLC	320-968-4900	10 2nd Ave W	Foley	MN	56329
Fox Fintess, LLC	763-390-1313	4070 Lakeland Ave N	Minneapolis	MN	55422
Fox Fitness, LLC	952-736-1348	1024 County Road 42 E	Burnsville	MN	55337
Freedom Fitness and Health, LLC	218-212-1212	4425 E Superior St	Duluth	MN	55804
Gilly73 LLC	952-226-3481	6880 Boudin St NE	Prior Lake	MN	55372
Heins Fitness Inc	763-489-0001	1574 154th Ave NW	Andover	MN	55304
Herdegen Fitness LLC	763-493-3488	9475 Garland Ln N	Maple Grove	MN	55311
Highland Partners, LLC	952-446-8879	4195 Main St	Saint Bonifacius	MN	55375
Hoffman Fitness LLC	320-685-8836	20 Red River Ave S	Cold Spring	MN	56320
J&A Fitness Eagan, LLC	651-289-3070	1960 Cliff Lake Rd	Saint Paul	MN	55122
Jackson Fitness, LLC	320-321-1348	1111 Black Oak Ave	Montevideo	MN	56265
JAD Fitness LLC	612-224-4102	1495 Stieger Lake Lane	Victoria	MN	55386
JB Fitness, LLC	651-636-0405	2216 County Rd. D West	Roseville	MN	55112
JC Fitness, Inc.	320-275-2711	631 Parker Ave W	Dassel	MN	55325
JC Fitness, Inc.	320-543-3450	613 8th Ave	Howard Lake	MN	55349
JC Fitness, Inc.	763-675-6750	125 Nelson Blvd	Montrose	MN	55363
JC Fitness, Inc.	763-972-9000	327 13th St S	Delano	MN	55328
JC Fitness, Inc.	320-864-5565	712 11th St E	Glencoe	MN	55336
Jennifer L'Allier	952-938-3456	15 8th Ave N	Hopkins	MN	55343
JERU Fitness, LLC	320-762-8879	410 30th Ave E	Alexandria	MN	56308
JG Enterprises, LLC	952-448-6500	1012 Gateway Dr	Chaska	MN	55318
JML Group Inc.	320-843-2127	110 14th St S	Benson	MN	56215
Keith Hokenson	612-746-4002	945 Broadway St NE	Minneapolis	MN	55413
Kiffmeyer Companies, LLC	320-358-0091	1170 W 4th St	Rush City	MN	55069
Kiffmeyer Companies, LLC	651-462-9073	5377 266th St	Wyoming	MN	55092
Kiffmeyer Companies, LLC	651-674-4153	6118 Main St	North Branch	MN	55056
Osseo Fitness LLC	763-315-4689	8507 Jefferson Lane North	Brooklyn Park	MN	55445
KOLENI INC	763-862-3324	10950 Club West Pkwy	Blaine	MN	55449

Franchisee Name	Phone	Address	City	State	Zip
KOLENI INC	651-275-9628	1471 Stillwater Blvd N	Stillwater	MN	55082
KOLENI INC	651-415-9628	6511 Ware Rd	Lino Lakes	MN	55014
KOLENI INC	651-464-3234	56 East Broadway	Forest Lake	MN	55025
Lelwica Enterprises LLC	320-585-6200	719 Atlantic Ave	Morris	MN	56267
Lelwica Enterprises, LLC	218-568-5999	31108 Government Dr	Pequot Lakes	MN	56472
Lerdahl Enterprises, LLC	651-484-0428	2800 Rice St	Saint Paul	MN	55113
Licursi Wellness, LLC	952-442-3815	1309 Oak Ave	Waconia	MN	55387
Live Now Inc.	612-339-1991	625 4th Ave S	Minneapolis	MN	55415
Madel Fitness of Waseca LLC	507-835-0043	122 Elm Ave E	Waseca	MN	56093
Mark Filas Inc.	218-927-1300	10 2nd St NE	Aitkin	MN	56431
Meadowsand Fitness LLC	612-869-0085	5409 Penn Ave S	Minneapolis	MN	55419
Meadowsand Fitness LLC	507-665-4100	202 A Valley Green Sq	Le Sueur	MN	56058
Michelle Rice, Dustin and Warren Olson	763-251-7627	2830 Cutters Grove Ave	Anoka	MN	55303
MJT Fitness, LLC	651-769-2944	8700 E Point Douglas Rd S	Cottage Grove	MN	55016
Momentum Fitness Endeavor L.L.C.	763-241-8387	19022 Freeport St	Elk River	MN	55330
Momentum Fitness Endeavor L.L.C.	763-421-4463	12460 Champlin Dr	Champlin	MN	55316
Momentum Fitness Endeavour L.L.C.	763-428-2208	13635 Northdale Blvd	Rogers	MN	55374
MPMBA, Inc.	952-758-9250	130 Main St W	New Prague	MN	56071
N-E Fitness, LLC	612-920-3385	4402 France Ave S	Edina	MN	55410
Next Phase Ventures, LLC	763-544-0055	687 Winnetka Ave N	Minneapolis	MN	55427
Northland Investment Group, LLC	952-997-9753	7409 179th St W	Lakeville	MN	55044
Northland Investment Group, LLC	651-321-7066	14855 S Robert Trl	Rosemount	MN	55068
Omerta Investments LLC	952-314-9922	1282 Vierling Dr E	Shakopee	MN	55379
Persistence Fitness L.L.C.	651-257-2348	12715 Lake Blvd	Lindstrom	MN	55045
Persistence Fitness L.L.C.	763-434-5858	18447 Highway 65 NE	Cedar	MN	55011
Piece of CaKe Fitness, LLC	320-259-0991	24086 State Highway 15	St. Augusta	MN	56301
Prairie Fitness Group, LLC	320-533-3042	220 Lake St S	Long Prairie	MN	56347
Prior Fitness LLC	952-440-1660	16731 Hwy 13 South	Prior Lake	MN	55372
RC13 Fitness, LLC	651-452-8111	991 Sibley Memorial Hwy	Lilydale	MN	55118
RC13 Fitness, LLC	651-344-8710	18450 Pilot Knob Rd	Farmington	MN	55024
REA Centers, Inc.	320-256-7627	321 E Main St	Melrose	MN	56352
Ready Snap Go, LLC	651-436-5481	356 St Croix Trl S	Lakeland	MN	55043
Revival Fitness Inc.	651-212-7627	525 Diffley Rd	Saint Paul	MN	55123
Revival Fitness Inc.	952-884-5166	10800 Nesbitt Ave S	Minneapolis	MN	55437
Revival Fitness Inc.	952-746-4516	9505 Lyndale Ave S	Minneapolis	MN	55420
Revival Fitness Inc.	952-681-7296	8009 34th Ave S	Minneapolis	MN	55425
RL Health and Fitness, LLC	952-467-2680	308 US-212 W	Norwood Young America	MN	55368
RPS Enterprises LLC	218-844-3822	936 Mckinley Ave	Detroit Lakes	MN	56501
Ruud Fitness, LLC	952-471-1114	4671 Shoreline Dr	Spring Park	MN	55384
Second Chances, LLC	507-454-7500	1213 Gilmore Ave	Winona	MN	55987
Shado Fitness, Inc.	218-262-1295	2518 E Beltline	Hibbing	MN	55746
SJ & DK, LLC	320-640-7627	809 10th Ave N	Sartell	MN	56377
SJ&DK, LLC	320-584-2020	420 Division St S	Rice	MN	56367

Franchisee Name	Phone	Address	City	State	Zip
SJ&DK, LLC	320-363-7757	708 Elm St E	Saint Joseph	MN	56374
Snap Fitness of Mayer, LLC	507-964-5664	428 W Main St	Arlington	MN	55307
Snap Fitness of Mayer, MN	952-373-4084	255 Ash Ave N	Mayer	MN	55360
Snap Fitness of Redwing LLC	651-388-7774	3257 S Service Dr	Red Wing	MN	55066
Spike Fitness, Inc.	320-286-0030	201 Broadway Ave S	Cokato	MN	55321
SS Fitness Enterprises, LLC	218-744-1000	324 Grant Ave	Eveleth	MN	55734
Staples Fitness Inc.	218-325-5854	106 4th St NE	Staples	MN	56479
Suburban Fitness, LLC	952-873-6663	320 S Laredo St	Belle Plaine	MN	56011
TAM Fitness Inc.	320-593-1429	27 E Depot St	Litchfield	MN	55355
TAM Fitness Inc.	320-523-1700	106 N 9th St	Olivia	MN	56277
TMJ Fitness, LLC	507-377-1290	148 S Broadway Ave	Albert Lea	MN	56007
Top Form, Inc.	612-824-4454	5409 Nicollet Ave S	Minneapolis	MN	55419
Torino Fitness, Inc.	320-243-2100	970 W State Highway 23	Paynesville	MN	56362
TWF, Inc.	612-221-2787	605 Lewis Ave N	Watertown	MN	55388
TWF, Inc.	507-364-8050	300 1st St N	Montgomery	MN	56069
Unique Health and Fitness Corp.	507-387-7627	1754 Commerce Drive	North Mankato	MN	56003
Vidya Investment Properties, Inc.	507-289-2124	2477 Clare Ln NE	Rochester	MN	55906
Warrior Fitness, Inc.	320-274-7627	125 Oak Ave N	Annandale	MN	55302
Widmark Management, LLC	507-359-8888	319 N Front St	New Ulm	MN	56073
A&S Fitness Inc	816-623-9775	881 SW Lemans Ln	Lees Summit	MO	64082
BR Diversified, LLC	816-432-2500	203 S US Highway 71	Savannah	MO	64485
BR Diversified, LLC	816-500-5149	4311 Commonwealth Ct.	St. Joseph	MO	64507
Bradley Winterle	417-725-6656	830 West Mount Vernon Street	Nixa	MO	65714
Capefit LLC	573-335-7627	2530 William St	Cape Girardeau	MO	63703
J. Michael Fitness, LLC	314-875-0234	6451 Clayton Rd	Saint Louis	MO	63117
Malone Campbell, LLC	573-468-5656	575 Wal-Mart Dr	Sullivan	MO	63080
Michael Thompson LLC	636-745-8222	10 Wildcat Dr.	Wright City	MO	63390
Sestak Fitness, Inc.	417-889-7627	3659 E Sunshine St	Springfield	MO	65809
Shapeshift, LLC	636-257-7997	250 Lamar Pkwy	Pacific	MO	63069
Shapeshift, LLC	636-337-7350	12878 Hwy 21	De Soto	MO	63020
Shapeshift, LLC	636-744-6761	29 Silo Dr	Union	MO	63084
Skowrya Ventures, LLC	314-846-4414	6070 Telegraph Rd	Oakville	MO	63129
VeeFit LLC	636-240-3934	1084 Tom Ginnever Ave	O'Fallon	MO	63366
Walter and Velda Cadwell	660-827-5598	711 E Broadway Blvd	Sedalia	MO	65301
Walter and Velda Cadwell	660-886-4455	1404 S Odell Ave	Marshall	MO	65340
WOF investment Ventures, LLC	816-272-0146	631 NE Woods Chapel Rd	Lees Summit	MO	64064
BLMT, LLC	662-844-7627	549 N Coley Rd	Tupelo	MS	38801
BLMT, LLC	662-869-3181	111 Willowbrook Dr	Saltillo	MS	38866
Bossier and Wiese East, LLC	662-550-4800	1903 B University Ave	Oxford	MS	38655
Bossier and Wiese Greenwood, LLC	662-546-1288	625 W Park Ave	Greenwood	MS	38930
Bossier Wiese & Wiese, LLC	662-259-2256	304 Heritage Drive	Oxford	MS	38655
Brandon Healthplex LLC	601-469-9215	1303 Highway 35 S	Forest	MS	39074
BRAY Holdings, LLC	601-806-2686	3275 Highway 49	Collins	MS	39428

Franchisee Name	Phone	Address	City	State	Zip
Fitinuss LLC	662-563-4926	436 Highway 6 E	Batesville	MS	38606
Fitinuss LLC	662-633-4332	182 Parkway Plz	Kosciusko	MS	39090
KAM Southern Enterprises, LLC	601-992-7188	1149 Old Fannin Rd	Brandon	MS	39047
LLC Snap Fitness Macomb	601-684-1990	1056A Highway 98 - 51	McComb	MS	39648
Pump Room, Inc.	662-627-5511	650 Friars Point Rd	Clarksdale	MS	38614
Ridgeland Fitness LLC	601-383-4445	7048 Old Canton Rd	Ridgeland	MS	39157
Scoggins and Wiese, LLC	662-294-8800	1324 Sunset Dr	Grenada	MS	38901
Snap Fitness Brookhaven, LLC	601-823-7080	939 Brookway Blvd	Brookhaven	MS	39601
W8, Corp.	662-595-4069	510 Highway 82 W	Indianola	MS	38751
Ashley Investments LLC	406-476-1616	116 Glacier Dr	Lolo	MT	59847
L&TC, Inc.	406-586-0240	85 W Kagy Blvd	Bozeman	MT	59715
LJM Fitness, LLC	406-628-2919	413 SE 4th St	Laurel	MT	59044
LJM Fitness, LLC	406-656-4309	1780 Shiloh Rd	Billings	MT	59106
Thomas Belgrade Fitness LLC	406-388-0433	207 W Main St	Belgrade	MT	59714
Western Montana Fitness LLC	406-217-6293	2104 10th Ave S	Great Falls	MT	59405
Western Montana Fitness LLC	406-217-6293	125 Northwest Byp	Great Falls	MT	59404
PJB Health and Fitness, LLC	336-643-5501	1433 B (68 Place) Highway 68 North	Oak Ridge	NC	27310
5 More! LLC	984-202-5326	1141 Falls River Ave	Raleigh	NC	27614
Alexander Industries LLC	910-803-2277	624 US Highway 17 S	Holly Ridge	NC	28445
Creating Fitness, Inc.	919-628-4546	4900 NC Hwy. 55	Durham	NC	27713
Down East Fitness Corporation	252-838-1196	704 Hwy 70 Otway	Beaufort	NC	28516
East Coast Fitness, LLC	252-758-7627	2120 E Fire Tower Rd	Greenville	NC	27858
EJHS LLC	919-348-1819	836 E Chatham St	Cary	NC	27511
Fitness by Ghaleb, LLC	704-523-4015	4805 Park Rd	Charlotte	NC	28209
Graziadei Fitness Investments, LLC	704-439-4543	11159 Davinci Dr	Davidson	NC	28036
Heights Fitness, LLC	704-542-0009	11914 Elm Ln	Charlotte	NC	28277
JL Lamkin Holdings, Inc.	704-243-2935	3913 Providence Rd S	Waxhaw	NC	28173
JS Vida II, Inc.	919-960-6688	1848 Martin Luther King Jr Blvd	Chapel Hill	NC	27514
JS Vida, Inc.	919-942-7700	300 Market St	Chapel Hill	NC	27516
Lisa Marie Impoco	919-545-0095	120 Lowes Dr, Suite 104	Pittsboro	NC	27312
Nyquist Enterprises, LLC	704-895-7474	130 Harbour Place Dr	Davidson	NC	28036
RaeJax Fitness Inc.	704-624-8400	7427 Matthews Mint Hill Rd	Mint Hill	NC	28227
RG Fitness Enterprises, Inc.	252-728-3357	1718 Live Oak St	Beaufort	NC	28516
T & R Fitness Group LLC	336-853-7627	4423 S NC Highway 150	Lexington	NC	27295
Deanita, Inc.	701-672-7627	403 Dakota Ave	Wahpeton	ND	58075
LMK Fitness Centers, Inc.	701-356-3651	4265 45th St S	Fargo	ND	58104
TCP Fitness, LLC	701-757-7627	4571 S Washington St	Grand Forks	ND	58201
AIN Enterprises, Inc.moo	402-646-2000	33 Main St	Seward	NE	68434
Barb Collier	402-476-5444	5633 NW 1st St	Lincoln	NE	68521
Elite Fitness LLC	402-327-0182	1777 N 86th St	Lincoln	NE	68505
Peterson's Sports Performance LLC	402-489-1123	8901 Andermatt Dr	Lincoln	NE	68526
Schneider Training, LLC	308-398-3488	1711 S Locust St	Grand Island	NE	68801
TJC Fitness, Inc.	402-786-0234	10920 N 144th St	Waverly	NE	68462

Franchisee Name	Phone	Address	City	State	Zip
Endurance Fitness 24-7, LLC	603-671-7008	880 Central St	Franklin	NH	3235
A Fitter Life, LLC	732-251-3348	404 Main St	Spotswood	NJ	8884
Byberry ServicesSolutions, LLC	609-534-5255	23202 Columbus Rd	Columbus-Mansfield	NJ	8022
JAS Fitness LLC	201-301-0155	576 Bergen Blvd	Ridgefield	NJ	7657
Jazzy Wizard LLC	609-328-3379	4 W Roosevelt Blvd	Marmora	NJ	8223
Jazzy Wizard LLC	609-328-3379	3 Bethel Rd	Somers Point	NJ	8244
JC Fitness, LLC	973-875-0600	455 State RT 23	Sussex	NJ	7461
Lakeland Fitness inc.	973-556-5956	115 Skyline Dr	Ringwood	NJ	7456
Mike Foxwell	609-953-7627	7 Wilkins Station Rd	Medford	NJ	8055
Paschick Fitness, LLC	609-357-1177	1278 Yardville Allentown Rd	Allentown	NJ	8501
Robert Schmidt	908-320-4247	1515 US-22	Watchung	NJ	7069
Shari's Exercise Express LLC.	973-409-4299	5716 Berkshire Valley Rd	Oak Ridge	NJ	7438
Shari's Exercise Express LLC.	973-506-4333	20 Marshall Hill Rd	West Milford	NJ	7480
Shari's Exercise Express, LLC	973-764-7627	514 CR-515	Vernon	NJ	7462
TC Fitness, LLC	856-988-7627	795 E Route 70	Marlton	NJ	8053
Towaco Fitness Inc.	973-917-4555	702 Route 202	Towaco	NJ	7082
WellFit, LLC	908-238-1915	1465 Route 31	Annandale	NJ	8801
Cibola 24-7 Fitness LLC	505-287-9784	901 North 1st Street	Grants	NM	87020
DNA Fitness, LLC	575-359-7100	1608 E Spruce St	Portales	NM	88130
Finish the Race Inc.	505-332-3944	7900 Carmel Ave NE	Albuquerque	NM	87122
Finish the Race Inc.	505-839-1535	1530 Tramway Blvd NE	Albuquerque	NM	87112
Finish the Race Inc.	505-890-5377	5740 Night Whisper Rd NW	Albuquerque	NM	87114
Richard Gross III	505-565-7222	1495 Bosque Farms Blvd	Bosque Farms	NM	87068
Halcyon Investments, LLC	702-475-7630	10180 W Tropicana Ave	Las Vegas	NV	89147
J&S Fitness Boulder City Inc.	702-403-1671	1030 Nevada Hwy	Boulder City	NV	89005
B Squared Fitness LLC	716-947-9010	6950 Erie Rd	Derby	NY	14047
Cagnin Fitness, LLC	518-943-3232	321 Main St	Catskill	NY	12414
David Principino	585-571-4343	3892 Scottsville Rd	Scottsville	NY	14546
FIT AD, LLC	716-902-4250	13242 Broadway St	Alden	NY	14004
FIT E.A. LLC	716-508-8400	4180 N Buffalo Rd	Orchard Park	NY	14127
FIT E.A. LLC	716-655-6600	215 Main St	East Aurora	NY	14052
Fit G.I. LLC	716-775-8486	2055 Baseline Rd	Grand Island	NY	14072
HERGON LLC	607-973-2888	1801 W Water St	Elmira	NY	14905
JB2 Fitness LLC	585-205-5670	4390 Buffalo Rd	North Chili	NY	14514
JB2 Fitness LLC	585-205-5670	1560 State Route 332	Farmington	NY	14425
Jules Fitness, LLC	914-205-0030	251 S Central Ave	Hartsdale	NY	10530
Meta_Fitness, LLC	585-735-4201	11184 Maple Ridge Rd	Medina	NY	14103
Meta-Fitness LLC	716-201-4663	6507 Wheeler Rd	Lockport	NY	14094
North Rockland Fitness Inc.	845-269-3333	32 S Liberty Dr	Stony Point	NY	10980
Shari's Exercise Express, LLC	845-987-9656	148 State Route 94 S	Warwick	NY	10990
Sugar Free Fitness LLC	914-499-3999	69 N Broadway	Tarrytown	NY	10591
Vilop Fitness LLC	607-973-2888	203 Lake St	Penn Yan	NY	14527
Vinama First LLC	607-973-2888	2898 Westinghouse Rd	Horseheads	NY	14845

Franchisee Name	Phone	Address	City	State	Zip
Viveros Enterprises LLC	607-973-2888	32 E Market St	Corning	NY	14830
3-Fold Investments, LLC	937-419-0656	1524 Michigan St	Sidney	OH	45365
Bantam Enterprises, LLC	330-474-2910	2500 Ohio 59	Kent	OH	44240
BRAINS & BRAUN LLC	419-342-4000	209 Mansfield Ave	Shelby	OH	44875
Colebamana Enterprises Inc.	513-480-0999	5952 S State Route 48	Maineville	OH	45039
Dan Pierson, LLC	513-651-1442	441 Vine St	Cincinnati	OH	45202
Dayton Fitness, LLC	937-567-0105	312 N Patterson Blvd	Dayton	OH	45402
DCMW, LLC	419-678-7627	531 S Eastern Ave	Saint Henry	OH	45883
E6, LLC	614-824-5291	2080 Arlington Ave	Columbus	OH	43221
E6, LLC	614-559-9955	1409 W 3rd Ave	Columbus	OH	43212
E6, LLC	614-299-9006	18 E Hubbard Ave	Columbus-Short North	OH	43215
E6, LLC	614-754-7014	864 S 3rd St	Columbus	OH	43206
E6, LLC	614-824-2082	2408 E Main St	Columbus	OH	43209
Emerald Fitness, LLC	614-356-8389	5615 Woerner Temple Rd	Dublin	OH	43016
FAITH FIT, LLC	419-491-4688	7111 Orchard Centre Dr	Holland	OH	43528
FAITH FIT, LLC	419-697-7627	3555 Navarre Ave	Oregon	OH	43616
Fitness 4 Your Life, LLC	440-247-2013	524 E Washington St	Chagrin Falls	OH	44022
Fitright Training & Consulting, LLC	330-963-6527	7995 Darrow Rd	Twinsburg	OH	44087
Godspeed, LLC	937-547-3311	1370 A/B Kitchenaid Way	Greenville	OH	45331
HD Fitness, LLC	440-290-4255	6581 N Ridge Rd	Madison	OH	44057
Head West LLC	614-947-7464	3130 N High St	Columbus	OH	43202
Hubbard Fitness Center, Inc.	330-534-0101	123 E Liberty St	Hubbard	OH	44425
In Strength Enterprises, LLC	937-372-5500	1822 West Park Sq.	Xenia	OH	45385
JA Fitness 1 LLC	330-825-0002	3300 Greenwich Rd.	Norton	OH	44203
JA Fitness 2 LLC	330-460-4446	2264 Locust St S	Canal Fulton	OH	44614
JB HALEX LLC	419-610-2111	1034 Ashland Rd	Mansfield	OH	44905
JB HALEX LLC	419-903-0577	1051 Commerce Pkwy	Ashland	OH	44805
Joe Anderson	740-420-7627	1186 N Court St	Circleville	OH	43113
Leelanau Fitness LLC	440-466-9143	767 S Broadway	Geneva	OH	44041
Leelanu Fitness LLC	440-286-1060	520 5th Ave	Chardon	OH	44024
Lifeway Enterprises, LLC	513-574-7627	6701 Ruwes Oak Dr	Cincinnati	OH	45248
Maxim Fitness, LLC	440-993-0033	3705 State Rd	Ashtabula	OH	44004
Motivated Fitness LLC	937-444-5230	127 N Point Dr	Mount Orab	OH	45154
Oxgate Partners, Inc	330-995-0795	317 E Garfield Rd	Aurora	OH	44202
Oxgate Partners, Inc.	330-626-3882	9374 Market Square Dr	Streetsboro	OH	44241
Oxgate Partners, Inc.	330-527-8032	8289 Windham St	Garrettsville	OH	44231
Ralston Professional Services LLC	440-599-9951	236 Main St	Conneaut	OH	44030
Sergey Telyeten	330-391-7237	919 N Court St	Medina	OH	44256
Simon and Scheally Young	567-890-7627	909 E Wayne St	Celina	OH	45822
Simon and Scheally Young	419-300-9623	1182 Indiana Ave	Saint Marys	OH	45885
Worthington Fitness, LLC	614-987-6714	661 North High St	Worthington	OH	43085
Fit One, Inc.	405-603-7451	4415 N MacArthur Blvd	Oklahoma City	OK	73122
Greg Armstrong	580-262-6700	827 W Doolin Ave	Blackwell	OK	74631

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JAB Fitness LLC	580-377-1258	1924 Highway N 64	Guymon	OK	73942
2DM Lifestyles, LLC	503-991-5902	1124 Wallace Rd NW	Salem	OR	97304
B5 Fitness, LLC	541-389-2550	2753 NW Lolo Dr	Bend	OR	97703
B5 Fitness, LLC	541-389-2550	19550 Amber Meadow Dr	Bend	OR	97702
Beneficial Group 2, LLC	503-353-7627	4200 SE King Rd	Milwaukie	OR	97222
Beneficial Group 3, LLC	503-266-5515	1109 SW 1st Ave, Suite C	Canby	OR	97013
Beneficial Group 3, LLC	503-656-2580	19729 S Highway 213	Oregon City	OR	97045
Borce Atanasov Training LLC	503-968-7627	6296 SW Meadows Rd	Lake Oswego	OR	97035
Bul Mountain Enterprise, Inc.	503-645-7900	18335 NW West Union Rd	Portland	OR	97229
DDH Investment Properties LLC	503-741-8925	14807 SE Oregon Trail Dr	Clackamas	OR	97015
FAMFIT INC	503-400-6344	5442 River Rd N	Salem	OR	97303
Lucky 13 Enterprises, LLC	503-991-5053	4555 Liberty Rd.	Salem	OR	97302
Mike Harris	503-379-0065	697 SW Keck Dr	Mcminnville	OR	97128
None Ya Business, LLC	541-382-2348	2700 NE 4th St	Bend	OR	97701
RAD Fitness Scappoose, LLC	503-987-7060	33464 Havlik Dr	Scappoose	OR	97056
Randy Dyer	541-995-7200	4085 NW Logan Rd	Lincoln City	OR	97367
ST International LLC	541-201-2450	2205 Ashland St	Ashland	OR	97520
ST International LLC	541-201-2444	310 Oak St	Ashland	OR	97520
ST International, LLC	541-512-6077	245 W Valley View Rd	Talent	OR	97540
ST International, LLC	541-702-0700	650 G St	Jacksonville	OR	97530
ST International, LLC	541-210-5888	930 N Phoenix Rd	Medford	OR	97504
ST International, LLC	541-238-5858	3810 S 6th St #110	Klamath Falls	OR	97603
ST International, LLC	541-508-5445	1310 SE Reed Market Rd	Bend	OR	97702
The Muscle Train, LLC	503-334-1887	7110 SE Milwaukie Ave	Portland	OR	97202
Andrew J. Hellmann Enterprises, LLC	814-314-8588	4059 Buffalo Rd	Erie	PA	16510
CAP Athletics, LLC	724-452-9300	100 Perry Hwy	Harmony	PA	16037
Cliff Capital Management Inc.	215-257-8877	1143 N 5th St	Perkasie	PA	18944
DAGMAN, LLC	412-595-7879	4110 Brownsville Rd	South Park	PA	15129
Daniel Spring	814-774-0000	20 Sunset Dr	Girard	PA	16417
Do What Fites, Inc.	610-642-6200	2320 Haverford Rd	Ardmore	PA	19003
Donald Beveridge and David Limano	814-273-1100	606 Erie St	Edinboro	PA	16412
Donald Beveridge and David Limano	814-350-2499	19023 Park Avenue Plz	Meadville	PA	16335
Fenton Fitness LLC	814-343-6448	911 N Front St	Philipsburg	PA	16866
Future Gem Fitness Corp.	610-286-3663	600 Crossings Blvd	Elverson	PA	19520
Future Gem Fitness, Corp.	484-786-5132	118-120 Airport Rd	Coatesville	PA	19320
JK Fitness One, LLC	610-385-5555	180 Old Swede Rd	Douglassville	PA	19518
Mettee Fitness, Inc.	724-325-1000	2800 Golden Mile Hwy	Pittsburgh	PA	15239
Mettee Fitness, Inc.	412-828-8800	120 Allegheny River Blvd	Verona	PA	15147
MJfitness, Inc.	814-313-1432	2767 Market St	Warren	PA	16365
PHMM Fitness LLC	724-744-7775	4016 Route 130	Irwin	PA	15642
Pure Fitness Business Group, LLC	724-707-0225	204 Memorial Blvd	Connellsville	PA	15425
RU Fit, Inc.	724-553-5516	2710 Rochester Rd	Cranberry Township	PA	16066
Silver Streak Fitness LLC	814-462-2455	113 W Smith St	Corry	PA	16407

Franchisee Name	Phone	Address	City	State	Zip
Soho Fitness Partners Bangor, LLC.	610-588-5300	426 Blue Valley Dr	Bangor	PA	18013
Soho Fitness Partners Walnutport, LLC	610-767-2616	200 S Best Ave	Walnutport	PA	18088
Spesh Robinson	724-204-8411	310 Countryside Plz	Mount Pleasant	PA	15666
Star Fitness, LLC	412-837-2092	4721 McKnight Rd	Pittsburgh	PA	15237
Star Fitness, LLC	412-821-7627	550 Butler St	Pittsburgh	PA	15223
TOMI M FITZPATRICK LLC	814-725-2000	69 E. Main	North East	PA	16428
Vincent GR Dougherty	814-299-4304	22 Hoover Ave, Marketplace Center	Du Bois	PA	15801
WFB Inc	724-687-0456	158 Brickyard Rd	Mars	PA	16046
Worrall Fitness Company, LLC	484-746-5400	63 Jenners Village Ctr	West Grove	PA	19390
Worrall Fitness Company, LLC	610-268-8100	921 Gap Newport Pike	Avondale	PA	19311
Worrall Fitness Company, LLC	484-365-2533	603 Kennett Oxford Bypass	Oxford	PA	19363
Worrall Fitness Company, LLC	484-730-8070	162 Onix Dr	Kennett Square	PA	19348
B&W Fitness, LLC	843-856-3600	1184 Clements Ferry Rd	Charleston	SC	29492
KerzieGroup LLC	803-802-7348	3150 US-21	Fort Mill	SC	29715
Casey Jones, Inc.	605-692-7627	1009 Main Ave S	Brookings	SD	57006
Day Enterprises, LLC	605-275-0515	5014 S Marion Rd	Sioux Falls	SD	57106
Day Enterprises, LLC	605-274-0414	1516 S Sycamore Ave	Sioux Falls	SD	57110
Jones and Wells Inc.	605-262-7627	1601 6th Ave SE	Aberdeen	SD	57401
Pleasure Park, LLC	605-232-8713	317 Dakota Dunes Blvd	North Sioux City	SD	57049
ARFitness, LLC	615-332-7888	1309 Bell Rd	Antioch	TN	37013
Cx2 Enterprises Inc.	423-218-0005	413 Boones Creek Rd	Jonesborough	TN	37659
Cx2 Enterprises, Inc.	423-232-7627	4307 N Roan St	Johnson City	TN	37615
Fitness Giraffe, LLC	423-855-8950	1667 Ooltewah-Ringgold Rd	Ooltewah	TN	37363
Flywheel, LLC	731-885-8777	320 W Reelfoot Ave	Union City	TN	38261
J & J Fitness 24/7, LLC	615-792-0400	260 Hutton Place	Ashland City	TN	37015
Scenic City Fitness, Inc.	423-665-4120	8530 Hixson Pike	Hixson	TN	37343
Timothy Garrett	931-450-3430	1216 Hillsboro Blvd	Manchester	TN	37355
B & C Lawrence Fitness, LLC	214-506-1180	2017-A South Washington Ave.	Kaufman	TX	75142
BV Fitness, LLC	979-776-7627	4282 Boonville Rd	Bryan	TX	77802
CMAC-D LLC	972-357-7006	1104 Ranch Rd	Forney	TX	75126
Coolsplace Fitness, LLC	903-670-3111	1111 E Tyler St	Athens	TX	75751
Covenant Agreement Corporation	903-873-8887	130 S 4th St	Wills Point	TX	75169
Cowboy Fitness, LLC	936-755-3811	130 Col Etheredge Blvd	Huntsville	TX	77340
Crosby Fitness Center Ltd.	281-462-4935	6500 N FM 2100	Crosby	TX	77532
CTSFIT LLC	972-231-9888	4101 E Renner Rd	Richardson	TX	75082
Cutter Gym, LLC	817-243-0012	1030 E Highway 377	Granbury	TX	76048
FitTex, LLC	972-635-2544	125 W Interstate 30	Royse City	TX	75189
Fredonia, LLC	361-595-3119	805 S 14 th St	Kingsville	TX	78363
G&H Fitness, LLC	903-784-2575	2705 Clarksville St	Paris	TX	75460
Gardeca Fitness, LLC	281-360-2198	2510 Mills Branch Dr	Kingwood	TX	77345
Gardeca Inc.	281-689-9555	13841 US-59	Splendora	TX	77372
Gardeca Inc.	936-825-3000	1610 N La Salle St	Navasota	TX	77868
Gardeca, Inc.	832-838-4339	302 N Main St	Highlands	TX	77562

Franchisee Name	Phone	Address	City	State	Zip
Gardeca, Inc.	281-761-6101	20851 FM 1485 W.	New Caney	TX	77357
GFJJSFER, LLC	469-373-3111	454 FM-664	Ferris	TX	75125
GFJJSSPR, LLC	817-382-4343	511 E Highway 199	Springtown	TX	76082
Gibsonia LLC	512-430-4446	734 W Cameron Ave	Rockdale	TX	76567
Hester Family Fitness, LLC	806-221-2676	500 West 7th St	Littlefield	TX	79339
J&E Widrick Investments, LLC	972-576-0388	205 South Main St.	Red Oak	TX	75154
Jackson Works, LLC	936-681-0043	400 E Highway 90	Dayton	TX	77535
Janke Fitness Luling, LLC	830-351-5030	417 E Davis St	Luling	TX	78648
Janke Fitness, LLC	512-398-2454	605 State Park Rd	Lockhart	TX	78644
JJMCYP, LLC	281-758-5654	16341 Mueschke Rd	Cypress	TX	77433
JJSBFirst, LLC	281-532-4000	2900 Nasa Pkwy	Seabrook	TX	77586
JJSP, LLC	361-386-2909	2810 Highway 35 N	Rockport	TX	78382
JMH Fitness Inc.	972-572-9993	723 W Wheatland Rd	Duncanville	TX	75116
John Allen Boyd Jr.	806-587-0050	819 S 25 Mile Ave	Hereford	TX	79045
Jon Drummond and Nina Jones	817-472-7477	6507 S. Cooper St.	Arlington	TX	76001
Jordan Black	713-679-9105	7746 Highway 6	Missouri City	TX	77459
Kanab, LLC	830-776-5103	1975 N Veterans Blvd	Eagle Pass	TX	78852
Kenan Davis and Company LLC	979-319-7200	1802A N Velasco St	Angleton	TX	77515
Khan's Dynasty LLC	682-888-1463	2800 Forestwood Dr	Arlington	TX	76006
Kolob, LLC	361-756-5500	2521 E Main St.	Alice	TX	78332
Kolob, LLC	830-663-8008	615 E Hondo Ave	Devine	TX	78016
Laverkin LLC	903-226-7111	723 E Quinlan Pkwy	Quinlan	TX	75474
Laverkin LLC	956-263-1974	1212 E US Highway 83	Rio Grande City	TX	78582
Michael Davis and Wayne Kilpatrick	915-503-2915	12371 Edgemere Blvd	El Paso	TX	79938
Michael Davis and Wayne Kilpatrick	915-201-2425	1610 N Zaragoza Rd	El Paso	TX	79936
Moneer Enterprises, L.L.C.	281-778-7620	4607 Sienna Pkwy	Missouri City	TX	77459
Nicomi Fitness, LLC	512-267-7627	7708 Lohmans Ford Rd	Lago Vista	TX	78645
Optimum Resolutions, Inc.	210-245-7447	113 Rodeo Way	Cibolo	TX	78108
Outdoor Lawn Development LLC	936-465-9050	1275 E Loop 304	Crockett	TX	75835
Outdoor Lawn Development LLC	281-996-9800	3108 Dixie Farm Rd	Pearland	TX	77581
Phantom Fit, LLC	713-721-7627	9002 Chimney Rock Rd	Houston	TX	77096
PND Active, LLC	972-875-8785	108 S McKinney St	Ennis	TX	75119
Roman and Lorena Villa	210-888-8282	6511 West FM, Loop 1604 North	San Antonio	TX	78254
S&J Fitness LLC	903-221-9844	1625 S Loop 256	Palestine	TX	75801
S&J Fitness LLC	903-374-4194	107 W US Highway 80	White Oak	TX	75693
S&J Fitness LLC	903-218-0881	1023 Kilgore Plz	Kilgore	TX	75662
Southwest Brands LLC	806-224-2700	9806 Indiana Ave	Lubbock	TX	79423
Stephen Stremel	972-905-5072	6911 Frankford Rd	Dallas	TX	75252
Tech Fit Inc.	832-427-4042	7035-99 W Grand Pkwy S	Richmond	TX	77407
Tech Fit Inc.	832-862-3199	2035 FM 359 Rd	Richmond	TX	77406
Third Day Investment Group, LLC	903-848-6100	400 Gilmer St	Sulphur Springs	TX	75482
Third Day Investment Group, LLC	903-455-7676	8118 Wesley St	Greenville	TX	75402
TNT Health & Fitness Inc.	903-638-2949	344 NW Loop 564	Mineola	TX	75773

Franchisee Name	Phone	Address	City	State	Zip
Toquer, LLC	830-591-9335	2310 E Main St	Uvalde	TX	78801
TyteFit Enterprises, LLC	830-965-9065	1932 S Seguin Ave	New Braunfels	TX	78130
ULM Enterprises, L.L.C.	325-718-4774	2209 S Bridge St	Brady	TX	76825
V and E Investments LLC	361-906-1900	6534 Yorktown Blvd Suite 104	Corpus Christi	TX	78414
V4 Enterprises Inc.	979-202-1061	303 A S Brazosport Blvd	Freeport	TX	77541
V4 Enterprises, Inc.	979-543-2348	3703 Peters Rd	El Campo	TX	77437
Williams Family Fitness, LLC	469-395-6430	560 Country Club Rd	Wylie	TX	75098
4 Fitness Layton, LLC	801-771-0070	2940 N Church St	Layton	UT	84040
4 Fitness West Jordan, LLC	801-282-2766	7759 S 4800 W	West Jordan	UT	84084
Bobbi Bowman	801-737-1570	2331 N Washington Blvd	Ogden	UT	84414
Charlene and Willard Stead	435-867-1301	145 N Main St	Cedar City	UT	84721
JCBambrough Investments LLC	385-238-4833	3484 W 4800 S	Roy	UT	84067
Jordan John	801-825-0191	2107 W 1700 S	Syracuse	UT	84075
Acaeli Securities and Investments, LLC	434-270-8875	340 Towncenter Ln	Charlottesville	VA	22911
AM Fit, LLC	434-381-6001	203 S Main St	Amherst	VA	24521
Be Fit Associates, LLC	434-384-6600	4119 Boonsboro Rd	Lynchburg	VA	24503
BJ Fitness LLC	804-883-0190	16609 Mountain Rd	Montpelier	VA	23192
DBE Holding Company, Inc.	703-542-5502	42015 Village Center Plz	Aldie	VA	20105
Great Day Fitness, LLC	540-439-8088	11083 Marsh Rd	Beaeton	VA	22712
Hampton Fitness, LLC	757-288-3939	2088 Nickerson Blvd	Hampton	VA	23663
Innovative Fitness Solutions, LLC	703-680-7627	6340 Hoadly Rd	Manassas	VA	20112
KAAG Fitness LLC	804-526-0060	3107 Boulevard	Colonial Heights	VA	23834
Mark Andrews	540-278-1760	2445 E Washington Ave	Vinton	VA	24179
Mount Moriah Packaging, Inc.	804-769-7627	1142 Richmond-Tappahannock Hwy	Aylett	VA	23009
MRom Fitness, LLC	540-261-1357	220 W 22nd St	Buena Vista	VA	24416
Muffin Top Fitness, LLC	757-229-7627	7500 Richmond Rd	Williamsburg	VA	23188
Pans Out, LLC	434-973-0587	386 Hillsdale Dr	Charlottesville	VA	22901
Parkway Group of VA, LLC	703-348-8507	1628 Belle View Blvd	Alexandria	VA	22307
Poquoson Fitness, LLC	757-659-0074	475-G Wythe Creek Rd	Poquoson	VA	23662
Southern Group of Virginia, LLC	540-785-6773	5749 Plank Rd	Fredericksburg	VA	22407
SS Boyds, LLC	703-463-9886	13300 Franklin Farm Rd	Herndon	VA	20171
The Friday Group of Virginia, LLC	703-299-9499	1315 King St	Alexandria	VA	22314
BT Fitness Inc	802-881-0707	1127 North Ave	Burlington	VT	5408
BT Fitness Inc	802-476-0460	1400 US Route 302	Barre	VT	5641
BT Fitness Inc.	802-891-6346	384 Route 7 S	Milton	VT	5468
D&N Fitness Inc.	802-886-2407	363 River St	Springfield	VT	5156
Lotus Enterprises, LLC	802-888-3500	125 Munson Ave	Morrisville	VT	5661
Ashley Investments LLC	509-473-9477	3717 S Grand Blvd	Spokane	WA	99203
Avery Fitness, LLC	509-385-0909	9331 E Montgomery Ave	Spokane	WA	99206
B & A Enterprises LLC	360-425-5900	3707 Ocean Beach Hwy	Longview	WA	98632
Clarkston Fitness, LLC	509-254-5065	1620 13th St	Clarkston	WA	99403
Cunning Health, Inc.	360-244-7042	2705 Pacific Ave	Long Beach	WA	98631
First Source Fitness, LLC	425-778-7627	505 5th Ave S	Edmonds	WA	98020

Franchisee Name	Phone	Address	City	State	Zip
Fitness 52 Inc.	509-534-1400	4727 N Division St	Spokane	WA	99207
Fitness 52 Inc.	509-209-8288	14017 N. Newport Hwy.	Spokane	WA	99021
Fitness 620, LLC	360-433 -9338	14313 NE 20th Ave.	Vancouver	WA	98686
Fitness 620, LLC	360-723-0100	2312 W Main St	Battle Ground	WA	98604
Fitness 620, LLC	360-225-1111	1307 Lewis River Rd	Woodland	WA	98674
Fitness 620, LLC	360-844-5584	3316 NE 3rd Ave	Camas	WA	98607
Hansen Fitness, LLC	360-377-1586	1600 NE Roseway Ln	Bremerton	WA	98311
Harman Fitness LLC	509-235-7627	2726 1st St	Cheney	WA	99004
Healthworks Fitness 2, LLC	360-930-6110	1016 N.E. Forest Rock Lane	Poulsbo	WA	98370
Healthworks Fitness, LLC	360-698-2628	3114 NW Randall Way	Silverdale	WA	98383
J. Smith Fitness, LLC	509-893-8880	11205 E Dishman Mica Rd	Spokane Valley	WA	99206
LIT FITNESS, LLC	509-350-8747	2707 W Broadway Ave	Moses Lake	WA	98837
Ashley Investment II LLC	509-299-3883	207 Hwy 902	Medical Lake	WA	99022
Mina Pl1, LLC	509-468-2862	8801 N Indian Trail Rd	Spokane	WA	99208
WGS Fitness LLC	360-636-4321	1940 Cascade Way	Longview	WA	98632
Ahl's Five Star Fitness, Inc.	262-723-7627	56 W. Market Street	Elkhorn	WI	53121
Balancing Life LLC	262-514-4455	790 Cornerstone Xing	Waterford	WI	53185
Balancing Life LLC	262-642-1645	3224 E Main St	East Troy	WI	53120
C Blu, LLC	414-486-7627	2450 S Kinnickinnic Ave	Milwaukee	WI	53207
C Blu, LLC	262-628-2800	N95W25901 County Road Q	Colgate	WI	53017
C Blu, LLC	414-276-7627	1815 N Farwell Ave	Milwaukee	WI	53202
ClubHub America, LLC	262-862-2793	12033 Antioch Rd	Trevor	WI	53179
Cornerstone Fitness WI, LLC	715-688-6888	570 10th Ave	Baldwin	WI	54002
David Lerner	262-397-8726	1532 E Sumner St	Hartford	WI	53027
DR Fit, LLC	608-788-5880	2432 State Rd	La Crosse	WI	54601
Ellsworth Snap Fitness	715-273-3734	185 E Main St	Ellsworth	WI	54011
Emond Properties, LLC	262-925-1277	5506 75th St	Kenosha	WI	53142
MA Fitness LLC	715-232-9999	1102 N Broadway St	Menomonie	WI	54751
JC Smith Enterprises LLC	262-367-1800	352 Cottonwood Ave	Hartland	WI	53029
JC Smith Enterprises LLC	262-246-9500	N69W25055 Indiangrass Ln	Sussex	WI	53089
JC Smith Enterprises LLC	262-558-6762	951 Main St	Union Grove	WI	53182
JC Smith Enterprises LLC	414-259-1300	7226 W North Ave	Milwaukee	WI	53213
Jim and Jackie Lagoon	262-448-1283	202 E Main Street	Twin Lakes	WI	53181
JJM Fitness & Wellness LLC	414-354-3481	4301 W Bradley Rd	Milwaukee	WI	53223
John Hrusovszky	715-524-4348	1056 E Green Bay St	Shawano	WI	54166
JSK Management, LLC	715-377-7950	824 Carmichael Rd	Hudson	WI	54016
JSK Management, LLC	715-749-9019	147 Jennifer Rae Jct N	Roberts	WI	54023
K.L.A.D. Inc.	715-434-7627	225 S Main St	Rice Lake	WI	54868
LC Valentine Enterprises, LLC	414-483-1300	1020 W Layton Ave	Milwaukee	WI	53221
Linkel, LLC	715-553-0801	104 2nd Ave NW	Milltown	WI	54858
Midwest Fitness Investors, LLC	715-254-9652	930 Elden Ave	Amery	WI	54001
MJ Fitness, LLC	608-847-7060	610 McEvoy St	Mauston	WI	53948
North Country Closeouts, Inc.	715-682-0141	1804 Lake Shore Dr E	Ashland	WI	54806

Franchisee Name	Phone	Address	City	State	Zip
North Country Closeouts, Inc.	715-934-2988	10342 Dyno Dr, North Country Mall	Hayward	WI	54843
Paddocl Lake Fitness LLC	262-586-5424	7353 256th Ave	Salem	WI	53168
PJM Fit Enterprises, LLC	608-437-7627	1855 Springdale St	Mount Horeb	WI	53572
PJM Fit Enterprises, LLC	608-413-0008	34 Glacier Edge Sq	Cross Plains	WI	53528
Ready Snap Go, LLC	715-262-5003	1435 North Acres Rd.	Prescott	WI	54021
Reedsburg Fitness, LLC	608-768-7348	1587 E Main St	Reedsburg	WI	53959
River Falls Snap Fitness, Inc.	715-425-9330	1025 S Main St	River Falls	WI	54022
Schweigert Fitness, LLC	608-348-5121	180 McGregor Plz	Platteville	WI	53818
Spaeth Fitness, LLC	715-246-9105	575 N Knowles Ave	New Richmond	WI	54017
The Company West, LLC	715-247-5657	403 Laser Dr	Somerset	WI	54025
The Company West, LLC	715-294-4554	2388 State Road 35	Osceola	WI	54020
The Company West, LLC	715-483-9765	340 E McKenney St	Saint Croix Falls	WI	54024
Thunderbird Coaching, LLC	715-358-2244	1575 Hwy. 51	Arbor Vitae	WI	54568
Three Springs Fitness, LLC	304-449-3390	241 Three Springs Dr	Weirton	WV	26062
Work It Out, LLC	304-881-0707	13 Kanawha Blvd W	Charleston	WV	25302
Work It Out, LLC	304-840-0180	3554 US Route 60 E	Barboursville	WV	25504
Work It Out, LLC	304-592-4011	305 E Main St	Milton	WV	25541
Work It Out, LLC	304-397-5727	3703 Teays Valley Rd	Hurricane	WV	25526
Work It Out, LLC	304-586-6014	3440 Winfield Rd	Winfield	WV	25213
Barker LLC	307-673-0115	2240 Coffeen Ave	Sheridan	WY	82801
Dmshow LLC	307-237-6878	2135 E 12th St	Casper	WY	82601

FRANCHISE AGREEMENT SIGNED BUT NOT OPEN AS OF DECEMBER 31, 2019

Franchisee Name	Location Address	City	State	Phone
Buttram, Greg and Robin	TBD	TBD	AL	256-273-0400
Quick Fitness LLC	TBD	TBD	AL	205-337-1201
Neutrax, LLC	TBD	TBD	AZ	520-423-0123
Oglesby, Robert	1466-1498 South Ellsworth Road	Mesa	AZ	602-751-1471
PK Fitness Scottsdale, LLC	FM 1103 and Wiedner Road	Scottsdale	AZ	480-215-8185
Cutting Edge Fitness, Inc.	2000 Huntington Drive	San Marino	CA	323-236-4573
Woods, Barret	9455 Foothill Blvd	Rancho Cucamonga	CA	714-515-2057
RTR Group, LLC	TBD	TBD	CA	650-365-7627
RTR Group, LLC	TBD	TBD	CA	650-365-7627
Vitality Health LLC	Central Ave & Oak St	San Francisco	CA	415-302-9054
M&G Fitness, LLC	Telep Ave. and South 1 st Street	Johnstown	CO	909-489-0906
Robert Hurd	Jail Hill Road and Saybrook Road	Haddam	CT	860-550-2916
Build-A-Body Fitness, LLC	TBD	Bradenton	FL	239-949-4600
Sunrise Fitness, LLC	TBD	TBD	FL	954-789-9322
Levy, Jordan	TBD	TBD	FL	813-322-3122
Levy, Jordan	TBD	TBD	FL	813-322-3122
Schmidt, Robert	TBD	TBD	FL	908- 320-4247

Franchisee Name	Location Address	City	State	Phone
ACD Ventures LLC	TBD	TBD	FL	727-474-3801
Schmidt, Robert	TBD	TBD	FL	908- 320-4247
Sikes, Barry	TBD	TBD	FL	912- 401-5267
Shaw Rietkerk and Eric Krouse	301 Preimeter Ctr N	Atlanta	GA	228-265-1775
Katrina Althaus, Inc.	State Street and 18th Street	Bettendorf	IA	563-549-7149
Katrina Althaus, Inc.	101 Westgate Drive	Maquoketa	IA	563-549-7149
MC Fitness, Inc.	TBD	TBD	IA	515-480-2597
Dolan, Dan	1640 West 53rd	Davenport	IA	563-570-1460
Dolan, Dan	Clay Street and North Islett Ave.	Muscatine	IA	563-570-1460
Foster, Adam	TBD	TBD	IA	319-654-6470
Maduro, Christine	1500 Adventureland Drive	Altoona	IA	515-223-1512
Dolan, Dan	Devils Glen and 53rd Street	Bettendorf	IA	563-570-1460
Roby, Dustin and Michelle	621 Bryden Ave.	Lewiston	ID	208- 298-2057
Accountable Care Maintenance, LLC	2727 Avenue of the Cities	Moline	IL	563-570-1460
Marquee Exclusive Inc.	Illinois 47 and E Galena Blvd.	Sugar Grove	IL	847-683-3300
2Twenty2 Unlimited, LLC	TBD	TBD	IL	217-306-4977
Simpson, Annette	9540 Watson Road	Fairview Heights	IL	314-517-3622
David Pickard	TBD	TBD	IL	773-749-6244
A&C Investments, LLC	TBD	New Albany	IN	815-570-1147
BLU Ribbon Fitness Ltd.	7900 E US Hwy 36	Avon	IN	765-401-4389
Turner Fitness, LLC	TBD	TBD	IN	317-403-0049
Ohler, David and Tamara	TBD	TBD	KY	270-351-1933
Walker, Steve	TBD	TBD	KY	859-264-8424
Caldwell, Scott	TBD	TBD	LA	318-547-5690
Guillot, Kim	TBD	TBD	LA	225-308-2018
Mallet, Joseph	I-12 and Juban Road	Denham Springs	LA	225-665-0272
Knuth, Jason	TBD	TBD	MA	617-585-4476
Flanagan, David	Burlington Mall Road and Hwy. 3	Burlington	MA	978-326-4233
Coastal Fitness, LLC	Benfield Rd & Jumpers Hole Rd	Severna Park	MD	410-729-1133
Coastal Fitness, LLC	Hickory Ridge Rd & Broken Land Pkwy	Columbia	MD	410-729-1133
Parkview Fitness, LLC	TBD	TBD	MI	517-381-0397
MI Gym LLC	Broadway Street and Phoenix Street	South Haven	MI	616-928-1988
First Generation Development, LLC	W 5th Street and N McEwan St.	Clare	MI	989-285-9101
PAZ Fitness, LLC	TBD	TBD	MI	616-777-1345
PAZ Fitness, LLC	TBD	TBD	MI	616-777-1345
PAZ Fitness, LLC	TBD	TBD	MI	616-777-1345
PMB Enterprise LLC	TBD	TBD	MI	517-515-2424
Brastad, Jason and Sheila	20730 Holyoke Ave.	Lakeville	MN	952-446-8879
Madel Fitness of Waseca LLC	Division Street and West Lyndale Ave.	Fairbault	MN	507-835-0043
Charles, Vince	TBD	TBD	MN	651-257-2348
Clark, Jason and Christina	TBD	TBD	MN	320-296-5100
Clark, Jason and Christina	TBD	Hutchinson	MN	320-296-5100

Franchisee Name	Location Address	City	State	Phone
Bass Lake Fitness LLC	TBD	TBD	MN	763-639-4116
Olson, Warren	TBD	St. Francis	MN	763-218-3703
Red Dog Fitness LLC	3810 E 46th St	Minneapolis	MN	612-747-7338
Capefit LLC	TBD	Jackson	MO	573-450-1073
Powell, Phillip	TBD	TBD	MO	918-541-1910
Brandon Healthplex, LLC	TBD	TBD	MS	601-469-9215
BLMT, LLC	TBD	TBD	MS	662-321-1201
Muscle Magic, LLC	TBD	TBD	MS	228-712-2660
Abbott, Jeffrey	TBD	TBD	NC	336-497-4290
Puplava, John	1131 Tunnel Road	Asheville	NC	949-499-5366
Northstar Fitness Centers, LLC	TBD	TBD	ND	701-751-7777
Bargen Sports, LLC	TBD	TBD	NE	402-563-4144
Arora, Sudhir	562 Broadway	Bayonne	NJ	917-306-0672
MCE Fitness, LLC	TBD	TBD	NJ	973-875-7363
JAS Fitness LLC	120 Cedar Grove Lane	Somerset	NJ	973-214-0266
JAS Fitness LLC	Main Street & Liberty Street	Little Ferry	NJ	973-214-0266
JAS Fitness LLC	TBD	TBD	NJ	973-214-0266
Byberry Fitness, LLC	CR 680 and Wrightstown Sykesville Road	Wrightstown	NJ	609-534-5255
Roxy Fit LLC	1180 Bloomfield Ave	Caldwell	NJ	973-476-4607
Young, Cody	906 West Ave. D	Lovington	NM	575-317-6432
Young, Cody	1700 West Main Street	Artesia	NM	575-317-6432
Young, Cody	2 nd Street and Hwy. 13	Roswell	NM	575-317-6432
Montoya, Joseph	6640 Cerillos Road	Santa Fe	NM	505-333-5058
Montoya, Joseph	TBD	TBD	NM	505-333-5058
Montoya, Joseph	TBD	TBD	NM	505-333-5058
Upstate New York Health and Fitness, Inc.	TBD	TBD	NY	518-378-5587
Denver Fitness, LLC	TBD	TBD	OH	614-987-6714
McCoy, Patrick	Bainbridge Rd & Solon Rd	Solon	OH	330-626-3882
McCoy, Patrick	Westwood Dr and Olympus Way	Strongsville	OH	330-626-3882
Miller Time Fitness, Inc.	TBD	TBD	OH	612-202-9348
Joe Snyderburn	TBD	Beachwood	OH	216-978-5577
Ralston Professional Services LLC	S Chestnut St and E Jefferson St	Jefferson	OH	440-813-5515
ST International, LLC	SW Highland Ave. and SW 27th Street	Redmond	OR	707-443-5619
Muyanja, Bill	TBD	TBD	OR	509-468-2862
Gary Blankenship	Broad & Inman Street	Cleveland	TN	731-414-6530
Gary Blankenship	Taft Hwy & Hollister Road	Fairmount	TN	731-414-6530
Cosgrove, John	TBD	TBD	TN	423-485-1149
Beaman, Rick	TBD	TBD	TX	972-563-9961
Beaman, Rick	TBD	TBD	TX	972-563-9961
Beatty, John	20613 N Interstate 35 Frontage Rd	Kyle	TX	210-771-6424
Brantley, Christian	TBD	TBD	TX	936-701-5050
D2 & Associates, LLC	TBD	TBD	TX	918-730-6060

Franchisee Name	Location Address	City	State	Phone
Kilpatrick, Wayne	TBD	El Paso	TX	915-503-2915
Kilpatrick, Wayne	TBD	El Paso	TX	915-503-2915
Kilpatrick, Wayne	TBD	El Paso	TX	915-503-2915
Kilpatrick, Wayne	TBD	El Paso	TX	915-503-2915
Martinez, Richard	TBD	TBD	TX	210-279-9259
Martinez, Richard	TBD	TBD	TX	210-279-9259
Martinez, Richard	TBD	TBD	TX	210-279-9259
Chambers & Chambers, LLC	4 th Street and Trunk Street	Crandall	TX	214-506-1180
Gardeca Inc.	TBD	TBD	TX	281-761-6101
Gardeca Inc.	TBD	TBD	TX	281-761-6101
JAB Fitness LLC	45 th Street and Bell Street	Amarillo	TX	580-377-1258
JAB Fitness LLC	Prince Street and 7 th Street	Clovis	TX	580-377-1258
Jackson Works, LLC	TBD	TBD	TX	281-380-8498
JJSB, LLC	Main and Field Store Road	Waller	TX	985-386-7105
Perrier, Bradley	TBD	TBD	TX	903-705-2996
Perrier, Bradley	Sam Rayburn and Hwy. 423	The Colony	TX	903-705-2996
Perrier, Bradley	TBD	TBD	TX	903-705-2996
Riffe Fitness, LLC	E Noble St & S Fannin Ave	Tyler	TX	241-460-8029
Riffe Fitness, LLC	E Nash St & N Adelaide St	Terrell	TX	241-460-8029
Riffe Fitness, LLC	N 7th St & Washington Ave	Waco	TX	241-460-8029
Tech Fit Inc.	4020 FM-1463	Katy	TX	713-480-6140
Villa, Roman and Lorena	River Road and Charger Blvd.	Boerne	TX	210-888-8282
Villa, Roman and Lorena	Alamo Ranch Pkwy. and Alamo Pkwy.	San Antonio	TX	210-888-8282
BeTrue Fitness, Inc.	Virginia Beach Expy. And Hwy.408	Virginia Beach	VA	757-777-8794
Lowfitt Fitness, LLC	TBD	TBD	VA	703-725-4189
R&J Life Fitness, L.L.C.	TBD	TBD	VA	434-989-1726
Ingramfit LLC	South Washington Street	Falls Church	VA	301-219-5840
BT Fitness Inc.	32 Malletts Bay Ave	Winooski	VT	802-461-4434
F&F Fitness, LLC	TBD	TBD	WA	509-534-1400
Nelson, Darren	409 South Main Street	Ellensburg	WA	509-350-8747
Roby, Dustin and Michelle	TBD	TBD	WA	208- 298-2057
Lewiston Fitness, LLC	1168 Melrose St	Walla Walla	WA	208-305-3013
Lewiston Fitness, LLC	492 Prospect Ave	Walla Walla	WA	208-305-3013
Snap Fitness of Gig Harbor, LLC	TBD	Bo	WA	206-300-9142
Tully, James	TBD	TBD	WA	312-961-1829

**FRANCHISEES WHO LEFT THE SYSTEM
DURING THE 12-MONTH PERIOD ENDING DECEMBER 31, 2019**

NOTE: If you buy this franchise, your contact information may be disclosed to other potential franchisees of Snap Fitness when you leave the Snap Fitness system.

Franchisees no longer in the system due to Transfer:

Club State	Franchisee	City	State	Phone
AR	Brawley's Fitness, LLC	Stuttgart	AR	501-317-8456
AZ	Sound Mind Investments#1, LLC	Casa Grande	AZ	480-334-6325
AZ	Greek Physique LLC	Queen Creek	AZ	602-703-4814
CA	Minerva Vox , LLC	Pacifica	CA	650-993-8824
CO	G&J Associates, Inc.	Evergreen	CO	303-889-9559
CO	G2E, Ltd.	Trinidad	CO	719-580-0919
FL	Christoph Nord, Greg Silvestro	Odessa	FL	813-810-1105
FL	Build-A-Body Fitness, LLC	Cape Coral	FL	321-266-1145
GA	Fit for Life Ent , LLC	Norcorss	GA	770-855-7973
GA	Matthew and Kyriakos Michaelides	Smyrna	GA	404-277-0372
GA	NOS Fitness LLC	Atlanta	GA	305-204-1086
IL	Rip N Tear, LLC	Springfield	IL	217-454-4369
LA	Mystery Enterprises, LLC	Metairie	LA	504-834-7773
MD	Mount Airy Fitness LLC	Mt. Airy	MD	240-421-0848
MI	EAS Ventures, Inc.	Royal Oak	MI	248-589-1064
MI	PAZ Fitness, LLC	Hudsonville	MI	616-669-6310
MI	PAZ Fitness, LLC	Hudsonville	MI	616-669-6310
MI	K&B Fitness, LLC	Grand Rapids	MI	616-301-5500
MI	FIT ST, LLC	Holland	MI	616-786-3677
MI	FIT ST, LLC	Holland	MI	616-786-3677
MI	CVZ Investments LLC	West Olive	MI	616-935-0041
MI	23000 Woodward, LLC	West Bloomfield	MI	248-252-7884
MN	F&M Enterprises Inc.	South Haven	MN	320-492-5658
MN	Shackleton Enterprises, LLC	Burnsville	MN	852-895-1803
MN	Rod Manderscheid	Hutchinson	MN	320-587-4798
MN	Kinkota Fitness, LLC	Maple Grove	MN	763-639-4116
MN	Winter-Borden Bemidji Fitness, LLC	Bemidji	MN	320-309-1012
MN	CAMO Management LLC	Minnetrista	MN	320-250-5137
MN	Fitness Connection MN LLC	Apple Valley	MN	763-458-5368
MN	i.m.fitness LLC	New York Mills	MN	218-850-7917
MO	H & M Partners LLC	Lees Summit	MO	816-977-1779
NC	Weidl Fitness, Inc.	Pfafftown	NC	336-340-6960
OH	Oxgate Partners, Inc.	Hudson	OH	330-998-5410
OH	Nutrition DX LLC	Geneva	OH	440-789-9152
PA	Dowd Company 2, LLC	Havertown	PA	908-303-7760
PA	RU Fit Inc.	Zelienople	PA	724-538-4270
PA	Donald Beveridge and David Limano	Meadville	PA	814-337-7478
PA	Donald Beveridge and David Limano	Meadville	PA	814-337-7478
SD	DK Enterprises Inc.	Sioux Falls	SD	605-362-8593
SD	DK Enterprises Inc.	Sioux Falls	SD	605-362-8593
TN	Snap Fitness of Nashville, LLC	Brentwood	TN	615-941-7452
TX	Steve & Andrea Bakley	Ferris	TX	214-729-8395
TX	Stephen Stremel	Farmers Branch	TX	972-484-0469

Club State	Franchisee	City	State	Phone
TX	Corpus Christi Fitness Center, Ltd.	Nederland	TX	409-727-4944
TX	Jason Pelt & David Orcutt	San Antonio	TX	515-419-8602
TX	Fitinuss LLC	Rainbow City	AL	256-312-9689
TX	Fitinuss LLC	Rainbow City	AL	256-312-9689
TX	Jason Pelt	San Antonio	TX	515-419-8602
VA	SPF Enterprises LLC	Colonial Heights	VA	719-243-7052
WA	J. Smith Fitness 2, LLC	Spokane	WA	877-774-1411
WA	Medical Lake Fitness LLC	Spokane	WA	877-774-1411
WA	24/7 Fitness Health and Sports Club, LLC	Bremerton	WA	253-508-0457

Franchisees that left the system due to termination, non-renewal or ceased operations:

Club State	Franchisee	City	State	Phone
AL	O'Mara Enterprises LLC	Tuscaloosa	AL	205-799-7479
AR	B&A Health And Fitness LLC	North Little Rock	AR	501-993-6682
AZ	The Degrees of Fitness LLC	Yuma	AZ	928-502-2082
CA	Joshua Schaubach	Yuma	AZ	928-502-2082
CA	David and Iris Alessandro	Salinas	CA	707-294-5120
CO	SAZ Fitness, Inc.	Thornton	CO	970-690-4845
CO	G&J Associates, Inc.	Evergreen	CO	303-889-9559
CO	G2E, Ltd.	Trinidad	CO	719-580-0919
CO	G&J Associates, Inc.	Evergreen	CO	303-889-9559
DE	SoHo Fitness Partners, Dover, LLC	Lewes	DE	302-227-1037
FL	Eagle Fitness, LLC	Niceville	FL	205-412-7206
FL	Zamboni Enterprises, LLC	Apollo Beach	FL	813-447-8194
FL	GAC Fitness Corp	Davie	FL	954-424-0405
GA	NOS Fitness LLC	Atlanta	GA	305-204-1086
IA	Tiny Astronauts, Inc.	Des Moines	IA	515-326-2506
IA	Tiny Astronauts, Inc.	Des Moines	IA	515-326-2506
IA	Tiny Astronauts, Inc.	Des Moines	IA	515-326-2506
IA	Tiny Astronauts, Inc.	Des Moines	IA	515-326-2506
IA	Christine Maduro	West Des Moines	IA	319-804-1128
IA	CC2, Fitness, LLC	Cambridge	IA	515-597-4098
ID	Orofino Fitness LLC	Clarkston	WA	509-254-5065
IL	Lake Villa Fitness, Inc.	Lake Villa	IL	847-650-8632
IL	Keller's Fitness III, LLC	Antioch	IL	847-838-6413
IL	Keller's Fitness IV, LLC	Antioch	IL	847-838-6413
IN	JVI Fitness, LLC	Avon	IN	317-407-0460
KS	Bennett Fitness, LLC	Olathe	KS	913-226-0812
KY	J & A Fitness, Inc.	Radcliff	KY	270-268-7501
KY	Flywheel, LLC	Jackson	TN	731-431-2390
LA	LA Fitness Group LLC	River Ridge	LA	504-738-8073
LA	Wellness Plus LLC	Abbeville	LA	337-277-0419

Club State	Franchisee	City	State	Phone
LA	Power Fitness, LLC	Zachary	LA	225-654-7621
MN	DC Fitness Inc.	Chaska	MN	612-219-7469
MN	Anderson Enterprises, LLC	Little Canada	MN	715-222-1173
MN	Live Now Inc.	Maple Plain	MN	952-261-8963
MN	Brian Barthel	St. Cloud	MN	612-859-8825
MN	Christine and Chris Schablin	Redwood Falls	MN	507-430-0777
MN	Fowler Fam & Faith LLC	Buffalo	MN	612-558-5477
MN	Waite Park Fitness, LLC	Bloomington	MN	952-881-0537
MN	Revival Fitness Inc.	Eden Prairie	MN	952-942-2064
MS	Brandon Healthplex, LLC	Pearl	MS	601-832-8391
MS	Fit Ventures, LLC	Meridian	MS	601-938-6205
MS	J&J Fitness, Inc.	Starkville	MS	662-418-9736
NC	J&D Advisors International, Inc.	Chapel Hill	NC	808-347-5802
NC	JDM Advisors, Inc	Chapel Hill	NC	808-347-5802
NC	JDM Fitness, Inc.	Chapel Hill	NC	808-347-5802
NC	JDM Fitness, Inc.	Chapel Hill	NC	808-347-5802
NC	JDM Advisors, Inc	Chapel Hill	NC	808-347-5802
NC	JDM Advisors, Inc	Chapel Hill	NC	808-347-5802
NC	JDM Advisors, Inc	Chapel Hill	NC	808-347-5802
NC	RG Fitness Enterprises Inc.	Beaufort	NC	252-422-5203
NE	FamFit JEM LLC	Waverly	NE	913-226-1729
NJ	Jajem, LLC	Aberdeen	NJ	732-216-3282
NJ	Supreme Fitness, LLC	Monroe	NJ	732-656-1794
NJ	Shore Fit NJ LLC	Brick	NJ	732-742-2474
NV	StaFit, LLC	Las Vegas	NV	702-682-3510
NV	KMKENT Enterprises, LLC	Las Vegas	NV	702-778-6609
NV	StaFit, LLC	Las Vegas	NV	702-682-3510
OH	Emerald Fitness, LLC	Columbus	OH	937-935-8185
OH	Miller Time Fitness, Inc.	Clinton	OH	612-202-9348
PA	Mettee Fitness Inc.	Cranberry	PA	724-766-3231
PA	B&M Hatfield, LLC	Coopersburg	PA	610-322-1580
PA	DJB Investments, LLC	Coopersburg	PA	610-322-1580
PA	DJB Investments, LLC	Coopersburg	PA	610-322-1580
SD	Personally Fit LLC	Rapid City	SD	605-545-4193
TN	American Weight Loss Clinics, LLC	Bristol	TN	423-274-9800
TN	SportLine L.L.C.	Calhoun	TN	423-664-7602
TX	Evans Fitness LLC	Harker Heights	TX	254-698-6800
VA	Lowfitt Fitness, LLC	Gainesville	VA	703-725-4189
WA	Sportiva LLC	Redmond	WA	425-405-8010
WA	Teresa Serio	Pullman	WA	509-332-5490
WI	QI 11, LLC	Hartland	WI	262-746-6898
WI	Hazelwood, LLC	Jackson	WI	262-674-1464
WI	JC Smith Enterprises LLC	Hubertus	WI	262-501-3919

Club State	Franchisee	City	State	Phone
WI	JC Smith Enterprises LLC	Hubertus	WI	262-501-3919
WI	JC Smith Enterprises LLC	Hubertus	WI	262-501-3919
WI	Sunny Day Enterprises, Inc	La Crosse	WI	608-385-4275

SNAP FITNESS CORPORATE AND AFFILIATE-OWNED CLUBS AS OF DECEMBER 31, 2019

Club Name	Phone	Address	City	State
Yuma Foothills	928-345-6500	11274 S. Fortuna Road	Yuma	AZ
Half Moon Bay	650-726-4600	20 Stone Pine Road	Half Moon Bay	CA
Placerville	530-621-2777	1248 Broadway	Placerville	CA
Shingle Springs	530-672-2777	3975 Durock Road	Shingle Springs	CA
Bethel-Downtown	203-683-4131	9 Durant Ave.	Bethel	CT
Forsyth	217-877-1184	133 Barnett Ave.	Forsyth	IL
Plaquemine	225-687-6271	58630 Bellview Road	Plaquemine	LA
Thibodaux	985-447-1685	1655 St Mary Street	Thibodaux	LA
Excelsior	952-474-5620	470 Water Street	Excelsior	MN
Chanhassen	952-567-5800	2411 Galpin Court	Chanhassen	MN
Corvallis Crossing	541-230-5355	948 NW Circle Blvd.	Corvallis	OR
Corvallis Sunset	541-738-7627	5246 Philomath Blvd.	Corvallis	OR
Eugene	541-225-4943	2862 Willamette Street	Eugene	OR
Hood River	541-716-5393	2940 W. Cascade Ave. #100	Hood River	OR
Erie	814-833-7333	2249 West 38th Street	Erie	PA
Cleveland	281-761-2668	1715 E. Houston Street	Cleveland	TX
Ingleside	361-345-4543	2334 Highway 361	Ingleside	TX

EXHIBIT E
OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT F
SAMPLE FRANCHISE AGREEMENT ADDENDA

EXHIBIT F-1
Sample General Release

SAMPLE GENERAL RELEASE AGREEMENT
(Subject to change by Snap Fitness, Inc.)

THIS GENERAL RELEASE AGREEMENT (this “Agreement”) is made and entered into between **Snap Fitness, Inc.**, a Minnesota corporation, (“we,” “us” or “Snap Fitness”), [FRANCHISEE], a Minnesota limited liability company (“you” or “Franchisee”), and [GUARANTOR], a resident of Minnesota (a “Guarantor”). All capitalized terms not defined in this Agreement have the respective meanings set forth in the Franchise Agreement (as defined below).

RECITALS

- A. Snap Fitness and Franchisee are parties to a SNAP FITNESS® Franchise Agreement dated _____ (the “Franchise Agreement”) pursuant to which Franchisee operates a SNAP FITNESS Club located at _____ (the “Club”).
- B. [NOTE: Describe the circumstances relating to the release.]
- C. In consideration of [INSERT CIRCUMSTANCES] and the representations set forth in the Recitals, subject to the provisions stated below, and Franchisee and Guarantor agree to settle all known and unknown disputes they may have against Franchisor, if any, that exist as of the Effective Date.

AGREEMENTS

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. [NOTE: Detail the terms and conditions of the release]
- 2. Release and Settlement of Claims.
 - A. Except as may be prohibited by applicable law, Franchisee and Guarantors (individually and as owners of Franchisee), for themselves and each of their respective heirs, successors, assigns, affiliates, shareholders, directors, officers, employees and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the “Franchisee Parties” for purposes of this Section 2), release and forever discharge us, our predecessors, successors, affiliates, and past and present directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the “Franchisor Parties” for purposes of this Section 2) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee Parties may now or in the future own or hold, that in any way relate to the Franchise Agreement, any other agreement between Franchisee and us, the Club, or the relationship between Franchisee and us through the Effective Date (collectively, “Claims”), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other agreement between Franchisee Parties and us or our affiliates through and including the Effective Date of this Agreement.

- B. The release of Claims set forth in Section 2.A is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Franchisee Parties against the Franchisor Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Franchisee Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Franchisee Parties acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Agreement and Release and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Agreement. The Franchisee Parties acknowledge and agree that the foregoing waiver is an essential, integral and material term of this Agreement. The Franchisee Parties further acknowledge and agree that no violation of this Agreement shall void the release set forth in this Section 2.

3. Miscellaneous. This Agreement, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Agreement which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

4. Representation by Counsel. The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of Claims set forth herein.

5. Governing Law/Venue. This Agreement will be construed and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law. The parties further agree that any legal proceeding relating to this Agreement or the enforcement of any provision herein shall be brought or otherwise commenced only in the State or Federal courts of Minnesota.

6. Counterparts. This Agreement may be executed by the parties hereto in counterparts, and delivered by e-mail or facsimile, each of which shall be deemed to be an original instrument, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

US:

SNAP FITNESS, INC.

By: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

Date: _____

FRANCHISEE:

By: _____

Printed Name:

Title: _____

Date: _____

GUARANTOR:

By: _____

Printed Name:

Date: _____

EXHIBIT F-2
Sample Graduated Royalty Rate Addendum

GRADUATED ROYALTY RATE ADDENDUM
(Subject to change by Snap Fitness, Inc.)

This Graduated Royalty Rate Addendum (“**Addendum**”) is entered into by and between Snap Fitness, Inc., a Minnesota corporation with its principal business located at 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317 (“**we**” or “**us**”), and the Franchisee identified in the Summary Page (“**you**”), to be effective on the Effective Date identified in the Summary Page.

RECITALS

A. Contemporaneously with the execution of this Addendum, herewith, you and us are parties to a SNAP FITNESS® franchise agreement dated _____ (the “**Franchise Agreement**”), pursuant to which you will open and operate a SNAP FITNESS Club inside the Designated Area identified in Exhibit A to the Franchise Agreement.

B. The parties desire to enter into this Addendum in order to clarify certain obligations under the Franchise Agreement, as they relate to the Club.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

AGREEMENT

1. **Definitions.** Capitalized terms will have the meanings ascribed to them in the Franchise Agreements unless otherwise defined herein.
2. **Fees.** During the first five (5) years following the opening of the Club, and provided you are in compliance with all of your obligations under the Franchise Agreement, you will not be required to pay us the Continuing Fee as outlined in Section 9.C of the Franchise Agreement and you will not be required to pay us the then-current monthly license fee for the Technology Fee, Myzone Fee, Website Fee and Fitness On Demand Fee (collectively, the “License Fees”). Instead, your monthly fee for the Continuing Fee and License Fees will be as follows:

Year 1	Year 2	Year 3	Year 4	Year 5
\$99 per month	\$199 per month	\$399 per month	\$699 per month	\$1,146 per month

Commencing in Year 6, you will pay us: (i) the Continuing Fee as outlined in Section 9.C of the Franchise Agreement, provided such Continuing Fee will be subject to the yearly CPI adjustment as outlined in Section 9.E of the Franchise Agreement, and (ii) the then-current monthly license fee for each of the License Fees identified above. As it relates to the License Fees, you acknowledge and agree that the amounts noted above relate to the ongoing monthly licensing fees only. Additional costs and expenses may be associated with purchasing the equipment or products associated with these License Fees. Further, in the event we change the approved vendor for a product associated with one or more of the License Fees noted above, we will honor the fixed pricing noted above for any replacement vendor but commencing in Year 6 you will pay the then-current fee charged by our then-current vendor. All other fees not expressly identified above will be paid in accordance with the terms outlined in the Franchise Agreement.

3. Ratification. All other terms and conditions of this Agreement are hereby ratified and confirmed.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:

SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

EXHIBIT F-3
Sample Multi Unit Continuing Fee Addendum

MULTI UNIT CONTINUING FEE ADDENDUM
(Subject to change by Snap Fitness, Inc.)

This Multi Unit Continuing Fee Addendum (“**Addendum**”) made between Snap Fitness, Inc., a Minnesota corporation with its principal business located at 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317 (“**we**” or “**us**”), and the Franchisee identified in the Summary Page (“**you**”), to be effective on the Effective Date identified in the Summary Page.

RECITALS

- A. Contemporaneously with the execution of this Addendum, you are entering into your second or subsequent SNAP FITNESS® franchise agreement (the “**Franchise Agreement**”), pursuant to which you will open and begin operating a SNAP FITNESS Club on or before June 30, 2021 (the “2020 Club”).
- B. You and us are parties to one or more additional SNAP FITNESS franchise agreements (together with the Franchise Agreement, the “**Franchise Agreements**”), pursuant to which you operate one or more SNAP FITNESS clubs (together with the 2020 Club, the “Clubs”).
- C. The parties desire to enter into this Addendum in order to clarify certain obligations under the Franchise Agreements, as they relate to the Clubs.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

AGREEMENT

1. **Definitions.** Capitalized terms will have the meanings ascribed to them in each of the respective Franchise Agreements unless otherwise defined herein.
2. **Continuing Fee.** Provided the 2020 Club is open and operating on or before June 30, 2021 and you are in compliance with all of your obligations under the Franchise Agreements, effective on the month following the date the 2020 Club opens, the following Continuing Fees schedule will apply to the Franchise Agreements and Clubs:

<i>Clubs</i>	<i>Monthly Continuing Fee per Club</i>
2020 Club	Graduated Royalty Rate
Two Clubs	\$485 per month per Club
Three Clubs	\$410 per month per Club
Four Clubs	\$335 per month per Club
Five and subsequent Clubs	\$285 per month per Club

You acknowledge and agree that the Continuing Fee schedule outlined above depends on the total number of Clubs you operate, and will readjust if one or more of the Franchise Agreements terminates, non-renews or transfers to new ownership. The monthly Continuing Fee schedule outlined above is subject to a yearly CPI adjustment as outlined in Section 9.E of each Franchise Agreement.

3. **Ratification.** All other terms and conditions of this Agreement are hereby ratified and confirmed.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE: (For an entity)

Name of Entity: _____

Signature: _____

Printed Name: _____

Title: _____

FRANCHISEE: (For an individual)

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

FRANCHISOR:

SNAP FITNESS, INC.

Signature: _____

Printed Name: Cory Lyons

Title: Director of Franchise Sales and Development

EXHIBIT F-4
Sample Renewal Addendum

RENEWAL ADDENDUM

THIS RENEWAL ADDENDUM (this “Renewal Addendum”) is made and entered into between **Snap Fitness, Inc.**, a Minnesota corporation, (“we,” “us” or “Snap Fitness”), _____ a _____ limited liability company/corporation (“you” or “Franchisee”), and _____ **and** _____ residents of _____ (“Guarantors”). All capitalized terms not defined in this Renewal Addendum have the respective meanings set forth in the Old Franchise Agreement (as defined below).

RECITALS

- A. Snap Fitness and Franchisee are parties to a SNAP FITNESS® Franchise Agreement dated _____ (the “Old Franchise Agreement”) pursuant to which Franchisee operates a SNAP FITNESS Club located at _____ (the “Club”).
- B. Franchisee desires to renew its franchise rights for the Club and, in accordance with the terms and conditions of the Old Franchise Agreement, Franchisee and Guarantors agree to enter into Snap Fitness’s current form of franchise agreement and sign a general release in the form of this Renewal Addendum (the “Renewal”).
- C. Franchisee and Guarantor represent that there is no dispute related to the offer and sale of the Old Franchise Agreement or the Club and further represent that after having adequate time to consult with counsel of its choice, represent that they have no claims against Franchisor.
- D. In consideration of Franchisee and Guarantor’s request for the Renewal and the representations set forth in Recital C, Franchisor consents to the Renewal, subject to the provisions stated below, and Franchisee and Guarantor agree to settle all known and unknown disputes they may have against Franchisor, if any, that exist as of the Effective Date (as defined below).

AGREEMENTS

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. Signing of Current Form of Franchise Agreement. As a condition of the Renewal, Franchisee agrees to sign Snap Fitness’s current form of franchise agreement (the “New Franchise Agreement”) on or before _____ (the “Renewal Date”). Franchisee acknowledges that the terms and conditions of the New Franchise Agreement may be different from the terms and conditions of the Old Franchise Agreement, including with respect to fees and designated area. By _____, Franchisee shall deliver to Snap Fitness a signed copy of the New Franchise Agreement, along with the executed copy of this Renewal Addendum.
- 2. Initial Franchise Fee/GO FAST Kit. The New Franchise Agreement is amended to provide that no Initial Franchise Fee shall be due under the Franchise Agreement and that the GO FAST Kit is not required.
- 3. Provisions Deleted Due to Renewal Franchise Agreement. Sections 5.A (Site Selection) and 5.D (Opening) of the New Franchise Agreement are deleted.
- 4. Expiration of Old Franchise Agreement. All parties agree that the Old Franchise Agreement expires as of _____ and will be of no further force and effect, except for the obligations set forth in this Renewal Addendum or those that expressly or by their nature survive termination or expiration of the Old Franchise Agreement.

5. Payment of Fees Owed to Snap Fitness. On or before the Renewal Date, all fees owed by Franchisee under or related to the Old Franchise Agreement (the “Fees Owed”) must be paid in full.

6. Modernization. Franchisee agrees to complete any updates and modernization for the Club to meet current standards for new Snap Fitness clubs which may include replacing fixtures, equipment and signs and otherwise modifying the Club so it meets the specifications and standards for new Snap Fitness clubs. Unless otherwise agreed in writing with Franchisor, the modernization must be complete on the Effective Date of the New Franchise Agreement.

7. Indemnification. Franchisee and Guarantors, for themselves, their heirs, successors and assigns, agree to indemnify and hold harmless Snap Fitness, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys’ fees), or expenses of any nature resulting, directly or indirectly, from any of the following: (i) the operation of the Business at any time prior to and through the Renewal Date, provided that this provision applies only to claims made by third parties against Snap Fitness, or (ii) Franchisee or Guarantor’s breach of this Renewal Addendum.

8. Release and Settlement of Claims.

A. Except as may be prohibited by applicable law, Franchisee and Guarantors (individually and as owners of Franchisee), for themselves and each of their respective heirs, successors, assigns, affiliates, shareholders, directors, officers, employees and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the “Franchisee Parties” for purposes of this Section 8), release and forever discharge us, our predecessors, successors, affiliates, and past and present directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the “Franchisor Parties” for purposes of this Section 8) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee Parties may now or in the future own or hold, that in any way relate to the Old Franchise Agreement, any other agreement between any of the Franchisee Parties and any of the Franchisor Parties, the Business, or the relationship between any of the Franchisee Parties and the Franchisor Parties through the Effective Date (collectively, “Claims”), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Old Franchise Agreement or any other related agreement between any of the Franchisee Parties and any of the Franchisor Parties through and including the Effective Date of this Renewal Addendum.

Franchisee Parties and Franchisor Parties acknowledge and agree that the release by the Franchisee Parties does not relate to the offer and sale of the New Franchise Agreement. Further, the parties agree that the release is effective as to Claims arising through the Effective Date of this Renewal Addendum, and not to any claims arising after the Effective Date.

B. The release of Claims set forth in Section 8.A is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Franchisee Parties against the Franchisor Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Franchisee Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the

matters mentioned herein may later be discovered and that it is the Franchisee Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Franchisee Parties acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Renewal Addendum and Release and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Renewal Addendum. The Franchisee Parties acknowledge and agree that the foregoing waiver is an essential, integral and material term of this Renewal Addendum. The Franchisee Parties further acknowledge and agree that no violation of this Renewal Addendum shall void the release set forth in this Section 8.

The Franchisee Parties, for themselves, their heirs, successors and assigns, hereby expressly, voluntarily and knowingly waive, relinquish and abandon each and every right, protection and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereinafter existing under the laws of California or any other applicable federal and state law with jurisdiction over the parties' relationship. The Franchisee Parties acknowledge that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favour at the time of executing the release, which if known by him must have materially effected his settlement with the debtor.”

9. Miscellaneous. This Renewal Addendum, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Renewal Addendum which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

10. Representation by Counsel. The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of Claims set forth herein.

11. Governing Law/Venue. This Renewal Addendum will be construed and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law. The parties further agree that any legal proceeding relating to this Renewal Addendum or the enforcement of any provision herein shall be brought or otherwise commenced only in the State or Federal courts of Minnesota.

12. Counterparts. This Renewal Addendum may be executed by the parties hereto in counterparts, and delivered by e-mail or facsimile, each of which shall be deemed to be an original instrument, but all of which together shall constitute one and the same instrument.

13. Effective Date. The Effective Date is the date on which we sign this Renewal Addendum as noted below.

IN WITNESS WHEREOF, the parties have executed this Renewal Addendum as of the Effective Date.

US:

SNAP FITNESS, INC.

By: _____
Print Name: Cory Lyons
Title: Director of Franchise Sales and Development
Effective Date: _____

FRANCHISEE:

By: _____
PrintName: _____
Title: _____
Date: _____

GUARANTORS:

By: _____
Print Name: _____
Date: _____

By: _____
Print Name: _____
Date: _____

By: _____
Print Name: _____
Date: _____

By: _____
Print Name: _____
Date: _____

EXHIBIT G
SAMPLE FINANCING DOCUMENTS



Hitachi Capital America Corp.
7808 Creekridge Circle, Suite 250
Edina, MN 55439
Phone: 877-996-0270

MASTER INSTALLMENT PAYMENT AGREEMENT NO.

Debtor/Customer – Use EXACT registered name if a Corp, LLC or LP		Customer's Chief Executive Office – Street		City
Debtor/Customer's "d/b/a" (doing-business-as name), if any:		State	Zip Code	Customer's Telephone
Supplier Name & Address:				

Recitals: The Supplier has agreed to supply, from time to time, equipment (the "**Equipment**") to Customer as described in each separate Schedule to this Master Installment Payment Agreement (the "Agreement"). The Supplier has also offered to provide to the Customer, through Hitachi Capital America Corp. ("**HCAC**") financing over a certain period (as set forth in each Schedule) under an arrangement between Supplier and HCAC. Customer has chosen to accept such financing in lieu of paying cash presently. Customer and HCAC now desire to set forth their agreements relating to the above-described loan arrangement (this "**Loan**") in this Agreement. Now, therefore, in consideration of the mutual promises and undertakings of HCAC and Customer as set forth below, and for other good and valuable consideration, Customer and HCAC hereby agree as follows:

Agreement: Customer hereby requests HCAC to pay to the Supplier, and, in consideration of Customer's unconditional agreement to the terms and conditions set forth herein, HCAC hereby agrees to do so promptly following Customer's execution and delivery to HCAC of this Agreement and the related Schedule for each acquisition of Equipment and the satisfaction of other conditions precedent, if any, established by HCAC. Subject only to HCAC's payment to the Supplier, Customer hereby agrees to pay to the order of HCAC at its office in Edina, MN, or at such other place as may be designated by HCAC from time to time, the periodic payment set forth in each in each Schedule hereto. In addition, Customer shall pay to HCAC, as invoiced by HCAC, a one-time fee, as set forth below, for the HCAC origination, credit review, processing and documentation of this Loan (the "**Processing Fee**"). The term of each Schedule will commence on the first day of the month following HCAC's receipt of written and/or verbal acceptance for all the Equipment itemized on the related Schedule unless otherwise specified on the Schedule (the "Commencement Date") and will continue for the number of months specified in the Schedule (the "Initial Term" of such Schedule). There shall also be an interim term beginning on the earlier of (1) the date any advance monies are released by HCAC to Supplier with regard to any Schedule or (2) on the date of Customer's written and/or verbal acceptance and continuing up to the first payment due date set forth therein. The interim payment for each item of Equipment, or advance monies released, will be calculated by multiplying the cost of that item of Equipment or advance by one percent (1%), per month, prorated on a daily basis for periods less than one full month. In the event of any conflict between the terms of this Agreement and any Schedule hereto, the terms of such Schedule shall be controlling.

To secure Customer's payment and performance of its obligations hereunder and each Schedule, **Customer hereby grants to HCAC a continuing lien and security interest in the Equipment identified in each Schedule.** Customer hereby authorizes HCAC to file any and all financing statements and take all other steps necessary to perfect the grant of such security interest and to maintain perfection thereof under the Uniform Commercial Code and other applicable laws. Customer may prepay any or all amounts owed to HCAC under this Agreement at any time and from time to time, provided, however, that Customer agrees to pay a prepayment penalty in the amount of four percent (4%) of the principal balance for the first year, three percent (3%) for the second year, two percent (2%) for the third year and one percent (1%) thereafter.

Time is of the essence in the payment of installments due under the terms of any Schedule. If any payment is not paid when due therein, then in addition to any other remedy HCAC may have hereunder, HCAC may impose and, if imposed, the Customer shall pay, immediately upon demand, (i) a late fee equal to the greater of twenty five dollars (\$25.00) or five percent (5%) of the amount then due but not paid in each Schedule for each thirty (30) days or portion thereof that said overdue payments are not made (but in no event to exceed the highest late charge permitted by applicable law). Customer agrees to pay HCAC any fees assessed for each return check or ACH return for insufficient funds.

Each of the following shall constitute a default (each an "**Event of Default**") hereunder and collectively each Schedule: (a) the Customer's failure to make any payment or other amount due when due; (b) the occurrence of an event of default as defined in any other note or agreement (whether now existing or hereafter entered into) between Customer and HCAC; (c) Customer or any guarantor or surety of Customer's obligations under this Agreement or any Schedule (each, a "**Guarantor**") shall cease doing business as a going concern or become insolvent or make an assignment for the benefit of creditors, or a trustee or receiver is appointed for Customer or any Guarantor or for a substantial part of Customer's or any Guarantor's

assets, or bankruptcy, reorganization or insolvency proceedings are instituted by or against Customer or any Guarantor; and/or (d) any representation or warranty made by Customer or any Guarantor proves to be false or misleading in any material respect when made. Upon the occurrence of an Event of Default, HCAC may do any one or more of the following as it may elect: (A) require Customer to pay to HCAC, on demand, an amount equal to the Balance Remaining on each Schedule, (B) terminate Customer's right to use the Equipment listed in each Schedule and to receive any related support services from the Supplier, (C) take possession of the Equipment in each Schedule, (D) require Customer to assemble the Equipment and make it available to HCAC at a place to be designated by HCAC which is reasonably convenient to HCAC and Customer, and/or (E) exercise any other remedy available to HCAC at law or in equity. In addition, Customer hereby stipulates that, upon the occurrence of an Event of Default, money damages are not and will not be an adequate remedy, and that the terms hereof may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise. Customer agrees to pay all costs of collection and enforcement of this Agreement and each Schedule, including, without limitation, reasonable attorneys' fees, court costs and other reasonable expenses relating directly or indirectly to collection and enforcement.

Customer hereby represents and warrants to HCAC that: (i) the statements set forth in the "Recitals" section on page one of this Agreement are true and correct; (ii) this Agreement and any future Schedule have been duly authorized in accordance with Customer's by-laws or other organizational requirements and constitutes a legal, valid and binding obligation of Customer enforceable against Customer in accordance with its terms, except as enforcement may be limited by bankruptcy or other insolvency-related laws; (iii) the execution, delivery and performance of this Agreement and any Schedule will not violate or create a default under any law, regulation, judgment, order, instrument, agreement or organizational document binding on Customer; (iv) any and all information furnished to HCAC by or on behalf of Customer is and will be true and correct in all material respects; and (v) **Customer has requested this Loan solely for commercial purposes in the conduct of Customer's business and not for personal, family or household purposes.**

Customer shall not assign or delegate its obligations under this Agreement and any Schedule, and any such assignment or delegation shall be invalid and of no effect. HCAC may, without notice to Customer, sell, assign or otherwise transfer its interests in this Agreement and the Schedules, in whole or in part, to a third party (a "**New Owner**"), in which case the New Owner will, to the extent of such sale, assignment or transfer, have all of HCAC's rights and benefits hereunder but will not have to perform any of HCAC's obligations (if any). Customer agrees not to assert against the New Owner any claim, defense or offset that Customer may have against HCAC or any predecessor in interest.

Customer hereby acknowledges and agrees that: (a) HCAC is a separate and independent company from the Supplier, and the Supplier is NOT HCAC's agent; (b) HCAC shall NOT be responsible for any of Supplier's obligations, and no breach by the Supplier shall relieve Customer of its obligations to HCAC under this Agreement and the Schedules; (c) no statement, representation or warranty by the Supplier is binding on HCAC; (d) the Supplier has no authority to waive or alter any term of this Agreement; (e) Customer selected the Supplier and any Equipment now or hereinafter acquired based on Customer's own judgment and without any involvement of or advice from HCAC; (f) Customer's duty to perform its obligations hereunder and in each Schedule is unconditional and irrevocable despite any failure of, or Customer's dissatisfaction with, the Equipment or any services to be provided by Supplier to Customer; and (g) Customer agrees not to assert against HCAC any claims or defenses that Customer may have against the Supplier.

IF ANY AMOUNT CHARGED OR COLLECTED UNDER THIS AGREEMENT OR ANY SCHEDULE IS GREATER THAN THE AMOUNT ALLOWED BY LAW (AN "EXCESS AMOUNT"), THEN (I) ANY EXCESS AMOUNT CHARGED BUT NOT YET PAID WILL BE WAIVED BY HCAC AND (II) ANY EXCESS AMOUNT COLLECTED WILL BE REFUNDED TO CUSTOMER OR APPLIED TO ANY OTHER AMOUNT THEN DUE HEREUNDER.

This Agreement shall be governed by the laws of the State of Minnesota, but without regard to Minnesota's choice-of-law laws. All legal actions arising out of or relating to this Agreement and each Schedule shall be venued (filed and adjudicated) exclusively in a state or federal court located in Hennepin County, Minnesota, which is the place of HCAC's chief executive office and the place at which this Loan will be serviced. Customer hereby agrees not to object to such venue, and Customer hereby consents to personal jurisdiction in such courts. CUSTOMER AND HCAC EACH HEREBY WAIVE ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY IN ANY LEGAL ACTION to the extent permitted by law.

This Agreement and Schedules(s) constitute the entire agreement regarding the subject matter of the loan described herein between Customer and HCAC and shall supersede any inconsistent terms set forth in any other agreement and all prior oral and written understandings. No term of this Agreement and each Schedule may be amended, waived, discharged or terminated except by a written instrument signed by Customer and an executive officer of HCAC. This Agreement may be signed separately in counterparts, all of which, together, shall be considered one and the same agreement. Customer and HCAC agree that a photocopy, carbon copy, facsimile or other reproduction of this Agreement and each Schedule with their

reproduced signatures thereon shall be as valid and binding as the original-signature document and shall be treated as genuine and authentic as the original for all purposes.

Accepted by Hitachi Capital America Corp.		Customer:	
By: _____		By: X _____	
Print Name: _____		Print Name: _____	
Title: _____	Date: _____	Title: _____	Date: _____
<p>The undersigned unconditionally guarantees all amounts owed by the Customer under this Agreement and any Schedule hereto and agrees that HCAC may extend, transfer and amend the Agreement and agrees to be bound by all such changes. Guarantor waives all notices, including notices of demand and default. Guarantor agrees that HCAC may proceed against Guarantor separately from the Customer. Guarantor consents to exclusive jurisdiction of courts in Minnesota and waives trial by jury.</p> <p>Guarantor:</p> <p>By: _____ Name: _____ Title: _____ (if signing in corporate capacity)</p> <p>Guarantor:</p> <p>By: _____ Name: _____ Title: _____ (if signing in corporate capacity)</p>			

HITACHI

7808 Creekridge Circle, Edina, MN 55439
Phone: 952-996-0270

SCHEDULE NO. _____

This Schedule is issued pursuant to the Master Installment Payment Agreement No. _____ by and between _____ ("Customer") and Hitachi Capital America Corp. ("HCA"). All terms and conditions of the Master Installment Payment Agreement are incorporated herein and made part hereof as if such terms and conditions were set forth in this Schedule. Capitalized terms used herein shall have the same meaning as in the Master Installment Payment Agreement.

TRANSACTION DETAILS AND PAYMENT SCHEDULE:

Processing Fee: \$	Date first payment is due:
Term of Loan (the "Term"):	Amount of each payment (a "Periodic Payment"):
Total of payments:	Remit to Address:
Date term begins:	Hitachi Capital America Corp. PO Box 1150-10 Minneapolis, MN 55480-1150

THE SIGNER ASSERTS THAT ALL ACTIONS REQUIRED TO AUTHORIZE THE EXECUTION OF THIS SCHEDULE ON BEHALF OF THE CUSTOMER HAVE BEEN TAKEN AND THAT ANY MANAGER, PURCHASING AGENT OR PERSON OF SIMILAR AUTHORITY IS AUTHORIZED TO SIGN ANY OTHER DOCUMENTATION NECESSARY BY HCA IN REGARDS TO THIS AGREEMENT.

Accepted by Hitachi Capital America Corp.		Customer: _____	
By: _____		By: X _____	
/ / (Date)		Print Name: _____	Title: _____

**ABSOLUTE AND CONTINUING
PERSONAL GUARANTY AGREEMENT**

This ABSOLUTE AND CONTINUING GUARANTY AGREEMENT ("Guaranty") is made and entered into as of _____, by _____ ("Guarantor"), in favor of Hitachi Capital America Corp. ("Provider").

RECITALS:

WHEREAS, _____ ("User") and Provider have entered or will enter into a Installment Payment Agreement No. _____ dated as of _____ pursuant to which Provider will provide and may provide from time to time in the future certain equipment, software and/or related services (collectively, the "Equipment") to be provided by Provider to User pursuant to the terms of a Installment Payment Agreement, together with all Schedules, attachments and riders attached or to be attached thereto (collectively, the "Agreement"); and

WHEREAS, Provider, as a condition precedent to entering into said Agreement, has requested Guarantor provide security by unconditionally guaranteeing payment to Provider of all rental, charges and other moneys due and to become due to Provider from User under the Agreement together with all of the obligations and liabilities of User under the Agreement (collectively, the "Obligations"); and

WHEREAS, Guarantor, in furtherance of his business and/or investment objectives and in order to induce Provider to proceed with the Agreement, desires to provide an absolute and continuing guaranty as hereinafter set forth;

NOW, THEREFORE, in order to induce Provider to enter into the Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. Guaranty. Guarantor absolutely and unconditionally guaranties to Provider the payment of all of the Obligations, and shall continue to so guaranty all such Obligations, whether or not all Obligations are paid in full, until all of such Obligations have been fully satisfied. If the User shall fail to pay all or any part of the Obligations when due, whether by acceleration or otherwise, Guarantor shall pay Provider, upon Provider's written demand, the amount due and unpaid by the User in a like manner as if such amount constituted the direct obligation of Guarantor. Provider's failure to provide Guarantor with a written demand for payment shall not be construed as a waiver of Provider's rights against Guarantor under this Guaranty. Prior to any demand upon Guarantor, Provider shall not be required to make any demand upon or pursue or exhaust any of its rights or remedies against the User. This Guaranty shall be effective immediately and shall remain in full force and effect until all of the Obligations are paid, performed and observed in full. This Guaranty shall be enforceable against each person signing this Guaranty, even if only one person signs and regardless of any failure of other persons to sign this Guaranty. If there is more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all of the signers.

2. Strict Observance. Guarantor agrees that the Obligations will be paid, performed, and observed strictly in accordance with their terms, regardless of any rights of User against Provider. The obligations of Guarantor hereunder are without regard to the obligations of any other person or entity, and shall not be affected by any circumstances, including without limitation: (i) any act or omission by Provider, which act or omission is hereby agreed to; (ii) any lack of enforcement or retention of rights against User, Guarantor or any other person or entity or any property; (iii) partial or complete illegality, unenforceability or invalidity of the Obligations, or any other guaranty, surety, pledge, assignment or other security for any Obligations; (iv) any termination or amendment of or change in the Agreement or any other instrument, or the Equipment or any part thereof, or any leasing, assignment, mortgage or transfer of any thereof or of any interest therein, or any furnishing, acceptance, failure or release of any interest in any such security; (v) any failure, omission or delay on the part of User or any other person or entity to comply with any term of the Agreement; (vi) any waiver of the payment, performance or observance of any of the Obligations, or any other waiver, consent, extension, indulgence, compromise, settlement or release in respect of the Agreement or any obligation or liability of User or Provider or any exercise or non-exercise of any right, remedy, power or privilege in respect of the Agreement or any Obligation; (vii) any voluntary or involuntary bankruptcy, insolvency, reorganization, composition, receivership or similar proceedings with respect to User, Guarantor, or any other person or entity or any properties or creditors, or any taken by any court, trustee or receiver in any such proceeding; (viii) any limitation on the liability or obligations of User or any other person or entity under the Agreement or any discharge termination, cancellation or frustration, in whole or in part, of the Agreement; (ix) any defect in the title or condition of, or any damage to or loss or destruction of the Equipment, or any portion thereof; (x) any merger or consolidation of User or Guarantor into or with any other corporation or entity, or any sale, lease or transfer of any of the assets of User or Guarantor to any other person or entity; (xi) any change in the ownership of User, or any change in or termination of any relationship between User and Guarantor; or, (xii) any other condition circumstances which might otherwise constitute a legal or equitable discharge, release or defense of a surety or Guarantor. No delay in making demand on Guarantor for satisfaction of the obligations of Guarantor hereunder shall prejudice the right of Provider to enforce the obligations of Guarantor hereunder.

3. Waivers of Notice, Etc. Guarantor waives diligence, presentment, demand, protest or notice of any kind whatsoever with respect to this Guaranty or the Obligations, including without limitation (i) notice of acceptance of this Guaranty, notice of nonpayment or nonperformance of any of the Obligations, notice of an Event of Default (as defined in the Agreement) or other default and notice of any of the matters described in Paragraph 2 hereof, (ii) any right to the enforcement, assertion or exercise of any right, power, privilege or remedy conferred in the Agreement or otherwise, (iii) any requirement to exhaust any remedies or to mitigate damages resulting from a default under the Agreement, (iv) any notice of any sale, transfer or other disposition of any right, title to or interest in the Agreement, the equipment or any collateral security, or any part thereof, or (v) any requirement of promptness in commencing suit, action or other proceeding and the giving to or making any claim or demand on Guarantor, User or any other person or entity. Guarantor agrees that it shall not be required or have the right to consent to, or to receive any notice of, any supplement to or amendment of, or waiver or modification of, the terms of the Agreement. No notice to or demand on Guarantor shall entitle Guarantor to any other or further notice or demand in the same, similar or other circumstances.

4. Extensions, Etc. Provider may in its sole discretion, at any time or from time to time, (i) renew, extend, change or modify the time, manner, place or terms of payment, performance or observance of any or all of the Obligations, (ii) apply payments by User or Guarantor to any Obligations or any other Obligations or liability of User or Guarantor to Provider, (iii) exchange, release or surrender any security or property which may at any time be held by it, (iv) release any surety or guarantor for or of any of the Obligations (v) settle or compromise any or all of the Obligations with User or any other person or entity liable thereon, or (vi) subordinate the payment, performance or observance of any other debts or obligations which may be due or owing to Provider or any other person or entity, all in such manner and upon such terms as Provider may deem proper, without notice to or further assent from Guarantor.

5. No Waiver. No failure by Provider to exercise, and no delay in exercising, this Guaranty shall operate as a waiver thereof, nor shall any single or partial exercise of any other right, power or remedy of Provider.

6. Guaranty of Performance. This Guaranty is a guaranty of payment and performance and not of collection. Guarantor shall pay to Provider all reasonable attorneys' fees and other reasonable expenses incurred by Provider in protecting its interests hereunder or in exercising its rights and remedies provided hereunder, together with interest on such sums at the lesser of .05% per day or the maximum rate permitted by law, from the date which such expenses are also incurred.

7. Bankruptcy. If at any time all or any part of any payment or performance theretofore applied by Provider to any of the obligations is or must be rescinded or returned by Provider for any reason whatsoever (including without limitation the insolvency, bankruptcy or reorganization of User) then such Obligations shall, for the purposes of this Guaranty, be deemed to have continued to be effective or be reinstated, as the case may be, all as though such application by Provider had not been made. If an event permitting the declaration of default under the Agreement occurs and such declaration of default is prevented by reason of any case or proceeding under a bankruptcy or insolvency law, for purposes of this Guaranty and its Obligations hereunder, the Agreement shall be deemed to have been declared in default; and Guarantor shall pay the amounts specified by Provider to be paid under this Guaranty without further notice or demand.

8. Assignment. Provider may at any time sell, assign, transfer or otherwise dispose of all or any part of its interest in this Guaranty and, in such event, this Guaranty shall inure to the benefit of, and be enforceable by, the successors and assigns of Provider, assign any interest hereunder or related hereto (including without limitation any claim arising by subrogation).

9. Guarantor's Obligation; No Set-off. Guarantor's obligation hereunder shall be absolute and unconditional and shall not be subject to any right of set-off, recoupment, deduction or other defense which Guarantor or any other person or entity may now or hereafter have against Provider. All such payments made shall be final, and Guarantor will not seek to recover for any reason whatsoever any such payments made.

10. Limitations on Subrogation. Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever, and no right of recourse to or with respect to any assets or property of User and waives any right to enforce any remedy which Provider now has or may hereinafter have against User until all of the Obligations have been paid in full, performed and observed. Any subrogation right to which Guarantor becomes entitled and any other obligation of any kind owing from User to Guarantor shall be subject and subordinate to the rights of Provider against User under the Agreement. No payment or performance hereunder by Guarantor shall give rise to any claim of Guarantor against Provider.

11. Acceleration. Guarantor agrees that if any Event of Default as defined in the Agreement occurs, then any and all Obligations of the undersigned under this Guaranty or otherwise shall, at the Provider's option and without notice, forthwith become immediately due and payable by Guarantor.

12. Miscellaneous. This Guaranty shall be governed by the laws of the State of Minnesota. The Guarantor and Provider hereby consent to the jurisdiction of and venue in the Supreme Court of the State of Minnesota and of any Federal or State Court located in Hennepin County, Minnesota for a determination of any dispute, outside of those that are resolved in arbitration, as to any matters whatsoever arising out of or in any way connected with this Guaranty and authorize service of process on the Guarantor by certified mail sent to the Guarantor at the address for the Guarantor as set forth herein below.

13. Severability. Any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceable provision without invalidating the remaining provisions hereof. Guarantor and Provider hereby waive any provisions of law which renders any provision hereof prohibited or unenforceable in any respect.

14. Entire Agreement. This Guaranty constitutes the entire agreement of Guarantor and Provider with respect to the subject matter hereof. All prior or contemporaneous understanding or agreements, written or oral, between Guarantor and Provider with respect to the subject matter hereof are hereby entirely superseded.

IN WITNESS WHEREOF, the Guarantor, intending to be legally bound hereby, has duly executed this Guaranty Agreement as of the date indicated below.

INDIVIDUAL GUARANTOR:

X _____
Name: _____
Home Address: _____
Date: _____

**ABSOLUTE AND CONTINUING
CORPORATE GUARANTY AGREEMENT**

This ABSOLUTE AND CONTINUING CORPORATE GUARANTY AGREEMENT ("Guaranty") is made and entered into as of _____, by ("Guarantor"), in favor of Hitachi Capital America Corp. ("Provider").

R E C I T A L S :

WHEREAS, _____ ("User") and Provider have entered or will enter into a Installment Payment Agreement No. _____ dated as of _____ pursuant to which Provider will provide and may provide from time to time in the future certain equipment, software and/or related services (collectively, the "Equipment") to be provided by Provider to User pursuant to the terms of a Installment Payment Agreement, together with all Schedules, attachments and riders attached or to be attached thereto (collectively, the "Agreement"); and

WHEREAS, Provider, as a condition precedent to entering into said Agreement, has requested Guarantor provide security by unconditionally guaranteeing payment to Provider of all rent, charges and other moneys due and to become due to Provider from User under the Agreement together with all of the obligations and liabilities of User under the Agreement (collectively, the "Obligations"); and

WHEREAS, Guarantor, in furtherance of his business and/or investment objectives and in order to induce Provider to proceed with the Agreement, desires to provide an absolute and continuing guaranty as hereinafter set forth;

NOW, THEREFORE, in order to induce Provider to enter into the Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. Guaranty. Guarantor absolutely and unconditionally guaranties to Provider the payment of all of the Obligations, and shall continue to so guaranty all such Obligations, whether or not all Obligations are paid in full, until all of such Obligations have been fully satisfied. If the User shall fail to pay all or any part of the Obligations when due, whether by acceleration or otherwise, Guarantor shall pay Provider, upon Provider's written demand, the amount due and unpaid by the User in a like manner as if such amount constituted the direct obligation of Guarantor. Provider's failure to provide Guarantor with a written demand for payment shall not be construed as a waiver of Provider's rights against Guarantor under this Guaranty. Prior to any demand upon Guarantor, Provider shall not be required to make any demand upon or pursue or exhaust any of its rights or remedies against the User. This Guaranty shall be effective immediately and shall remain in full force and effect until all of the Obligations are paid, performed and observed in full. This Guaranty shall be enforceable against each person signing this Guaranty, even if only one person signs and regardless of any failure of other persons to sign this Guaranty. If there is more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all of the signers.

2. Strict Observance. Guarantor agrees that the Obligations will be paid, performed, and observed strictly in accordance with their terms, regardless of any rights of User against Provider. The obligations of Guarantor hereunder are without regard to the obligations of any other person or entity, and shall not be affected by any circumstances, including without limitation: (i) any act or omission by Provider, which act or omission is hereby agreed to; (ii) any lack of enforcement or retention of rights against User, Guarantor or any other person or entity or any property; (iii) partial or complete illegality, unenforceability or invalidity of the Obligations, or any other guaranty, surety, pledge, assignment or other security for any Obligations; (iv) any termination or amendment of or change in the Agreement or any other instrument, or the Equipment or any part thereof, or any leasing, assignment, mortgage or transfer of any thereof or of any interest therein, or any furnishing, acceptance, failure or release of any interest in any such security; (v) any failure, omission or delay on the part of User or any other person or entity to comply with any term of the Agreement; (vi) any waiver of the payment, performance or observance of any of the Obligations, or any other waiver, consent, extension, indulgence, compromise, settlement or release in respect of the Agreement or any obligation or liability of User or Provider or any exercise or non-exercise of any right, remedy, power or privilege in respect of the Agreement or any Obligation; (vii) any voluntary or involuntary bankruptcy, insolvency, reorganization, composition, receivership or similar proceedings with respect to User, Guarantor, or any other person or entity or any properties or creditors, or any taken by any court, trustee or receiver in any such proceeding; (viii) any limitation on the liability or obligations of User or any other person or entity under the Agreement or any discharge termination, cancellation or frustration, in whole or in part, of the Agreement; (ix) any defect in the title or condition of, or any damage to or loss or destruction of the Equipment, or any portion thereof; (x) any merger or consolidation of User or Guarantor into or with any other corporation or entity, or any sale, lease or transfer of any of the assets of User or Guarantor to any other person or entity; (xi) any change in the ownership of User, or any change in or termination of any relationship between User and Guarantor; or, (xii) any other condition circumstances which might otherwise constitute a legal or equitable discharge, release or defense of a surety or Guarantor. No delay in making demand on Guarantor for satisfaction of the obligations of Guarantor hereunder shall prejudice the right of Provider to enforce the obligations of Guarantor hereunder.

3. Waivers of Notice, Etc. Guarantor waives diligence, presentment, demand, protest or notice of any kind whatsoever with respect to this Guaranty or the Obligations, including without limitation (i) notice of acceptance of this Guaranty, notice of nonpayment or nonperformance of any of the Obligations, notice of an Event of Default (as defined in the Agreement) or other default and notice of any of the matters described in Paragraph 2 hereof, (ii) any right to the enforcement, assertion or exercise of any right, power, privilege or remedy conferred in the Agreement or otherwise, (iii) any requirement to exhaust any remedies or to mitigate damages resulting from a default under the Agreement, (iv) any notice of any sale, transfer or other disposition of any right, title to or interest in the Agreement, the equipment or any collateral security, or any part thereof, or (v) any requirement of promptness in commencing suit, action or other proceeding and the giving to or making any claim or demand on Guarantor, User or any other person or entity. Guarantor agrees that it shall not be required or have the right to consent to, or to receive any notice of, any supplement to or amendment of, or waiver or modification of, the terms of the Agreement. No notice to or demand on Guarantor shall entitle Guarantor to any other or further notice or demand in the same, similar or other circumstances.

4. Extensions, Etc. Provider may in its sole discretion, at any time or from time to time, (i) renew, extend, change or modify the time, manner, place or terms of payment, performance or observance of any or all of the Obligations, (ii) apply payments by User or Guarantor to any Obligations or any other Obligations or liability of User or Guarantor to Provider, (iii) exchange, release or surrender any security or property which may at any time be held by it, (iv) release any surety or guarantor for or of any of the Obligations (v) settle or compromise any or all of the Obligations with User or any other person or entity liable thereon, or (vi) subordinate the payment, performance or observance of any other debts or obligations which may be due or owing to Provider or any other person or entity, all in such manner and upon such terms as Provider may deem proper, without notice to or further assent from Guarantor.

5. No Waiver. No failure by Provider to exercise, and no delay in exercising, this Guaranty shall operate as a waiver thereof, nor shall any single or partial exercise of any other right, power or remedy of Provider.

6. Guaranty of Performance. This Guaranty is a guaranty of payment and performance and not of collection. Guarantor shall pay to Provider all reasonable attorneys' fees and other reasonable expenses incurred by Provider in protecting its interests hereunder or in exercising its rights and remedies provided

hereunder, together with interest on such sums at the lesser of .05% per day or the maximum rate permitted by law, from the date which such expenses are also incurred.

7. Bankruptcy. If at any time all or any part of any payment or performance theretofore applied by Provider to any of the obligations is or must be rescinded or returned by Provider for any reason whatsoever (including without limitation the insolvency, bankruptcy or reorganization of User) then such Obligations shall, for the purposes of this Guaranty, be deemed to have continued to be effective or be reinstated, as the case may be, all as though such application by Provider had not been made. If an event permitting the declaration of default under the Agreement occurs and such declaration of default is prevented by reason of any case or proceeding under a bankruptcy or insolvency law, for purposes of this Guaranty and its Obligations hereunder, the Agreement shall be deemed to have been declared in default; and Guarantor shall pay the amounts specified by Provider to be paid under this Guaranty without further notice or demand.

8. Assignment. Provider may at any time sell, assign, transfer or otherwise dispose of all or any part of its interest in this Guaranty and, in such event, this Guaranty shall inure to the benefit of, and be enforceable by, the successors and assigns of Provider, assign any interest hereunder or related hereto (including without limitation any claim arising by subrogation).

9. Guarantor's Obligation; No Set-off. Guarantor's obligation hereunder shall be absolute and unconditional and shall not be subject to any right of set-off, recoupment, deduction or other defense which Guarantor or any other person or entity may now or hereafter have against Provider. All such payments made shall be final, and Guarantor will not seek to recover for any reason whatsoever any such payments made.

10. Limitations on Subrogation. Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever, and no right of recourse to or with respect to any assets or property of User and waives any right to enforce any remedy which Provider now has or may hereinafter have against User until all of the Obligations have been paid in full, performed and observed. Any subrogation right to which Guarantor becomes entitled and any other obligation of any kind owing from User to Guarantor shall be subject and subordinate to the rights of Provider against User under the Agreement. No payment or performance hereunder by Guarantor shall give rise to any claim of Guarantor against Provider.

11. Acceleration. Guarantor agrees that if any Event of Default as defined in the Agreement occurs, then any and all Obligations of the undersigned under this Guaranty or otherwise shall, at the Provider's option and without notice, forthwith become immediately due and payable by Guarantor.

12. Miscellaneous. This Guaranty shall be governed by the laws of the State of Minnesota. The Guarantor and Provider hereby consent to the jurisdiction of and venue in any Federal or State Court located in Hennepin County, Minnesota for a determination of any dispute, outside of those that are resolved in arbitration, as to any matters whatsoever arising out of or in any way connected with this Guaranty and authorize service of process on the Guarantor by certified mail sent to the Guarantor at the address for the Guarantor as set forth herein below.

13. Severability. Any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceable provision without invalidating the remaining provisions hereof. Guarantor and Provider hereby waive any provisions of law which renders any provision hereof prohibited or unenforceable in any respect.

14. Entire Agreement. This Guaranty constitutes the entire agreement of Guarantor and Provider with respect to the subject matter hereof. All prior or contemporaneous understanding or agreements, written or oral, between Guarantor and Provider with respect to the subject matter hereof are hereby entirely superseded.

15. Corporate Authority. Guarantor represents and warrants that it is duly authorized to enter into this Guaranty, and that the undersigned is a duly authorized officer of Guarantor with authority to execute this Agreement on behalf of Guarantor. Guarantor agrees to provide any documents reasonably requested by Provider to evidence such authority.

IN WITNESS WHEREOF, the Guarantor, intending to be legally bound hereby, has duly executed this Guaranty Agreement as of the date indicated below.

CORPORATE GUARANTOR:

By _____
Its: _____

Address: _____

Date: _____

EXHIBIT H
SAMPLE MYZONE AGREEMENT



Wholesale Fitness Supply, LLC
2411 Galpin Court, Suite 110, Chanhassen, MN 55317
Phone: 877-774-1411 | Fax: 952-474-5416
Myzone@liftbrands.com

Myzone Order Form

Customer Information

Customer Name _____ Customer Contact _____
Facility Name _____ Facility Contact _____
Facility Address _____ City _____ State _____ Zip Code _____
Billing Address _____ City _____ State _____ Zip Code _____
Contact Email _____ Phone Number _____ Fax Number _____

Equipment Information (USD unless otherwise noted)

Included Equipment: 1 Receiver; 1 Memory Stick; 1 Antenna; 1 Wireless Keyboard/Mouse; 10 Belts; 20 Straps

Additional Equipment

Receiver: \$_____/unit Domestic S&H: \$_____/unit
Memory Stick: \$_____/unit Equipment Sub-Total: _____
Antenna: \$_____/unit Tax Rate: _____
Belts (x10): \$_____/unit Additional Equipment Total: _____

Order Notes:

Payment Information

Monthly Fee: _____
Credit Card No: _____ Exp. Date: _____ CCV: _____
Bank Name: _____ Routing No. _____ Account No. _____

Credit Card Authorization. By signing below, I authorize Wholesale Fitness Supply, LLC ("Wholesale"), to charge the account indicated above for all amounts due according to this Agreement. I guarantee and warrant that I am the legal holder for this account, and that I am legally authorized to enter into this recurring billing agreement with Wholesale. I agree to indemnify, defend and hold Wholesale harmless, against any liability pursuant to this authorization. I understand that this authorization will remain in effect until I cancel it in writing, and I agree to notify Wholesale in writing of any changes in my account information or termination of this authorization at least 15 days prior to the next billing date.

Signature _____

This Myzone™ Order Form ("Order Form"), together with the attached master terms and conditions ("Master Terms and Conditions") and any other exhibits or attachments hereto (collectively, the "Agreement") is entered into by and between Wholesale Fitness Supply, LLC and Customer. In the event of a conflict between the Order Form and the Master Terms and Conditions, the Master Terms and Conditions will prevail but only to the extent of the inconsistency. The Master Terms and Conditions apply to all future sales or orders by Customer unless otherwise agreed in writing.



MASTER TERMS AND CONDITIONS

These Myzone™ Master Terms and Conditions and any future orders and any other exhibits or attachments hereto or thereto (collectively the “Agreement”) is entered into by and between Wholesale Fitness Supply, LLC, and Customer. In the event of a conflict between the Order Form and the Master Terms and Conditions, the Master Terms and Conditions prevail. The Master Terms and Conditions apply to all future Myzone sales or orders by Customer unless otherwise agreed in writing by the parties.

1. DEFINITIONS

“*Company*” means Wholesale Fitness Supply, LLC, a Minnesota limited liability company. “*Customer*” means the purchaser identified on the Order Form. “*Myzone System*” means the Myzone™ system which includes the Myzone personal monitoring system, the equipment, system software, documentation and related information systems. “*Monthly Fee*” means the monthly fee listed on the first page of the Order Form. “*License Term*” means the term of the license for each Myzone System (See Section 4.1).

2. ORDER AND PAYMENT

2.1 Orders. All orders are subject to acceptance by the Company. In the event of cancellation by Company, Company’s sole obligation is to return any down payment paid by Customer. In the event of cancellation by Customer, the down payment is non-refundable and will be retained by Company. All monthly fees are non-refundable.

2.2 Installation. Customer is solely responsible for installation, third-party software peripherals, internet connection and other computer equipment required to run the Myzone System. Customer also is responsible for obtaining and paying for all permits, licenses, fees and certificates of inspection necessary for installation of the Myzone System.

2.3 Monthly Fee. The Monthly Fee is due for each Myzone System, plus applicable, tax, and will be prorated for months of partial service. Billing of the Monthly Fee will commence upon the earlier of the activation of the Myzone System equipment or 60 days after the shipment of the Myzone System equipment.

2.4 Payment Terms. If Customer fails to make any payment when due or any electronic payment is declined, a service charge of \$20 will apply. In addition, late payments will bear interest at a rate of 18% of the total amount due or the maximum legal interest rate, whichever is less and, in addition to any other remedies, if any amounts are 30 days or more overdue, Company reserves the right to suspend the license and services until paid in full. Customer is responsible for ensuring that the billing information is accurate and current and signing a debit authorization form. All payments are listed in and must be paid in United States dollars. Unless otherwise noted, all prices are exclusive of any applicable shipping costs or taxes.

3. INTELLECTUAL PROPERTY

3.1 License. Subject to all the terms of this Agreement and Customer’s continued payment of the Monthly Fee, Company grants Customer a non-exclusive, personal, revocable, non-assignable, non-sublicensable right to use the Myzone System, at the facility

locations identified on the Order Form and/or Schedule 1. Other than the license granted, no right, title or interest in all or any portion of the Myzone System is conveyed or assigned to Licensee, either expressly or by implication, including any patents, copyrights, trade secrets, trademarks, trade names, or other intellectual property rights associated with the Myzone System.

3.2 Updates. From time to time, Company may provide updates, modifications or new releases of the software for the Myzone System. Any update, modification or new release of the Myzone System is subject to all the terms of this Agreement.

3.3 Restrictions. Customer may not (and may not permit its employees or any third parties to): (i) decompile, disassemble or otherwise reverse engineer or attempt to reconstruct the Myzone System, (ii) alter or modify the Myzone System, (iii) use the Myzone System in any manner that violates any local, state, provincial, federal, or international law, rule, regulation or ordinance; (iv) contest Company’s rights to the Myzone System or trademarks; or (v) remove, obscure or alter any product identification, copyright or other notices.

3.4 Confidentiality. Customer acknowledges that the Myzone System is proprietary to the Company and agrees that it will not disclose or permit any of its employees, agents or representatives to disclose to any party any data or information with respect to the Myzone System (including any passwords and the terms of this Agreement) without Company’s prior written consent. This obligation shall continue during the terms of this Agreement and for a period of five (5) years thereafter, except with respect to trade secrets in which case such obligation will not expire.

4. TERM AND TERMINATION

4.1 Term. The Agreement is effective upon Company’s acceptance of the Order and continues for three years (the “Term”). Following the Term, the Agreement automatically renews for successive one year terms (“Renewal Terms”) unless either party gives 90 days’ advance written notice prior to the end of the Term or Renewal Term (as the case may be) or the Agreement is otherwise terminated in accordance with this Agreement.

4.2 Termination. Either party may terminate this Agreement if the other party breaches any of its material terms or conditions and fails to cure each breach within 30 calendar days of written notice thereof, or, in the case of payment defaults, within 10 calendar days of written notice thereof.

4.3 Consequences of Termination. Upon termination or expiration of this Agreement, Customer shall cease use of the Myzone System and any Trademarks and return to Company or



destroy (at Company's option) any manuals or confidential materials. DAMAGES HAS BEEN DISCLOSED OR COULD HAVE

4.4 Payments upon Termination. If Customer terminates the Agreement before the end of the Term, or the Company terminates the Agreement due to Customer's default, the amounts due plus all AGGREGATE LIABILITY WHICH COMPANY MAY INCUR IN ANY ACTION, WHETHER IN CONTRACT, TORT OR OTHERWISE EXCEED \$10,000.

accrued and unpaid charges including but not limited to fees and taxes), are immediately due upon termination. Customer will make all payments without deduction for any claim Customer may have against Company. Company reserves the right to charge these fees using the payment method Customer has authorized for payment of the Monthly Fee. If Company uses an attorney or a collection agency to collect any money owed by Customer, or to assert any other right Company may have against Customer, Customer agrees to pay the reasonable costs of collection or other action, including but not limited to the costs of a collection agency, reasonable attorneys' fees and court costs.

5. LIMITED WARRANTY; LIABILITY; INDEMNIFICATION

5.1 WARRANTY. Customer understands that Company is not the manufacturer of the Myzone System purchased by Customer hereunder and the only warranties offered are those of the manufacturer, not Company or Company's affiliates. In purchasing the Myzone System, Customer is relying on the manufacturer's specifications only and is not relying on any statements, specifications, photographs or other illustrations representing the Myzone System that may be provided by Company or its Affiliates. COMPANY AND ITS AFFILIATES HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES EITHER EXPRESS OR IMPLIED, RELATED TO THE MYZONE SYSTEM, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF TITLE, ACCURACY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WARRANTY OF NONINFRINGEMENT, OR ANY WARRANTY RELATING TO THIRD PARTY SERVICES. THE DISCLAIMER CONTAINED IN THIS PARAGRAPH DOES NOT AFFECT THE TERMS OF ANY MANUFACTURER'S WARRANTY. Customer expressly waives any claim that it may have against Company or its Affiliates based on any product liability or infringement or alleged infringement of any patent, copyright, trade secret or other intellectual property rights (each a "Claim") with respect to the Myzone System or any other product sold to Customer pursuant to this Agreement and also waives any right to indemnification from Company or its Affiliates against any such Claim made against Customer by a third party. Customer acknowledges that no employee of Company or its Affiliates is authorized to make any representation or warranty on behalf of Company or any of its Affiliates that is not in this Agreement.

5.2 LIMITATION OF LIABILITY. EXCEPT FOR CUSTOMER'S OBLIGATIONS UNDER SECTIONS 3 (INTELLECTUAL PROPERTY) AND 5.3 (INDEMNIFICATION), TO THE MAXIMUM EXTENT PERMITTED BY LAW, NEITHER PARTY WILL BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, INCIDENTAL, OR PUNITIVE DAMAGES, INCLUDING LOSS OF PROFITS, EVEN IF THE POSSIBILITY OF SUCH

5.3 Indemnification. Customer must indemnify, defend, and hold Company and its officers, directors, employees, affiliates, agents, and assigns harmless from and against any claims, demand, action, cause of action, suit or proceeding (including reasonable attorneys' fees and costs) relating to or arising from Customer's use of the MyzoneSystem and trademarks, including but not limited to liabilities arising from bodily injury, including death, or property damage.

6. EQUIPMENT

6.1 Equipment Ownership. Customer agrees that the equipment described in the "Included Equipment" section on page 1 of the Order Form (such personal property and any upgrades, replacements, repairs and additions referred to as the "Included Equipment") will at all times remain the sole and exclusive property of Company. Customer agrees that Company may make such filings and recordings as it determines are necessary to evidence Company's ownership rights in the Included Equipment, and to execute any and all documents Company considers necessary for Company to make such filings. Customer has no right at any time to pledge, sell, mortgage, otherwise encumber, give away, remove, relocate, alter or tamper with the Included Equipment. Customer is responsible for preventing the loss or destruction of the Included Equipment, and Company recommends that Customer keep the Equipment fully insured against loss in an amount not less than the replacement cost of the Included Equipment until this Agreement is terminated.

6.2 Return of Equipment. Customer must return the Included Equipment in good working order, normal wear and tear excepted, at Customer's expense within thirty (30) days following cancellation, termination or expiration of the Agreement. If Customer does not return the Included Equipment undamaged and in working order, normal wear and tear excepted, Customer is responsible for, and must pay Company, the replacement cost of the Equipment. Company reserves the right to charge this fee using the payment method Company has on file for Customer.

6.3 Loss, Destruction or Damage: Customer agrees to notify Company immediately if the Included Equipment is lost, destroyed, or damaged and to promptly pay to Company all future payments through the end of the Term (in addition to accrued and unpaid charges including but not limited to fees and taxes).

7. GENERAL PROVISIONS

7.1 Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the parties and supersedes all prior communications, understandings and agreements relating to the subject matter hereof, whether oral or written. Any modification of this Agreement must be in writing signed by both parties. Nothing



contained in any purchase order or Customer issued document will in any way serve to modify or add any terms or conditions to the sale, lease, finance or license of the Myzone System pursuant to this Agreement.

7.2 Assignment. Customer may not sell, assign, license or sublicense or otherwise convey in whole or in part, by operation of law or otherwise, to any third party this Agreement without Company's prior written consent. Company is entitled to assign the Agreement, in whole or in part, to any affiliate or to any entity to which it sells, transfers, conveys, assigns, or leases all or substantially all of its rights and assets and Customer hereby consents to such assignment.

7.3 Independent Contractors. Company and Customer are independent contractors. This Agreement does not create a partnership, franchise, joint venture, agency, fiduciary or employment relationship between the parties.

7.4 Force Majeure. Neither party shall be responsible for delays or failure in performance of this Agreement (other than failure to pay amounts due) to the extent that such party was hindered in its performance by any act of God, civil commotion, labor dispute, unavailability or shortages of materials or any other occurrence beyond its reasonable control.

7.5 Notices. Except where another method is specified in this Agreement, any notice, demand or other communication provided for in this Agreement must be in writing and (i) delivered personally, (ii) delivered by reputable overnight service (such as FedEx), or (iii) deposited in the mail, service or postage pre-paid, and addressed to the parties at the addresses on the Order Form. Notices for the purpose of this Section will be deemed to have been received if mailed or delivered as provided in this Section.

7.6 Dispute Resolution. This Agreement is governed by the laws of the State of Minnesota without reference to its choice of laws

rules and not including the provisions of the 1980 U.N. Convention on Contracts for the International Sale of Goods. The parties hereby consent and submit to the jurisdiction of the federal or state courts for the state of Minnesota. In the event of a dispute, the parties will first attempt to resolve the dispute through consultation and negotiation. If not resolved by negotiation, any dispute arising out of or in connection with this Agreement must be referred to and finally resolved by arbitration under the then- current rules and procedures of the American Arbitration Association ("AAA"). The seat or legal place of arbitration must be Minneapolis, Minnesota, U.S.A. Customer agrees that in the event of breach of this Agreement by Customer, Company shall be entitled to injunctive relief to enforce the terms of this Agreement in addition to any other remedy Company might have. In the event of litigation or other proceedings by Company to enforce or defend any term or provision of this Agreement, Customer agrees to pay all costs and expenses sustained by Company, including but not limited to, reasonable attorneys' fees. Customer's sole and exclusive remedies under this Agreement are as expressly set forth in this Agreement. **THE PARTIES IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.**

7.7 Miscellaneous. Failure by either party to enforce a provision of this Agreement shall not be deemed a waiver of any other provision. In the event any one or more of the provisions of this Agreement is deemed invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The representations and warranties of the parties and any term which expressly or by its nature survive termination of this Agreement shall remain in full force and effect after termination or expiration of this Agreement. This Agreement may be executed in counterparts and delivered by facsimile or electronic transmission, each of which will be deemed an original and all of which together constitute one instrument

Authorized Signatures

Customer:

Signature:

Myzone, a division of Wholesale Fitness Supply, LLC

Signature:

Name:	Name:	Cory Lyons
Title:	Title:	Director of Franchise Sales and Development
Date:	Date:	



Wholesale Fitness Supply, LLC
2411 Galpin Court, Suite 110, Chanhassen, MN 55317
Phone: 877-774-1411 | Fax: 952-474-5416
myzone@liftbrands.com

SCHEDULE 1: FACILITY LIST

	<i>Facility Name</i>	<i>Street Address</i>	<i>Facility Contact Person</i>	<i>Phone</i>
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

EXHIBIT I
STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	July 27, 2020
Hawaii	Pending
Illinois	July 27, 2020
Indiana	July 27, 2020
Maryland	Pending
Michigan	July 27, 2020
Minnesota	Pending
New York	July 27, 2020
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Snap Fitness, Inc. 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 state law). New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Snap Fitness, Inc. 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 state agencies listed in Exhibit A to this disclosure document.

Issuance Date: July 27, 2020 or the Effective Date reflected on the State Effective Dates Page

I acknowledge receiving this Franchise Disclosure Document issued July 27, 2020 (or the date reflected on the State Effective Dates Page), including the following exhibits:

EXHIBIT A – List of State Administrators and List of Agents for Service of Process; ***EXHIBIT B*** – Financial Statements; ***EXHIBIT C-1*** – Sample Franchise Agreement and State-Specific Addenda; ***EXHIBIT C-2*** – Sample Area Development Agreement and State-Specific Addenda; ***EXHIBIT D*** – Franchisee List; ***EXHIBIT E*** – Operations Manual Table of Contents; ***EXHIBIT F*** – Sample Franchise Agreement Addenda; ***EXHIBIT G*** – Sample Financing Documents; ***EXHIBIT H*** – Sample Myzone Agreement; ***EXHIBIT I*** – State Effective Dates; ***EXHIBIT J***– Receipts

Date FDD Received: _____

Signed*: _____

Print Name: _____

Date FDD Received: _____

Signed*: _____

Print Name: _____

Date FDD Received: _____

Signed*: _____

Print Name: _____

Date FDD Received: _____

Signed*: _____

Print Name: _____

*Signed individually and as an authorized representative of the franchisee company.

FRANCHISE SELLER'S NAME AND CONTACT INFORMATION:

Cory Lyons, 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317, Phone: 952-474-5422.

EXHIBIT J

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Snap Fitness, Inc. 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 state law). New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Snap Fitness, Inc. 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 state agencies listed in Exhibit A to this disclosure document.

Issuance Date: July 27, 2020 or the Effective Date reflected on the State Effective Dates Page

I acknowledge receiving this Franchise Disclosure Document issued July 27, 2020 (or the date reflected on the State Effective Dates Page), including the following exhibits:

EXHIBIT A – List of State Administrators and List of Agents for Service of Process; **EXHIBIT B** – Financial Statements; **EXHIBIT C-1** – Sample Franchise Agreement and State-Specific Addenda; **EXHIBIT C-2** – Sample Area Development Agreement and State-Specific Addenda; **EXHIBIT D** – Franchisee List; **EXHIBIT E** – Operations Manual Table of Contents; **EXHIBIT F** – Sample Franchise Agreement Addenda; **EXHIBIT G** – Sample Financing Documents; **EXHIBIT H** – Sample Myzone Agreement; **EXHIBIT I** – State Effective Dates; **EXHIBIT J**– Receipts

Date FDD Received: _____ Signed*: _____

Print Name: _____

Date FDD Received: _____ Signed*: _____

Print Name: _____

Date FDD Received: _____ Signed*: _____

Print Name: _____

Date FDD Received: _____ Signed*: _____

Print Name: _____

*Signed individually and as an authorized representative of the franchisee company.

FRANCHISE SELLER'S NAME AND CONTACT INFORMATION:

Cory Lyons, 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317, Phone: 952-474-5422.

