



**THE VITAL STRETCH FRANCHISING, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

**ISSUANCE DATE: April 30, 2025, as amended on May 20, 2025**

## FRANCHISE DISCLOSURE DOCUMENT



**The Vital Stretch Franchising, LLC**  
A Connecticut limited liability company  
112 Main St  
Norwalk, CT 06851  
(203) 692-5727  
franchising@thevitalstretch.com  
www.thevitalstretch.com

As a franchisee, you will operate a Vital Stretch one-on-one assisted stretching business offering regenerative stretching, and related services as a Vital Stretch standard location (a “VS Standard”), a Vital Stretch + location (a “VS +”), or a Vital Stretch lite location (a “VS Lite”). Your VS Standard, VS +, or VS Lite location are referred to collectively as the “Studio”.

The total investment necessary to begin the operation of a Studio is between \$147,400 to \$260,100 for a VS Standard Studio, between \$165,400 to \$278,100 for a VS + Studio and between \$96,500 to \$181,500 for a VS Lite Studio. This includes \$54,500 that must be paid to the franchisor or its affiliates.

If you enter into a Development Agreement, the total investment necessary to begin operation of one new Studio depends on which concept you are permitted to open. By way of example if you are granted the right to develop between a total of three and ten VS Standard Studios your total investment necessary to begin operations is between \$235,900 to \$593,600. This includes \$143,000 to \$388,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Melissa or Robert Goldring at 112 Main St., Norwalk, CT 06851 or (203) 692-5727.

The terms of your contract will govern your franchise relationship. Don’t rely on 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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and development agreement require you to resolve disputes with the franchisor by arbitration and/or litigation only in the then-current county and state where our corporate headquarters is located. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate and/or litigate with the franchisor in the then-current county and state where our corporate headquarters is located than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty and marketing expenses. If you fail to do so, the franchisor could terminate your franchise agreement and you could lose your investment.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support you.
4. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise system with a longer operating history.
5. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.
6. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
7. **Supplier control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

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### EXHIBITS

- A. Financial Statements
- B. List of State Administrators and Agents for Service of Process
- C. List of Current and Former Franchisees
- D. Operations Manual Table of Contents
- E. Franchise Agreement with Attachments
- F. Area Development Agreement
- G. Form of General Release
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- I. State Specific Addenda
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- K. Electronic Funds Transfer Form
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Receipts

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

The Franchisor is The Vital Stretch Franchising, LLC, a Connecticut limited liability company. To simplify the language in this Disclosure Document, the Vital Stretch Franchising, LLC, will be referred to as “we”, “Vital Stretch” or “us”. “You” means the individual or individuals or corporation, partnership or limited liability company buying the franchise. If you are a business entity, each of the following individuals must sign our Guaranty:(i) each of your shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; or (iii) each of your members and managers if you are a limited liability company. All of the provisions of our Franchise Agreement (a copy of which is attached as Exhibit E to this Disclosure Document) will apply to you and to each individual who signs the Guaranty.

**The Franchisor**

We are a Connecticut limited liability company formed in July 2022 and maintain our principal business address at 112 Main St., Norwalk, CT 06851. We do business under our corporate name, The Vital Stretch.

We offer and sell franchises under the trade name “The Vital Stretch”. We do not own or operate any businesses of the type being franchised. However, as noted below, our affiliates operate Vital Stretch Studios. We have offered franchises since October 2022. We have never offered franchises in any other line of business.

Our agent for service of process is identified in Exhibit B to this Disclosure Document.

**Parent, Predecessor and Affiliates**

We have no parent or predecessor.

Our affiliate, The Vital Stretch, LLC., a Connecticut limited liability company was formed and began operating in March 2019 and has a principal place of business at 40 N. Main St., Norwalk, CT 06854. The Vital Stretch, LLC currently operates one Vital Stretch Studio. We refer to the Studios as “Company-Owned Outlets”. The Company Owned Outlet operates as a VS Lite location.

Our affiliates have never offered franchises in any line of business.

**The Business We Offer**

We grant franchises for the right to operate The Vital Stretch studios which offer assisted stretching and related services, as well as other services that we authorize as either VS Standard, VS +, or VS Lite Studio.

The Vital Stretch operates under our unique system relating to the establishment, development, and operation of the Studio (the “System”). The System includes the Marks, recognized designs, decor and color schemes, distinctive specifications for furniture, fixtures, equipment, and wall, ceiling and display designs; know-how, training techniques, trade secrets; uniform specifications of products and services; sales techniques, and merchandising, marketing, advertising, and inventory management systems; quality control procedures; and procedures for operation and management of System businesses. We may periodically make changes to the System, including System standards, facility location requirements and design, signage, equipment, trade dress and fixture requirements.

The Marks include various trade names, trademarks, service marks, logos, and other indicia of origin including the trademark “The Vital Stretch” or any Marks we have designated or may in the future designate for use in connection with the System.

## **Multi-Unit Offering**

We also offer qualified individuals the right to open and operate multiple Studios within a defined geographical area (the “Development Area”) by: (i) executing our current form of development agreement (the “Development Agreement”) attached as Exhibit F to this Disclosure Document; and (ii) paying our then-current development fee upon execution of your Development Agreement, which will depend on the number of Studios you agree to open.

You will be required to enter into our then-current form of franchise agreement, which may contain terms that are materially different from the Franchise Agreement in Exhibit E, for each of the Studios you are required to open under the Development Agreement. You must execute the Franchise Agreement attached as Exhibit E for your initial Studio contemporaneously with the execution of your Development Agreement. You must then ensure that you open and commence operations of each additional Studio in the Development Area in accordance with a development schedule set forth in your Development Agreement (the “Development Schedule”).

## **Market and Competition**

The market for fitness services and studios is crowded. You will face competition for members from other stretching studios, gyms, personal trainers, yoga and pilates studios, fitness/exercise centers and studios, health clubs, barre-based studios, and even other System franchisees (subject to the territorial protections and restrictions set forth in Item 12). The target audience for Vital Stretch Studios is a wide range of people interested in health, sports, nutrition, and fitness, as well as retail and specialized services between the ages of 16 and 80.

You will compete directly with other local franchises and other businesses that sell and offer personal training and related services, as well as national and regional chains. This business is year-round and not seasonal.

## **Applicable Industry-Specific Laws and Regulations**

Some states require that health/fitness facilities have a staff person available during all hours of operation that is certified in basic cardiopulmonary resuscitation or other specialized medical training. Some state or local laws may also require that health/fitness facilities have an automated external defibrillator and/or other first aid equipment on the premises. At a minimum, your Studio will be subject to various federal, state and local laws, and regulations affecting the business, including laws relating to zoning, access for the disabled, and safety and fire standards. You may need the local fire marshals or other local, state, or federal agency’s permission before you begin operations. There is no professional license required to operate a Studio.

Importantly, you must make sure you are aware of any and all employment laws, regulations and statutes that are applicable where your franchised Studio is located. You will be solely responsible for all employment-related decisions relevant to the Studio and must ensure that you consider such laws when making employment determinations and policies, and (b) ensuring compliance with all your Franchise Agreement terms and obligations to us as an independent contractor and franchisee. There may be local licensing and insurance requirements related to the Studio operations, including workers' compensation insurance, that you will need to ensure compliance with (in addition to your insurance-related requirements in our franchise agreement). There are, of course, statutes and regulations that are common to all businesses, including those governing health and labor issues, zoning and safety. You must investigate, keep informed of and comply with these laws.

We do not assume any responsibility for advising you on these regulatory or legal matters. You should consult with your attorney about laws and regulations that may affect Studio and investigate the application of those laws further.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Melissa Goldring - Co-Founder CEO**

Melissa Goldring has served as our Co-Founder and CEO since March 2019. Mrs. Goldring has served as the Co-Founder and CEO of The Vital Stretch Franchising, LLC since July 2022. Since 1998 Mrs. Goldring has served as the Director of Physical Therapy with Advanced Health Professionals in Norwalk, Connecticut.

### **Robert Goldring - Co-Founder COO**

Robert Goldring has served as our Co-Founder and COO since March 2019. Dr. Goldring has served as the Co-Founder and COO of The Vital Stretch Franchising, LLC since July 2022. Since 1994 Dr. Goldring has served as a Chiropractic Physician with Advanced Health Professionals in Norwalk, Connecticut.

### **Kara Giangreco - Operations Coordinator**

Kara Giangreco has served as Operations Coordinator since May 2023. Ms. Giangreco served as the Manager of Orange Theory Fitness in Mamaroneck, New York from October 2021 until January 2024. Ms. Giangreco served as the Manager of European Wax Center in Bedford, New York from January 2021 until September 2021.

### **Evan Bonenfant - VSP Training Program Coordinator**

Evan Bonenfant has served as VSP Training Program Coordinator since January 2024. Mr. Bonenfant has served as Lead Stretch Practitioner at The Vital Stretch Franchising, LLC since April 2019. Mr. Bonenfant served as a PT Aid for Advanced Health Care Professionals, in Norwalk, Connecticut from July 2016 until April 2019.

### **Sharon Benedict - Marketing Strategist**

Sharon Benedict has served as Marketing Strategist since October 2022. Ms. Benedict has served as the Founder and CEO of New Ink, in Salt Lake City, Utah since July 2018.

### **Austin Carfi – Content Director**

Austin Carfi has served as Content Director since October 2023. Mr. Carfi has served as the Founder and Creative Director of Carfi Media, in Norwalk, Connecticut since 2021.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

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

**ITEM 5  
INITIAL FEES**

**Franchise Fee**

We require a non-refundable initial franchise fee (the “Franchise Fee”) for a single Studio of \$54,500 which is due upon execution of the Franchise Agreement. The Franchise Fee must be paid to us upon signing the Franchise Agreement. In the last fiscal year, we collected Franchise Fees in a range from \$44,500 to \$49,500.

**Discount Program**

Under our “VITAL HIRE Program,” we offer a discounted Franchise Fee for your first Studio to qualified employees of our franchisees who: (i) have been recommended by a Vital Stretch franchisee; (ii) have been employed by a Vital Stretch franchisee for at least two (2) years; and (iii) otherwise qualifies to be our franchisee. This discount is based on years of service with one of our franchisees and is calculated as follows:

<b>Discount on Franchise Fee</b>	<b>Years of Consecutive Employment with the Vital Stretch</b>
50%	2
65%	3
80%	4
95%	5+

Discounts under our VITAL HIRE Program will be applied to the Franchise Fee for your first Studio only and the discount shall be calculated after any third-party broker fees are deducted, if any. Additional Studios under a Development Agreement will incur the Development Fees set forth in the table below. You may use the VITAL HIRE Program discount only once and only in accordance with our standards and specifications.

**Development Fee**

If we determine that you are financially and operationally qualified to develop multiple Studios, we may offer you the opportunity to enter into a Development Agreement, in which you will commit to develop a certain number of Studios that you and we determine to be appropriate. If you enter into a Development Agreement, you must pay us a one-time development fee upon execution of your Development Agreement (“Development Fee”). Your Development Fee will depend on the number of Studios we grant you the right to open within the Development Area, and is calculated as set forth in the table below:

Number of Studios We Grant You the Right to Develop	Franchise Fee	Cumulative Development Fee
1	\$54,500	\$54,500
2	\$49,500	\$104,000
3+	\$39,000	\$143,000

If we permit you to open more than three (3) Studios under a Development Agreement your Development Fee will be equal to (i) \$143,000; *plus* (ii) \$35,000 for each additional Studio we grant you the right to develop. You will be required to enter into our then current form of franchise agreement for each Studio you wish to open under your Development Agreement, but you will not be required to pay any additional Franchise Fee at the time you execute each of these franchise agreements. If you enter into a Development Agreement, you must execute our current form of Franchise Agreement for the initial Studio we grant you the right to open within your Development Area concurrently with the Development Agreement.

If you are an honorably discharged veteran of the United States military that purchases a Studio through the VetFran program, we will discount your Franchise Fee for your first Studio by \$5,000.

We use the Franchise Fee to cover, among other things, the cost to provide the initial training program, the costs to evaluate proposed sites and the costs to help you develop and open the Studio. The Franchise Fee and Development Fee are not refundable under any circumstances, are uniform for all franchisees, and must be paid in a lump sum.

#### ITEM 6 OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	7% of Gross Revenue per transaction (for all Gross Revenue in the form of credit or debit transactions)  7% of monthly Gross Revenue (for all Gross Revenue in the form of cash, check, or non-electronic transactions)	Payable per transaction for all credit or debit transactions  Payable monthly for all cash, check, or non-electronic Transactions	For Gross Revenue in the form of credit or debit transactions this fee shall be processed on a per-transaction basis through a centralized payment system and the balance will be distributed to you.  For Gross Revenue in the form of cash, check, or non-electronic transactions you will pay us 7% of your monthly Gross Revenue  Beginning in your thirteenth month of operations you will pay us the greater of (i) the Royalty Fee or (ii) \$500 per month
Brand Development Fund	Currently 2% Gross Revenue on a per transaction and monthly basis subject to change to a maximum of 3% time upon 30 days' written notice to you.	Same as Royalty	See Note 1

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Local Marketing Spending Requirement	\$1500/month	Payable by the end of each month  As incurred.	In addition to your contribution to the Brand Fund, beginning in the first full month after the date the Studio opens, you must spend a minimum of \$1,500 per month on local advertising and promotional activities, which shall be payable directly to third party vendors. If you fail to pay the required amount in any month, we may require you to pay us the shortfall as an additional Brand Fund contribution, or to pay us the shortfall for us to spend on local marketing for your Studio.
Marketing and Advertising Management Fee	\$1,050/month	Payable by the end of each month	As part of your Local Marketing Spending Requirement, you must pay the Marketing and Advertising Fee to our approved suppliers to oversee and manage these marketing efforts.
Technology Fee	Currently \$350 per month	Payable by the end of each month	The Technology Fee currently includes fees related to your access to and usage of, our intranet, any mobile applications or reservation system we develop, and the system website. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee. There is no cap on the amount the Technology Fee may be increased. The Technology Fee will be charged beginning two months after signing the Franchise Agreement.
Transfer Fee	\$10,000	Prior to transfer.	Transfer Fee is paid to us. The transfer fee does not apply to transfers where the transferee is an entity controlled and owned by Franchisee. We reserve the right to waive this fee due to death and incapacity at our sole discretion. Any administrative fees associated with the transfer will be paid by franchisee
Renewal Fee	\$10,000	At time of renewal.	You must renovate and reimage the Studio at your expense at the time of Renewal to conform to our then-current standards and image.
Bookkeeping Fees	You will be required to select us or an approved supplier and pay us or our approved supplier their then current monthly bookkeeping fee which we anticipate will be approximately \$350 per month	Monthly	You will be required to select us or an approved supplier and pay us or our approved supplier their then current monthly bookkeeping fee. We re
Insurance	Cost of insurance plus a 25% administrative fee.	As incurred.	We may obtain the insurance if you fail to. You will pay the cost of the insurance premiums and a fee to us to cover our reasonable expenses.
Audit	All of our costs and expenses, but not less than \$500.	Upon invoice.	See Note 2
Collection Costs, Attorney's Fees and Interest	See Note 4	As Incurred	See Note 3

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Administrative Costs	Our then-current fees.	Upon invoice.	We may charge fees to cover administration costs if an electronic funds transfer attempt is unsuccessful or you close your operating account, or any check or other payment is returned not paid.
Annual Franchise Meeting	We anticipate this amount will be approximately \$500 per attendee	As invoiced	Applies only if we schedule an annual conference for franchisees. We reserve the right to change our attendance fee.
Indemnification	Amount of loss or damages plus costs.	As incurred.	See Note 4
Initial and additional training	\$1,500/per person; for more than 4 trainees  \$500 per day for additional training or at our discretion we may charge a flat hourly rate for additional training	As incurred.	See Note 5
De-Identify Premises	Our actual costs.	As incurred.	If you do not de-identify your Studio following expiration or termination of the Franchise Agreement, we may re-enter the premises and do so at your expense and charge you the actual costs of de identification. .
Step-in Rights Fee	10% of the Studios' weekly Gross Revenue (subject to a weekly minimum fee of \$1,500).	Payable at the same time and in the same manner as you pay the Royalty Fee.	See Note 6.
Product Testing and Supplier Evaluation	\$500 plus our out-of-pocket expenses.	Upon invoice.	Payable if you request that we evaluate a potential product, supplier, or professional that is not on our list of approved suppliers for our System. We will reimburse this fee, if we approve the product, supplier or professional for the entire System.
Relocation Fee	\$5,000.	Upon approval of relocation request.	This is not our exclusive remedy in the event you fail to open the new location.

Notes:

General: Except as described in the remarks above, all of the fees in the table above are imposed by us, payable to us, non-refundable, and are uniformly imposed. You must use the payment methods we designate. You must furnish us and your bank with any necessary authorizations to make payment by the methods we require.

1. The Gross Revenue are defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Studio, at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including, but not limited to, cash, services, in kind from barter and/or exchange, gift cards (when purchased not when redeemed) on credit or otherwise, as well as business interruption insurance proceeds, all without deduction for expenses, including marketing expenses and taxes. However, the definition of Gross Revenue does not include sales tax that is collected from customers and actually

transmitted to the appropriate taxing authorities, or customer refunds or adjustments. Gross Revenue are calculated on a cash basis when a sale is made, not on an accrual basis.

If you do not report Gross Revenue, we may debit your account for 120% of the last Royalty Fee and Brand Fund Contribution that we debited. If the Royalty Fee and Brand Fund Contribution we debit are less than the Royalty Fee and Brand Fund Contribution you actually owe us, once we have been able to determine your true and correct Gross Revenue, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Fund Contribution we debit are greater than the Royalty Fee and Brand Fund Contribution you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week.

If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

2. You must maintain accurate business records, reports, accounts, books, and we have the right to inspect and/or audit your Studio records during normal business hours. If any audit reveals that you have understated Gross Revenue by 5% or more, or if you have failed to submit complete reports and/or remittances for any 2 reporting periods or you do not make them available when requested, you must pay the reasonable cost of the audit, including the cost of auditors and attorneys, together with amounts due for royalty and other fees as a result of the understated Gross Revenue, including interest from the date when the Gross Revenue should have been reported.

3. You will be required to pay us interest on any overdue amounts from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate. If we engage an attorney to collect any unpaid amounts (whether or not a formal arbitration claim or judicial or proceedings are initiated), you must pay all reasonable attorneys' fees, arbitration costs, court costs and collection expenses incurred by us. If you are in breach or default of any non-monetary material obligation and we engage an attorney to enforce our rights (whether or not an arbitration claim or judicial proceedings are initiated), you must pay all reasonable attorneys' fees, arbitration costs, court costs and litigation expenses.

4. You must defend, indemnify and hold us and our related parties harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising from your ownership, operation or occupation of your Studio, performance or breach of your obligations, breach of any representation or acts or omissions of you or your employees.

5. The Franchise Fee includes our initial training program for up to four people including you or your Operating Principal (if you are an entity), Key Manager and two Certified Stretch Practitioners, online, at our affiliate's Connecticut location or another location of our choosing. However, you will be required to pay personal expenses, including transportation, lodging, meals and salaries for yourself and all of your employees. If additional members of your staff need training, or if we determine at our sole discretion that they need additional training, we reserve the right to charge you for such training. Additional Initial training will be charged at our then-current rate, which is currently \$1,500 per person. At our discretion we may charge a flat hourly rate for additional training. All other training will be charged at our then-current rate for additional on-site training, which as of the date of this disclosure document is \$500 per day. The total amount will be determined based on your need, your location and the level of assistance required.

6. In the event we elect to take over the Studio and manage it as a result of your death or disability, you must pay us a fee equal to the greater of (i) 10% of the Studio' weekly Gross Revenue or (ii) \$1,200 per week, for as long as we deem necessary. In addition, you are also required to pay our expenses and other fees, such as royalties.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**A. Your Estimated Initial Investment – VS Standard**

Type of Expenditure	Amount	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee <sup>1</sup>	\$54,500	\$54,500	Lump sum	At signing of Franchise Agreement	The Franchise Fee is paid to us
Pre-opening Travel Expense <sup>2</sup>	\$500	\$6,000	As incurred	Before opening	Airline, hotel, Studio
Rent (2 months) <sup>3</sup>	\$5,000	\$14,000	As incurred	Before opening	Landlord
Leasehold Improvements <sup>4</sup>	\$5,000	\$65,000	As incurred	Before opening	Contractor/Third-party providers or our affiliates
Test Fit <sup>5</sup>	\$1,000	\$1,500	As incurred	Before opening	Third-party providers
Signage <sup>6</sup>	\$4,000	\$12,000	As incurred	Before opening	Third-party providers
Management and Technology System <sup>7</sup>	\$2,500	\$3,500	Lump sum	Before opening	Third-party providers
Opening Retail Supplies <sup>8</sup>	\$2,500	\$3,000	As incurred	Before opening	Third-party providers
Furniture and Equipment <sup>9</sup>	\$42,300	\$45,900	As incurred	Before opening	Third-party providers
Utility Deposits <sup>10</sup>	\$0	\$800	As incurred	Before opening	Utility providers
Insurance <sup>11</sup>	\$1,000	\$3,000	As incurred	Before opening	Insurance company
Grand Opening Marketing <sup>12</sup>	\$15,000	\$15,000	As incurred	Before opening	Third parties
Certification Training <sup>13</sup>	\$1,400	\$1,400	As incurred	Before opening	Airline, hotel, Studio
Professional Fees <sup>14</sup>	\$2,500	\$3,500	As arranged	Before opening	Attorneys, accountants
Business Permits and Licenses <sup>15</sup>	\$200	\$1,000	As incurred	Before opening	Licensing Authorities
Additional funds – 3 Months <sup>16</sup>	\$10,000	\$30,000	As incurred	After opening	Various
<b>TOTAL<sup>17</sup></b>	<b>\$147,400</b>	<b>\$260,100</b>			

## B. Your Estimated Initial Investment – VS Lite

Type of Expenditure	Amount	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee <sup>1</sup>	\$54,500	\$54,500	Lump sum	At signing of Franchise Agreement	The Franchise Fee is paid to us
Pre-opening Travel Expense <sup>2</sup>	\$500	\$6,000	As incurred	Before opening	Airline, hotel, Studio
Rent (2 months) <sup>3</sup>	\$3,000	\$8,000	As incurred	Before opening	Landlord
Leasehold Improvements <sup>4</sup>	\$0	\$25,000	As incurred	Before opening	Contractor/Third-party providers or our affiliates
Test Fit <sup>5</sup>	\$1,000	\$1,500	As incurred	Before opening	Third-party providers
Signage <sup>6</sup>	\$600	\$2,500	As incurred	Before opening	Third-party providers
Management and Technology System <sup>7</sup>	\$2,500	\$3,500	Lump sum	Before opening	Third-party providers
Opening Retail Supplies <sup>8</sup>	\$2,500	\$3,000	As incurred	Before opening	Third-party providers
Furniture and Equipment <sup>9</sup>	\$12,850	\$23,850	As incurred	Before opening	Third-party providers
Utility Deposits <sup>10</sup>	\$0	\$800	As incurred	Before opening	Utility providers
Insurance <sup>11</sup>	\$1,000	\$3,000	As incurred	Before opening	Insurance company
Grand Opening Marketing <sup>12</sup>	\$10,000	\$15,000	As incurred	Before opening	Third parties
Certification Training <sup>13</sup>	\$350	\$700	As incurred	Before opening	Airline, hotel, Studio
Professional Fees <sup>14</sup>	\$2,500	\$3,500	As arranged	Before opening	Attorneys, accountants
Business Permits and Licenses <sup>15</sup>	\$200	\$1,000	As incurred	Before opening	Licensing Authorities
Additional funds – 3 Months <sup>16</sup>	\$5,000	\$30,000	As incurred	After opening	Various
<b>TOTAL<sup>17</sup></b>	<b>\$96,500</b>	<b>\$181,850</b>			

### Notes to Table A and B:

1) Franchise Fee. The Franchise Fee is not refundable under any circumstances See Item 5 for additional information.

2) Pre-opening Travel Expense. This estimate is for the cost for four (4) people, including you or your Operating Principal (if you are an entity), and your Key Manager to attend our initial training program held in Norwalk, CT. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). This estimate does not include the cost of any salaries for your employees. The low end of the estimate assumes you are within driving distance of our training facility.

3) Rent (two months). The figures in the table reflect our estimates for leasing our standard prototype studio, which is typically 1,000 to 1,200 square feet of space for a VS Standard Studio and approximately 450 to 800 square feet for a VS Lite Studio. The low estimate assumes that you will be able to negotiate a rent abatement for your initial months of operation. The high estimate assumes that you lease a Studio in a high-demand area and do not receive a rent abatement. Your rent will depend on the Site's size, condition, visibility, accessibility, and location, local market conditions, and demand for the premises among prospective lessees. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C. and in certain other high demand districts, prevailing market rents could be significantly higher than the high estimate. We cannot accurately project your costs. You should consult with a local commercial real estate broker to get a more accurate estimate of costs in your market.

4) Leasehold Improvements. This estimate is for the costs associated with the development of a location with approximately 1,000 to 1,200 square feet of space for a VS Standard Studio and approximately 450 to 800 square feet for a VS Lite Studio. The low end assumes that your landlord may perform certain improvements or provide you with a tenant improvement allowance which may offset, in whole, or in part, the construction and build-out costs for your Studio. The high end assumes that you will not receive any financial contribution from your landlord for improvements. These numbers are not inclusive of any architect fees or other fees charged by licensed professionals (other than general contractors and licensed tradesmen), to perform subsequent installation of electrical, plumbing, and HVAC (heating, ventilation, air conditioning) suitable to the requirements of this concept. As in the development of any location, there are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market.

We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your studio. You should investigate applicable requirements in your area and the related costs, including receiving advice from regulatory agencies and your own lawyer, before making any commitments, whether to us or anyone else.

5) Test Fit. This estimate is for the cost of the test fit for your Studio from our approved supplier. The test fit includes the planning and measurement specifications for outfitting your Studio.

6) Signage. This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as all interior signage such as logo graphics for the windows. Additionally, these figures include various other elements of brand identification within the location such as wall graphics.

7) Management and Technology System. This estimate is for the cost of purchasing the required Management and Technology System which includes the point of sales system, computer equipment and software. This estimate also includes the cost of the software from our approved vendor, that is required to operate a Studio, over a three-month period. The current cost for the required software is approximately \$700 per month.

8) Opening Retail Supplies. This estimate is for the cost of certain retail supplies necessary to operate your Studio.

9) Furniture and Equipment. These figures represent the purchase of the necessary equipment from suppliers to operate your Studio, including stretching tables, chairs, dividers and other equipment. The costs listed here do not include any transportation or set up costs. This estimate also includes the furniture and fixtures to be used in the Studio, including but not limited to, retail displays, lighting fixtures and systems, telephones, furniture, flooring and restroom package, and furnishings. Certain items of millwork such as cabinets, kitchen and hand washing stations, built-in tables and countertops are also included in this amount

- 10) Utility Deposits. A credit check may be required by the issuing company prior to the initiation of services, or a higher deposit required for first-time customers. These costs will vary depending on the type of services required for the facility and the municipality from which they are being contracted.
- 11) Insurance Deposits and Premiums. This estimate is for the cost of deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Studio will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry.
- 12) Grand Opening Marketing. You must spend \$15,000 if you are operating a VS Standard Studio and a minimum of \$10,000 if you are operating a VS Lite Studio on advertising and promotions during the period 60 to 90 days before you open for business through the first 30 to 60 days after you open for business. You must keep detailed records of all expenditures and provide them to us within 15 days if requested. We have the right to modify your grand opening plan, at our sole discretion. This estimate is in addition to the Brand Fund Contributions you will be required to make.
- 13) Certification Training. This estimate is for the cost of certification through the National Academy of Sports Medicine (NASM) for four individuals. This estimate does not include any travel expenses you may incur if you have any.
- 14) Professional Fees. These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Studio. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Studio.
- 15) Business Permits and Licenses. You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate the Studio. The figures represented here reflect the range of expenditures for licenses and permits to open a Studio in Norwalk, CT.
- 16) Additional Funds – 3 Months. This is an estimate of the amount of additional operating capital that you may need to operate your Studio during the first three (3) months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate also includes such items as initial payroll and payroll taxes, additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Studio. These items are by no means all-inclusive of the extent of the expense categorization. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as your business experience.
- 17) TOTAL. This total amount is based upon the historical experience of our affiliates and franchisees. Your costs may vary based on a number of factors including but not limited to global economic conditions, supply chain issues, the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the establishment and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area. We do not directly or indirectly finance any portion of your initial investment. All fees listed are non-refundable.

### C. Your Estimated Initial Investment – VS +

Type of Expenditure	Amount	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee <sup>1</sup>	\$54,500	\$54,500	Lump sum	At signing of Franchise Agreement	The Franchise Fee is paid to us
Pre-opening Travel Expense <sup>2</sup>	\$500	\$6,000	As incurred	Before opening	Airline, hotel, Studio
Rent (2 months) <sup>3</sup>	\$5,000	\$14,000	As incurred	Before opening	Landlord
Leasehold Improvements <sup>4</sup>	\$12,000	\$72,000	As incurred	Before opening	Contractor/Third-party providers or our affiliates
Test Fit <sup>5</sup>	\$1,000	\$1,500	As incurred	Before opening	Third-party providers
Signage <sup>6</sup>	\$4,000	\$12,000	As incurred	Before opening	Third-party providers
Management and Technology System <sup>7</sup>	\$2,500	\$3,500	Lump sum	Before opening	Third-party providers
Opening Retail Supplies <sup>8</sup>	\$2,500	\$3,000	As incurred	Before opening	Third-party providers
Furniture and Equipment <sup>9</sup>	\$42,300	\$45,900	As incurred	Before opening	Third-party providers
VS Flex Space <sup>10</sup>	\$11,000	\$11,000	As incurred	Before opening	Third-party providers
Utility Deposits <sup>11</sup>	\$0	\$800	As incurred	Before opening	Utility providers
Insurance <sup>12</sup>	\$1,000	\$3,000	As incurred	Before opening	Insurance company
Grand Opening Marketing <sup>13</sup>	\$15,000	\$15,000	As incurred	Before opening	Third parties
Certification Training <sup>14</sup>	\$1,400	\$1,400	As incurred	Before opening	Airline, hotel, Studio
Professional Fees <sup>15</sup>	\$2,500	\$3,500	As arranged	Before opening	Attorneys, accountants
Business Permits and Licenses <sup>16</sup>	\$200	\$1,000	As incurred	Before opening	Licensing Authorities
Additional funds – 3 Months <sup>17</sup>	\$10,000	\$30,000	As incurred	After opening	Various
<b>TOTAL<sup>18</sup></b>	<b>\$165,400</b>	<b>\$278,100</b>			

#### Notes to Table C:

- 1) Franchise Fee. The Franchise Fee is not refundable under any circumstances See Item 5 for additional information.
- 2) Pre-opening Travel Expense. This estimate is for the cost for four (4) people, including you or your Operating Principal (if you are an entity), and your Key Manager to attend our initial training program held in Norwalk, CT. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). This estimate does not include the cost of any salaries for your employees. The low end of the estimate assumes you are within driving distance of our training facility.

3) Rent (two months). The figures in the table reflect our estimates for leasing our standard prototype studio, which is typically 1,200-1500 square feet space. The low estimate assumes that you will be able to negotiate a rent abatement for your initial months of operation. The high estimate assumes that you lease a Studio in a high-demand area and do not receive a rent abatement. Your rent will depend on the locations size, condition, visibility, accessibility, and location, local market conditions, and demand for the premises among prospective lessees. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C. and in certain other high demand districts, prevailing market rents could be significantly higher than the high estimate. We cannot accurately project your costs. You should consult with a local commercial real estate broker to get a more accurate estimate of costs in your market.

4) Leasehold Improvements. This estimate is for the costs for the development of a Vital Stretch studio with approximately 1,200-1500 square feet of space. The low end assumes that your landlord may perform certain improvements or provide you with a tenant improvement allowance which may offset, in whole, or in part, the construction and build-out costs for your Studio. The high end assumes that you will not receive any financial contribution from your landlord for improvements. These numbers are not inclusive of any architect fees or other fees charged by licensed professionals (other than general contractors and licensed tradesmen), to perform subsequent installation of electrical, plumbing, and HVAC (heating, ventilation, air conditioning) suitable to the requirements of this concept. As in the development of any location, there are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market.

We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your studio. You should investigate applicable requirements in your area and the related costs, including receiving advice from regulatory agencies and your own lawyer, before making any commitments, whether to us or anyone else.

5) Test Fit. This estimate is for the cost of the test fit for your Studio from our approved supplier. The test fit includes the planning and measurement specifications for outfitting your Studio.

6) Signage. This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as all interior signage such as logo graphics for the windows. Additionally, these figures include various other elements of brand identification within the location such as wall graphics.

7) Management and Technology System. This estimate is for the cost of purchasing the required Management and Technology System which includes the point of sales system, computer equipment and software. This estimate also includes the cost of the software from our approved vendor, that is required to operate a Studio, over a three-month period. The current cost for the required software is approximately \$700 per month.

8) Opening Retail Supplies. This estimate is for the cost of certain retail supplies necessary to operate your Studio.

9) Furniture and Equipment. These figures represent the purchase of the necessary equipment from approved suppliers to operate your Studio, including stretching tables, chairs, dividers and other equipment. The costs listed here do not include any transportation or set up costs. This estimate also includes the furniture and fixtures to be used in the Studio, including but not limited to, retail displays, lighting fixtures and systems, telephones, furniture, flooring and restroom package, and furnishings. Certain items of millwork such as cabinets, kitchen and hand washing stations, built-in tables and countertops are also included in this amount.

- 10) VS Flex Space. This estimate is for the cost of a VS Flex Space. Currently we only allow infra-red sauna services in the VS Flex space. This estimate covers the cost of equipment and leasehold improvements for these services. You may not provide any additional services in the VS Flex Space without our written approval.
- 11) Utility Deposits. A credit check may be required by the issuing company prior to the initiation of services, or a higher deposit required for first-time customers. These costs will vary depending on the type of services required for the facility and the municipality from which they are being contracted.
- 12) Insurance Deposits and Premiums. This estimate is for the cost of deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Studio will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry.
- 13) Grand Opening Marketing. You must spend \$15,000 on advertising and promotions during the period 60 to 90 days before you open for business through the first 30 to 60 days after you open for business. You must keep detailed records of all expenditures and provide them to us within 15 days if requested. We have the right to modify your grand opening plan, at our sole discretion. This estimate is in addition to the Brand Fund Contributions you will be required to make.
- 14) Certification Training. This estimate is for the cost of certification through the National Academy of Sports Medicine (NASM) for four individuals. This estimate does not include any travel expenses you may incur if any.
- 15) Professional Fees. These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Studio. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Studio.
- 16) Business Permits and Licenses. You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate the Studio. The figures represented here reflect the range of expenditures for licenses and permits to open a Studio in Norwalk, CT.
- 17) Additional Funds – 3 Months. This is an estimate of the amount of additional operating capital that you may need to operate your Studio during the first three (3) months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate also includes such items as initial payroll and payroll taxes, additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Studio. These items are by no means all-inclusive of the extent of the expense categorization. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as your business experience.
- 18) TOTAL. This total amount is based upon the historical experience of our affiliates and franchisees. Your costs may vary based on a number of factors including but not limited to global economic conditions, supply chain issues, the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the establishment and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area. We do not directly or indirectly finance any portion of your initial investment. All fees listed are non-refundable.

**D. YOUR ESTIMATED INITIAL INVESTMENT - (MULTIPLE STUDIOS DEVELOPED UNDER DEVELOPMENT AGREEMENT) VS STANDARD**

Type of Expenditure	Low Estimate (3 Studios)	High Estimate (10 Studios)	Method of Payment	When Due	To Whom Payment Is Made
Development Fee (1)	\$143,000	\$388,000	Lump sum	When sign Development Agreement	Us
Estimated Initial Investment for First Studio (2)	\$92,900	\$205,600	As incurred	As incurred	Us and third parties
<b>TOTAL (3)</b>	<b>\$235,900</b>	<b>\$593,600</b>			

**E. YOUR ESTIMATED INITIAL INVESTMENT - (MULTIPLE STUDIOS DEVELOPED UNDER DEVELOPMENT AGREEMENT) VS +**

Type of Expenditure	Low Estimate (3 Studios)	High Estimate (10 Studios)	Method of Payment	When Due	To Whom Payment Is Made
Development Fee (1)	\$143,000	\$388,000	Lump sum	When sign Development Agreement	Us
Estimated Initial Investment for First Studio (2)	\$110,900	\$223,600	As incurred	As incurred	Us and third parties
<b>TOTAL (3)</b>	<b>\$253,900</b>	<b>\$611,600</b>			

**F. YOUR ESTIMATED INITIAL INVESTMENT - (MULTIPLE STUDIOS DEVELOPED UNDER DEVELOPMENT AGREEMENT) VS LITE**

Type of Expenditure	Low Estimate (3 Studios)	High Estimate (10 Studios)	Method of Payment	When Due	To Whom Payment Is Made
Development Fee (1)	\$143,000	\$388,000	Lump sum	When sign Development Agreement	Us
Estimated Initial Investment for First Studio (2)	\$42,000	\$127,000	As incurred	As incurred	Us and third parties
<b>TOTAL (3)</b>	<b>\$185,000</b>	<b>\$515,000</b>			

**Notes:**

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

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

**Authorized Products and Services.**

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

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

We may require you to purchase merchant processing services from us, our affiliates, or an approved vendor we select. You must (i) require your customers to pay all services and other fees through the Management and Technology System; or (ii) enter all other payments received from customers into the Management and Technology System upon receipt. When you begin collecting revenue in your Studio, the payment processor may process all credit card payments related to your Studio, and remit payment to you of all monies owed, after withholding any Technology Fees, Royalty Fees, or Brand Fund Contributions payable to us and any payment processing fees payable to such processor.

You must offer products and services in accordance with the System. You must offer at the Studio any products or services that we deem to be mandatory. Any products, services, methods, or procedures that you or your employees develop must be consistent with the System Standards that we specify from time to time. If we disapprove of any product or service that you offer, you must immediately discontinue offering the product or service in accordance with our instructions.

## Items You Must Purchase from Us or Affiliates

Other than as provided below, neither we nor any of our affiliates is an approved vendor of products or services to our franchisees as of the issuance date of this Disclosure Document. However, we reserve the right to designate ourselves and/or our affiliates as an approved vendor, or as the only approved vendor, for other products and services in the future. If we do not require you to use a designated source or approved vendor for a particular item, you may purchase the item from any source you choose, as long as your purchases conform to the brand standards.

## Items You Must Purchase from Designated or Approved Third Parties

Management and Technology System. You must purchase the Management and Technology System from our approved supplier for each Studio you operate.

Equipment. You must purchase specific specialized equipment required to operate the Studio that meet our specifications. This equipment includes but is not limited including the stretching tables, chairs, and dividers necessary to operate the Studio.

Advertising and Marketing Management Services. You must use the advertising and marketing management services for your local and grand opening marketing from our approved supplier.

Test Fit. You must purchase the test fit for your Studio from our approved supplier. The test fit includes the planning and measurement specifications for outfitting your Studio.

## Items That Must Meet Our Specifications

For some products and services, we have not designated a specific source or vendor that you must use, but you must follow our specifications and/or obtain our approval of the vendor. As of the date of this disclosure document, they include:

Phone and Internet. Your facility must also have a phone and internet systems. Phone and internet vendors and prices may vary based on the location of your facility.

Insurance. You must maintain the types and minimum amounts of insurance coverage and bonds we specify for the Studio. The table below sets out our required and recommended insurance coverage as of the date of this disclosure document:

Type	Minimum Coverage
Comprehensive General Liability	\$1 million per incident / \$2 million aggregate
Commercial Umbrella Policy	\$1 million excess over all underlying liability coverages per occurrence and \$1 million in the aggregate
Business Interruption	12 months loss of income, including coverage for our Royalty Fees with no co-insurance clause
Product Liability	\$1 million policy limit
Workers' Compensation	As required by law in your area
Crime Insurance for Employee Dishonesty	\$50,000 combined single limit
Employer Liability	\$100,000 per incident
Auto Insurance	Coverage to comply with law

Your insurance policies must be written by a carrier with an industry rating acceptable to us, must name us, Vital Stretch Franchising, LLC and our parents, subsidiaries, and affiliates, and their respective officers, directors, members, shareholders, and employees as additional insureds, and must not have deductibles, exclusions or co-insurance that are unacceptable to us. All public liability and property damage policies must be primary and non-contributory and must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors, and assigns.

Prior to opening your Studio, you must provide us with certificates of insurance demonstrating that you have met the requirements. At least thirty (30) days before expiration of a policy, you must furnish evidence of renewal or replacement insurance. If you do not obtain the required coverage, we have the right (but not obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus a reasonable fee for our services. We can increase the coverage requirements or require different or additional kinds of insurance.

### **Approval Process**

If you would like to offer products or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. Proposed suppliers may be required to come to our offices in order for us to make an evaluation. You agree to pay us an amount not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Studio may differ from those that we permit or require to be offered in other Studios.

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

### **Issuance of Specifications and Standards**

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

### **Proportion of Purchases Subject to Specifications**

We estimate that the cost to purchase and lease all equipment, inventory and other items and services that we require you to obtain from us or our affiliates, from designated suppliers, or in accordance with our specifications ranges from 80% to 90% of the total cost to purchase and lease equipment, inventory, and other items necessary to establish a Studio and 80% to 90% of the total cost to purchase and lease equipment, inventory, and other items to operate a Studio.

### **Revenue from Purchases**

We or our affiliates reserve the right to receive revenues or profits or other material consideration from the purchases you make from us, our affiliates, or from other approved suppliers. We or our affiliates may retain any rebates or other payments we receive from suppliers. As of the last fiscal year ending on December 31, 2024 we have not received rebates or revenue from the required purchase of products and services by our franchisees but reserve the right to do so in the future.

### **Cooperatives and Purchase Arrangements**

We are not involved in any purchasing or distribution cooperatives. We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of franchisees.

### **Material Benefits**

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

**ITEM 9  
FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Franchise Agreement (or Development Agreement (DA))	Item in Disclosure Document
a. Site selection and acquisition/lease	3; 5.1	Items 6 and 11
b. Pre-opening purchases/leases	3.3	Items 7 and 8
c. Site development and other pre-opening requirements	5	Items 6, 7 and 11
d. Initial and ongoing training	5.3	Items 6, 7 and 11
e. Opening	6.1 (DA 4)	Item 11
f. Fees	4 (DA 7)	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	7.5; 6.2; 6.9	Items 8 and 11
h. Trademarks and proprietary information	6.7 (DA 10)	Items 13 and 14
i. Restrictions on products/services offered	6.9	Items 8 and 16
j. Warranty and customer service requirements	6.12	Item 11
k. Territorial development and sales quotas	DA 4, 5	Item 12
l. Ongoing product/service purchases	6.2; 6.9	Item 8
m. Maintenance, appearance and remodeling requirements	6.36	Items 6 and 11
n. Insurance	7.6	Items 6, 7 and 8
o. Advertising	4.3	Items 6, 7 and 11
p. Indemnification	7.2	Item 6
q. Owner's participation/management/staffing	6.3.5	Items 11 and 15
r. Records and reports	4.3.1; 4.7; 4.8	Item 6
s. Inspections/audits	4.8; 6.7	Items 6 and 11
t. Transfer	8 (DA 12, 13)	Item 17
u. Renewal	2.2	Item 17
v. Post-termination obligations	10 (DA 9)	Item 17
w. Non-competition covenants	7.4	Item 17
x. Dispute resolution	12.2; 12.3; 12.4; 12.11; 12.12; 12.13 (DA 17)	Item 17
y. Liquidated damages	Not applicable	Not applicable
z. Guaranty	Attachment B	Item 1

**ITEM 10  
FINANCING**

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

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

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

**Pre-Opening Obligations**

For all Franchise Agreements, whether executed pursuant to a Development Agreement or otherwise, before you open your Studio, we are obligated under the Franchise Agreement to:

1. Review and approve or disapprove proposed sites for the location of your Studio and review and approve or disapprove the proposed lease or purchase agreement for the premises. (Sections 3.1 and 3.2 of the Franchise Agreement). When evaluating a potential site, we will consider factors such as general location and neighborhood, distance from neighboring franchisees, proximity to major roads, residential areas and commercial businesses, traffic patterns, lease terms, and demographic characteristics of the area. It is your responsibility to locate a site that satisfies our site selection criteria. Site selection assistance provided by us does not relieve you of primary responsibility to locate an acceptable site in the required timeframe.. Other than stated in this document, Franchisor does not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees.
2. Provide you a copy of a floor plan design for a prototypical Studio. (Section 5.2 of the Franchise Agreement). We do not guarantee that the recommended design conforms to applicable laws and regulations.
3. Provide you with information and feedback regarding the construction/project manager you choose for buildout of the facilities.
4. Provide initial training tuition-free for up to four (4) people, including you or your Operating Principal (if you are an entity) and your Key Manager to attend our initial training program held at a location that we designate. (Section 5.3.1 of the Franchise Agreement). We will also provide you continuing consultation and advice as we deem advisable before your Studio opens for business. (Section 5.3.2 of the Franchise Agreement).
5. Provide you with information regarding the selection of suppliers of products, initial inventory, supplies, signs, fixtures, equipment, computer hardware and software and other merchandising needs of your Studio (Section 6.2 of the Franchise Agreement). We will make available to you, a list of required, approved and recommended suppliers for these items and you will contract directly with said suppliers.
6. Provide you with assistance in establishing prices, such as setting minimum and/or maximum prices at which the franchisee must sell products and services.
7. Loan you or otherwise provide you with access to a specifications, operations and procedures manual, and one copy of other books, binders, videos or other electronic media, intranet postings and other materials, referred to collectively as the "Operations Manual," containing mandatory and suggested standards, operating procedures and rules which we prescribe, as well as information relating to your other obligations under the Franchise Agreement. We have the right to add to and otherwise modify the Operations Manual as we deem necessary and reasonable; however, no change to the Operations Manual will materially alter your fundamental rights under the Franchise Agreement. We may provide the Operations Manual solely through our website(s), and/or intranets, or other electronic means without any need to provide you with a paper copy or other physical format (Section 5.5 of the Franchise Agreement). Attached, as Exhibit D, is a copy of the table of contents of our Operations Manual as of the issuance date of this Disclosure Document.

## **Site Selection and Opening**

You must acquire an acceptable site within 180 days and open your Vital Stretch Studio within one year from the effective date of the Franchise Agreement. If you fail to acquire an acceptable site within 180 days, we will grant you a 90-day extension so long as you are actively pursuing an acceptable location for your Vital Stretch Studio. If you are not actively pursuing a location for your Vital Stretch Studio, we may terminate the Franchise Agreement. If you are unable to find a site that we find acceptable, we reserve the right to terminate the Franchise Agreement and any amount paid to us will be deemed forfeited. We do not generally own or lease the premises used by franchisees.

We anticipate that franchisees will typically open for business within 270 days after they sign the Franchise Agreement or pay any consideration for the franchise. The actual length of time it will take you to open your Vital Stretch Studio will depend upon certain critical factors such as: (i) your ability to obtain a mutually acceptable site and the lease for the site; (ii) your ability to obtain acceptable financing; (iii) your ability to timely obtain required permits and licenses; (iv) the scheduling of the training program; (v) the timely completion of leasehold improvements; and (vi) the amount of time necessary to train personnel and to obtain necessary inventory, equipment and supplies. You must open your Studio no later than 1 year after the effective date of your Franchise Agreement. If you do not open the Studio within one year, we may grant you a 90-day extension so long as you are actively pursuing an acceptable location for the Studio. If the Studio is not opened for business within 1 year of the effective date of your Franchise Agreement (and we do not grant you an extension), we may terminate the Franchise Agreement.

## **Continuing Obligations**

During the operation of your Studio, we are obligated under the Franchise Agreement to:

1. Provide periodic assistance we deem appropriate and advisable. Subject to availability of personnel and at your request, we will make personnel available to provide additional on-site assistance at your location, at our then current fee. (Section 5.3.2 of the Franchise Agreement).
2. Provide, in addition to the assistance rendered to you prior to opening and in connection with your opening, continuing consultation and advice as we deem advisable regarding merchandising, inventory, sales techniques, personnel development and other business, operational and advertising matters that directly relate to the Studio. This assistance may be provided by telephone, facsimile, email, postings to our intranet, periodically through on-site assistance by appropriate personnel, and/or other methods. (Section 5.4 of the Franchise Agreement).
3. Approve the type of products and services offered in your Studio, as we may periodically modify. (Section 6.9 of the Franchise Agreement).
4. Permit you to use our confidential information. (Section 6.5 of the Franchise Agreement).
5. Permit you to use our Marks. (Section 6.6 of the Franchise Agreement).
6. Administer contributions to the Brand Fund. (Section 4.5.3 of the Franchise Agreement).

## **Advertising Programs**

### Brand Fund

We have established a brand development fund to be administered for the common benefit of System franchisees (the “Brand Fund”). We require you to contribute 2% of your Gross Revenue on a per transaction or monthly basis to the Brand Fund (the “Brand Fund Contribution”). We reserve the right to raise the Brand Fund Contribution to a maximum of 3% of your Gross Revenue upon 30 days’ written notice to you. (Section 4.5.3 of the Franchise Agreement).

Neither we, nor our affiliates-owned Vital Stretch Studios, are contractually required to contribute to the Brand Fund, although they may contribute, at our discretion. We have the sole right to determine contributions and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine the selection of the advertising materials and programs. We are not required, under the Franchise Agreement, to spend any amount of Brand Fund Contributions in your Territory and not all System franchisees will benefit directly or on a pro rata basis from these expenditures. (Section 4.5.3 of the Franchise Agreement). We have the right to use Brand Fund Contributions, at our discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking media social sites, such as Facebook, Twitter, LinkedIn, and on-line blogs and forums; developing, maintaining, and updating a World Wide Web or Internet site for the System; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering in-store promotions and “mystery shopper” program(s) which may include call recording; implementation and use of Customer Relationship Management software and solutions; and providing promotional and other marketing materials and services to the Vital Stretch Studios operating under the System. Our decisions in all aspects related to the Fund will be final and binding. We may charge the Fund for the costs and overhead, if any, we incur in activities reasonably related to the creation and implementation of the Fund and the advertising and marketing programs for franchisees. These costs and overhead include: (i) the cost of preparing advertising campaigns and other public relations activities; (ii) the cost of employing advertising agencies, including fees to have print or broadcast advertising placed by an agency and all other advertising agency fees; and (iii) the proportionate compensation of our employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Fund. (Section 4.5.3 of the Franchise Agreement).

We do not anticipate that any part of your contributions to the Brand Fund will be used for advertising that is principally a solicitation for the sale of additional franchises, but we reserve the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information. (Section 4.5.3 of the Franchise Agreement). We also reserve the right to require you to place a “franchises available” sign (which signage will be provided by us) at a location we designate at your Studio.

We may also establish special promotional programs. You are required to participate in special promotional programs, and you must pay your share of the cost of developing and implementing the program, including common development, design and advertising costs. You must participate in all rebate programs and must offer all discounts required by us. (Section 4.5.3 of the Franchise Agreement).

Advertising to be used by the Brand Fund or by you locally may be produced in-house or through an outside national or regional agency. (Section 4.5.3 of the Franchise Agreement).

Although we anticipate that all Brand Fund Contributions will be spent in the fiscal year in which they accrue, any remaining amounts will be carried over for use during the next fiscal year. We do not owe you any fiduciary obligation for administering the Brand Fund. The Brand Fund may spend more or less than the total Brand Fund Contributions in a given fiscal year and may borrow funds to cover deficits. If we terminate the Fund, we may choose to spend the funds in accordance with our then-current marketing policies or distribute funds to franchisees on a pro-rata basis. There is no requirement that the Brand Fund be audited. Upon your written request, we will provide you with un-audited fiscal year-end financial statements and accountings of Brand Fund expenditures. (Section 4.5.3 of the Franchise Agreement). We may incorporate the Brand Fund or operate it through a separate entity if we deem appropriate.

In our last fiscal year ending on December 31, 2024, we collected \$1,527.23 in Brand Fund Contributions.

There is currently no advertising council in place for the System.

### Local Advertising

In addition to your required Brand Fund Contributions, you are required to spend a minimum of \$1,500 per month on local advertising on digital marketing programs that we require and submit to us receipts or other proof of spending that we require (the "Local Marketing Spending Requirement"). As part of your Local Marketing Spending Requirement, you must pay this amount to our approved supplier to oversee and manage these marketing efforts.

You can expend any additional amounts in other mediums or marketing, and we recommend that you do so. If you fail to spend the required amount in any month, we may require you to pay us the shortfall as an additional contribution to the Brand Fund, or to pay us the shortfall for us to spend on local marketing for your studio. You are prohibited from using your own advertising material unless you have received prior written permission from us. You must use our approved vendor to handle all of your local advertising and pay any costs incurred for such services. (Section 4.5.2 of the Franchise Agreement). If you propose to use any advertising which we have not previously approved, we have the right to condition approval of your proposed advertising upon your agreement to provide other System franchisees, whose businesses are located within the circulation area of the proposed advertising, the opportunity to contribute to and to participate in the advertising. You must provide any proposed advertising to us at least 30 days before placement deadline. We are not contractually obligated to approve or reject any advertising submitted to us within the 30 days, but we will attempt to do so. You may not use the advertising unless we give you approval in writing. At our request you must include certain language in your local advertising materials, including "Franchises Available" and/or "Each Franchise Location Independently Owned and Operated", our website address and telephone number. (Section 4.5.2 of the Franchise Agreement). You may not establish a website using or displaying any of the Marks, and you may not advertise your Studio, or the sale of products or services offered by your Studio on the Internet or through social media accounts operated by you or by others, except as we permit. We may host and give you access to a separate web page for your Studio on our website(s). However, your webpage may be removed, and all mention of your Studio location may be removed from our website and/or social media accounts anytime you are found to not be in compliance with the System or anything required under the Franchise Agreement. Access will be reinstated only once violations are deemed cured, at our sole discretion. Any electronic materials you propose to use must be approved in advance by us before publication to any site. (Section 4.5.2) of the Franchise Agreement). You may not advertise your Studio, or the sale of products or services offered by your Studio outside of your Territory, without our prior written consent.

### Grand Opening Advertising

You must spend \$15,000 if you are operating a VS Standard or VS + location and a minimum of \$10,000 if you are operating a VS Lite location, on advertising and promotions during the period 60 to 90 days before you open for Studio through the first 30 to 60 days after you open for business. You must keep detailed records of all expenditures and provide them to us within 15 days if requested. (Section 4.5.1 of the Franchise Agreement).

### Advertising Cooperatives

If we establish an advertising cooperative within a geographically defined local or regional marketing area in which your Studio is located, you must participate in and abide by any rules and procedures the cooperative adopts and we approve. You will contribute to your respective cooperative an amount determined by the cooperative, but not to exceed 2% of your monthly Gross Revenue. Amounts contributed to a cooperative will not be credited against monies you are otherwise required to spend on local advertising. We have the right to draft your bank account for the advertising cooperative contribution and to pass those funds on to your respective cooperative. Our affiliates owned businesses will have no obligation to participate in any such advertising cooperatives.

The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that we approve. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. We may require a cooperative to prepare annual or periodic financial statements for our review. Each cooperative will maintain its own funds; however, we have the right to review the cooperative's finances, if we so choose. Your Studio may not benefit directly or proportionately to its contribution to the Cooperative.

We reserve the right to approve all of a cooperative's marketing programs and advertising materials. On 30 days written notice to affected franchisees, we may terminate or suspend a cooperative's program or operations. We may form, change, dissolve or merge any advertising cooperative.

### **Computers and Point of Sale Systems**

We have the contractual right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. You must acquire computer hardware equipment, software, telecommunications infrastructure products and credit card processing equipment and support services we require in connection with the operation of your Studio and all additions, substitutions and upgrades we specify (the "Management and Technology System"). Your computer system must be able to send and receive email and attachments on the Internet and provide access to the World Wide Web and otherwise support our then-current information technology system. (Section 6.9.5 of the Franchise Agreement). We own all Vital Stretch e-mail addresses that you are permitted to use and have full access to all communications sent and received using those addresses. When conducting business with clients, vendors or suppliers of your Studio via e-mail, you must use any e-mail address supplied by us.

We will have the right to independently access information and data collected by the POS system or otherwise related to the operation of your Studio. You must allow us to access the information remotely and we shall have the right to disclose the information and data contained therein to the System. There is no contractual limitation on our right to access this information and data. (Sections 4.6 and 6.9.5 of the Franchise Agreement).

Currently, we are requiring you to purchase the Management and Technology System which meets the minimum specifications outlined in our Operations Manual. Our modification of specifications for the Management and Technology System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. We also require you to have a printer, scanner, fax machine and copier. We have no contractual obligation to maintain, repair, update or upgrade the Management and Technology System. You are required to give us any and all access to the information obtained through the Management and Technology System. You must accept all major credit cards for customer purchases. This requirement may require that you invest in additional equipment.

You will be required to purchase a subscription to and/or license software. You must buy and use our then current online portal platform and any payment processing programs we require. We estimate that your cost to purchase a designated computer system and POS system will range from \$2,500 to \$3,500. We estimate that the monthly costs for the software applications required to operate your Studio will be approximately \$700 per month. We estimate that the annual cost of updating the computer hardware and POS system required to operate your Studio will be approximately \$500 to \$1,000.

You must upgrade or update your computer equipment and software to comply with our current requirements within thirty days of a change in our requirements. There is no contractual limitation on the frequency or cost of required updates or upgrades. In addition to any charges imposed by computer hardware and software vendors, we may charge you a reasonable systems fee for modifications and enhancements we or our vendors or representatives make to proprietary software and for other maintenance and support services that we may furnish to you. We reserve the right to adopt new technology at any time, which may result in additional fees to you that are not currently known.

## **Training Program**

### Initial Training and Programs

“The Initial Training” and “Vital Stretch Practitioner (VSPc) Training Program” are designed to provide training in the operation and management of a Vital Stretch Studio. The Initial Training and VSPc Training programs will be held online, at our location, or other place as we designate. Training for up to four people is included in the Franchise Fee which should include you or your Operating Principal (if you are an entity), Key Manager and two instructors designated to become Certified Stretch Professionals. At least two of your initial instructors must complete the VSPc Training Program necessary to become a Vital Stretch Practitioner in accordance with System Standards. You will be responsible for the costs and expenses associated with these individuals attending these trainings. Each of your additional and/or replacement managers must attend and complete the initial training program to our satisfaction before assuming management responsibility at our then current cost for additional initial training (currently \$500 per person or at our discretion, a flat hourly rate).

The Initial Training and Vital Stretch Practitioner Training must be completed thirty days prior to the opening of your Vital Stretch Studio.

## **I. Training Program**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of Virtual Training</b>	<b>Location</b>
Orientation to Vital Stretch and Objectives	0	2	Online, our headquarters or your Studio
Service Overview	0	6	Online, our headquarters or your Studio
Operations	0	6	Online, our headquarters or your Studio
Marketing and Advertising	0	2	Online, our headquarters or your Studio
Management	0	4	Online, our headquarters or your Studio
<b>Total</b>	<b>0</b>	<b>20</b>	

## **II. Vital Stretch Practitioner (VSPc) Training Program**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of Virtual Training</b>	<b>Location</b>
Introductions and Outline	0	2	Online, our headquarters or your Studio
General Principles of The Vital Stretch Method	0	2	Online, our headquarters or your Studio
Vital Stretch Practitioner (VSPc) Training	29	12	Online, our headquarters or your Studio
<b>Total</b>	<b>29</b>	<b>16</b>	

Our training program has been developed under the direction of Robert and Melissa Goldring each of whom have over 20 years of experience in the health care industry. The Training will utilize training materials including but limited to instructional and technological materials. Training will be conducted by Robert and Melissa Goldring, corporate trainers, or other individuals we designate, each of whom have a minimum of six months of training experience. We may, at our discretion, allow your Key Manager to attend the Vital Stretch Practitioner (VSPc) Training at no additional cost. Your Key Manager will be responsible for all costs associated with attending such training including but not limited to travel expenses, lodging, and food expenses.

We currently offer our training programs on a monthly training schedule. We reserve the right to hold our training program on an “as needed” basis, depending on the number of franchisees and their managers needing training.

We reserve the right to hold periodic refresher training programs, which we expect to hold at least annually, and we may designate that attendance at refresher training is mandatory for you and/or any of your personnel. We reserve the right to require you to pay our then-current cost for the training (currently \$500 per day) in addition to all expenses your trainees incur while attending refresher training, including travel, lodging, meals and wages.

We reserve the right to hold a meeting or convention of our franchisees, which will not be held more frequently than annually. We may designate that attendance at a franchisee meeting by you and/or certain of your personnel is mandatory. We do not expect that a franchisee meeting will last longer than four days in any calendar year. We may conduct franchisee meetings to discuss new procedures or protocols, marketing strategies, new products or services, and/or to provide training. We may designate the location of the meeting (including a block of hotel rooms set aside for our franchisees). We will not designate an unreasonably expensive location. We reserve the right to charge a fee for the franchisee meeting, and you must pay all expenses incurred by you, your manager and/or any other attendees at the franchisee meeting, including travel, lodging, meals, applicable wages and meeting materials.

## **Operations Manual**

The Table of Contents to our Operations Manual is attached hereto as Exhibit D. The total number of pages currently in the Operations Manual is 133.

### **ITEM 12 TERRITORY**

The Franchise Agreement grants you the right to operate one Vital Stretch Studio at the specific location identified in the Franchise Agreement or subsequently identified and mutually acceptable to both you and us.

You will select a location for the Studio, which we must accept, from within a designated "Site Selection Area," identified in Attachment A of the Franchise Agreement. When the Approved Location is identified, we will mutually agree on a "Territory," that will be described by zip codes or geographical boundaries (such as streets, towns or counties) identified on Schedule 1 to Attachment A of the Franchise Agreement. If you are operating a VS Standard or VS + location your Territory will be a two-mile radius around your Studio or include a population of 50,000 people, whichever is less. If you are operating a VS Lite location, you will not receive any territorial protections whatsoever. Typically, your Territory is described in terms of a specific geographic radius surrounding your approved location. Territories vary in size depending on population density and other demographic factors, including: the population base; growth trends of population; apparent degree of affluence of population; the density of residential and business entities; location of competing businesses and major and restricting topographical features which clearly define contiguous areas, such as rivers, mountains, major freeways and underdeveloped land areas. Such factors may necessitate the Territory being greater than or less than the radii mentioned above.

If the lease term is shorter than the term of the Franchise Agreement and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the premises of the Studio, you must relocate your Studio to a site mutually acceptable to you and us in order to complete the balance of the term of the Franchise Agreement. You must give us notice of your intent to relocate, must pay the relocation fee, must procure a site acceptable to us within 60 days after closing the prior location, and must open the new Vital Stretch Studio location for business within 180 days of closing the previous one. We may or may not agree to such relocation based upon various criteria including, but not limited to area demographics, estimated market demand and proximity to other System franchisees. If you fail to comply with the relocation requirements, we may terminate the Franchise Agreement.

If operating a VS Standard or VS + location we will provide you with an exclusive Territory subject to the following terms, conditions and limitations set forth in this Item: if you are in compliance with the Franchise Agreement, we will not own, operate, franchise or license any other Vital Stretch Studios within the Territory during the term of the Franchise Agreement.

Continuation of your territorial exclusivity is not dependent upon achieving a certain sales volume, market penetration or other contingency.

We and/or our affiliates, parent and predecessor retain the right to use and to license others to use the System for the operation and licensing of other System franchisees at any locations outside of the Territory.

You are unrestricted as to the geographic area from which you may obtain business as a System franchisee. However, except as we otherwise approve, you may not take part in any sales from a location other than the premises of your Studio. You are strictly prohibited from selling any product at wholesale.

You have no right to distribute any services or products offered in the Studio through any alternate channels of distribution, including but not limited to, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery System (collectively, the “Electronic Media”); or through telemarketing, catalogs or other mail order devices.

We and/or our affiliates and predecessor reserve all other rights with respect to your Territory, which include but are not limited to: (i) in connection with a merger or acquisition, the right to own, operate, franchise or license businesses operating under names other than those identified by the Marks, regardless of whether or not these other concepts offer products and services similar to or competitive with those offered by your Studio and regardless of location, and the right to convert those locations to Vital Stretch businesses; (ii) the right to be acquired by (or merge or become affiliates with) any other business operating under names other than the Marks, including a competing business, with locations anywhere, which may result in the required conversion of Studios; (iii) the right to distribute products and services in alternative channels of distribution whether now existing or developed in the future, identified by the Marks or other marks we and/or our affiliates or predecessor own or license, through any distribution method we or our affiliates may establish, and may franchise or license others to do so, both within and outside the Territory, regardless of whether the offering of products or services in the other channels of distribution compete with your Studio (which alternative channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, tele-marketing, direct mail marketing, or via the internet, and any similar outlets or distribution methods) and (iv) the right to establish and operate, and allow others to establish and operate, businesses operating under different trade names, trademarks or service marks that may offer products and services which are identical or similar to products and services offered by your Studio, inside or outside the Territory.

We and our affiliates, parent and predecessor are under no obligation to pay you any compensation for selling similar products or services through other channels of distribution under the same and/or different proprietary marks within the Territory.

We do not offer franchisees any option, right of first refusal or any similar right to acquire additional franchises within the Territory or contiguous territories.

### **Development Program**

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

You must execute our then-current Franchise Agreement for each Studio that you develop under a Development Agreement. You must select a site, and obtain our acceptance of such site, as described above in this Item, at which point we will designate a Territory for the Studio. We will use our then-current standards for accepting sites and designating Territories.

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

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

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

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

**Reserved Rights.** Among other things, we reserve the right to: (a) establish or license franchises and/or company-owned studios or other businesses offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area; (b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area; (c) advertise, or authorize others to advertise anywhere, using the Marks; (d) acquire, be acquired by, or merge with other companies with existing fitness facilities or businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to “The Vital Stretch” name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Studios to such other name; and (e) engage in any other activity, action or undertaking that we are not expressly prohibited from taking under the Development Agreement. We will not compensate you for any actions we take in your Development Area. Neither we or our affiliate operates or plans to operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those the franchisee will sell, but we reserve the right to do so in the future.

**ITEM 13  
TRADEMARKS**

Under the Franchise Agreement, we grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise (the “Marks”). Our primary service mark is “THE VITAL STRETCH”. Our founders have registered or applied for registration of the Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”) as listed below. Founders have filed all affidavits when required. You may not sublicense the Marks without our permission. This below list may not be an exhaustive list of all Marks owned by us or our founders.

<b>Mark</b>	<b>Registration Number</b>	<b>Registration Date</b>
<b>The Vital Stretch</b>	5,414,633	2/27/2018
<b>MOVE FREELY. LIVE FULLY</b>	7,112,771	7/18/2023
<b>Vital Stretch Practitioner</b>	7,320,453	3/5/2024

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Marks, nor any pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of the Marks in any manner material to the franchise. Other than the rights of our parent, we are not aware of any superior rights that could affect your use of the Marks.

In the event of any infringement of, or challenge to, your use of any of the Marks, you must immediately notify us, and we will have sole discretion to take such action as deemed appropriate. You must not communicate with any person other than your legal counsel, us and our legal representative in connection with any infringement challenge or claim. We will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from your authorized use of the Marks in accordance with the Franchise Agreement or as otherwise set forth by us in writing, if you have notified us promptly of the claim. We reserve the right, under the Franchise Agreement, to substitute, add or change the Marks for use in identifying the System and the businesses operating under the System if the current Marks no longer can be used, or if we, at our sole discretion, determine that substitution, addition or change of the Marks will be beneficial to the System. If we substitute, add or change any of the Marks, you must bear the cost and expense at your business (for example, changing signage, business cards, etc.).

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

We do not own any registered patents which are material to the franchise. We do claim copyright protection for many aspects of the System, including, without limitation, the Operations Manual and other manuals, advertising and promotional materials, training materials and programs, videos, proprietary computer software and applications, architectural plans and designs, web sites and web pages, and all other written material we develop to assist you in development and operation, although these materials have not been registered with the United States Registrar of Copyrights.

There are no currently effective determinations of the United States Copyright Office, the USPTO or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of our copyrighted materials. We are not required by any agreement to protect or defend copyrights or to defend you against claims arising from your use of patented or copyrighted items or to participate in your defense or indemnify you.

The Operations Manual is our sole, exclusive and confidential property which we reveal to you in confidence and may only be used by you as provided in the Franchise Agreement. We may revise the contents of the Operations Manual and you must comply with each new or changed standard, at your own expense. You must make sure that the Operations Manual is kept current at all times. If there is any dispute as to the contents of the Operations Manual, the terms of the master copy maintained by us at our corporate office will be controlling. The Operations Manual will remain our sole property and must be kept in a secure place at the Studio.

Any and all information, knowledge, know-how, techniques and data which we designate as confidential will be deemed confidential for purposes of your Franchise Agreement. Examples of confidential information include, without limitation: (1) site selection, construction plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (4) knowledge of the operating results and financial performance of other Vital Stretch franchises; (5) the Operations Manual; (6) training materials and programs; (7) fee information and customer data; (8) specifics regarding any computer software, applications and similar technology that is proprietary to us or the System; and (9) all password-protected portions of our website, intranets and extranets and the information they contain (including the email addresses of our franchisees).

All data that you collect from clients of the Studio or through marketing is deemed to be owned exclusively by us and/or our affiliates. You must install and maintain security measures and devices necessary to protect client data from unauthorized access or disclosure, and you may not sell or disclose to anyone else any personal or aggregated information concerning any clients. You have the right to use the client data only in connection with the Studio, while the Franchise Agreement is in effect. If you transfer the Studio to a new owner, who will continue to operate the Studio under an agreement with us, you may transfer the client data to the new owner as part of the going concern value of the business.

The Franchise Agreement provides that you acknowledge that your entire knowledge of the operation of the Vital Stretch System, including the specifications, standards and operating procedures of the Vital Stretch System, is derived from information we disclose to you and that all this information is confidential and our trade secrets. You and, if you are a corporation, partnership or limited liability company, your officers, directors, shareholders, partners, members, managers, employees and members of those persons' immediate families and their heirs, successors and assigns are prohibited from using and/or disclosing any confidential information in any manner other than as we permit in writing. You must inform your employees and others having access to confidential information of the obligation to maintain the information in confidence and subject to applicable law. All employees must sign a Confidentiality Agreement in a form satisfactory to us, giving us the right to enforce the agreement as a third-party beneficiary. The Confidentiality Agreement attached as Exhibit H is currently considered a satisfactory form. Your spouse (or if you are an entity, the spouses of your owners) will also be required to execute our Confidentiality, The Vital Stretch

Non-Disclosure, and Non-Compete Agreement the form of which is also attached as Exhibit H. All executed agreements must be forwarded to us to ensure compliance. You are responsible for assuring, before any person leaves your employment, such person returns to you all documents and materials containing our trade secrets and confidential information.

All new products, items, services and other developments, whether they be of our original design or variations of existing services or techniques, or your original design or variations of existing services or techniques, and whether created by or for you or an employee that relate to the Vital Stretch Studio or the System, will be deemed a work made for hire and we will own all rights in them. If they do not qualify as works made for hire, you will assign ownership to us under the Franchise Agreement. You will not receive any payment, adjustment or other compensation in connection with any new products, items, services or developments.

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

We strongly recommend that you (or, if you are an entity, your Operating Principal) personally participate in the operation of the Studio. We will have the right to rely on any statement, agreement or representation made by the Operating Principal. You may not change the Operating Principal without our prior written approval. If you are an entity, you must be a single purpose entity and you cannot operate any other business using your entity name.

If you or your Operating Principal do not participate in the day-to-day operation of the Studio, you will need a Key Manager to be responsible for the direct on-premises supervision of the Studio at all times during the hours of operation. Your Key Manager must be approved by us. However, you are still responsible for the operations of the Studio.

You or your Operating Principal (if you are an entity), and your Key Manager must satisfactorily attend and complete our training program.

At all times, you will keep us advised of the identity of your Key Manager. We must be advised of any change of your Key Manager within seventy-two hours. Your Key Manager need not have any equity interest in the franchise. You will disclose to your Key Manager only the information needed to operate the Studio and the Key Manager will be advised that any confidential information is our trade secret.

In addition, your employees are required to execute a Confidentiality Agreement in the form attached as Exhibit H. Your spouse (or if you are an entity, the spouses of your owners) will also be required to execute our Confidentiality, Non-Disclosure, and Non-Compete Agreement the form of which is also attached as Exhibit H.

You must hire all employees of the Studio and are solely responsible for the terms of their work, training, compensation, management, promotions, terminations, and oversight. Your employees are under your day-to-day control at the Studio. You must communicate clearly with your employees in your employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that you (and only you) are their employer, and we, as the Franchisor, are not their employer and do not engage in any employer-type activities (including those described above) for which only you are responsible.

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

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

We require you to limit your business to the operation of the Vital Stretch Studio. You may not conduct any other business or activity at the Vital Stretch Studio without our written permission. You may only sell products at retail and may not engage in the wholesale or distribution of any product.

Your franchise is limited to one location and all sales must be from that one location. We do not generally limit the persons to whom you may sell memberships. However, we do have the right to impose minimum age restrictions and other requirements we deem appropriate, either for safety reasons, or to preserve the goodwill of our Marks for the benefit of all franchisees.

You may only offer or sell products and services that are approved by us and must offer for sale certain products and services as designated by us. We may add, delete or alter approved products or services that you are required or allowed to offer at our sole discretion. There are no limits on our right to do so. You must discontinue selling and offering any products, services or items that we, at our sole discretion, disapprove in writing at any time. You may not conduct any other business or activity at the Studio without our written permission. You are not permitted to rent out your location or host any events at your location which are not affiliated with the Vital Stretch System and not approved by us.

If we determine, at our sole discretion, that you are not in compliance with our System standards for any reason, we may require you to attend an in-person meeting with us, at your cost.

It is your responsibility to determine that you are complying with all laws and regulations applicable to the Studio.

On a case-by-case basis, we may allow you or other franchisees to offer additional services, products or programs that are not otherwise part of the Vital Stretch System. We will decide which franchisees can offer additional services and products based on test marketing, the franchisees' qualifications and operational history, differences in regional or local markets and other factors.

You may not create unapproved rewards or loyalty programs.

All members of the Vital Stretch Studio must execute a liability release agreement. The form of liability release agreement cannot extend for a term that is longer than the term of the Franchise Agreement. All forms of liability release agreements must be approved by us and cannot be modified without our prior written consent.

**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.**

**FRANCHISE AGREEMENT**

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	2.1	10 years
b.	Renewal or extension	2.2	You have the right to renew the franchise for 2 additional 5-year terms, if you meet certain requirements.
c.	Requirements for you to renew or extend	2.2	You may renew if you: (i) have notified us of your election to renew; (ii) have the right to lease the premises for an additional 5 years (or have secured substitute premises); (iii) have completed all maintenance and refurbishing required by us; (iv) are not in default of any agreement between you and us or our parent, affiliates or predecessor and have substantially complied with all agreements during their term; (v) have satisfied all monetary obligations owed to us and/or our parent, affiliates or predecessor; (vi) have executed our then-current form of Franchise Agreement; (vii) have satisfied our then-current training requirements for new franchisees; (viii) have paid the renewal fee and (ix) have executed a general release of any and all claims against us and our parent, affiliates or predecessor, and their shareholders, officers, directors, agents, employees, attorneys and accountants arising out of or related to the Franchise Agreement or any related agreement. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights. You must provide us with written notice of your election to renew the franchise not less than 6 months nor more than 13 months prior to the expiration of the current term.
d.	Termination by Franchisee	9.1	You must give us 90 days' written notice to cure any default within 60 days of the event or circumstances giving rise to the breach. You must be in material compliance. If we fail to cure any material breach within the 90 day cure period, you may terminate for that reason by written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and act diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach. You may also terminate for any reason permitted by law.
e.	Termination by Franchisor without cause	No Provision	Not applicable
f.	Termination by Franchisor with cause	9.2.1	We have the right to terminate the Franchise Agreement with cause. Depending upon the reason for termination, we do not have to provide you an opportunity to cure. See this Item 17(g) and (h) for further description.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
g.	“Cause” defined – curable defaults	9.2.1	We have the right to terminate the Franchise Agreement (i) after a 7 day cure period if your failure to comply with the Franchise Agreement relates to the Marks; (ii) after a 15-day cure period upon your failure to pay any sums owed to us or our parent, affiliates or predecessor; or (iii) after a 30 day cure period upon your failure to pay any sums owed to a third party other than us or our parent, affiliates or predecessor or upon your failure to comply with any other provision not listed above or listed below as a non-curable default, except if the breach is not susceptible to cure within the applicable cure period, but you take action within the cure period to begin curing the breach and act diligently to complete the corrective action within a reasonable time, you will be deemed to have timely cured the breach.
h.	“Cause” defined - non curable defaults	9.2.2	We have the right to terminate the Franchise Agreement without providing you an opportunity to cure if: (i) you commit any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Studio, or goodwill of the Marks; (ii) you are convicted or plea of guilty or nolo contendere of a felony; (iii) you commit fraud in the operation of your Studio; (iv) you misrepresent yourself in any way (including through omission of information) in connection with your franchise application; (v) you file for bankruptcy or are adjudicated a bankrupt; (vi) insolvency proceedings are commenced against you; (vii) you are the subject of a lien; (viii) you become insolvent; (ix) you or your principals materially breach any other agreements with us or our affiliates, parent or predecessor; (x) we send you 3 or more written notices to cure within one 12-month period; (xi) you intentionally underreport or misstate any information required to be reported to us; (xii) you voluntarily or otherwise abandon the Studio; (xiii) you fail to open the Studio; (xiv) you lose the right to occupy the Premises of your Approved Location as a result of a breach of your lease agreement; (xv) you fail to meet certain System standards, creating a threat or danger to health or safety; (xvi) any violation of health or safety laws occur at the Studio; (xvii) you fail to comply with any in-term covenants; (xiii) you use the Confidential Information in an unauthorized manner; (xix) you fail to maintain insurance; and (xx) any unauthorized transfer.
i.	Your obligations on termination/non-renewal	10.1	You must sign a general release, cease operation of the Studio, pay all unpaid fees, discontinue using the Marks and the proprietary computer software, return the Operations Manual and all other confidential information to us, transfer your Studio telephone numbers to us or our designee, surrender all stationery, printed matter, signs, advertising materials and other items containing the Marks and all items which are part of the System trade dress, sell to us any furnishings, equipment, seating, tables, desk, signs or fixtures which we elect to purchase, and, at our option, assign to us, any interest you have in the lease or sublease for the Studios’ premises or, in the event we do not elect to exercise our option to acquire the lease, modify or alter the Studios’ premises as may be necessary to distinguish it from an Vital Stretch franchise under the System. You must also comply with any post-term covenants under the Franchise Agreement.
j.	Assignment of contract by Franchisor	8.6	We have the unrestricted right to sell, transfer, assign, and/or encumber all or any part of our interest in the Franchise Agreement.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
k.	"Transfer" by Franchisee – defined	8.3	A sale, transfer or assignment is deemed to occur if: (i) you are a corporation, or limited liability company, upon any assignment, sale, pledge or transfer or increase of 20% or more of your voting stock which results in a change of ownership of 20% or more of your total voting stock, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of your voting stock; or (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership interest.
l.	Franchisor’s approval of transfer by franchisee	8.1	You may not sell, transfer, assign or encumber your interest in the Studio without our prior written consent. We will not unreasonably withhold consent.
m.	Condition for Franchisor’s approval of transfer	8.3.2	Approval to sell or transfer your franchise may be conditioned upon the following: (i) satisfaction of all monetary obligations to us, our affiliates or predecessor, or suppliers; (ii) the timely cure of all existing defaults under the Franchise Agreement; (iii) execution of a general release; (iv) you or the proposed transferee agrees to complete repairs and remodeling as required; and (v) providing us with a copy of the executed purchase agreement relating to the proposed transfer. The proposed transferee must satisfy any licensing requirements, have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, and have the aptitude and adequate financial resources to operate a Studio. The transferee must have executed our then-current Franchise Agreement, you or the transferee have paid to us a transfer fee, and the transferee and its manager must have completed our initial training program.
n.	Franchisor’s right of first refusal to acquire Franchisee’s business	8.3.1	If you propose to transfer or assign 20% or more of your interest in the Studio to a third party, you must first offer us the option to purchase your franchise upon the same terms as those offered by the third party.
o.	Franchisor’s option to purchase Franchisee’s business	10.1.7	If the Franchise Agreement is terminated, we have the right to purchase the assets of the Studio. We also have the option to purchase or lease your premises. Our option may be exercised at fair market value, determined by appraisal, if the parties are unable to agree.
p.	Franchisee’s death or disability	8.2	Upon your death or disability, your representative must designate an operator who is acceptable to us for your Studio within 60 days and transfer your interest to an approved party within 180 days. This transfer is subject to the same terms and conditions as any other transfer.
q.	Noncompetition covenants during the term of the franchise	7.4.1	Neither you nor your partners, shareholders, members or managers, nor immediate family members may have any interest in any other business which offers personal training and other services offered by System Vital Stretch Studios (a “Competing Business”).

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
r.	Noncompetition covenants after the franchise is terminated or expires	7.4.2	The Franchise Agreement limits your right and the rights of your partners, shareholders, members, managers and immediate family members for 2 years following the date of the expiration and non-renewal, transfer or termination of the Franchise Agreement: (i) to own, engage in, be employed or have any interest in any Competing Business within 20 miles (or the maximum area allowed by law) of your Studio location or other Vital Stretch Studio locations; (ii) to solicit business from former clients of your Studio for any competitive business purpose or to solicit employees of us, our affiliates or other System franchisees; or (iii) to own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing with us.
s.	Modification of the agreement	12.1	The Franchise Agreement may only be modified by written amendment signed by both parties. The Operations Manual is subject to change.
t.	Integration/ merger clauses	12.1	The Franchise Agreement is the entire agreement between the parties. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. However, nothing in the Franchise Agreement is intended to disclaim the representations made in the Disclosure Document.
u.	Dispute resolution by arbitration or mediation	12.4	The parties must submit disputes to binding arbitration through the American Arbitration Association in the then-current County and State where our corporate headquarters is located, (currently, Norwalk, Connecticut) (except either party may pursue an action for injunctive relief). (Subject to state law)
v.	Choice of forum	12.2	Subject to the arbitration requirement and applicable state law, dispute resolution must be in state or federal court that has general jurisdiction in the then-current County and State where our corporate headquarters is located (currently, Norwalk, Connecticut).
w.	Choice of law	12.2	Except for the Federal Arbitration Act or applicable federal or state law, Connecticut law applies.

## DEVELOPMENT AGREEMENT

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

	Provision	Section in Development Agreement	Summary
a.	Length of the franchise term	Section 4	The term expires upon the deadline to open the last Studio to be opened under the Development Schedule.
b.	Renewal or extension of the term	Not applicable	Not applicable.
c.	Requirements for franchisee to renew or extend	Not applicable	Not applicable.
d.	Termination by franchisee	Not applicable	Not applicable.
e.	Termination by us without cause	Not applicable	Not applicable.
f.	Termination by us with cause	Section 9	We can terminate only if you default (see (g) and (h) below) under the Development Agreement or any Franchise Agreement. Termination of the Development Agreement does not permit Franchisor to also terminate a Developer's active single unit Franchise Agreement(s), or vice versa.
g.	"Cause" defined – curable defaults	None	Not applicable.
h.	"Cause" defined – non-curable defaults	Section 9b	You fail to to have open and operating the minimum number of Studios specified in the Development Schedule at any deadline; you fail to comply with any provision of the Development Agreement, any Franchise Agreement is in default; or you breach or otherwise fail to comply fully with any provision of the Development Agreement; you and your owners fail to maintain the financial capacity and necessary skills and experience to meet the Development Requirements and timely develop and operate the Studios required to be opened and operated under the Franchise Agreement based upon criteria established by us from time to time; the Operating Principal of the Developer under the Franchise Agreement is not at any time the Operating Principal of all approved entities operating Studios in the Development Area.
i.	Your obligations on termination/non-renewal	Section 6.2	You will lose your right to develop additional studios.
j.	Assignment of contract by us	Section 13	No restriction on our right to assign.

	<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
k.	“Transfer” by you – definition	Section 12	Includes transfer of the Development Agreement, any interest in the Development Agreement, or, if you are an Entity, any interest in the Entity.
l.	Our approval of transfer by franchisee	Section 12	We have the right to approve or not approve all transfers at our sole discretion.
m.	Conditions for our approval of transfer	Section 12	We have sole discretion in setting conditions for our approval of a transfer.
n.	Our right of first refusal to acquire franchisee’s business	Not applicable	Not applicable
o.	Our option to purchase your business	Not applicable	Not applicable.
p.	Death or disability of franchisee	Not applicable	We have the right to approve or disapprove any transfer at our sole discretion.
q.	Non-competition covenants during the term	Not applicable	Not applicable
r.	Non-competition covenants after the Development Agreement is terminated or expires	Not applicable	Not applicable
s.	Modification of the agreement	Section 15	No modifications unless agreed to in writing by both parties.
t.	Integration/merger clause	Section 15	Notwithstanding in the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments Only the terms of the Development Agreement and any Franchise Agreements are binding (subject to state law). Any other promises outside this Disclosure Document, the Development Agreement, and the Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 17	The dispute resolution, choice of law, and choice of forum provisions set forth in the Franchise Agreement shall apply to any disputes arising out of the Development Agreement (Subject to state law)..

	<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
v.	Choice of forum	Section 17	Connecticut, or the then-current location of our principal place of business (Subject to state law)
w.	Choice of law	Section 17	Subject to applicable state law; Connecticut

**ITEM 18  
PUBLIC FIGURES**

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

*(The remainder of this page is left intentionally blank; Item 19 begins on the next page)*

## **ITEM 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

These financial performance representations are based upon the combined historic operating revenues of our Company-Owned Outlet and the combined historic operating revenues and key performance indicators of four of our franchise outlets (the "Franchise Outlets"). The Company-Owned Outlet provided data to us regarding the operation of their outlets and were in operation for a period that covers the 2023 and 2024 fiscal year, and the Franchise Outlets provided data to us regarding the operation of their outlets and were in operation for a period that covers October 2024 through March 2025 (each a "Measurement Period"). An Outlets operation throughout the entirety of the Measurement Period is the only criteria used for inclusion in this Item 19.

The explanatory notes included with the following charts are an integral part of this financial performance representation and should be read in their entirety for a full understanding of the information contained in the following charts.

## I. Statement of Income and Certain Expenses of the Company Owned Outlet

<b>Statement of Income</b>	<b>2023</b>	<b>2024</b>
Gross Revenue	\$439,188	\$257,685
Operating Expenses	\$48,900	\$35,972
Payroll	\$131,797	\$69,240
Rent	\$50,415	\$24,000
Marketing	\$42,052	\$20,987
<b>Franchisee Expenses</b>		
Royalty Fees (7%)	\$30,743	\$18,038
Brand Fund Contribution (1%)	\$8,784	\$5,153
<b>Total Expenses</b>	<b>\$312,691</b>	<b>\$173,390</b>
<b>Net Income</b>	<b>\$126,497</b>	<b>\$84,295</b>

### Notes Regarding the Table 1 Above

1. The figure in the tables above uses the combined historical information that the Company Owned Outlet provided to us. The 2023 figures listed above represent the combined figures of two non- traditional locations with 4 stretch tables operating under combined accounting principles. The 2024 figures above represent a single VS Lite location with 2 stretch tables. Upon your reasonable request, we will provide written substantiation for this financial performance representation.
2. “Gross Revenue” means all revenues derived from providing products and/or services to customers. Gross Revenue does not include taxes which were collected and paid to applicable government authorities or revenue for which there was a valid corresponding refund paid to the customer. This figure represents the combined gross revenue earned by the Company Owned Outlet during the Measurement Period.
3. “Operating Expenses” means other expenses attributable to the operation of a VS Lite location, including supplies, office supplies, merchant fees and banking charges, business licenses & permits, office expenses, marketing expenses, local/co-op marketing expenses, charitable contributions, and other miscellaneous expenses.
4. “Franchisee Expenses” means fees that are attributable to a franchisee running a VS Lite location under our current Franchise Agreement. These fees are listed in Item 6 of this document and include (i) Royalty Fees which are 7% of Gross Revenue; and (ii) Brand Fund Contributions that are 2% of Gross Revenue. To calculate the estimated fees under (i) and (ii), the total Gross Revenues were multiplied by the applicable percentage.
5. “Total Expenses” means the combined total of Total Expenses plus Franchisee Expenses.
6. “Net Income” means Gross Revenue minus Total Expenses. The figures represented above do not include certain costs and expenses you will incur in the categories of depreciation, amortization, interest or principal payments on loans to the business or income taxes owed by the business or its owners.

**II. Gross Revenue for the Franchise Outlets**

October 2024 through March 2025				
	Low	Median	High	Average
<b>Total Gross Revenue</b>	\$50,644	\$75,595	\$101,063	\$75,724

**III. Appointments Booked and Performed for the Franchise Outlets**

October 2024 through March 2025				
	Low	Median	High	Average
<b>Total Non-Membership Appointments Booked</b>	106	241	428	254
<b>Total Non-Membership Appointments Performed</b>	83	170	378	200

**IV. Appointments Converted and Conversion Percentage for the Franchise Outlets**

October 2024 through March 2025				
	Low	Median	High	Average
<b>Membership Conversions</b>	65	92	131	95

**V. Membership Conversion Percentage for the Franchise Outlets**

October 2024 through March 2025				
	Low	Median	High	Average
<b>Membership Conversion Percentage</b>	34.66%	53.82%	78.31%	47.32%

**Notes Regarding the Tables 2 through 4 Above and Item 19 Generally:**

1. The figure in the tables above uses the combined historical information that the Franchise Outlets provided to us. The Franchise Outlets opened for business in January, September, and October of 2024 respectively. Upon your reasonable request, we will provide written substantiation for this financial performance representation.
2. During the Measurement Period the Franchised Outlets were required to offer a now discontinued “Founder’s Club Discount” which equated to 20% discount on regular membership and resulted in a lower average revenue per member compared to standard rates.
3. “Gross Revenue” means all revenues derived from providing products and/or services to customers. Gross Revenue does not include taxes which were collected and paid to applicable government authorities or revenue for which there was a valid corresponding refund paid to the customer. This figure represents the combined gross revenue earned by the Disclosed Outlets during the Measurement Period.

4. “Total Non-Membership Appointments Booked” means the total number of appointments booked outside of our membership and limited membership models. For purposes of this Item 19, limited membership means a package of no more than 3 visits to a Studio.
5. “Membership Conversions” means the total amount of appointments converted into membership or limited memberships.
6. “Membership Conversion Percentage” means the percentage of appointments that led to memberships or limited memberships. To reach this percentage we divided Membership Conversions by Total Non-Membership Appointments Performed.
7. You should consult other sources for financial information including your financial, business, and legal advisors in connection with the information provided and our franchisees listed in Exhibit C to this Franchise Disclosure Document to obtain additional information necessary for you to develop estimates of the sales, costs, expenses, earnings, and profits.
8. Written substantiation to support the information appearing in this financial performance representation is available to you upon reasonable request.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll sell or earn as much.**

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Melissa or Robert Goldring at 112 Main St., Norwalk, CT 06851, (203) 692-5727, or at [franchising@thevitalstretch.com](mailto:franchising@thevitalstretch.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1**

**SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2022 to 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets At The Start Of The Year</b>	<b>Outlets At The End Of The Year</b>	<b>Net Change</b>
<b>Franchised</b>	2022	0	0	0
	2023	0	0	0
	2024	0	4	4
<b>Company Owned*</b>	2022	3	3	0
	2023	3	2	1
	2024	2	1	1
<b>Total Outlets</b>	<b>2022</b>	<b>3</b>	<b>3</b>	<b>0</b>
	<b>2023</b>	<b>3</b>	<b>2</b>	<b>1</b>
	<b>2024</b>	<b>2</b>	<b>6</b>	<b>4</b>

**TABLE NO. 2**

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN FRANCHISOR TO AFFILIATES)  
FOR YEARS 2022 to 2024**

<b>State</b>	<b>Year</b>	<b>Number Of Transfers</b>
<b>All States</b>	2022	0
	2023	0
	2024	0
<b>Total</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>

**TABLE NO. 3**

**STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 to 2024**

State	Year	Outlets at Start Of Year	Outlets Opened	Terminations	Non-renewals	Reacquired By Franchisor	Ceased Operations	Outlets At End Of Year
CT	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
FL	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
TX	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Total	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	4	0	0	0	0	4

**TABLE NO. 4**

**STATUS OF AFFILIATE-OWNED OUTLETS FOR YEARS 2022 to 2024\***

State	Year	Outlets at start of year	Outlets opened	Outlets reacquired from franchisees	Outlets sold	Reacquired by franchisor	Outlets sold to franchisees	Outlets at end of year
Connecticut	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Total	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2

**TABLE NO. 5**

**PROJECTED OPENINGS AS OF DECEMBER 31, 2024**

State	Franchise Agreements Signed But Facilities Not Opened	Projected Franchised New Facilities In The Next Fiscal Year	Projected Company-Owned Facilities Openings In Next Fiscal Year
FL	1	0	0
GA	3	1	0
KS	1	0	0
MA	1	0	0
MN	1	0	0
NJ	1	0	0
NY	1	0	0
<b>Total</b>	<b>9</b>	<b>1</b>	<b>0</b>

\*In 2024 One Company Owned Outlet was transitioned into dedicated research and development location.

Attached as Exhibit C to this Disclosure Document is a list of all franchisees, including their address and telephone number (or their contact information if their Studio is not yet open) as of the issuance date of this Disclosure Document.

Attached as Exhibit C to this Disclosure Document is the name, city, state and current business telephone number (or if unknown, the last known telephone number) of every franchisee who had a Studio terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. No franchisees have signed confidentiality clauses during the last three (3) years.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached as Exhibit A to this Disclosure Document are our audited financial statements for the 2022, 2023 2024 fiscal years. These financial statements have been prepared in accordance with generally accepted United States accounting principles. Our fiscal year ends on December 31.

## **ITEM 22 CONTRACTS**

Attached to this Disclosure Document are the following contracts and their attachments.

<b>Document/Contract</b>	<b>Location in FDD</b>
Operations Manual Table of Contents	Exhibit D
Franchise Agreement (FA)	Exhibit E
Forms of General Release	Exhibit G;
Form of Confidentiality and Noncompete Agreement	Exhibit H
State-Required Franchise Agreement Riders	Exhibit I
Lease Rider	Exhibit J
Electronic Funds Transfer Authorization	Exhibit K
Franchisee-Specific Terms; Territory	FA Attachment A
Personal Guaranty of Owner/Shareholder	FA Attachment B
Franchisee Compliance Questionnaire	FA Attachment C

## **ITEM 23 RECEIPT**

Attached as the last page of this disclosure document is a receipt. Please sign the receipt and return it to us. A duplicate of the receipt is also attached for your records.

**EXHIBIT A**  
**FINANCIAL STATEMENTS**

# **The Vital Stretch Franchising, LLC**

**(A Connecticut Limited Liability Company)**

**Financial Statements with Report of Independent Auditors  
December 31, 2024 and 2023 and Balance Sheet as of December 31, 2022**

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Report of Independent Auditors

To the Members of  
The Vital Stretch Franchising, LLC:

*Opinion*

We have audited the accompanying financial statements of The Vital Stretch Franchising, LLC, a Connecticut limited liability company, which comprise the balance sheets as of December 31, 2024, December 31, 2023 and December 31, 2022 and the related statement of operations, changes in member's equity and cashflow for the year ended December 31, 2024 and December 31, 2023 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, December 31, 2023, and December 31, 2022 and the results of its operations and its cashflows for the year ended December 31, 2024 and December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

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

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Company's ability to continue as a going concern for one year after April 29, 2025.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*DA Advisory Group PLLC*

Troy, MI  
April 29, 2025

The Vital Stretch Franchising, LLC  
BALANCE SHEETS  
As of December 31, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 379,420	\$ 291,746	\$ 56,905
Accounts receivable	331	575	-
Deferred commissions - current portion	<u>58,350</u>	<u>61,619</u>	<u>-</u>
Total current assets	438,101	353,940	56,905
Noncurrent assets:			
Deferred commissions - net of current portion	301,546	3,022	-
Internal-use software	<u>-</u>	<u>-</u>	<u>10,000</u>
Total noncurrent assets	301,546	3,022	10,000
 Total assets	 <u>\$ 739,647</u>	 <u>\$ 356,962</u>	 <u>\$ 66,905</u>
 <b>LIABILITIES AND MEMBERS' DEFICIT</b>			
Current liabilities:			
Accounts payable	\$ -	\$ 14,500	\$ 100
Accrued payroll	5,377	1,740	1,498
Credit card	13,797	10,795	6,965
Deferred revenue - current portion	133,755	46,811	-
Long term business loan, current portion	<u>57,147</u>	<u>23,445</u>	<u>11,487</u>
Total current liabilities	210,076	97,290	20,050
Noncurrent liabilities:			
Deferred revenue - net of current portion	827,660	227,541	-
Long-term business loan	145,100	61,379	33,848
Member loan	<u>139,000</u>	<u>150,000</u>	<u>110,000</u>
Total noncurrent liabilities	1,111,760	438,920	143,848
 Total liabilities	 <u>1,321,837</u>	 <u>536,210</u>	 <u>163,897</u>
Members' equity:			
Total members' deficit	<u>(582,190)</u>	<u>(179,248)</u>	<u>(96,992)</u>
 Total liabilities and members' deficit	 <u>\$ 739,647</u>	 <u>\$ 356,962</u>	 <u>\$ 66,905</u>

see accompanying notes

The Vital Stretch Franchising, LLC  
 STATEMENTS OF OPERATIONS  
 For the years ended December 31, 2024 and 2023

	2024	2023
Operating revenues:		
Franchise revenues	\$ 45,938	\$ 202,647
Royalty	18,140	-
Other sales	2,502	1,813
Total operating revenues	66,580	204,460
Operating expenses:		
Total operating expenses	510,509	284,630
Operating loss	(443,929)	(80,170)
Other income (expense)		
Interest expense	(2,975)	-
Interest income	-	447
Net other income (expense)	(2,975)	447
Net loss	\$ (446,904)	\$ (79,723)

see accompanying notes

The Vital Stretch Franchising, LLC  
STATEMENT OF MEMBERS' EQUITY  
For the years ended December 31, 2024 and 2023

	<u>Total Equity</u>
BALANCE, DECEMBER 31, 2022	<u>\$ (96,992)</u>
Members' contributions	-
Members' distributions	(2,533)
Net loss	<u>(79,723)</u>
BALANCE, DECEMBER 31, 2023	<u>\$ (179,248)</u>
Members' contributions	43,962
Members' distributions	-
Net loss	<u>(446,904)</u>
BALANCE, DECEMBER 31, 2024	<u>\$ (582,190)</u>

see accompanying notes

The Vital Stretch Franchising, LLC  
STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (446,904)	\$ (79,723)
Change in:		
Accounts receivable	243	(574)
Other expenses	-	10,000
Accounts payable	(14,500)	14,400
Accrued payroll	3,637	242
Deferred revenue	687,064	274,353
Deferred commissions	(295,255)	(64,641)
Credit card	3,003	3,828
Net cash (used in) provided by operating activities	(62,712)	157,885
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used by investing activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in long term busines loan	117,424	39,489
Decrease in member's loan	(11,000)	40,000
Members' distributions	-	(2,533)
Members' contributions	43,962	
Net cash provided by financing activities	150,386	76,956
Net change in cash and cash equivalents	\$ 87,674	\$ 234,841
Cash and cash equivalents at beginning of year	291,746	56,905
Cash and cash equivalents at end of year	\$ 379,420	\$ 291,746
Total cash and cash equivalents	\$ 379,420	\$ 291,746

see accompanying notes

The Vital Stretch Franchising, LLC  
Notes of Financial Statements  
December 31, 2024, 2023 and 2022

1. Organization

The Vital Stretch Franchising, LLC (the “Company”) is a Connecticut limited liability company owned by two individuals (“Members”). The Company was formed in July 2022 for the purpose of franchising its unique health and wellness concept nationally in the United States.

For the periods ended December 31, 2024, 2023 and 2022, total members distributions were \$0, \$2,533 and \$0, respectively. For the same periods ended, member contributions were \$43,962, \$0 and \$0, respectively.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates

The preparation of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue and expenses

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (“ASU”) No. 2014- 09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded in the U.S disclosures relating to nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2019, the first day of the Company's fiscal year using the modified retrospective approach.

As part of the adoption of the ASU, the Company elected the following transition practical expedients: to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (i) to apply the standard only to contracts that are not completed at the initial date of application.

The Company derives its revenues primarily from awarding new franchisees and supporting those franchisees. Revenues are recognized when control of these products or services is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products. Revenue from performance obligations satisfied at a point in time consists of sales of services from franchises.

Performance Obligations

For performance obligations related to the sale of franchise services, control transfers to the customer at a point in time. The Company's principal terms of sale are upon delivery of the services, as incurred.

The Vital Stretch Franchising, LLC  
Notes of Financial Statements  
December 31, 2024, 2023 and 2022

2. Summary of significant accounting policies and nature of operations (continued)

Upon signing a franchise agreement, the franchisee is required to pay a non-refundable initial franchise fee. Since the Company is a nonpublic franchisor, it has elected to use the practical expedient available in FASB Accounting Standards Update No. 2021-02 dated January 2021. The practical expedient permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the license if the services are consistent with those included in a predefined list within the guidance.

Contract balances

Below is the summary of contract balances as of December 31, 2024, 2023 and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Deferred acquisition costs - beginning	\$ 64,641	\$ -	\$ -
Additional costs incurred	309,800	115,000	-
Deferred acquisition costs recognized	<u>(14,545)</u>	<u>(50,359)</u>	-
Deferred acquisition costs - ending	<u>\$ 359,896</u>	<u>\$ 64,641</u>	<u>\$ -</u>

Contract balances are expected to be amortized over the remaining term of the associated franchise agreement as follows:

Year ending December 31, 2024:

2025	\$ 58,350
2026	39,215
2027	32,605
2028	29,736
2029	32,553
Thereafter	<u>167,437</u>
Total	<u>\$ 359,896</u>

Year ending December 31, 2023:

2024	\$ 14,545
2025	9,383
2026	11,100
2027	2,498
2028	2,823
Thereafter	<u>24,292</u>
Total	<u>\$ 64,641</u>

The Vital Stretch Franchising, LLC  
Notes of Financial Statements  
December 31, 2024, 2023 and 2022

2. Summary of significant accounting policies and nature of operations (continued)

Deferred revenue

A summary of deferred franchise revenue as of December 31, 2024, and December 31, 2023:

	2024	2023	2022
Deferred revenue - beginning of year	\$ 274,352	-	-
Additions for initial franchise fees received	733,000	477,000	-
Revenue recognized during the year	(45,937)	(202,648)	-
Deferred revenues - end of year	\$ 961,415	\$ 274,352	\$ -

Deferred franchise fee revenue is expected to be amortized over the remaining term of the associated franchise agreement as follows:

Year ending December 31, 2024

2025	\$ 133,755
2026	111,357
2027	85,216
2028	80,489
2029	92,539
Thereafter	458,059
Total	\$ 961,415

Year ending December 31, 2023

2024	\$ 45,937
2025	35,520
2026	44,149
2027	12,548
2028	14,181
Thereafter	122,017
Total	\$ 274,352

Cash and cash equivalents.

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

The Company maintains its cash in bank deposit accounts which could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since its inception and has not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Vital Stretch Franchising, LLC  
Notes of Financial Statements  
December 31, 2024, 2023 and 2022

2. Summary of significant accounting policies and nature of operations (continued)

Income taxes

Income taxes on Company income are levied on the Members at the individual level. Accordingly, all profits and losses of the Company are recognized by each member on their respective tax return.

Fair value of financial instruments

The Fair Value Measurements and Disclosure Topic of the FASB Accounting Codification establishes a framework for measuring fair value that is based on the inputs market participants use to determine fair value of an asset or liability and establishes a fair value hierarchy to prioritize those inputs.

The accounting guidance describes a hierarchy of three levels of input that may be used to measure fair value:

- Level 1      Inputs based on quote prices in active markets for identical assets and liabilities.
- Level 2      Inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities: quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3      Unobservable inputs based on little market or no market activity which are significant to the fair value of the assets and liabilities.

The Company's material financial instruments consist of primarily cash and cash equivalents, accounts receivable, security deposits, prepaid expenses, accounts payable and accrued expenses. The fair values of these instruments are equal to their carrying values based on liquidity. The fair value measurement of these assets is categorized as Level 1.

3. Debt

In 2024, 2023 and 2022, the Company obtained a related party note payable with advances in the amounts of \$0, \$40,000 and \$110,000, respectively from the Members of the Company. The note bears no interest and does not have a maturity date. As of December 31, 2024, 2023 and 2022, the balance of the note payable was \$139,000, \$150,000 and 110,000, respectively.

Below is the summary of debt from third parties for the years ending December 31, 2024, 2023 and 2022:

	2024	2023	2022
Note Payable to a third party dated December 12, 2024 matures December 12, 2029, \$50,000 face value, bearing interest at 9% per annum.	\$ 50,000	\$ -	\$ -

The Vital Stretch Franchising, LLC  
Notes of Financial Statements  
December 31, 2024, 2023 and 2022

3. Debt (continued)

	2024	2023	2022
Note Payable to a third party dated August 16, 2022 matures August 1, 2026, \$50,000 face value, bearing interest at 7.5% per annum.	25,687	34,824	45,335
Note Payable to a third party dated December 21, 2023 matures January 1, 2028, \$50,000 face value, bearing interest at 7.5% per annum.	34,824	50,000	-
Note Payable to a third party dated March 27, 2024 matures March 31, 2029, \$100,000 face value, bearing interest at 4.5% per annum.	91,737	-	-
	202,247	84,824	45,335
Less: current portion	(57,147)	(23,445)	-
Total notes payable, less current portion	\$ 145,100	\$ 61,379	\$ 45,335

4. Subsequent events

Subsequent events have been evaluated through April 29, 2025 which is the date the financial statements were available to be issued. No significant events or transactions were identified that would require adjustment to the balance sheet or disclosure.

**EXHIBIT B**

**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

## List of State Regulatory Administrators

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<b>LIST OF STATE ADMINISTRATORS</b>	
<p><b><u>CALIFORNIA</u></b>                      Department of Financial Protection and Innovation                      320 West 4th Street, Suite 750                      Los Angeles, California 90013-2344                      (213) 576-7500                      Toll Free (866) 275-2677</p>	<p><b><u>CONNECTICUT</u></b>                      State of Connecticut                      Department of Banking                      Securities &amp; Business Investments Division                      260 Constitution Plaza                      Hartford, Connecticut 06103-1800                      (860) 240-8230</p>
<p><b><u>HAWAII</u></b>                      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</p>	<p><b><u>ILLINOIS</u></b>                      Franchise Bureau                      Office of the Attorney General                      500 South Second Street                      Springfield, Illinois 62706                      (217) 782-4465</p>
<p><b><u>INDIANA</u></b>                      Indiana Secretary of State                      Franchise Section                      302 Washington Street, Room E-111                      Indianapolis, Indiana 46204                      (317) 232-6681</p>	<p><b><u>MARYLAND</u></b>                      Office of the Attorney General                      Securities Division                      200 St. Paul Place                      Baltimore, Maryland 21202-2021                      (410) 576-6360</p>
<p><b><u>MICHIGAN</u></b>                      Michigan Attorney General's Office                      Corporate Oversight Division, Franchise Section                      525 W. Ottawa Street                      G. Mennen Williams Building, 1<sup>st</sup> Floor                      Lansing, Michigan 48933                      (517) 373-7117</p>	<p><b><u>MINNESOTA</u></b>                      Minnesota Department of Commerce                      85 7<sup>th</sup> Place East, Suite 280                      St. Paul, Minnesota 55101-2198                      (651) 539-1600</p>
<p><b><u>NEW YORK</u></b>                      New York State Department of Law                      Investor Protection Bureau                      28 Liberty Street, 21<sup>st</sup> Floor                      New York, NY 10005                      (212) 416-8222</p>	<p><b><u>NORTH DAKOTA</u></b>                      North Dakota Securities Department                      State Capitol                      Department 414                      600 East Boulevard Avenue, Fifth Floor                      Bismarck, North Dakota 58505                      (701) 328-4712</p>
<p><b><u>OREGON</u></b>                      Department of Business Services                      Division of Finance and Corporate Securities                      Labor and Industries Building                      350 Winter Street, NE Room 410                      Salem, Oregon 97310                      (503) 378-4387</p>	<p><b><u>RHODE ISLAND</u></b>                      Department of Business Regulation Securities Division,                      Building 69, First Floor                      John O. Pastore Center                      1511 Pontiac Avenue                      Cranston, Rhode Island 02920                      (401) 462-9527</p>
<p><b><u>SOUTH DAKOTA</u></b>                      Division of Insurance                      Securities Regulation                      124 S. Euclid, Suite 104                      Pierre, South Dakota 57501                      (605) 773-3563</p>	<p><b><u>VIRGINIA</u></b>                      State Corporation Commission                      Division of Securities and Retail Franchising                      1300 East Main Street, 9th Floor                      Richmond, Virginia 23219                      (804) 371-9051</p>
<p><b><u>WASHINGTON</u></b>                      Department of Financial Institutions                      Securities Division,                      P.O. Box 9033                      Olympia, Washington 98507                      (360) 902-8760</p>	<p><b><u>WISCONSIN</u></b>                      Division of Securities                      4822 Madison Yards Way, North Tower                      Madison, Wisconsin 53705                      (608) 266-2139</p>

## List of Agents for Service of Process

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

<b>LIST OF STATE AGENT FOR SERVICE OF PROCESS</b>	
<p><b><u>CALIFORNIA</u></b>                      Commissioner                      Department of Financial Protection and Innovation                      320 West 4<sup>th</sup> Street, Suite 750                      Los Angeles, California 90013-2344                      (213) 576-7500                      Toll Free (866) 275-2677</p>	<p><b><u>CONNECTICUT</u></b>                      Banking Commissioner                      Department of Banking                      Securities &amp; Business Investments Division                      260 Constitution Plaza                      Hartford, Connecticut 06103-1800                      (860) 240-8230</p>
<p><b><u>HAWAII</u></b>                      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</p>	<p><b><u>ILLINOIS</u></b>                      Illinois Attorney General                      Office of the Attorney General                      500 South Second Street                      Springfield, Illinois 62706                      (217) 782-4465</p>
<p><b><u>INDIANA</u></b>                      Indiana Secretary of State                      Franchise Section                      302 West Washington Street, Room E-111                      Indianapolis, Indiana 46204                      (317) 232-6681</p>	<p><b><u>MARYLAND</u></b>                      Maryland Securities Commissioner                      200 St. Paul Place                      Baltimore, Maryland 21202-2021                      (410) 576-6360</p>
<p><b><u>MICHIGAN</u></b>                      Michigan Attorney General's Office                      Corporate Oversight Division, Franchise Section                      525 W. Ottawa Street                      G. Mennen Williams Building, 1<sup>st</sup> Floor                      Lansing, Michigan 48933                      (517) 373-7117</p>	<p><b><u>MINNESOTA</u></b>                      Minnesota Commissioner of Commerce                      Minnesota Department of Commerce                      85 7th Place East, Suite 280                      St. Paul, Minnesota 55101-2198                      (651) 539-1600</p>
<p><b><u>NEW YORK</u></b>                      New York Secretary of State                      99 Washington Avenue, 6th Floor                      Albany, NY 12231                      (518) 472-2492</p>	<p><b><u>NORTH DAKOTA</u></b>                      North Dakota Securities Commissioner                      State Capitol                      600 East Boulevard Avenue, Fifth Floor                      Bismarck, North Dakota 58505                      (701) 328-4712</p>
<p><b><u>OREGON</u></b>                      Secretary of State                      Corporation Division - Process Service                      255 Capitol Street NE, Suite 151                      Salem, OR 97310-1327                      (503) 986-2200</p>	<p><b><u>RHODE ISLAND</u></b>                      Director of Department of Business Regulation                      Department of Business Regulation                      Securities Division, Building 69, First Floor                      John O. Pastore Center                      1511 Pontiac Avenue                      Cranston, Rhode Island 02920                      (401) 462-9527</p>
<p><b><u>SOUTH DAKOTA</u></b>                      Division of Insurance                      Securities Regulation                      124 S. Euclid, Suite 104                      Pierre, South Dakota 57501                      (605) 773-3563</p>	<p><b><u>VIRGINIA</u></b>                      Clerk of the State Corporation Commission                      1300 East Main Street, 1<sup>st</sup> Floor                      Richmond, Virginia 23219                      (804) 371-9733</p>
<p><b><u>WASHINGTON</u></b>                      Director, Department of Financial Institutions                      Securities Division, 3rd Floor                      150 Israel Road, Southwest                      Tumwater, Washington 98501                      (360) 902-8760</p>	<p><b><u>WISCONSIN</u></b>                      Administrator, Division of Securities                      4822 Madison Yards Way, North Tower                      Madison, Wisconsin 53705                      (608) 266-2139</p>

**EXHIBIT C**

**LIST OF CURRENT FRANCHISEES**

**CURRENT FRANCHISEES**

<b>State</b>	<b>City</b>	<b>Address</b>	<b>Contact</b>	<b>Owner Name(s)</b>
CT	Wilton	46 Breeds Hill Pl	jacob@thevitalstretch.com	Jake and Ash Inc
FL	Verda	346 Auburndale Drive Ponte	Mikeg@thevitalstretch.com	Stretch St. Johns LLC
TX	Austin	1530 Harrier Marsh Drive	nate@thevitalstretch.com	Medicinal Motion Austin, LLC
TX	San Antonio	12447 Upton Park	Kevinl@thevitalstretch.com	KLove Enterprises, LLC

**(SIGNED BUT NOT YET OPEN AS OF DECEMBER 31, 2024)**

<b>State</b>	<b>City</b>	<b>Contact</b>	<b>Owner Name(s)</b>
FL	Riverview	Laresa@thevitalstretch.com	AFA Stretch, LLC
GA	Alpharetta	doshi@thevitalstretch.com	Cohealth, LLC
GA	Loganville	candice@thevitalstretch.com	Total Vitality Solutions LLC
GA	Woodstock	tony@thevitalstretch.com	Upscale Ventures, LLC
KS	Lawrence	Erika@thevitalstretch.com	Erika Devore
MA	Abington	fabiola@thevitalstretch.com	Savanna St. Felix, LLC
MN	Belle Plain	joe@thevitalstretch.com	KJ Vital Holdings Inc
NJ	Freehold	val@thevitalstretch.com	VSC Ventures, Inc
NY	Scarsdale	saurabhg@thevitalstretch.com	Saurabh Gupta

**FORMER FRANCHISEES**

**NONE.**

## EXHIBIT D

### OPERATIONS MANUAL TABLE OF CONTENTS

The Operations Manual is still under development; therefore, these numbers are estimates based on what has currently been developed and are subject to change.

Chapter	Pages Per Chapter
Introduction	12
Start-Up	20
Accounting & Administration	16
Human Resources	32
Marketing & Social Media	18
Daily Business Operations	10
Safety & Security	25
<b>Total</b>	<b>133</b>

**EXHIBIT E**

**FRANCHISE AGREEMENT**  
**WITH ATTACHMENTS**



**THE VITAL STRETCH FRANCHISING, LLC**

**FRANCHISE AGREEMENT**

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Attachment A- –Franchisee Specific Terms

Attachment B- –Personal Guaranty of Owners

Attachment C- –Franchisee Compliance Questionnaire

Attachment D- –Telephone, Internet Websites and Listings Agreement

# THE VITAL STRETCHFRANCHISING, LLC

## FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is entered into and made effective \_\_\_\_\_ by and between THE VITAL STRETCH FRANCHISING, LLC, a Connecticut limited liability company, with its principal business address at 112 Main St., Norwalk, Connecticut, 06851 ("Franchisor") and \_\_\_\_\_ with a principal address at \_\_\_\_\_ ("Franchisee").

### BACKGROUND

**A.** Franchisor and/or its equity owners, parent, predecessor or affiliates, through the expenditure of considerable money, time and effort, have developed a system ("The Vital Stretch System" or "System") for the establishment, development and operation of a Vital Stretch Studio. The System includes our proprietary marks, recognized designs, decor and color schemes, trade dress, distinctive specifications for fixtures, IT platforms, equipment, and designs; know-how, and trade secrets; procurement of customers, sales techniques, and merchandising, marketing, advertising, record keeping and business management systems; quality control procedures; and procedures for operation and management of a Vital Stretch Studio pursuant to the Operations Manual provided by Franchisor and modified from time to time and other standards and specifications Franchisor otherwise provides.

**B.** The Vital Stretch System is identified by various trade names, trademarks and service marks used by Franchisor and its franchisees including, without limitation, the trademark "The Vital Stretch" and other identifying marks and symbols that Franchisor uses now or may later use as part of the Vital Stretch System (the "Proprietary Marks"). The rights to all the Proprietary Marks shall be owned exclusively by Franchisor, its equity owners or its affiliates. Franchisor intends to further develop and use the Proprietary Marks to identify to the public Franchisor's standards of quality and the services marketed under the Proprietary Marks.

**C.** Franchisor is engaged in the business of granting franchises to qualified individuals and business entities to use the System to operate a Vital Stretch Studio.

**D.** Franchisee has applied to Franchisor for a franchise to operate a Vital Stretch Studio using the System and Proprietary Marks and to receive the training, confidential information and other assistance Franchisor provides. Franchisor has approved Franchisee's application in reliance upon all of the representations made in the application.

**E.** By executing this Agreement, Franchisee acknowledges the importance of Franchisor's quality and service standards and agrees to operate Franchisee's business in accordance with those standards and as described in the System. Franchisee also acknowledges that adhering to the terms of this Agreement and implementing the System as Franchisor directs are essential to the operation of Franchisee's business, to the System and to all Franchisor's franchisees.

In consideration of the mutual promises and commitments contained in this Agreement, together with other valuable consideration, the receipt and sufficiency of which is acknowledged, Franchisor and Franchisee agree as follows:

## 1. GRANT OF FRANCHISE

1.1. **Grant and Acceptance.** Franchisor grants to Franchisee, and Franchisee accepts, all subject to the terms of this Agreement, a franchise to establish and operate one Vital Stretch Studio using the Vital Stretch System and the Proprietary Marks pursuant to this Agreement as a Vital Stretch standard location (a "VS Standard"), a Vital Stretch + location (a "VS +"), or a Vital Stretch lite location (a "VS Lite"). Your VS Standard, VS +, or VS Lite location are referred to collectively as the "Studio". The franchise model being operated will be designated on Attachment A of this Agreement. Franchisee shall use the Proprietary Marks, participate in the promotional, advertising and educational programs that are made available to Franchisee, and have access to certain proprietary trade secrets, marketing expertise and business expertise of Franchisor, as they may be modified from time to time, in connection with the Studio.

1.2. **Territory.** Franchisee shall establish and operate the Studio within the Territory identified in Attachment A to this Agreement (the "Territory"). If Franchisee is operating a VS Standard or VS + location and provided Franchisee complies with the terms of this Agreement, Franchisor shall not own, operate, franchise or license any other Studios within the Territory, except Franchisor reserves the right to do so in other channels of distribution as described in Section 1.3. If Franchisee is operating a VS Lite location, Franchisee shall not receive any territorial protections as described in this Agreement. Franchisor and/or Franchisor's affiliates, retain all other rights, including without limitation, the unrestricted rights (i) in connection with a merger or acquisition, to own, operate, franchise or license, both within and outside the Territory, businesses operating under names other than the Proprietary Marks regardless of whether or not these other concepts offer products and services which are similar to or compete with those offered by the Studio and regardless of location, and the right to convert those locations to Vital Stretch studios, (ii) the right to be acquired by (or merge or become affiliates with) any other business operating under names other than the Proprietary Marks, including a competing business with locations anywhere which may result in the required conversion of Studios; (iii) to distribute products and services as described in Section 1.3, both within and outside the Territory; (iv) to use and to license others to use, the System for the operation and licensing of other Vital Stretch Studios at any locations outside of the Territory.

1.3. **Other Channels of Distribution.** Subject to the restrictions in Section 1.2, Franchisor and Franchisor's, parent, predecessor and affiliates, reserve the unrestricted right to offer products and services, whether now existing or developed in the future, identified by the Proprietary Marks or other marks. Franchisor and/or Franchisor's parent, predecessor and/or affiliates, own or license, through any distribution method they may establish, and may franchise or license others to do so, both within and outside the Territory, regardless of whether the offering of products or services in the other channels of distribution compete with the Studio. These other channels of distribution may include locations and venues other than a Vital Stretch Studio, including but not limited to, retail establishments, mail order, catalogs, the Internet, and any similar outlets or distribution methods as Franchisor and/or its affiliates, determine, in their sole discretion. This Agreement does not grant Franchisee any rights to distribute products through other channels of distribution as described in this Section 1.3, and Franchisee has no right to share, nor does Franchisee expect to share, in any of the proceeds Franchisor and/or Franchisor's affiliates, or other franchisees or licensees or any other party receives in connection with the alternate channels of distribution.

## 2. TERM AND RENEWAL

2.1. **Term.** This Agreement grants rights to Franchisee for a period of 10 years and is effective when signed by Franchisor.

2.2. **Renewal.** Franchisee shall have the right to renew this Agreement for two (2) periods of 5 years each if the following conditions have been met:

2.2.1. Franchisee has given Franchisor written notice of its election to renew the franchise not less than 6 months nor more than 13 months prior to the expiration of the current term;

2.2.2. Franchisee owns or has the right under a lease to occupy the premises of the Studio for an additional 5 years and has presented evidence to Franchisor that Franchisee has the right to remain in possession of the premises of the Studio for the duration of the renewal term; or, in the event Franchisee is unable to maintain possession of the premises of the Studio, Franchisee has secured substitute premises approved by Franchisor by the expiration date of this Agreement;

2.2.3. Franchisee has completed, no later than 30 days prior to the expiration of the then-current term and to Franchisor's satisfaction, all maintenance, refurbishing, renovating and remodeling of the premises of the Studio and all of the equipment, fixtures, furnishings, interior and exterior signs as Franchisor shall reasonably require so that the premises reflect the then current image of a Vital Stretch Studio;

2.2.4. Franchisee is not in default of any provision of this Agreement or any other related agreement between Franchisee and Franchisor or its parent, predecessor and/or affiliates, either at the time Franchisee gives notice of its intent to renew or at any time after through the last day of the then current term, and Franchisee has substantially complied with all of these agreements during their respective terms;

2.2.5. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and/or its parent, predecessor and affiliates or otherwise pursuant to this Agreement;

2.2.6. Franchisee has executed, at the time of such renewal, Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, higher royalty and advertising fees. The renewal franchise agreement, when executed, shall supersede this Agreement in all respects;

2.2.7. Franchisee at its expense has satisfied Franchisor's then-current training requirements for new franchisees as of the date of the renewal.

2.2.8. Franchisee has paid a renewal fee of \$10,000; and

2.2.9. Franchisee has executed a release of any and all claims against Franchisor and its parent, predecessor and affiliates, and their shareholders, members, officers, directors, agents, employees, attorneys and accountants arising out of or related to this Agreement or any related agreement. The release shall contain language and be of the form chosen by Franchisor, except the release shall not release any liability specifically provided for by any applicable state statute regulating franchising.

### 3. LOCATION

3.1. **Approved Location.** Franchisee is granted a non-exclusive right, which permits the operation of a single Studio within the Territory at the location identified in Schedule 1 to Attachment A to this Agreement or a location subsequently agreed upon in writing by Franchisor and Franchisee (the "Approved Location"). If the Approved Location is not identified in Schedule 1 to Attachment A when the parties execute this Agreement, Franchisee shall find a location and submit it to Franchisor for approval as required in Section 3.2. Franchisee shall not operate another business at the Approved Location. Franchisee is unrestricted as to the geographic area from which it may obtain business as a System franchisee; however, Franchisee may not make any sales from a location, other than the Approved Location, without the Franchisor's prior written permission. Franchisee shall not conduct any mail order, catalog or Internet business without the express approval of the Franchisor.

**3.2. Site Search; Purchase or Lease of Premises.** Franchisee is responsible for finding a site for the Studio. Franchisee shall use its best efforts to find a suitable location within the “Site Selection Area” set forth on Attachment A, and subject to Franchisor’s procedures and guidelines. Franchisor must grant written authorization before Franchisee may proceed with any proposed location. Franchisee acknowledges that Franchisor’s approval of the Approved Location does not constitute a recommendation, endorsement, guarantee or warranty of any kind, express or implied, by the Franchisor of the suitability or profitability of the location. If Franchisor recommends or provides Franchisee with any information regarding a site for the Studio, that is not a representation or warranty of any kind, express or implied, of the site’s suitability for a Studio or any other purpose. Franchisor’s recommendation or approval of any site only indicates that Franchisor believes that the site meets Franchisor’s then acceptable criteria that have been established for Franchisor’s own purposes and is not intended to be relied upon by Franchisee as an indicator of likely success. Criteria that have appeared effective with other sites and other locations might not accurately reflect the potential for all sites and locations. Franchisor is not responsible if a site and location fails to meet Franchisee’s expectations. Franchisee acknowledges and agrees that its acceptance of the selection of the Approved Location is based on Franchisee’s own independent investigation of the site’s suitability for the Studio.

Franchisee shall provide Franchisor with any information Franchisor requests and a copy of the proposed lease or purchase agreement in connection with Franchisor’s review. In order for Franchisor to approve any designation of the Approved Location at the time of execution of this Agreement, Franchisee must have supplied Franchisor with all required information and copies of proposed agreements prior to the execution of this Agreement. Franchisee shall not sign any lease or purchase agreement for the Approved Location until this Agreement is fully executed by both parties and Franchisor has granted approval of the agreement in writing.

If the Approved Location is not designated in Attachment A at the time of execution of this Agreement, Franchisee must complete all steps to acquire a suitable location within 180 days after the date of execution of this Agreement. Within the 180 day period, Franchisee must: (i) find a suitable site, meeting Franchisor’s specifications; (ii) submit a request for approval of the proposed site; (iii) deliver all information and copies of proposed agreements; (iv) receive Franchisor’s written approval; and (v) upon Franchisor’s approval, either enter into a lease or sublease for the site, meeting Franchisor’s requirements, including the requirements listed in Section 3.3, or enter into an agreement to purchase the site. Franchisor may extend the 180-day period for an additional 90 days provided Franchisee diligently complied with the other obligations of this Section 3.2. If Franchisee or its equity owner or affiliates purchases or owns the Approved Location, Franchisee (or its equity owner or affiliates) shall grant Franchisor an option to purchase or lease the site upon termination or expiration of this Agreement at the fair market value or fair market rent.

### **3.3. Lease or Purchase.**

**3.3.1.** Franchisor shall not approve any lease for the proposed location unless it contains certain provisions, including (i) a limitation that the premises shall be used only for a Vital Stretch Studio; (ii) a prohibition against assignment or subletting by Franchisee without Franchisor’s prior written approval; (iii) permission for Franchisor to enter the premises and make changes to protect the Proprietary Marks; (iv) concurrent written notice to Franchisor of any default and the right (but not the obligation) for Franchisor to cure such default; (v) the right, at Franchisor’s election, to receive an assignment of the lease upon the termination or expiration of this Agreement; and (vi) a prohibition against the lease being modified without Franchisor’s prior written consent. In addition, prior to execution of the lease, Franchisor and Franchisee shall execute then current form of “Lease Rider” which grants Franchisor the right but not the obligation to assume the lease upon Franchisee’s default under the lease or this Agreement. Upon execution of the lease, Franchisor and lessor shall execute the Lease Rider. Franchisee shall deliver an executed copy of the lease to Franchisor within 15 days after the execution of the lease.

3.3.2. Franchisor's review of the lease or purchase agreement for the Approved Location does not constitute Franchisor's representation or guarantee that Franchisee shall succeed at the selected location, nor an expression of Franchisor's opinion regarding the terms of the lease, purchase agreement or the viability of the location. Acceptance by the Franchisor of the lease or purchase agreement shall simply mean that the terms contained in the lease or purchase agreement, including general business terms, are acceptable to Franchisor. Franchisee acknowledges that it is not relying on Franchisor's lease or purchase agreement negotiations, lease or purchase agreement review or approval, or site approval and acknowledges that any involvement by Franchisor in lease negotiations is for the sole benefit of Franchisor. Franchisee acknowledges and understands that it has been advised to obtain its own competent counsel to review the lease or purchase agreement before Franchisee signs any lease or purchase agreement.

3.4. **Relocation.** In the event the lease term is shorter than the term of this Agreement and the lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Approved Location, Franchisee shall relocate the Studio to a site mutually acceptable to Franchisee and Franchisor in accordance with Franchisor's specifications and subject to Section 3.2 and Section 3.3, in order to complete the balance of the term of this Agreement. Franchisee shall give Franchisor notice of Franchisee's intent to relocate, pay the then-current relocation fee and must complete all steps to either enter into a lease or sublease or an agreement to purchase the site within 60 days after closing the Studio at the original location. Franchisee must open the Studio for business at the new location within 180 days of closing the original location. If Franchisee fails to comply with the terms of this Section 3.4, Franchisor may terminate this Agreement.

#### 4. FEES AND COSTS

4.1. **Initial Franchise Fee.** Franchisee shall pay Franchisor a franchise fee as stated in Attachment A of this Agreement, in cash or by certified check, at the time of execution of this Agreement (the "Initial Franchise Fee"). The Initial Franchise Fee is payable when you sign the franchise agreement. The Initial Franchise Fee is fully earned and is not refundable under any circumstances.

4.2. **Discount Program.** Under our "VITAL HIRE Program," we offer a discounted Initial Franchise Fee for your first Studio to qualified employees of our franchisees who: (i) have been recommended by a Vital Stretch franchisee; (ii) have been employed by a Vital Stretch franchisee for at least two (2) years; and (iii) otherwise qualifies to be our franchisee. This discount is based on years of service with one of our franchisees and is calculated as follows:

Discount on Initial Franchise Fee	Years of Consecutive Employment with Franchisee
50%	2
65%	3
80%	4
95%	5+

Discounts under our VITAL HIRE Program will be applied to the Initial Franchise Fee for your first Studio only and the discount shall be calculated after any third-party broker fees are deducted, if any.

#### 4.3. **Royalty Fee.**

4.3.1. **Royalty Fee.** Franchisee shall pay to Franchisor a royalty fee equal to 7% of all "Gross Revenue" of the Studio on a per transaction and monthly basis (the "Royalty Fee"). Beginning in Franchisees thirteenth month of operations Franchisee must pay Franchisor the greater of (i) the Royalty Fee or (ii) \$500 per month

4.3.2. **Gross Revenue.** Gross Revenue shall include all revenues from sales made by Franchisee from all business conducted at or from, or in connection with the Studio, including but not limited to amounts received from the sale of all goods and services (including any monies received during pre-sales) and tangible property of any nature. Gross Revenue shall not include the amount of any sales tax imposed by any federal, state, municipal or other governmental authority. Franchisee agrees to pay all of these taxes when due. Each charge or sale upon installment or credit shall be treated as having been received in full by Franchisee at the time the charge or sale is made, regardless of when or if Franchisee receives payment. Sales relating to items for which the full purchase price has been refunded or the item exchanged shall be excluded from Gross Revenue at the time of refund or exchange, provided that these sales have previously been included in Gross Revenue.

4.3.3. **Payment; Reporting.** The Royalty Fee shall be paid by Franchisee on a per transaction basis for all Gross Revenue generated from credit or debit transactions and on monthly basis on the 5th day of each month, or another day Franchisor specifies for all Gross Revenue generated from cash, check, and non-electronic transactions. On a per transaction basis, the approved point of sale system will remit to Franchisee, by EFT, ACH, direct deposit, or a similar means, the Gross Revenue generated from the credit or debit sales and services of the Studio minus all Royalty Fees and Brand Fund Contributions (Section 4.5.3). Franchisee must make all payments to us by the method or methods that we specify from time to time in the Operations Manual. Franchisor reserves the right to decrease or increase collection frequency. Franchisee must provide weekly summaries of sales and services rendered during the preceding week, (hereinafter, "Report"), which Report shall accurately reflect all monies received or accrued, sales or other services performed during the relevant period and such other additional information as may be required by Franchisor as it deems necessary in its sole discretion to properly evaluate the progress of Franchisee. Franchisee shall provide the Report in the manner that Franchisor specifies no later than the day following the close of the reporting week, or at such time that Franchisor specifies. If Franchisee fails to submit any Report on a timely basis, Franchisor may withdraw from Franchisee's operating account 120% of the last Royalty Fee debited. Any overpayments from the withdrawn amount shall be forwarded to Franchisee or credited to Franchisee's account; Franchisee shall pay any underpayments, with interest.

4.3.4. **Single Operating Account; ACH.** Franchisee shall make suitable arrangements for on time delivery of payments due to or collected by Franchisor under this Agreement. Franchisee shall designate one account at a commercial bank of its choice (the "Account") for the payment of amounts due Franchisor in connection with this Agreement and the Studio. Franchisor shall have "view-only" access. In addition, Franchisee shall furnish the bank with authorizations necessary to permit Franchisor to make withdrawals from the Account by electronic funds transfer. Franchisee shall bear any expense associated with these authorizations and electronic funds transfers. Franchisee shall pay Franchisor its actual cost incurred for bank charges, plus a reasonable administrative fee in Franchisor's sole discretion if the electronic funds transfer attempt is unsuccessful in whole or in part, or rejected, or if Franchisee closes the operating account, or any check or other means of payment used is returned not paid. Franchisor shall provide Franchisee with a written confirmation of electronic funds transfers, which may be made monthly and which Franchisor may send by facsimile, email, or other electronic means.

4.4. **Bookkeeping and Accounting Fees.** Franchisee shall pay Franchisor, its affiliate, or its designated supplier a bookkeeping and accounting fee of \$350 per month. Franchisor reserves the right to increase this amount upon thirty (30) days written notice.

4.5. **Advertising.** Franchisee agrees to actively promote the Studio and to abide by all of Franchisor's advertising requirements. Franchisee shall comply with each of its advertising obligations provided in this Agreement notwithstanding the payment by other Vital Stretch franchisees of greater or lesser advertising obligations or default of these obligations by any other franchisees. With regard to advertising generally for the Studio, Franchisee shall place or display at the Studio premises (interior and exterior) only such signs, emblems, lettering, logos and display and advertising materials as Franchisor approves in writing from time to time. No outside solicitations are permitted. All advertising, marketing and promotion by Franchisee of any type shall be conducted in a dignified manner, shall coordinate and be consistent with Franchisor's marketing plans and strategies and shall conform to the standards and requirements Franchisor prescribes. If Franchisor determines at any point that any advertising materials no longer conform to System requirements, Franchisor shall provide Franchisee with notice of the same, at which point Franchisee shall promptly discontinue such use. Except as may otherwise be approved in writing by Franchisor, Franchisee shall not use any advertising or promotional materials which Franchisor has not approved in writing (including, without limitation, any brand collateral materials which will be distributed by Franchisor or Franchisor's designated vendor), and Franchisee shall promptly discontinue use of any advertising or promotional materials previously approved, upon notice from Franchisor.

4.5.1. **Grand Opening Advertising.** During the 60 to 90-day period before the opening of the Studio through the 30 to 60-day period after the opening of the Studio, Franchisee shall expend \$15,000 if Franchisee is operating a VS Standard or VS + location and a minimum of \$10,000 if Franchisee is operating a VS Lite location on grand opening advertising and promotion in and/or for Franchisee's market area. Franchisor shall make such expenditure in accordance with Franchisor's written requirements and specifications. Franchisee has the right, but is not required, to spend additional sums with respect to grand opening advertising. Franchisee shall keep detailed records of all expenditures and provide these records to Franchisor within 15 days if Franchisor requests them.

4.5.2. **Minimum Local Advertising.** After opening the Studio, Franchisee shall expend a minimum of \$1,500 per month on local digital advertising or any other form we designate (the "Local Marketing Spending Requirement"). You must use our approved vendor in connection with the Local Marketing Spending Requirement and pay any costs incurred for such services. If Franchisee fails to spend the required amount in any month, Franchisor may require Franchisee to pay Franchisor the shortfall as an additional Brand Fund Contribution, or to pay Franchisor the shortfall for Franchisor to spend on local marketing for the Studio. Franchisee must submit to Franchisor, for approval, at least thirty (30) days in advance of placement deadlines, copies of all advertising and promotional materials, including but not limited to, business cards, signs, displays and mail outs. If Franchisee proposes to use any advertising which Franchisor has not previously approved, Franchisor has the right to condition approval of the proposed advertising upon Franchisee's agreement to provide other System franchisees, whose businesses are located within the circulation area of the proposed advertising, the opportunity to contribute to and to participate in the advertising. At Franchisor's request, Franchisee must include certain language in its local advertising materials, including "Franchises Available" and/or "Each Franchise Location Independently Owned and Operated", Franchisor's website address and telephone number.

4.5.3. **Marketing and Advertising Management Fee.** Franchisee shall pay Franchisor's designated supplier the "Marketing and Advertising Fee" in connection with the Local Marketing Spending Requirement. Franchisor reserves the right to increase the Marketing and Advertising Fee upon thirty (30) days' written notice.

**4.5.4. Brand Development Fund.** Franchisor has established a brand development fund for the benefit of the System (the “Brand Fund”). Franchisee agrees to contribute to the Brand Fund 2% of the Gross Revenue of the Studio at the same time and in the same manner Franchisee makes payment of the Royalty Fee as described in Section 4.3.3 (the “Brand Fund Contribution”). Franchisor has the right change this amount up to a maximum of 3% of the Gross Revenue upon thirty (30) days written notice to you. Franchisee agrees to expend and/or contribute all advertising fees required under this Agreement notwithstanding the actual amount of contribution by other franchisees of Franchisor, or of default of this obligation by any other franchisees. Franchisor may maintain Brand Fund Contributions in a separate bank account or hold them in Franchisor’s general account and account for them separately, or Franchisor may establish separate entities to administer the Brand Fund and the Brand Fund Contributions. Franchisor intends the Brand Fund to be of perpetual duration, but Franchisor maintains the right to terminate the Brand Fund or to create new Brand Fund accounts or merge accounts. Franchisor shall not terminate the Brand Fund until all money in the Brand Fund has been expended for advertising and/or marketing purposes or returned to contributors on the basis of their respective contributions. The money contributed to the Brand Fund shall not be considered to be trust funds. Franchisor and any designee shall not have to maintain the money in the Brand Fund in interest bearing accounts or obtain any level of interest on the money. Franchisor does not owe any fiduciary obligation for administering the Brand Fund.

Franchisor has the right to use Brand Fund Contributions, at its discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the Vital Stretch System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking media sites, such as Facebook, Twitter, LinkedIn, and on-line blogs and forums; developing, maintaining, and updating a World Wide Web or Internet site for Vital Stretch locations; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering in-store promotions and “mystery shopper” program(s) which may include call recording; implementation and use of Client Relationship Management software and solutions; and providing promotional and other marketing materials and services to the businesses operating under the System. Franchisor is not required to spend any amount of Brand Fund Contributions in the area in which the Studio is located. Franchisor’s decisions in all aspects related to the Brand Fund shall be final and binding. Franchisor may charge the Brand Fund for the costs and overhead, if any, Franchisor incurs in activities reasonably related to the creation and implementation of the Brand Fund and the advertising and marketing programs for franchisees. These costs and overhead include the proportionate compensation of Franchisor’s employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Brand Fund. At Franchisee’s written request, Franchisor shall provide fiscal year end unaudited financial statements and an accounting of the applicable Brand Fund expenditures when available. Franchisee may have to purchase advertising materials produced by the Brand Fund, by Franchisor or by its parent, predecessor or affiliates, and Franchisor, or its parent, predecessor or affiliates, may make a profit on the sale. Franchisor reserves the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information. The Brand Fund may spend more or less than the total annual Brand Fund Contributions in a given fiscal year and may borrow funds to cover deficits. Brand Fund Contributions not spent in the fiscal year in which they accrue, will be carried over for use during the next fiscal year.

The advertising and promotion Franchisor conducts is intended to maximize general public recognition and patronage of System businesses and the Vital Stretch brand generally in the manner that Franchisor determines to be most effective. Franchisor is not obligated to ensure that the expenditures from the Brand Fund are proportionate or equivalent to Franchisee’s contributions or that the Studio or any Vital Stretch business shall benefit directly or pro rata or in any amount from the placement of advertising.

From time to time, Franchisor may, in its sole discretion, establish special promotional campaigns applicable to the System franchisees as a whole or to specific advertising market areas. If Franchisor requires System franchisees to participate in any special promotional programs, Franchisee shall be required to pay for the development, purchase, lease, installation and/or erection of all materials necessary to such promotional campaigns, including but not limited to posters, banners, signs, photography or give-away items. Franchisee may not offer any special promotional programs without Franchisor's prior written consent. Additionally, Franchisee shall be required to offer any and all discounts mandated by Franchisor to clients as designated by Franchisor.

**4.5.5. Digital Marketing.** Franchisor or its affiliates may, at their sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "Digital Marketing") that are intended to promote the Marks, Franchisees Studio, and the entire network of Studios. Franchisor will have the sole right to control all aspects of any Digital Marketing, including those related to the Studio. Unless Franchisor consents otherwise in writing, Franchisees and its employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Studio or the System. If Franchisor does permit Franchisee or its employees to conduct any Digital Marketing, Franchisee or its employees must comply with any policies, standards, guidelines, or content requirements that Franchisor establishes periodically and must immediately modify or delete any Digital Marketing that Franchisor determines, in their sole discretion, is not compliant with such policies, standards, guidelines, or requirements. If Franchisor permits Franchisee or its employees to conduct any Digital Marketing, Franchisor will have the right to retain full control over all websites, social media accounts, mobile applications, or other means of digital advertising that Franchisor has permitted Franchisee to use. Franchisor may withdraw approval for any Digital Marketing or suspend or terminate Franchisees use of any Digital Marketing platforms at any time.

**4.5.6. Website Requirements.** Franchisee shall not develop, own or operate any website (or establish any other online presence or post to any social media platform) using the Proprietary Marks or otherwise referring to the Studio or the products or services sold under the Vital Stretch System (the "System Website") without Franchisor's prior written approval. All content of the System Website is deemed to be advertising and must comply with the requirements Franchisor establishes for websites in the Operations Manual or otherwise. Franchisor or one of its designees will operate and maintain a System Website, which will include basic information related to the Studio, the ability for customers to purchase classes at the Studio, and access to the Studio's reservation system. Franchisee must promptly provide Franchisor with any information that is requested regarding the Studio for inclusion on the System Website. Franchisor will also have the right to discontinue operation of the System Website at any time without notice to Franchisee. Franchisee's webpage may be removed, and all mention of the Studio may be removed from Franchisor's website and/or social media accounts anytime Franchisee is found to not be in compliance with the System or anything required under this Agreement. Access will be reinstated only once violations are deemed cured, in Franchisor's sole discretion. Upon the expiration, termination or non-renewal of this Agreement, Franchisee will assign any website domain or social media account used in connection with the Studio to Franchisor.

4.6. **Technology Development Fee.** Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable, but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the Vital Stretch System; and Franchisee agrees that he or she will abide by those reasonable standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose. Franchisor reserves the right to require Franchisee to pay to Franchisor, its affiliates, or approved vendor, a “Technology Development Fee” of up to 1% of the monthly Gross Revenue of the Studio for modifications and enhancements made to the website, proprietary software and for other maintenance and support services Franchisor offers. Franchisor reserves the right to increase the Technology Development Fee upon 30 days written notice. Technology Development Fee payments are made in the same manner as the Royalty Fee or at such time and in such manner as otherwise designated by Franchisor.

4.7. **Step in Rights Fee.** In the event Franchisor elects, in its sole discretion, to operate the Studio as a result of Franchisee’s death or disability, Franchisee must pay Franchisor a fee equal to the greater of (a) 10% of the Studio’s Gross Revenue or (b) \$1,500 per month, in the same manner and at the same time as the Royalty Fee payment is made, unless otherwise designated by Franchisor. In addition, Franchisee will also be required to pay Franchisor’s expenses (including but not limited to lodging, meals, transportation expenses, and reasonable attorney’s fees incurred) and recurring fees due under this Agreement, such as royalties. Franchisee must hold harmless Franchisor and its representatives for all actions occurring during the course of such temporary operation.

4.8. **Monthly Technology Fee.** You must pay to us, or to a third party that we designate, a technology fee for various technology services that we will provide or arrange for third parties to provide, which services are subject to change over time (a “Technology Fee”). The Technology Fee currently includes fees related to your access to and usage of our reservation system, our intranet, any mobile applications we develop, and the System Website. Currently, the Technology Fee is \$350 per month beginning on the date you open your Studio. The first month will be assessed pro rata from the date on which you begin receiving the technology services. We reserve the right to increase the fee by providing you with written notice of any change at least 30 days prior to the implementation of the new fee amount.

4.9. **Collection Costs, Attorneys' Fees, Interest.** Any late payment or underpayment of the royalty fee, advertising contributions and any other charges or fees due Franchisor or its parent, predecessor or affiliates from Franchisee, shall bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which may be charged for commercial transactions in the state in which the Studio is located. If Franchisor engages an attorney to collect any unpaid amounts under this Agreement or any related agreement (whether or not a formal arbitration claim or judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, arbitration costs, court costs and collection expenses incurred by Franchisor. If Franchisee is in breach or default of any non-monetary material obligation under this Agreement or any related agreement, and Franchisor engages an attorney to enforce its rights (whether or not a formal arbitration claim or judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, arbitration costs, court costs and other expenses incurred by Franchisor.

4.10. **Audit.** Franchisee shall maintain accurate business records, reports, correspondence, accounts, books and data relating to Franchisee's operation of the Studio. At any time during normal business hours, Franchisor or its designee may enter the Studio or any other premises where these materials are maintained and inspect and/or audit Franchisee's business records and make copies to determine if Franchisee is accurately maintaining same. Alternatively, upon request from Franchisor, Franchisee shall deliver these materials to Franchisor or its designee. If any audit reveals that Franchisee has understated Gross Revenue by 5% or more, or if Franchisee has failed to submit complete Reports and/or remittances to Franchisor for any 2 reporting periods, or Franchisee does not make these materials available, Franchisee shall pay the reasonable cost of the audit and/or inspection, including the cost of auditors and attorneys, incurred by Franchisor, together with amounts due for royalty and other fees as a result of such understated Gross Revenue, including interest from the date when the Gross Revenue should have been reported, no later than fourteen (14) days after the completion of such audit.

4.11. **Financial Records and Reports.** Franchisee shall maintain for at least 5 fiscal years from their production, or any longer period required by law, complete financial records for the operation of the Studio in accordance with generally accepted accounting principles and shall provide Franchisor with: (i) the Gross Revenue records, which Franchisor may access on a regular basis through the point of sale system or other equipment used in connection with the recording of Franchisee's Gross Revenue; (ii) unaudited annual financial reports and operating statements in the form specified by Franchisor, prepared by a certified public accountant or state licensed public accountant, within 60 days after the close of each fiscal year of Franchisee; (iii) state and local sales tax returns or reports within 15 days after their timely completion; (iv) federal, state and local income tax returns for each year in which the Studio is operated within 60 days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time prescribed by Franchisor, setting forth, without limitation, such items as client enrollment, quantities of inventory purchased, and the sources from which inventory was obtained. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at its discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records to be used by Franchisee, and specify the type of point of sale system or other equipment and software to be used in connection with the recording of Gross Revenue. Franchisor may obtain Gross Revenue and other information from Franchisee by modem or other similar means, including view level access to Franchisees bank and software accounts, from a remote location, without the need for consent, at the times and in the manner as Franchisor specifies, in Franchisor's sole discretion.

4.12. **Taxes on Payments to Franchisor.** In the event any taxing authority, wherever located, shall impose any tax, levy or assessment on any payment made by Franchisee to Franchisor, Franchisee shall, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

4.13. **No Right of Set Off.** Franchisee has no right to offset or withhold payments of any kind owed or to be owed to Franchisor, or its parent, predecessor or affiliates, against amounts purportedly due as a result of any dispute of any nature or otherwise, except as authorized by an award from a court of competent jurisdiction.

## 5. FRANCHISOR SERVICES

### 5.1. Site Selection.

5.1.1. **Site Selection Assistance.** Franchisor may assist Franchisee in identifying potential locations that meet Franchisor's standards and criteria, including size, layout and other physical characteristics. Franchisor may, at its discretion, also provide Franchisee with demographic studies, competitive analyses, attendance at township approval meetings, review of licensing and zoning requirements. Site selection assistance provided by Franchisor does not relieve Franchisee of the primary obligation to locate a suitable site in the required timeframe.

5.1.2. **Site Selection Approval.** Franchisor shall review and approve or disapprove sites proposed by Franchisee for the location of the Studio within the Site Selection Area. Final site selection must be acceptable to both Franchisor and Franchisee. Upon the selection of a mutually acceptable site, Franchisor or its designee shall review Franchisee's proposed lease or purchase agreement for the premises. Neither Franchisor's acceptance of a site nor approval of a proposed lease or purchase agreement constitutes a representation or guarantee that the Studio shall be successful.

5.2. **Layout.** Franchisor shall provide Franchisee with a copy of a floor plan designed for a prototypical Vital Stretch Studio. Franchisee shall construct and equip the Studio in accordance with Franchisor's then-current approved specifications and standards pertaining to design and layout of the premises, and to equipment, signs, fixtures, furnishings, location and design and accessory features. If leasehold improvements are not paid by the landlord under Franchisee's lease for the Studio, Franchisee shall bear the cost and responsibility of compliance with state or local ordinances, including but not limited to architectural seals, zoning and other permits. All costs of and connected with the construction, leasehold improvements, equipment, furnishings, fixtures, and signs are the responsibility of Franchisee. The layout, design and appearance (the "Trade Dress") of the Studio shall meet Franchisor's approval and conform to Franchisor's standards and specifications as set forth in the Operations Manual, and Franchisee may not alter the Trade Dress without Franchisor's consent.

### 5.3. Training.

5.3.1. **Initial Training.** Franchisor shall provide, either itself or through its designee, the "The Initial Training" and "Vital Stretch Practitioner (VSPc) Training Program" to be held in the Norwalk, Connecticut area or another place, at the times and places Franchisor shall designate for up to four people, which should include Franchisee or its Operating Principal (if Franchisee is an entity), its Key Manager and two instructors designated to become Certified Stretch Professionals. Franchisor shall schedule the Initial Training Program and "Certified Stretch Practitioner (CSP) Training", at Franchisor's convenience, between the time Franchisee signs this Agreement and the time Franchisee is scheduled to open the Studio. At least two of Franchisee's initial instructors must complete the CSP Training Program necessary to become a Certified Stretch Practitioner in accordance with System Standards. Franchisee, or if Franchisee is a business entity, Franchisee's Operating Principal, and Key Manager must attend and complete the Initial Training Program to Franchisor's satisfaction at least thirty (30) days prior to the opening of the Studio. Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending training. Each of Franchisee's additional and/or replacement Key Managers shall attend and complete to Franchisor's satisfaction Franchisor's Initial Training Program and CSP Training Program prior to assuming management responsibility. All of Franchisee's employees must complete and pass Franchisor's internal required training prior to beginning work. If more than four individuals attend the "The Initial Training" and/or "Vital Stretch Practitioner (VSPc) Training Program, Franchisor reserves the right to charge a fee of \$1,500 per day for each additional individual.

**5.3.2. Refresher Courses; Supplemental Training.** Franchisor reserves the right to offer refresher courses and supplemental training programs, which, in Franchisor's sole discretion, may be optional or mandatory, from time to time, to Franchisee, its equity owners if Franchisee is a business entity, its Key Manager, instructors and/or its employees. In addition to paying Franchisor's then current cost for tuition which is currently \$500 per day, Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending any refresher or supplemental training. Franchisor reserves the right to charge a flat hourly rate for all additional and supplemental training.

**5.4. Continuing Consultation and Advice.** In addition to the assistance rendered Franchisee prior to opening, Franchisor shall provide Franchisee continuing consultation and advice as Franchisor deems advisable during the term of this Agreement regarding client procurement, sales and marketing techniques, inventory, personnel development and other business, operational and advertising matters that directly relate to the operation of the Studio. Such assistance may be provided by telephone, facsimile, email, postings to Franchisor's intranet, periodically through on-site assistance by appropriate personnel of Franchisor, and/or other methods. Franchisor reserves the right to delegate any or all of its obligations under this Agreement to a third party of its choosing. Franchisor is not obligated to perform services set forth in this Agreement to any particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other services will be provided, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, Franchisee must obtain a commitment for the provision of such service or level of service in writing signed by an authorized officer of Franchisor, which shall be given only by the Chief Executive Officer or President.

**5.5. Operations Manual .** Franchisor shall loan or otherwise provide access by Franchisee to one copy of a specifications, operations and procedures manual, and one copy of other books, binders, videos or other electronic media, intranet postings and other materials, and appropriate revisions as may be made from time to time, referred to collectively as the "Operations Manual ". Franchisee shall operate the Studio in strict compliance with the Operations Manual. From time to time Franchisor may, through changes in the Operations Manual or by other notice to Franchisee, change any standard or specification or any of the Proprietary Marks applicable to the operation of the Studio or change all or any part of the System, and Franchisee shall take all actions, at Franchisee's expense, to implement these changes. Franchisor may vary the standards and specifications to take into account unique features of specific locations or types of locations, special requirements and other factors Franchisor considers relevant in its sole discretion. The Operations Manual shall be confidential and at all times remain the property of Franchisor. Franchisee shall not make any disclosure, duplication or other unauthorized use of any portion of the Operations Manual. Franchisee shall insure that its copy of the Operations Manual is current and up-to-date. If there is a dispute relating to the contents of the Operations Manual, the master copy maintained by Franchisor at its principal office shall be controlling. Franchisor may elect to provide the Operations Manual solely through Franchisor's website(s) and/or intranets or other electronic means without any need to provide Franchisee with a paper copy or other physical format. Franchisor may release the Operations Manual in sections at varying times. Franchisor will not release the Operations Manual until (i) Franchisee has obtained municipal approval; (ii) Franchisee has closed on all loans for the Studio; and (iii) a lease or purchase agreement for the Approved Location has been executed and provided to Franchisor. If Franchisee requires a replacement copy of the Operations Manual it will be subject to Franchisor's "Operations Manual Replacement Fee" of \$10,000.

**5.6. Annual Franchise Meeting.** Franchisor reserves the right to hold a meeting or convention of all franchisees, which will not be held more frequently than annually. Franchisor may designate that attendance at a franchisee meeting by Franchisee and/or certain personnel is mandatory. Franchisor reserves the right to charge a fee for the franchisee meeting, which we anticipate will be \$500 per attendee. Franchisee must pay all expenses incurred by all attendees on its behalf, including travel, lodging, meals, applicable wages and meeting materials. Franchisor reserves the right to change the attendance fee.

## 6. FRANCHISE SYSTEM STANDARDS

6.1. **Opening for Business.** Franchisee must acquire an acceptable site within 180 days and open the Studio within twelve months after the execution of this Agreement. If Franchisee does not open the Studio within one year, Franchisor will grant Franchisee a 90-day extension so long as Franchisee is actively pursuing an acceptable location for the Studio. Franchisee shall not open the Studio for business until Franchisee has complied with Franchisor's requirements for opening, and Franchisor has granted Franchisee written permission to open. Franchisor's opening requirements include: (i) Franchisee must have paid the Initial Franchise Fee and other amounts then due to Franchisor, or its affiliates; (ii) the Studio complies with Franchisor's standards and specifications; (iii) all required personnel have satisfactorily completed Franchisor's pre-opening training requirements; (iv) Franchisee has obtained all applicable licenses and permits; (v) Franchisee has provided Franchisor with copies of all required insurance policies and evidence of coverage and premium payment and (vi) Franchisor has provide its written approval. If the Studio is not opened for business within the time periods set forth above (and does not receive an extension from Franchisor), Franchisor may terminate this Agreement.

6.2. **Compliance with Standards.** Franchisee acknowledges that its obligations under this Agreement and the requirements of Franchisor's Operations Manual are reasonable, necessary and desirable for the operation of the Studio and the Vital Stretch System. Franchisee shall adhere to Franchisor's standards and specifications as set forth in this Agreement and the Operations Manual, including, but not limited to, specifications of product quality and uniformity and equipment compatibility among individual Vital Stretch franchisees, and any revisions or amendments. Franchisee shall purchase only products and services, including Vital Stretch branded products, inventory, supplies, furniture, fixtures, equipment, signs, software and logo-imprinted products, which Franchisor approves, including purchasing from approved suppliers or a designated sole supplier for any items. Franchisor and its parent, predecessor or affiliates may be an approved supplier or designated sole supplier for any purchases of products or services, including, without limitation, branded products and supplies, and may obtain revenue from Franchisee and make a profit. Franchisee must purchase or obtain these products and services through Franchisor or a supplier approved by Franchisor. Franchisee cannot be a supplier to other franchisees without Franchisor's written approval. Suppliers requiring approval include realtors, contractors, and advertising agencies. If Franchisor has not designated an approved supplier for a particular product or service, Franchisee shall purchase these products and services only from suppliers that meet Franchisor's standards and specifications. Franchisee may request approval of a supplier under Franchisor's published procedures, which include inspection of the proposed supplier's facilities and testing of product samples. Franchisor or the independent testing facility Franchisor designates may charge a fee for the testing. Franchisee or the proposed supplier shall pay the test fees which is currently \$500 per evaluation plus Franchisor's out of pocket expenses. Franchisor may also charge a fee for Franchisor's services in making a determination on the proposed supplier. Franchisor will reimburse the evaluation fee if it approves the product, supplier or professional for the entire System. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any approved supplier, and to revoke approval if the supplier fails to continue to meet any of Franchisor's criteria. Franchisor may receive fees and other payments from suppliers and others in connection with Franchisee's purchases and may use the fees for Franchisor's own purposes. Franchisor shall provide Franchisee a standard price list for items which it sells to franchisees, including a description of each item and applicable price or lease terms, prepayment discounts (if any) and shipping charges. Franchisee may only offer and sell the products and services that Franchisor periodically specifies and may not offer or sell at the Studio or any other location any products or services Franchisor has not authorized. Franchisee must discontinue selling and offering for sale any products or services that Franchisor at any time disapproves. If Franchisee is found to not be in compliance with any System standard for any reason, Franchisor may require that Franchisee attend an in-person meeting, at Franchisee's cost. Franchisee agrees at all times to operate and maintain the Studio according to each and every System Standard, as Franchisor periodically modifies and supplements them. System Standards may regulate any aspect of the Studio's operation and maintenance.

### 6.3. Operations.

6.3.1. Franchisee shall keep the Studio open for only those hours and days specified by Franchisor in the Operations Manual.

6.3.2. Franchisee shall maintain the Studio in a clean, safe and attractive manner, and in accordance with all applicable requirements of law and the Operations Manual. Franchisee and its employees shall give prompt, courteous and efficient service to the public and shall otherwise operate the Studio so as to preserve, maintain and enhance the reputation and goodwill of the Vital Stretch System.

6.3.3. Franchisee shall operate the Studio in conformity with the highest ethical standards and sound business practices and in a manner which shall enhance the Vital Stretch name and brand and the Vital Stretch System. Franchisee shall employ a sufficient number of qualified, competent people to satisfy the demand for its products and services as well as other office personnel. Franchisee shall be solely responsible for all employment decisions and functions, including hiring, firing, discipline, supervision, setting terms of employment and compensation and implementing a training program for employees of the Studio in accordance with training standards and procedures Franchisor specifies in order for Franchisee to conduct the business of the Studio at all times in compliance with Franchisor's requirements. Franchisee shall never represent or imply to prospective employees that they shall be or are employed by Franchisor. Franchisee must communicate clearly with its employees in its employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that Franchisee (and only Franchisee) as their employer, and Franchisor is not their employer and does not engage in any employer-type activities, for which only Franchisee is responsible.

6.3.4. Franchisee acknowledges that proper management of the Studio is extremely important. Franchisee (or its Operating Principal) is responsible for the management, direction and control of the Studio. If Franchisee is an entity, Franchisee must appoint and maintain, throughout the term of this Agreement, an Operating Principal, who must be an equity owner of at least 20% of the Studio. The Operating Principal is identified on Attachment A to this Agreement. The Operating Principal shall have the authority to bind Franchisee in all operational decisions regarding the Studio. Franchisor shall have the right to rely on any statement, agreement or representation made by the Operating Principal. The Operating Principal cannot be changed without Franchisor's prior written approval.

Franchisee may hire a Key Manager to be responsible for the direct on-premises supervision of the Studio at all times during the hours of operation. Franchisee's Key Manager must furnish full-time attention and best efforts to the management of the Studio. However, Franchisee is still responsible for the operations of the Studio and its obligations under this Agreement. Franchisee may not change the Key Manager of the Studio without Franchisor's prior approval. Franchisor must be given notice if a Key Manager resigns or is otherwise terminated within seventy-two hours.

At all times, Franchisee will keep Franchisor advised of the identity of the Key Manager. The Key Manager need not have any equity interest in the Studio. Franchisee will disclose to the Key Manager only the information needed to operate the Studio and the Key Manager will be advised that any confidential information is Franchisor's trade secret.

6.3.5. Franchisee shall maintain the Studio and the Approved Location in “like new” condition, normal wear and tear excepted, and shall repaint, redecorate, repair or replace equipment, fixtures and signage as necessary to comply with the standards and specifications of Franchisor. Franchisee shall, at its expense, redecorate, repair and replace furniture, equipment, décor, software, wiring, fixtures and signs as necessary to maintain the highest degree of safety and sanitation at the Studio and any parking lot in first class condition and repair and as Franchisor may direct. Not more than once every 5 years, Franchisor may require Franchisee to extensively renovate the Studio at Franchisee’s expense to conform to Franchisor’s then-current public image and Trade Dress. This extensive renovation may include structural changes, remodeling and redecorating. Franchisee must also purchase any additional or replacement furniture, indoor and outdoor equipment, software, wiring, fixtures and signs Franchisor specifies.

6.3.6. Franchisee shall fully participate in all required national promotional programs.

6.3.7. Franchisee authorizes the release of all supplier records to Franchisor without notice to Franchisee. Franchisee grants Franchisor the right to communicate with suppliers without notice to Franchisee, and to obtain and examine all records of any supplier relating to Franchisee’s purchases from the supplier.

6.3.8. Franchisee shall follow all methods of operating and maintaining the Studio that Franchisor determines to be useful to preserve or enhance the efficient operation, image or goodwill of the Proprietary Marks and Vital Stretch Studios.

6.4. **Applicable Laws.** Franchisee shall investigate, keep informed of and comply with all applicable federal, state and local laws, ordinances and regulations regarding the construction, operation or use of the Studio. If these legal requirements impose a greater standard or duty than Franchisor requires in the Operations Manual or elsewhere, Franchisee must comply with the greater standard or duty and notify Franchisor in writing promptly after Franchisee becomes aware of the discrepancy.

6.5. **Trade Secrets and Confidential Information.** The System is unique and the Operations Manual, Franchisor's trade secrets, copyrighted materials, methods and other techniques and know-how are the sole, exclusive and confidential property of Franchisor, and are provided or revealed to Franchisee in confidence ("Confidential Information"). Franchisee agrees to maintain a list of the names, addresses and contact information of all clients of the Studio. The list will be Franchisor’s sole and exclusive property and will be part of the Confidential Information. Franchisee agrees to maintain the confidentiality of the list and may not disclose the client list or its contents to any person or entity other than Franchisor, except as may be required by law or court order. Franchisee shall use the Confidential Information only for the purposes and in the manner authorized in writing by Franchisor, and its use shall inure to the benefit of Franchisor. Franchisor's trade secrets consist of, without limitation, (1) site selection, construction plans, architectural plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (4) knowledge of the operating results and financial performance of other Vital Stretch System franchisees; (5) the Operations Manual ; (6) training materials and programs; (7) proprietary software; (8) member/client lists and member/client data; and (9) all password-protected portions of Franchisor’s website, intranets and extranets and the information they contain (including the email addresses and other contact information of Vital Stretch franchisees). Franchisee shall inform all employees before communicating or divulging any Confidential Information to them of their obligation of confidence. In addition, subject to applicable law, Franchisee shall obtain a written agreement, in form and substance satisfactory to Franchisor, from Franchisee’s employees, landlord, contractors, and any other person having access to the Operations Manual or to whom Franchisee wishes to disclose any Confidential Information that they shall maintain the confidentiality of the Confidential Information and they shall recognize Franchisor as a third-party beneficiary with the independent right to enforce the covenants either directly in Franchisor’s own name as beneficiary or acting as agent. Franchisee hereby appoints Franchisor as its agent with respect to the enforcement of these covenants. All executed agreements must be forwarded to Franchisor to ensure compliance. Franchisee

shall retain all written Confidentiality Agreements with Franchisee's business records for the time period specified in the Operations Manual. Franchisee shall enforce all covenants and shall give Franchisor notice of any breach or suspected breach of which Franchisee has knowledge.

Franchisee shall not contest, directly or indirectly, Franchisor's ownership of or right, title or interest in Franchisor's trade secrets, methods or procedures or contest Franchisor's right to register, use or license others to use any of such trade secrets, methods and procedures. Franchisee, including its officers, directors, shareholders, partners, and employees, and any of their immediate family, heirs, successors and assigns, is prohibited from using and/or disclosing any Confidential Information in any manner other than as permitted by Franchisor in writing.

All data that Franchisee collects from clients of the Studio or through marketing is deemed to be owned exclusively by Franchisor and/or parent, predecessor or affiliates. Franchisee must install and maintain security measures and devices necessary to protect the client data from unauthorized access or disclosure and may not sell or disclose to anyone else any personal or aggregated information concerning any clients. Franchisee has the right to use the client data only in connection with the Studio, while this Agreement is in effect. If Franchisee transfers the Studio to a new owner, who will continue to operate the Studio under an agreement with Franchisor, Franchisee may transfer the client data to the new owner as part of the going concern value of the business.

## 6.6. **Proprietary Marks.**

6.6.1. **Ownership.** Nothing in this Agreement assigns or grants to Franchisee any right, title or interest in or to the Proprietary Marks, it being understood that all rights relating to the Proprietary Marks are reserved by Franchisor. Franchisee's use of the Proprietary Marks shall inure to the benefit of Franchisor and its parent, predecessor and affiliates, and Franchisee shall not at any time acquire any rights in the Proprietary Marks. Franchisee may not sublicense the Proprietary Marks. Franchisee shall not challenge the title or rights of Franchisor or its parent, predecessor or affiliates in and to the Proprietary Marks, or do any act to jeopardize or diminish the value of the Proprietary Marks. All goodwill associated with the Proprietary Marks and Franchisor and its parent, predecessor and affiliate's copyrighted material, including any goodwill that might be deemed to have arisen through Franchisee's activities, inures directly and exclusively to the benefit of Franchisor and its parent, predecessor and affiliates. Franchisee shall execute from time to time any and all other or further necessary papers, documents, and assurances to effectuate the intent of this Section 6.6.1 and shall fully cooperate with Franchisor and its parent, predecessor and affiliates any other franchisee of Franchisor in securing all necessary and required consents of any state agency or legal authority to the use of any of the Proprietary Marks. Franchisor reserves the right to add, change or substitute the Proprietary Marks for use in identifying the System and the businesses operating under its System if the current Proprietary Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Proprietary Marks shall be beneficial to the System. Franchisee shall bear the cost and expense of all changes.

6.6.2. **Protection.** Franchisee shall promptly notify Franchisor of any infringement of, or challenge to, the Proprietary Marks, and Franchisor shall in its discretion take the action it deems appropriate. Franchisee must not communicate with any person other than legal counsel and Franchisor in connection with any infringement challenge or claim. Franchisor shall indemnify and hold Franchisee harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from Franchisee's use of the Proprietary Marks in accordance with this Agreement or as otherwise set forth by Franchisor in writing if Franchisee has promptly notified Franchisor of such claim and cooperated in the defense of any claim. If Franchisor undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks, Franchisee agrees to execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, are necessary to carry out such defense or prosecution.

6.6.3. **Advertising.** All advertising shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks established by Franchisor as set forth in the Operations Manual or otherwise. Franchisor reserves the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. Franchisee shall use the Proprietary Marks, including without limitation Trade Dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by this Agreement, the Operations Manual or by prior written consent of Franchisor.

6.6.4. **Franchisee's Name.** Franchisee agrees not to use the Proprietary Marks or any part of a Proprietary Mark in its corporate name. The corporate and all fictitious names under which Franchisee proposes to do business must be approved in writing by Franchisor before use. Franchisee shall use its corporate name either alone or followed by the initials "D/B/A" and the business name of The Vital Stretch. Franchisee shall register at the office of the county in which the Studio is located, or such other public office as provided for by the laws of the state in which the Studio is located as doing business under such assumed business name.

6.6.5. **Independent Status.** All stationery, business cards and contractual agreements into which Franchisee enters shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice that Franchisee operates the Studio as an independently owned and operated franchise of Franchisor. Franchisee shall prominently display, by posting a sign within public view on or in the premises of the Studio, a statement that clearly indicates that the Studio is independently owned and operated by Franchisee.

6.6.6. **Authorized and Unauthorized Use.** At Franchisor's direction, Franchisee shall use the Proprietary Marks in conjunction with the symbol "SM," "TM" or "@", as applicable, in order to indicate the registered or unregistered status of the Proprietary Marks. Franchisee shall not use any of the Proprietary Marks in connection with the offer or sale of any unauthorized products or services or in any other manner not explicitly authorized in writing by Franchisor.

6.6.7. **Franchisor's Use of Marks.** Franchisor, its parent, predecessor and affiliates may use and register the Proprietary Marks as they deem advisable in their discretion including without limitation, developing and establishing other systems using the same or similar Proprietary Marks alone or in conjunction with other marks and granting licenses and/or franchises in connection with the same or similar Proprietary Marks without providing any rights to Franchisee.

6.6.8. **Electronic Mail and Domain Names.** Franchisee shall not use the Proprietary Marks, or any abbreviation, variation or other name associated with the Vital Stretch System or Franchisor as part of any e-mail address, domain name, and/or other identification in any electronic medium, without the prior written approval of Franchisor.

6.7. **Inspection.** At any time, without prior notice, Franchisor or its representatives or agents shall have the right to enter upon the premises of the Studio and shall have unfettered access to the Studio and premises, for any reason, in Franchisor's sole discretion, that Franchisor deems necessary, including, but not limited to the right to inspect Franchisee's records, interview Franchisee's employees and clients, and observe the manner in which Franchisee operates the Studio. Franchisee shall allow Franchisor or its representatives or agents to make extracts from or copies of any records and to take samples of any products sold at the Studio and immediately remove any unauthorized products without any payment or other liability to Franchisee. Franchisee shall allow Franchisor or its representatives or agents to take photographs, videos or any electronic record of the Studio. Franchisor shall have the exclusive right to use any photograph, video, electronic record or other material prepared in connection with an inspection and to identify the Studio and Franchisor shall not have any obligation to obtain authorization, or to compensate Franchisee in any manner, in connection with the use of these materials for advertising, training or other purposes. Failure or refusal to grant Franchisor unfettered access shall be deemed a non-curable default.

6.8. **Changes to the System.** Franchisor may, from time to time, change the standards and specifications applicable to operation of the Franchise, including standards and specifications for inventory, products, services, supplies, signs, fixtures, furnishings and equipment, by written notice to Franchisee or through changes in the Operations Manual . Franchisor also may from time to time eliminate and introduce new services and products. Franchisee shall immediately cease use of any products or cease offering products or services discontinued by Franchisor. Franchisee shall implement any new service or commence offering and selling any new product within 15 days of notification from Franchisor. Franchisee may incur an increased cost to comply with such changes, and Franchisee shall accept and implement such changes at its own expense as if they were part of the Vital Stretch System when this Agreement was executed, including discontinuing or modifying the use of or substituting any of the Proprietary Marks; provided, however, that any such change shall not materially alter Franchisee's fundamental rights under this Agreement.

6.9. **Authorized Products, Services, Supplies, and Equipment.**

6.9.1. Franchisee shall offer and sell all products and render all services that Franchisor prescribes and only those products and services that Franchisor prescribes. Franchisee shall have the right to suggest new products or other developments to Franchisor for use in Franchisee's and other Vital Stretch studios. Franchisee shall have no right to offer any products to its clients or use any new developments until Franchisor has had the opportunity to test the new products or developments and provide Franchisee written approval for their use and standards and specifications with respect to their use. All new products and developments relating to assisted stretching, personal training, and other products and services offered at Vital Stretch studios, whether they are of Franchisee's original design or variations of existing products or System techniques, shall be deemed works made for hire and Franchisor shall own all rights in them. If these products and developments do not qualify as works made for hire, by signing this Agreement, Franchisee assigns to Franchisor ownership of any and all rights in these developments and the goodwill associated with them. Franchisee shall receive no payment or adjustment from Franchisor in connection with any new products or developments.

6.9.2. Franchisee shall use in the operation of the Studio only such products supplies and equipment as are specified by Franchisor in the Operations Manual , or otherwise in writing by Franchisor. Franchisee acknowledges and agrees that these may be changed periodically by Franchisor and that Franchisee is obligated to conform to the requirements as so changed.

6.9.3. Franchisor shall have the exclusive right in its sole discretion to vary from the authorized products in establishing the authorized product line for the Studio. Complete and detailed uniformity under many varying conditions may not always be possible or practical and Franchisor reserves the right and privilege, at its sole discretion, to vary not only the products but other standards for any System franchisee based upon the customs or circumstances of a particular site or location, density of population, business potential, population of trade area, existing business practices, or any condition which Franchisor deems to be of importance to the operation of that franchisee's business.

6.9.4. Franchisee shall at all times use and maintain only such products, equipment, supplies and services as Franchisor specifies, which Franchisee shall obtain before opening the Studio. As any products, equipment, supplies or services may become obsolete or inoperable, Franchisee shall replace the same with such products, equipment, supplies and services as are then being used in new Vital Stretch Studios at the time of replacement.

6.9.5. Franchisee acknowledges that Franchisor reserves the right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System (the “Management and Technology System”). Franchisee shall acquire computer hardware equipment, software, maintenance contracts, telecommunications infrastructure products and credit card processing equipment and support services as Franchisor reasonably requires in connection with the operation of the Studio and all additions, substitutions and upgrades Franchisor shall specify. Franchisee shall have thirty days to comply with any changes to hardware or software. Franchisee’s Management and Technology System must be able to send and receive email and attachments on the Internet and provide access to the World Wide Web and otherwise support Franchisor’s then-current information technology system. Franchisor shall have the right to access information through the Management and Technology System, from a remote location, at such times and in such manner as Franchisor shall require, in its sole discretion and shall have the right to disclose the information and data contained therein to a third party and/or the System. There is no contractual limitation on Franchisor’s right to access this information and data in any manner Franchisor designates without notice to Franchisee.

6.9.6. Franchisee acknowledges that the quality and consistency of the products and services offered to Franchisee’s clients are essential conditions of this Agreement. Accordingly, Franchisee shall purchase all products, packaging, equipment, and other specified items exclusively in accordance with Franchisor’s standards and specifications as provided in Section 6.2. Franchisor is not obligated to approve or consider for approval any item or supplier not specified by it.

6.10. **Pending Actions.** Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, suit or proceeding of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of Franchisee or the Studio.

6.11. **Media.** Franchisee is prohibited from speaking with the media and/or responding to requests for comment, without Franchisor’s express written permission. Only Franchisor may handle public relations on behalf of Vital Stretch Studios. Franchisee must notify Franchisor immediately of all customer complaints and of any potential crisis situations involving the Studio, including but not limited to any accident or injury that occurs at the Studio, and any allegation or occurrence of abuse, neglect or mistreatment while in Franchisee’s care.

6.12. **Customer Service.** Every detail of the quality of customer service, customer relations, appearance and demeanor of Franchisee and its employees and/or independent contractors, equipment and materials used by Franchisee in the Studio is important to Franchisor and to other Vital Stretch studios. Franchisee must cooperate with Franchisor by maintaining its high standards in the operation of the Studio and must give prompt, courteous and efficient service to all customers. All work performed by the Studio will be performed competently and in a workmanlike manner. The Studio will in all dealings with its customers, suppliers and the public adhere to the highest standards of honesty, fair dealing and ethical conduct. Any complaints Franchisee receives from a client must be handled by Franchisee, its Operating Principal or Key Manager. Franchisor may perform customer surveys via any method Franchisor deems appropriate and may require Franchisee to participate in any survey program, at Franchisee’s cost.

## 7. **ACKNOWLEDGMENTS OF FRANCHISEE.**

7.1. **Independent Contractor Status.** Franchisee is an independent contractor, responsible for full control over the management and daily operation of the Studio, and neither Franchisor nor Franchisee is the agent, principal, partner, employee, employer or joint venturer of the other. Franchisee shall not act or represent itself, directly or by implication, as an agent, partner, employee or joint venture of Franchisor, nor shall Franchisee incur any obligation on behalf of or in the name of Franchisor.

7.2. **Indemnification.** Franchisee shall defend, indemnify and hold Franchisor and its parent, predecessor and affiliates, and their respective officers, directors, managers, members, partners, shareholders, independent contractors and employees (the "Indemnified Parties") harmless from all fines, suits, proceedings, claims, demands, liabilities, injuries, damages, expenses, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising in whole or in part from Franchisee's ownership, operation or occupation of the Studio, performance or breach of its obligations under this Agreement, breach of any warranty or representation in this Agreement or from the acts or omissions of Franchisee, its employees or agents, including its advertising of the Studio, except as otherwise provided in this Agreement. Franchisor and any Indemnified Party shall promptly give Franchisee written notice of any claim for indemnification under this Section 7.2. Any failure to give the notice shall not relieve Franchisee of any liability under this Agreement except to the extent the failure or delay causes actual material prejudice. Franchisor shall have the right to control all litigation and defend and/or settle any claim against Franchisor or other Indemnified Parties affecting Franchisor's interests, in any manner Franchisor deems appropriate. Franchisor may also retain its own counsel to represent Franchisor or other Indemnified Parties and Franchisee shall advance or reimburse Franchisor's costs. Franchisor's exercise of this control over the litigation shall not affect its rights to indemnification under this Section 7.2. Franchisee may not consent to the entry of judgment with respect to, or otherwise settle, an indemnified claim without the prior written consent of the applicable Indemnified Parties. Franchisor and the other Indemnified Parties do not have to seek recovery from third parties or otherwise attempt to mitigate losses to maintain a claim to indemnification under this Section 7.2. The provisions of this Section 7.2 shall survive the termination or expiration of this Agreement.

7.3. **Payment of Debts.** Franchisee understands that it alone, and not Franchisor, is responsible for selecting, retaining and paying its employees; the payment of all invoices for the purchase of inventory and goods and services for use in the Studio; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct and operation of the Studio.

7.4. **Noncompetition.** During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any other business which offers assisted stretching, personal training, infra-red sauna services and other services offered by Vital Stretch Studios (a "Competing Business"); provided, however, that this Section shall not apply to Franchisee's operation of any other Studio.

7.4.1. **During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation solicit business from clients of Franchisee's Studio for any competitive business purpose nor solicit any employee of Franchisor or any other Vital Stretch System franchisee to discontinue their employment with Franchisor or any other Vital Stretch System franchisee.

During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing in whole or in part with Franchisor.

7.4.2. **After the Term of This Agreement.** For a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any Competing Business within a radius of 20 miles of the Studio, or any other Vital Stretch Studio in operation or under construction, or of any site which is being considered or for which a lease has been signed or discussions are under way for a Vital Stretch Studio, as of the date of expiration and nonrenewal, transfer or termination of this Agreement; provided, however, Franchisee may continue to operate any other Studio for which Franchisee and Franchisor have a current franchise agreement.

For a period of 2 years (or the maximum period allowed by law, if shorter) after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation solicit business from clients of Franchisee's former Studio for any competitive business purpose nor solicit any employee of Franchisor or any other Vital Stretch System franchisee to discontinue his employment with Franchisor or any other Vital Stretch System franchisee.

For a period of 2 years (or the maximum period allowed by law, if shorter) after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing in whole or in part with Franchisor.

7.4.3. **Intent and Enforcement.** It is the intent of the parties that the provisions of this Section 7.4 shall, to the fullest extent permissible under applicable law, be judicially enforced; accordingly, any reduction in scope or modification of any part of the noncompetition provisions contained in this Agreement shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 7.4 by Franchisee, any of its equity owners or any member of the immediate family of Franchisee or any of its equity owners, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. In the event of the actual or threatened breach of this Section 7.4, Franchisor's harm shall be irreparable, and Franchisor shall have no adequate remedy at law to prevent the harm. Franchisee acknowledges and agrees on its own behalf and on behalf of the persons who are liable under Section 7.4 that each has previously worked or been gainfully employed in other fields and that the provisions of Section 7.4 in no way prevent any of these persons from earning a living. Franchisee further acknowledges and agrees that the provisions of Section 7.4 shall be tolled during any default of this Agreement.

7.4.4. **Publicly-Owned Entity.** This Section 7.4 shall not apply to any ownership by Franchisee or any other person subject to Section 7.4 of a beneficial interest of less than 3% in the outstanding securities or partnership interests in any publicly-held entity.

7.4.5. **Non-Disparagement.** During the term of this Agreement and for a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause Franchisee agrees not to disparage Franchisor and its current and former employees, officers or directors. During the term of the Agreement, Franchisee also agrees not to do or perform any act harmful, prejudicial or injurious to Franchisor or the Vital Stretch System.

7.5. **Telephone.** Franchisee shall obtain at its own expense a new telephone number and listing, to be listed under the Vital Stretch name and not under Franchisee's corporate, partnership, or individual name, to be used exclusively in connection with Franchisee's operation of the Studio. Upon the expiration and nonrenewal, transfer or termination of this Agreement for any reason, Franchisee shall terminate its use of such telephone number and listing and assign same to Franchisor or its designee. The Studio shall be serviced by a suitable telephone system approved by Franchisor. Franchisee shall answer the telephone in the manner set forth by Franchisor in the Operations Manual.

7.6. **Insurance.** At all times during the term of this Agreement and at its own expense, Franchisee shall obtain and keep in force at a minimum the insurance required by Franchisor in the Operations Manual or otherwise. If the lease for the Studio requires Franchisee to purchase insurance with higher limits than those Franchisor specifies, the lease insurance requirements shall control. All insurance policies shall contain a separate endorsement using ISO form CG2029 or equivalent (no blanket additional insured language is acceptable) naming Franchisor, its officers, directors, managers, members, limited partners, general partners, shareholders, independent contractors and employees as additional insureds, and shall expressly provide that any interest of an additional insured shall not be affected by Franchisee's breach of any policy provisions or any negligence on the part of an additional insured. All policies shall also include a waiver of subrogation in favor of the additional insureds. All insurance must be written by an insurance carrier with an A. M. Best and Standard and Poor's rating of at least "A-" or better. All policies shall be written by an insurance carrier accepted in writing by Franchisor. Franchisor may require that you obtain coverage from a carrier it designates. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier shall remain a going concern or capable of meeting claim demands during the term of the insurance policy. Defense costs cannot erode policy limits. No insurance policy shall be subject to cancellation, termination, nonrenewal or material modification, except upon at least 30 days' prior written notice from the insurance carrier to Franchisor. Upon Franchisor's request, Franchisee shall provide Franchisor with a currently issued certificate of insurance evidencing coverage in conformity with the provisions of this Section 7.6. If Franchisee fails to comply with at least the minimum insurance requirements set forth by Franchisor, Franchisor may obtain the insurance and keep the insurance in force and effect and Franchisee shall pay Franchisor, on demand, the cost of the premium plus an administrative fee in connection with obtaining the insurance. Franchisor may increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to Franchisee, and Franchisee shall comply with any such modification. Franchisee's obligation to obtain the required policies in the amounts specified is not limited in any way by any insurance Franchisor maintains. Franchisee's obligation to maintain the insurance does not relieve Franchisee of any liability under the indemnity provisions of Section 7.2. If Franchisee will be engaging in any construction, renovation or build-out of the premises for the Studio, either Franchisee or Franchisee's third-party contractor must have in force for the duration of said project, Commercial General Liability insurance and Worker's Compensation and Employer's Liability insurance in the amounts listed above as well as Builder's Risk insurance in an amount approved by Franchisor.

7.7. **Publicity.** Franchisee shall permit Franchisor or its designee, at Franchisor's expense, to enter upon the premises of the Studio, both interior and exterior, for the purpose of taking or making photographs, slides, drawings, or other such images ("pictures") of the Studio. Franchisee agrees that Franchisor may use the pictures for publicity and other legal purposes without any remuneration to Franchisee in connection with the use of the pictures. Franchisor also reserves the right to require Franchisee to place a "franchises available" sign at a location Franchisor designates at the Studio.

7.8. **Distribution.** Franchisor or its affiliates may distribute products identified by the Proprietary Marks or other marks owned or licensed by Franchisor or its affiliates through any distribution method which periodically may be established or licensed by Franchisor or its affiliates and may franchise or license others to do so, except as otherwise set forth in this Agreement.

7.9. **Image.** The Vital Stretch System has been developed to deliver products and services which distinguish Vital Stretch Studios from other businesses which offer similar products and services. Therefore, Franchisor requires Franchisee to offer products and services and operate the Studio in such a manner which shall serve to emulate and enhance the image intended by Franchisor for the Vital Stretch System. Each aspect of the Vital Stretch System is important not only to Franchisee but also Franchisor, its parent, predecessor and affiliates, and other Vital Stretch franchisees in order to maintain the highest operating standards, achieve System wide uniformity and increase the demand for the products sold and services rendered by Vital Stretch System franchisees, Franchisor and its affiliates(s). Franchisee shall comply with the standards, specifications and requirements set forth by Franchisor in order to uniformly convey the distinctive image of a Vital Stretch Studio.

## 8. SALE OR TRANSFER

8.1. **Consent to Transfer.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber its interest in the Studio without the prior written consent of Franchisor. Any unauthorized transfer by Franchisee shall constitute a material breach of the Agreement and shall be voidable by Franchisor.

8.2. **Death or Disability.** In the event of the death, disability or incapacity of any individual Franchisee or officer or director or member of an incorporated Franchisee or limited liability company or partner of a partnership Franchisee, should the decedent's or disabled or incapacitated person's executor, heir or legal representative, or the business entity, as the case may be, wish to continue as Franchisee under this Agreement, such person shall apply for Franchisor's consent, execute the then-current franchise agreement, and complete the training program to Franchisor's satisfaction, as applicable, as in any other case of a proposed transfer of Franchisee's interest in this Agreement. Such assignment by operation of law shall not be deemed a violation of this Agreement, provided the heirs or legatees or business entity meet the conditions imposed by this Agreement and are acceptable to Franchisor.

If Franchisee is a business entity, this Agreement shall continue in effect upon the death of the largest equity owner, provided that the active management of the business entity shall remain stable and reasonably satisfactory to Franchisor in its sole discretion.

Franchisee's executor, heir or legal representative shall have 60 days from the date of death, disability or incapacity to designate an operator that is acceptable to Franchisor and within 90 days must execute Franchisor's then-current franchise agreement or transfer the franchise rights and business upon the terms and conditions set forth in this Agreement (except that the term shall be the balance of Franchisee's term). At the conclusion of the balance of the term, the new franchisee may exercise any or all of the then applicable renewal rights.

**8.3. Ownership Changes.** A sale, transfer or assignment requiring the prior written consent of Franchisor shall be deemed to occur: (i) if Franchisee is a corporation or limited liability company, upon any assignment, sale, pledge or transfer of 20% or more of the voting stock or membership interests of Franchisee, any increase in the number of outstanding shares of voting stock or membership interests of Franchisee which results in a change of ownership of 20% or more of its total voting stock or membership interests, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the voting stock or membership interests of Franchisee; or (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership ownership interest. Franchisee shall notify Franchisor of any change in stock ownership, membership interests or partnership ownership interests in Franchisee while this Agreement is in effect which shall result in a sale, transfer or assignment within the meaning of this Section 8.3. A transfer to an existing partner, shareholder or member, or a transfer as a result of the death, disability or incapacity of a partner, shareholder or member in accordance with Section 8.2, or a transfer to an inter vivos trust where the transferring Franchisee, partner, shareholder or member is the only grantor beneficiary other than a spouse, shall not be a violation of this Agreement or a ground for termination; any such ownership change shall not be subject to Franchisor's right of first refusal under Section 8.3.1.

**8.3.1. Right of First Refusal.** If Franchisee or its equity owners propose to transfer or assign 20% or more of Franchisee's interest in this Agreement or in the business conducted under this Agreement or in Franchisee, if Franchisee is a business entity, to any third party (other than a business entity as set forth in Section 8.4 and except as otherwise set forth in Section 8.3) in connection with a bona fide offer from such third party, Franchisee or its equity owners shall first offer to sell to Franchisor, Franchisee's or its equity owners' offered interest. Franchisee or its equity owner shall obtain from the third party offeror an earnest money deposit (of at least 15% of the offering price) and deliver to Franchisor a statement in writing, signed by the offeror and by Franchisee, of the terms of the offer. In the event of Franchisee's insolvency or the filing of any petition by or against Franchisee under any provisions of any bankruptcy or insolvency law, an amount and terms of purchase shall be established by an appraiser chosen by the bankruptcy court or by the chief judge of the federal district court of Franchisee's district and Franchisee or Franchisee's legal representative shall deliver to Franchisor a statement in writing incorporating the appraiser's report. Franchisor shall then have 45 days from its receipt of either statement to accept the offer by delivering written notice of acceptance by Franchisor or its nominee to Franchisee or its equity owner. The acceptance shall be on the same terms as stated in the statement delivered to Franchisor; provided, however, Franchisor or its nominee shall have the right to substitute equivalent cash for any noncash consideration included in the offer. If the parties cannot agree within a reasonable time on the equivalent cash for any noncash consideration, Franchisor shall designate an independent appraiser and the appraiser's determination shall be binding. If Franchisor or its nominee elects not to accept the offer within the 45-day period, Franchisee or its equity owner shall be free for 90 days after such period to complete the transfer described in the statement delivered to Franchisor, but only with the prior written consent of Franchisor and subject to the conditions for approval set forth in Section 8.3.2. Franchisee and its equity owners shall affect no other sale or transfer of this Agreement or Franchisee's interest in this Agreement or the business conducted under this Agreement or the interest in Franchisee, without first offering or reoffering the same to Franchisor in accordance with this Section 8. If in Franchisor's opinion there is a material change in the terms of the offer, the offer shall be deemed a new proposal and Franchisee, or its equity owner shall be required to grant Franchisor or its nominee a right of first refusal with respect to such offer.

**8.3.2. Conditions for Approval.** Franchisor may condition its approval of any proposed sale or transfer of the Studio or of Franchisee's interest in this Agreement or of the interest in Franchisee upon satisfaction of the following requirements:

**8.3.2.1.** All of Franchisee's accrued monetary obligations to Franchisor, its parent, predecessor or affiliates and any supplier for the Studio have been satisfied;

8.3.2.2. All existing defaults under this Agreement have been cured within the period permitted for cure;

8.3.2.3. Franchisee and its equity owners, if Franchisee is a business entity, has executed a general release under seal, in a form satisfactory to Franchisor of any and all claims against Franchisor and its parent, predecessor and affiliates and their officers, directors, partners, shareholders, agents, employees, attorneys and accountants in their corporate and individual capacities; provided, however, the release shall not release any liability specifically provided for by any applicable state statute regulating franchising;

8.3.2.4. Franchisee has provided Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules;

8.3.2.5. The transferee has demonstrated to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations of this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, Franchisor, independent operator or licensee of any other business, chain or network which is similar in nature or in competition with Franchisor or any Vital Stretch Studio, except that the transferee may be an existing franchisee of Franchisor;

8.3.2.6. The transferee has executed Franchisor's then-current Franchise Agreement for the remainder of the term of the current franchise agreement;

8.3.2.7. Franchisee has complied, to Franchisor's satisfaction, or Franchisee or the transferee have agreed to comply with and have made arrangements satisfactory to the Franchisor to comply with all obligations to remodel, refurbish, and improve the Studio as required by this Agreement to conform to Franchisor's then-current standards and Trade Dress;

8.3.2.8. Franchisee or transferee has paid Franchisor a transfer fee equal to \$10,000 plus any broker or consultant fees incurred during the transfer;

8.3.2.9. The transferee and its Key Manager shall complete Franchisor's training program to Franchisor's satisfaction at the transferee's own expense within the time frame set forth by Franchisor; and

8.3.2.10. Franchisee acknowledges and agrees that the post-termination provisions of this Agreement including, without limitation, the non-competition provisions, shall survive the transfer of the Franchise.

8.3.2.11. Franchisor, Franchisee, Transferee and any Guarantors enter into Franchisor's then-current form of Transfer Agreement.

**8.4. Transfer to a Corporation or Limited Liability Company.** If Franchisee is one or more individuals or a partnership, Franchisee may assign its rights under this Agreement to a corporation or limited liability company for convenience of ownership, provided:

8.4.1. The corporation or limited liability corporation is newly organized and its activities are confined to operating the Studio;

8.4.2. Franchisee is, and at all times remains, the owner of at least 51% of the outstanding shares of the corporation or owns a controlling interest in the limited liability company;

8.4.3. The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations under this Agreement;

8.4.4. All stockholders of the corporation, or members and managers of the limited liability company, personally guarantee prompt payment and performance by the corporation or limited liability company, as applicable, of all its obligations to Franchisor under the Agreement including all noncompetition covenants set forth in Section 7.4;

8.4.5. Each stock certificate of the corporate franchisee shall have conspicuously endorsed upon its face a statement, in a form satisfactory to Franchisor, that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; the operating agreement of any limited liability company and any membership certificates shall contain a similar limitation; and

8.4.6. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) the transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) the limited liability company's certificate of organization; and all other governing documents.

Franchisee is not required to pay Franchisor a transfer fee with respect to a transfer in accordance with this Section 8.4.

#### 8.5. **Secured Interests and Securities.**

8.5.1. Franchisee shall not grant, and shall not permit a transfer in the nature of a grant, of a security interest in this Agreement.

8.5.2. If Franchisee is a corporation, it shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section 8 and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of a Franchise Agreement between Franchisor and the corporation dated \_\_\_\_\_, 20\_\_\_\_. Reference is made to the Franchise Agreement and to the Articles of Incorporation and Bylaws of this corporation.

8.6. **Transfer by Franchisor.** Franchisor may sell, transfer, assign and/or encumber all or any part of its interest in itself or the Franchise Agreement.

### 9. **BREACH AND TERMINATION**

9.1. **Termination by Franchisee.** Franchisee may terminate this Agreement for cause if Franchisor is in breach of any material provision of this Agreement, by giving Franchisor written notice within 60 days of the event or circumstances giving rise to the breach. Franchisee must be in material compliance with this Agreement. The notice shall state specifically the nature of the breach and allow Franchisor 90 days after receipt of the notice to correct the breach. Franchisee's failure to give timely written notice of any breach shall be deemed to be a waiver of Franchisee's right to complain of that breach. If Franchisor fails to cure any material breach within the 90 day cure period, Franchisee may terminate this Agreement for that reason by providing written notice to Franchisor, except if the breach is not susceptible to cure within 90 days, but Franchisor takes action within 90 days to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisor shall be deemed to have timely cured the breach. Franchisee's termination will be effective only if Franchisee signs all documentation that Franchisor requires, including a release. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.2. **Termination by Franchisor.** If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers a notice of termination, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an approved supplier. Franchisor may terminate this Agreement under the following circumstances:

9.2.1. **With Cause and With Opportunity to Cure.** If Franchisee is in breach of any material provision of this Agreement not listed in Section 9.2.2, by giving Franchisee written notice of the event or circumstances giving rise to the breach. The notice will state specifically the nature of the breach and allow Franchisee the following amount of time to correct the breach after receipt of notice:

- (a) 7 days if the failure relates to the use of the Proprietary Marks;
- (b) 15 days if the failure relates to Franchisee's failure to make any payment of money to Franchisor or its parent, predecessor or affiliates; and
- (c) 30 days if the failure relates to any other breach not listed in this Section 9.2.1 or in Section 9.2.2.

If Franchisee fails to cure any material breach within the applicable cure period, Franchisor may terminate this Agreement for that reason by providing written notice to Franchisee, except if the breach is not susceptible to cure within the time permitted, but Franchisee takes action within the time permitted to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisee shall be deemed to have timely cured the breach. For purposes of this Agreement, Franchisee's alleged breach of this Agreement shall be deemed cured if both Franchisor and Franchisee agree in writing that the alleged breach has been corrected. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.2.2. **With Cause and Without Opportunity to Cure.** Franchisor may terminate this Agreement upon written notice without giving Franchisee opportunity to cure for any of the following breaches or defaults:

- (a) **Criminal Acts.** If Franchisee is convicted of or pleads guilty or no contest to a felony or commits any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Studio or goodwill of the Proprietary Marks;
- (b) **Fraud.** If Franchisee commits fraud in the operation of the Studio;
- (c) **Misrepresentation.** If Franchisee misrepresents itself in any way (including through omission of information) in connection with the franchise application.
- (d) **Voluntary Bankruptcy.** If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Studio.
- (e) **Involuntary Bankruptcy.** If proceedings are commenced to have Franchisee adjudicated as bankrupt or to seek a reorganization of Franchisee under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for Franchisee or the Studio without Franchisee's consent, and the appointment is not vacated within 60 days.
- (f) **Liens.** If a levy or writ of attachment or execution or any other lien is placed against Franchisee, any partner of Franchisee if Franchisee is a partnership, or any guarantor of Franchisee under Section 14 or any of their assets which is not released or bonded against within 60 days.

(g) **Insolvency.** If Franchisee, any partner of Franchisee, or the majority equity owner of Franchisee is insolvent.

(h) **Repeated Breaches.** If Franchisor sends Franchisee 3 or more written notices to cure pursuant to Section 9.2.1 in any 12-month period.

(i) **Breach of Other Agreements.** If Franchisee or any partner, director, officer, shareholder or member of Franchisee materially breaches any other agreement with Franchisor or its parent, predecessor or affiliates, or any lease for the premises of the Studio and does not cure the breach within any permitted period for cure; provided, however, this Section 9.2.2(i) shall not apply to the breach of a separate franchise agreement between Franchisee and Franchisor with respect to another Studio.

(j) **Intentional Underreporting or Misstatement.** If Franchisee intentionally underreports or misstates any information required to be reported to Franchisor under this Agreement, including but not limited to Gross Revenue required to be reported under this Agreement.

(k) **Abandonment.** If Franchisee voluntarily or otherwise abandons the Studio. The term "abandon" means conduct of Franchisee which indicates a desire or intent to discontinue the Studio in accordance with the terms of this Agreement and shall apply in any event if Franchisee fails to operate the Studio as a Vital Stretch Studio for a period of 3 or more consecutive days without the prior written approval of Franchisor.

(l) **Failure to Open Studio.** If Franchisee fails to open the Studio during the time periods set forth in this Agreement.

(m) **Public Health and Safety.** If a threat or danger to public health or safety results from the maintenance or operation of the Studio or any violation of health or safety law occurs at the Studio.

(n) **Restrictive Covenants.** Upon any violation of any covenants set forth in Section 7.4 of this Agreement.

(o) **Confidential Information.** If Franchisee uses the Confidential Information in an unauthorized manner;

(p) **Insurance.** If Franchisee fails to maintain required insurance coverage;

(q) **Unauthorized Transfer.** If a transfer occurs without meeting the requirements set forth in Section 8 of this Agreement.

(r) **Failure to Provide Access.** If Franchisee fails or refuses to permit Franchisor unfettered access to the Studio premises;

(s) **Loss of Occupancy.** If Franchisee loses the right to occupy the Studio premises;

Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.3. **Nonwaiver.** Franchisor's delay in exercising or failure to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due under this Agreement or any other agreement between Franchisor and Franchisee or Franchisor's consent to a transfer of any interest in Franchisee shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

## 10. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

10.1. **Franchisee's Obligations.** Upon termination of this Agreement by either Franchisor or Franchisee, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee shall:

10.1.1. Cease immediately all operations under this Agreement;

10.1.2. Pay immediately to Franchisor all unpaid fees and pay Franchisor, its parent, predecessor or affiliates and any supplier for the Studio all other monies owed them;

10.1.3. If this Agreement is terminated due to a breach by Franchisee, Franchisee must promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of Franchisee's default,

10.1.4. Discontinue immediately the use of the Proprietary Marks;

10.1.5. Immediately return the Operations Manual to Franchisor and all other manuals and Confidential Information loaned to Franchisee by Franchisor and immediately cease to use the Confidential Information;

10.1.6. Immediately cease using all telephone numbers and listings used in connection with the operation of the Studio and direct the telephone company to transfer all such numbers and listings to Franchisor or its designee or, if Franchisor so directs, to disconnect the numbers;

10.1.7. Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks as directed by Franchisor and all items which are a part of the Trade Dress of the Vital Stretch System;

10.1.8. Sell to Franchisor or its designee, at Franchisor's option, (1) all inventory in useable form bearing the Proprietary Marks and (2) any furnishings, equipment, signs or fixtures Franchisor elects to purchase at the original purchase price thereof or at its then-current value if less than the original purchase price, in Franchisor's judgment, within 15 days following the date of termination or expiration;

10.1.9. If Franchisor elects to assume Franchisee's lease, immediately vacate the premises or, if Franchisor does not elect, immediately change the appearance of the premises inside and outside, including Trade Dress, signs, furnishings and fixtures, so that they no longer resemble a Vital Stretch Studio and to protect the Proprietary Marks, including any changes Franchisor specifically requests. If Franchisee fails to make the modifications or alterations, Franchisor will have the right to re-enter the premises and do so and charge Franchisee its costs plus a reasonable administrative fee in its sole discretion;

10.1.10. Cease to hold itself out as a franchisee of Franchisor;

10.1.11. Take action necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark licensed by Franchisor and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within 30 calendar days after the termination, expiration or transfer of this Agreement;

10.1.12. Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within 6 months of the effective date of termination, expiration, or transfer; and

10.1.13. Comply with the post-termination covenants set forth in Section 7.4, all of which shall survive the transfer, termination or expiration of this Agreement.

10.2. **Power of Attorney.** Franchisor is hereby irrevocably appointed as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Proprietary Marks and the Confidential Information.

## 11. NOTICES

All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight courier, telegram or certified or registered mail (except that the regular monthly Report or such other report designated by Franchisor may be sent by regular mail), prepaid, to the following addresses (which may be changed by written notice):

Franchisee: \_\_\_\_\_  
\_\_\_\_\_

Franchisor: ATTN: The Vital Stretch Franchising, LLC  
112 Main St.  
Norwalk, Connecticut 06851

Notices sent by regular mail shall be deemed delivered on the third business day following mailing.

## 12. INTERPRETATION

12.1. **Amendments.** This agreement constitutes the entire agreement between the parties and may not be changed except by a written document signed by both parties. Nothing in this Agreement is intended to disclaim any information contained in the Franchisor's Franchise Disclosure Document.

12.2. **Choice of Law and Selection of Venue.** This Agreement shall be governed by the laws of the State of Connecticut. Except as provided in Section 12.3 and 12.4 below, any action at law or equity instituted against either party to this Agreement shall be commenced only in the Courts of the then current County and State where our corporate headquarters is located. Franchisee hereby irrevocably consents to the personal jurisdiction of the courts in the then-current County and State where our corporate headquarters is located, as set forth above.

12.3. **Injunctive Relief.** Nothing in this Agreement shall prevent Franchisor from obtaining injunctive relief against actual or threatened conduct that shall cause it loss or damages, in any appropriate forum under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

12.4. **Arbitration.** Except as set forth in Section 12.3 above, disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, will be submitted to arbitration at the office of the American Arbitration Association ("AAA") responsible for administering claims filed in the then-current County and State where our corporate headquarters is located, in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA. Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended.

The following shall supplement and, in the event of a conflict, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the panel provided by the AAA and the arbitrator shall use the laws of Connecticut in the interpretation of this Agreement. In selecting the arbitrator from the list provided by the AAA, the Franchisor and Franchisee shall make the selection by the striking method. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, attorneys' fees, interest, and costs of investigation.

The arbitrator shall have no authority to amend or modify the terms of the Agreement. The Franchisor and Franchisee further agree that, unless such a limitation is prohibited by applicable law, neither the Franchisor nor Franchisee shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Franchisor and Franchisee. Judgment upon the award of the arbitrator shall be submitted for confirmation to the applicable United States District Court or the Courts of the then-current County and State where our corporate headquarters is located, and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

12.5. **Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means the spouse, parent, children and siblings of Franchisee and the parents, children and siblings of Franchisee's spouse. The BACKGROUND Section at the beginning of this Agreement contains contractual terms that are not mere recitals.

12.6. **Successors.** References to Franchisor or Franchisee include their successors, assigns or transferees, subject to the limitations of this Agreement.

12.7. **Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or its parent, predecessor or affiliates or protection of the Proprietary Marks, or the Confidential Information, including the Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at its option may terminate this Agreement immediately upon written notice to Franchisee.

12.8. **No Right to Offset.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or its parent, predecessor or affiliates or as an offset against any amount Franchisor or any of its parent, predecessor or affiliates may owe or allegedly owe Franchisee under this Agreement or any related agreements.

12.9. **Force Majeure.** Neither Franchisor, its parent, predecessor or affiliates nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause shall extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or shall excuse performance, in whole or in part, as Franchisor deems reasonable.

12.10. **Rights Cumulative.** No right or remedy under this Agreement shall be deemed to be exclusive of any other right or remedy under this Agreement or of any right or remedy otherwise provided by law or and equity. Each right and remedy will be cumulative.

12.11. **Parties.** The sole entity against which Franchisee may seek damages or any remedy under law or equity for any claim is Franchisor or its successors or assigns. The shareholders, members, directors, officers, employees, agents and representatives of Franchisor and of its parent, predecessor or affiliates shall not be named as a party in any litigation, arbitration or other proceedings commenced by Franchisee if the claim arises out of or relates to this Agreement.

12.12. **Limitation of Liability.** To the extent permitted by law, in no event shall Franchisor be liable for any indirect, special, consequential, punitive or any other damages that are not direct damages, regardless of the nature of the claim for damages.

12.13. **JURY TRIAL AND CLASS ACTION WAIVER.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS, WHETHER LITIGATION OR MEDIATION, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE AND FRANCHISEE'S PRINCIPALS AND YOU, AND FRANCHISOR OR ITS AFFILIATES OR EMPLOYEES, MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY.

12.14. **Limitation on Action.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that such Franchisee may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

12.15. **Franchisee Waiver.** Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

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

12.17. **Costs and Attorney's Fees.** If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

12.18. **Franchisor Approval and Discretion.** To the extent that Franchisor's consent or approval is required, or any decision is subject to the discretion of the Franchisor, and whenever Franchisor exercises a right, prescribes an act or thing, or otherwise makes a choice or uses discretion, the parties agree that Franchisor has the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions, except that Franchisor will not act arbitrarily or unreasonably. However, Franchisor will not be required to consider Franchisee's individual interests or the interests of any other particular Franchisee(s), even if a particular decision/action may have negative consequences for Franchisee, a particular Franchisee or group of Franchisees.

Franchisee acknowledges and agrees that the ultimate decision-making responsibility with respect to the System (among other things) must be, as a practical business matter, vested solely in Franchisor, since Franchisee, Franchisor and all other franchisees have a collective interest in working within a franchise system with the unrestricted flexibility to quickly adjust to changing business conditions, including competitive challenges, new regulatory developments and emerging business opportunities. Franchisee understands and agrees that Franchisor having such rights are critical to its role as Franchisor and to obtain the parties goals for continuing improvement of the Vital Stretch system.

### 13. REPRESENTATIONS

13.1. **No Authority.** No salesperson, representative or other person has the authority to bind or obligate Franchisor, except an authorized officer of Franchisor, by a written document. Franchisee acknowledges that no representations, promises, inducements, guarantees or warranties of any kind were made by or on behalf of Franchisor which have led Franchisee to enter into this Agreement. Franchisee understands that whether it succeeds as a Franchisee is dependent upon Franchisee's efforts, business judgments, the performance of Franchisee's employees, market conditions and variable factors beyond the control or influence of Franchisor. Franchisee further understands that some Franchisees are more, or less, successful than other franchisees and that Franchisor has made no representation that Franchisee shall do as well as any other franchisee.

Franchisee specifically acknowledges that he or she has not received or relied on (nor has Franchisor or anyone else provided) any statements, promises or representations that Franchisee will succeed in the Studio; achieve any particular sales, income or other levels of performance; earn any particular amount, including any amount in excess of the Initial Franchise Fee or other payments to Franchisor; or receive any rights, goods, or service not expressly set forth in this Agreement. Any statements regarding actual, potential or probable revenues or profits of any Studio not contained in the Franchise Disclosure Document is unauthorized, unwarranted and unreliable, Franchisor will not be responsible for it and it should be reported to Franchisor immediately.

13.2. **Receipt.** The undersigned acknowledges receipt of this Agreement, with all blanks completed and with any amendments and exhibits, at least 7 calendar days prior to execution of this Agreement. In addition, the undersigned acknowledges receipt of Franchisor's Franchise Disclosure Document at least 14 calendar prior to the execution of this Agreement or Franchisee's payment of any monies to Franchisor, refundable or otherwise.

13.3. **Execution of Agreement.** Each of the undersigned parties warrants that it has the full authority to sign and execute this Agreement. If Franchisee is a partnership, corporation or limited liability company, the person executing this Agreement on behalf of the business entity warrants to Franchisor, both individually and in his capacity as partner, officer, member or manager, that all of the equity owners of Franchisee, as applicable, have read and approved this Agreement, including any restrictions which this Agreement places upon rights to transfer their interest in the business entity.

13.4. **Anti-Terrorism Law Compliance.** Franchisee and its equity owners agree to comply with, and to assist Franchisor, to the fullest extent possible in Franchisor's efforts to comply with anti-

terrorism laws (defined below). In connection with that compliance, Franchisee, and its Owners certify, warrant and represent that none of Franchisee's, or its equity owner's property, or interests are subject to being blocked under any anti-terrorism laws, and that Franchisee and its Owners otherwise are not in violation of any antiterrorism laws. "anti-terrorism laws" means executive order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Franchisee shall immediately notify Franchisor of any misrepresentation or breach of this section 13.7. Franchisor may terminate this Agreement without any opportunity for Franchisee to cure under section 9.2.1 upon any misrepresentation or breach by Franchisee of this section 13.5.

#### **14. PERSONAL GUARANTEES**

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, all shareholders, all general partners or all members and managers, respectively, hereby personally and unconditionally guarantee without notice, demand or presentment the payment of all of Franchisee's monetary obligations under this Agreement as if each were an original party to this Agreement in his or her individual capacity. In addition, all personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and non-renewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All personal guarantors shall execute a continuing personal guaranty in the form attached as Attachment B.

#### **15. OWNERSHIP OF FRANCHISEE**

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, the Statement of Ownership Interest attached to this Agreement as Attachment A completely and accurately describes all of the equity owners and their interests in Franchisee and Franchisee's Operating Principal. Subject to Franchisor's rights and Franchisee's obligations under Section 8, Franchisee agrees to sign and deliver to Franchisor a revised Attachment A. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) the transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) the limited liability company's certificate of organization or formation, the Operating Agreement; and all other governing documents. If Franchisee is an entity, it must be a single purpose entity and cannot operate any other business using the entity name.

**[SIGNATURE PAGE FOLLOWS]**

**FRANCHISEE ACKNOWLEDGES TO FRANCHISOR THAT FRANCHISEE HAS READ THIS FRANCHISE AGREEMENT AND UNDERSTANDS ITS TERMS AND FRANCHISEE WOULD NOT SIGN THIS FRANCHISE AGREEMENT IF FRANCHISEE DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

**INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**FRANCHISOR**

**THE VITAL STRETCH FRANCHISING,  
LLC**

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

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

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

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

**FRANCHISEE  
(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

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

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

**ATTACHMENT A**

**FRANCHISEE SPECIFIC TERMS**

**Franchise Model:**

**Effective Date:**

**Initial Franchise Fee:**

**Franchisee Name:**

**Ownership of Franchise:**

Owner Name	Ownership Percentage
	%
	%
	%

**Franchisee Address:**

**Franchisee Phone:**

**Franchisee Email:**

**Operating Principal:**

**Key Manager:**

**Site Selection Area:**

*[Attach map or list of distinguishing territory features such as list of zip codes]*

**FRANCHISEE:**

[FRANCHISEE]

**Signature:**

**Name:**

**Title:**

**FRANCHISOR**

**THE VITAL STRETCH FRANCHISING,  
LLC**

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

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

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

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

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

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

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

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

**SCHEDULE 1 TO ATTACHMENT A**

**LOCATION ACCEPTANCE LETTER**

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

**Date:**

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

2. **Approved Location.** The Authorized Location shall be the following:

---

3. **Territory.** Pursuant to the Franchise Agreement, Franchisee's Protected Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

---

**FRANCHISOR:**

**THE VITAL STRETCH FRANCHISING, LLC**

**Signature:**

**Name:**

**Title:**

## ATTACHMENT B

### PERSONAL GUARANTY OF OWNER/SHAREHOLDER

This Personal Guaranty and Assumption of Obligations (this “Guaranty”) is given by the undersigned individuals identified as the owners of Franchisee in Attachment A.

In consideration of, and as an inducement to, the execution of that certain franchise agreement of even date herewith (“Franchise Agreement”) by the parties listed as Franchisor and Franchisee in the Franchise Agreement, the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Franchise Agreement and, including any renewal thereof, as provided in the Franchise Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Franchise Agreement (collectively, the “Franchise Documents”); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

- acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- protest and notice of default to any party with respect to the indebtedness of non-performance of any obligations hereby guaranteed;
- any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- the undersigned’s direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Franchisee’s obligations;
- the undersigned shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;
- this Guaranty shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
- such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which in any way modify or amend this Guaranty,

which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Franchise Agreement.

This Guaranty shall be governed, construed, and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

**IN WITNESS WHEREOF**, each of the undersigned has affixed his signature as dated below.

**GUARANTOR(S):**

*(add signature lines as necessary)*

**Signature:**

**Name:**

**Date:**

## ATTACHMENT C

### FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

**DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE).**

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, THE VITAL STRETCH FRANCHISING, LLC (“we”, “us”), and you are preparing to enter into a franchise agreement for the right to operate a Vital Stretch franchise (each, a “Business”). The purpose of this questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay us the appropriate franchisee fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes/No \_\_\_\_ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?
- Yes/No \_\_\_\_ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes/No \_\_\_\_ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- Yes/No \_\_\_\_ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?
- Yes/No \_\_\_\_ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Business(es) with these professional advisor(s)?
- Yes/No \_\_\_\_ 6. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?
- Yes/No \_\_\_\_ 7. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the System mark or any other mark at any location outside your Territory under the Franchise Agreement, without regard to the proximity of these activities to the premises of your Business(es)?
- Yes/No \_\_\_\_ 8. Do you understand all disputes or claims you may have, arising from, or relating to the Franchise Agreement must be mediated and/or arbitrated, at our option, at our then-current headquarters?

- Yes/No \_\_\_\_ 9. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential, or other special damages?
- Yes/No \_\_\_\_ 10. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?
- Yes/No \_\_\_\_ 11. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Principal Executive(s) (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Business to open or consent to a transfer of that Business?
- Yes/No \_\_\_\_ 12. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?
- Yes/No \_\_\_\_ 13. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Area Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?
- Yes/No \_\_\_\_ 14. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Business or home address until you designate a different address by sending written notice to us?
- Yes/No \_\_\_\_ 15. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?
- Yes/No \_\_\_\_ 16. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes/No \_\_\_\_ 17. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the actual, average, or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes/No \_\_\_\_ 18. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes/No \_\_\_\_ 19. Is it true that no broker, employee, or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property, or services from you in connection with a Business purchase with

exception of those payments or loans provided in the Disclosure Document?

**GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER)**

*[Signature page follows]*

**FOR MARYLAND FRANCHISEES:** ALL REPRESENTATIONS REQUIRING PROSPECTIVE FRANCHISEES TO ASSENT TO A RELEASE, ESTOPPEL, OR WAIVER OF LIABILITY ARE NOT INTENDED TO NOR SHALL THEY ACT AS A RELEASE, ESTOPPEL, OR WAIVER OF ANY LIABILITY INCURRED UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

**YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.**

**FRANCHISEE APPLICANT(S):**  
*(add signature lines as necessary)*

**Signature:**

**Name:**

**Title:**

**Date:**

## ATTACHMENT D

### TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT

**THIS TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT** (the “Agreement”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between VITAL STRETCH FRANCHISING, LLC, a Connecticut limited liability company (the “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ (the “Franchisee”).

#### WITNESSETH:

**WHEREAS**, Franchisee desires to enter into a Franchise Agreement with Franchisor to develop and operate a Vital Stretch Studio (the “Franchise Agreement”); and

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### 1. DEFINITIONS

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

#### 2. TRANSFER; APPOINTMENT

2.1. Interest in Telephone Numbers, Internet Web Sites and Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the “Telephone Numbers and Listings”); domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the “Internet Web Sites and Listings”) related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as “Franchisee’s Interest”).

2.2. Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Telephone companies or listing companies, Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the “Companies”) with which Franchisee has Telephone Numbers and Listings or Internet Web Sites and Listings: (i) to transfer all of Franchisee’s Interest in such Telephone Numbers and Listings or Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings or Internet Web Sites and Listings, Franchisee will immediately direct the Companies to terminate such Telephone Numbers and Listings or Internet Web Sites and Listings or will take such other actions as Franchisor directs.

2.3. Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1. Direct the Companies to transfer all Franchisee's Interest to Franchisor;

2.3.2. Direct the Companies to terminate any or all of the Telephone Numbers and Listings or Internet Web Sites and Listings; and

2.3.3. Execute the Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4. Certification of Termination. Franchisee hereby directs the Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5. Cessation of Obligations. After the Companies have duly transferred all Franchisee's Interest to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Telephone Numbers and Listings or Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Companies for the sums Franchisee is obligated to pay such Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. MISCELLANEOUS

3.1. Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Agreement.

3.2. Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3. No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings or Internet Web Sites and Listings.

3.4. Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5. Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliates persons or entities as if they had duly executed this Agreement.

3.6. Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7. Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8. Joint and Several Obligations. All Franchisee's obligations under this Agreement shall be joint and several.

3.9. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Connecticut, without regard to the application of Connecticut's conflict of law rules.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date

THE VITAL STRETCH FRANCHISING, LLC:

FRANCHISEE:

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

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

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

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

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

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

**EXHIBIT F**

**AREA DEVELOPMENT AGREEMENT**  
**WITH ATTACHMENTS**



**THE VITAL STRETCH FRANCHISING, LLC**

**AREA DEVELOPMENT AGREEMENT**

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Exhibit A – Franchisee Specific Terms  
Exhibit B – Covenant of Owners

**VITAL STRETCH FRANCHISING, LLC d/b/a The Vital Stretch  
DEVELOPMENT AGREEMENT**

This Development Agreement (this “**Agreement**”) is between VITAL STRETCH FRANCHISING, LLC d/b/a The Vital Stretch, a Connecticut limited liability company (“**we**”, “**Vital Stretch**,” or “**us**” in this Agreement), and \_\_\_\_\_ (“**you**” or “**Developer**” in this Agreement). If you are a corporation, partnership, limited liability company, or other entity approved by us (the “**Approved Entity**”), the term “**Owners**” in this Agreement refers to the shareholders, partners, members, or other interest holders. This Agreement is effective as of the date signed by the Vital Stretch or Developer, whichever is later (the “**Effective Date**”). Unless otherwise approved by Vital Stretch, the term “**Operating Principal**” refers to the person who owns twenty percent (20%) or more and the largest share of the general partnership interest of such partnership, equity, and voting power of all classes of issued and outstanding capital stock of such corporation, the membership interest of such limited liability company or the voting and ownership interests of such other entity.

**RECITALS**

- A. We and you have entered into a certain Franchise Agreement (the “**Initial Franchise Agreement**”) dated the same date as this Agreement, in which we have granted you the right to establish and operate one Vital Stretch Studio within the protected territory set forth in the Initial Franchise Agreement (a “**Studio**”).
- B. We desire to grant to you the exclusive right to establish and operate a specified number of Studios within a specified geographical area in accordance with a development schedule.
- C. You desire to establish and operate additional Studios upon the terms and conditions contained in our then-current standard franchise agreements (a “Franchise Agreement”).

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

- 1. Grant of Development Rights.** Subject to the terms of this Agreement, the Vital Stretch grants to you the exclusive right to develop Studios within the area described in Exhibit A to this Agreement (the “**Development Area**”) during the Term of this Agreement..
- 2. Territorial Protection.** Subject to our reservation of rights in Article 1 of the Franchise Agreement, during the Term, we agree that neither we nor our affiliates will operate (directly or indirectly) or grant a franchise for the operation of a Studio to anyone else in the Development Area, provided that you: (a) timely meet the development obligations set forth in Section 4 of this Agreement; and (b) otherwise comply with the provisions of this Agreement.
- 3. Term of Agreement.** The Term of this Agreement shall begin on the Effective Date and expires at midnight on the last Opening Deadline date listed in the Development Requirements table in Section 4. of this Agreement, unless this Agreement is terminated sooner as provided in other sections of this Agreement (the “Term”).
- 4. Development Requirements.** You agree to open the following number of Studios during the Term by the dates set forth below:

a. You must enter into Franchise Agreements and open and operate Studios in accordance with the deadlines set forth in the Development Schedule set forth in Exhibit A (the "Schedule"). By each "Opening Deadline" specified in the Schedule, you must have the specified number of Studio open and operating. You must locate the Studios only at sites that we have accepted in accordance with the terms of the applicable Franchise Agreement.

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

**5. Grant of Franchises.** We will grant you a franchise for the operation of a Studio at a proposed site within the Development Area upon our approval of a completed application submitted by you in the form prescribed by us, provided that we determine in our sole and absolute discretion that:

a. you and your owners have the financial capacity and necessary skills and experience to develop and operate the Studio based upon criteria established by us from time to time

b. the site which you have proposed for the Studio within the Development Area is a suitable site for a Studio based upon criteria established by us from time to time (or we, in our sole discretion, agree to permit the site to be selected after the franchise agreement is signed);

c. you and your owners are in compliance with this Agreement and all other agreements between you and us; and

d. you and your owners have furnished all information we may reasonably require in evaluating your application.

**6. Agreements to be Executed.** You and your owners agree to execute our then-current form of franchise agreement (the "**Franchise Agreement**"), which may have terms that differ from the Franchise Agreement for your first Studio (which you must execute contemporaneously with this Agreement), for each Studio developed pursuant to this Agreement.

**7. Payments.** You agree to pay a Development Fee set forth on Exhibit A in consideration of your rights to develop and open the number of Studio set forth on Exhibit A in the Development Area. You will not be required to pay any additional initial franchise fee when the Franchise Agreement for each individual Studio is signed, as long as each Franchise Agreement is signed while this Development Agreement is still in full force and effect. All franchise fees and development fees are earned when paid, are not refundable under any circumstances, and are not merely deposits on future franchise fees.

**8. Management and/ or Supervision of Studios.** You must actively and frequently manage and supervise Studios within the Development Area. If you are an Approved Entity, the Operating Principal must actively and frequently supervise Studios within the Development Area.

**9. Termination.**

a. Mutual Termination. This Agreement and all rights and obligations of the parties may be terminated at any time by the mutual agreement of the parties.

b. By the Vital Stretch. We may terminate this Agreement effective upon delivery of written notice to you if:

i. you fail to meet the Development Requirements set forth in Section 4 hereof;

ii. you or your owners fail to comply with any other provision of this Agreement;

iii. you or your owner fail to comply with any Franchise Agreement, or any other agreement between you and us, and such agreement is terminated by us in accordance with its terms;

iv. you and your owners fail to maintain the financial capacity, necessary skills, and experience to meet the Development Requirements and timely develop and operate the Studios required to be opened and operated under this Agreement based upon criteria established by us from time to time; or

v. the Operating Principal of the Developer under this Agreement is not at any time the Operating Principal of all approved entities operating Studios in the Development Area.

**10. Trade Secrets of The Vital Stretch.** You agree that you will maintain the absolute confidentiality of all non-public or confidential information and methods provided by us with respect to the operation of a Studio and will not use any such information in any other business or in any manner not specifically authorized or approved in writing by The Vital Stretch. Section 6.5 and 6.6 of the Initial Franchise Agreement is incorporated by reference in this Agreement as if fully restated within the text of this Agreement.

**11. Conflicting Business Interests.** Neither you nor any of your owners may engage in any activity which may impair your ability to fulfill your obligations during the Term without our prior written consent, which may be withheld in our sole and absolute discretion. You represent and warrant that you, your Operating Principal, your Approved Entity, and each of your owners have the legal right with respect to one another and third parties to enter into this Agreement and into the Covenants of Owners and to be involved in the ownership and operation of the Studio, that doing so will not violate any contractual or legal obligations or duties to one another nor to any third party, and that you will not use any trade secrets, confidential business information, copyrighted or patented materials, or other proprietary materials or information of any third party in establishing or operating the Studio, without a written license to do so. Section 7.4 of the Initial Franchise Agreement is incorporated by reference in this Agreement as if fully restated within the text of this Agreement.

**12. Assignment by Developer.** This Agreement and the development rights contained in this Agreement are personal to you and your owners and may not be voluntarily, involuntarily, directly or indirectly, assigned or otherwise transferred or encumbered by you or your owners. For purposes of this paragraph, a sale, assignment, or transfer of the interests of any owner shall be deemed an assignment or transfer of this Agreement. Any attempted assignment or transfer without our prior written approval shall have no effect and shall constitute a material breach of this Agreement.

**13. Assignment by the Vital Stretch.** This Agreement is fully assignable by us and the assignee or other legal successor to our interests will be entitled to receive all of the benefits of this Agreement.

**14. Notices.** All written notices permitted or required to be delivered shall be deemed so delivered when delivered by hand, three (3) days after having been placed in the United States Mail by Registered or Certified Mail, one (1) day after being placed in the hands of a commercial courier service for next day delivery, one (1) day after transmission by telecopy or other electronic system, and addressed to us at our most current principal business address or to you at the most current principal business address or home address of which we have been notified in writing

**15. Miscellaneous.** This Agreement is binding on the parties to this Agreement and their heirs, assigns, and successors in interest and may only be amended or modified by a signed writing between the parties. By accepting this Agreement, you and your owners will be jointly and severally liable for the performance of the obligations set forth herein. Further, there are no other oral or written understandings or agreements between the parties regarding the subject matter of this Agreement, provided that nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in any franchise disclosure document we delivered to you in connection with this Agreement. To the extent that this Agreement is inconsistent with any provision of any Franchise Agreement executed by you in connection with the operation of a Studio, the terms of this Agreement shall govern.

**16. Covenant of Owners.** You, and all of your Owners if you are an Approved Entity, must enter into the Covenant of Owners attached as Exhibit B to this Agreement.

**17. Dispute Resolution, Arbitration, and Governing Law.** The terms and provisions of Section 12 of the Franchise Agreement(Dispute Resolution, Mandatory, Mediation, Arbitration and Governing Law) are incorporated by reference in this Agreement as if fully restated within the text of this Agreement.

**18. Effective Date of This Agreement.** This Agreement shall take effect upon the date of its acceptance and execution by us.

**(Signature Page Follows)**

**INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH BELOW.**

**DEVELOPER**

**THE VITAL STRETCH FRANCHISING,  
LLC**

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

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

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

**EXHIBIT A**

**FRANCHISEE SPECIFIC TERMS**

**Effective Date (First Paragraph):** \_\_\_\_\_

**Franchisee's Name:** \_\_\_\_\_

**Franchisee's State of Organization (if applicable):** \_\_\_\_\_

**Development Area (Section 1):**[attach map and/or list of zip codes, counties, etc.]

**Total Development Fee (Section 7):** \$\_\_\_\_\_ .

**Development Schedule (Section 4):** You agree to establish and operate a total of \_\_\_\_\_ Studios within the Development Area during the term of this Agreement. The Studios must be open and operating in accordance with the following Schedule:

Opening Deadline:	Total Number of Studios to be open and Operating

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

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

## **EXHIBIT B COVENANTS OF OWNERS**

The undersigned individuals (the "Owners") represent and warrant to THE VITAL STRETCH FRANCHISING, LLC d ("we", "Franchisor" or "Vital Stretch") that they are all of the owners of Developer and all of the persons who otherwise have a direct or indirect interest in the success of Developer and that the person designated below as the Operating Principal is the Operating Principal of the Approved Entity under this Agreement. Further, to induce the Vital Stretch to enter into this Agreement and grant the rights set forth in the Agreement to which this Covenant of Owners is attached, each of the Owners hereby jointly and severally unconditionally guarantees the payment and performance by Developer of all of its obligations, indebtedness, and liabilities of Developer to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter under the Agreement and agrees to be bound by all of the provisions of this Agreement.

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

Each Owner also acknowledges and agrees that:

- (1) The Approved Entity shall be managed solely by the Operating Principal and that the Operating Principal may not be removed by any action of the Approved Entity or its Owners without the prior written consent of the Vital Stretch;
- (2) The Operating Principal shall at all times during the continuation of this Agreement have not less than twenty percent (20%) and the largest share of the equity and voting power and/or interests in the Approved Entity and any provision or term in the governing or establishing documents for the Approved Entity or any agreement between the Owners to the contrary is and shall be void for all purposes;
- (3) The establishing or governing documents for the Approved Entity do not provide for a "supermajority" or other voting structure that would require the Operating Principal to have more than 51% of the equity and voting structure in order to maintain control over the Approved Entity and that no Owner(s) has any type of "veto" rights and that no voting trusts have been established which would restrict or limit the voting control of the Operating Principal. If such provision or term exists in the establishing or governing documents or other agreements, the Owners agree that it shall be void for all purposes.
- (4) The Operating Principal has, as of the date of execution of this Agreement, the option, but not the obligation, exercisable on thirty (30) days' notice, to purchase any or all of the equity and voting interest owned by the other Owners for a sum certain which has been determined prior to the execution of this Covenant of Owners (which may be modified by the Owners). If for any reason all Owners have not agreed upon a purchase price, the undersigned Owner(s) agree that the purchase price for their interest shall be calculated by determining the formula price in this Agreement for all of the Vital Stretch Studios which the Approved Entity operates and subtracting from such formula price all of the current and long term liabilities of Developer. The result of such computation shall be multiplied by the ratio that the Owner's interest bears to all outstanding ownership interests in the Approved Entity. Upon tendering the purchase

price for each Owner's interest, the Owners hereby agree to convey such interest and such commitment shall be subject to enforcement by any court of competent jurisdiction through specific performance;

(5) If the Controlling Person receives a bona-fide offer and desires to sell the franchise, the Developer can require the other Owners to sell his/her interest in accordance with the terms of the bona-fide offer.

(6) None of the Owners has made, provided, received or taken any security interest in this Agreement or any pledge of any equity or interest in the Approved Entity and no such security interest or pledge shall be made, provided, received or taken during the continuation of this Agreement.

(7) Neither the Developer nor the Approved Entity are or will be owned or controlled under any arrangement whereby the ownership, control or voting rights are owned or controlled by two persons or entities, or one person and one entity, on a 50/50 basis.

These Covenants of Owners are intended to modify and supersede any provisions of the establishing or governing documents for the Approved Entity or other agreement between the Owners which are inconsistent with its terms. In the event of any inconsistency between these Covenants of Owners and any other agreement or governing or establishing document, these Covenants of Owners shall control. The undersigned acknowledge that the execution of these Covenants of Owners are conditions to approval by the Vital Stretch of assignment or entry of this Agreement with the Vital Stretch, and the Vital Stretch shall be entitled to refuse to acknowledge or recognize any provisions of the governing or establishing documents of the Approved Entity which are inconsistent with the terms of these Covenants of Owners or this Agreement. Each of the Owner(s) agrees that in the event that any of the governing or establishing documents for the Approved Entity are inconsistent with the provisions of these Covenants of Owners, the Operating Principal is granted the authority and power to modify or amend such provision and each Owner agrees to cast any necessary vote in favor of the amendment of such document or to execute such agreement as will reconcile these Covenants of Owners and the applicable document or agreement. The undersigned further agree that the governing and establishing documents of the Approved Entity shall not be amended, modified, deleted, novated or otherwise changed in any manner without the prior written consent of the Vital Stretch.

The governing law, dispute resolution, and all other provisions set forth in Section 12 of the Initial Franchise Agreement shall apply to any and all disputes arising out of or in connection with this Covenant of Owners as if set forth fully herein.

This Covenant of Owners will be binding upon the Owners and their respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its successors and assigns.

*[Remainder of this page intentionally blank. Signature Page follows.]*

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OPERATING PRINCIPAL

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% OF OWNERSHIP

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OWNER

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% OF OWNERSHIP

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OWNER

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% OF OWNERSHIP

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OWNER

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% OF OWNERSHIP

**EXHIBIT G**

**FORM OF GENERAL RELEASE**

## GENERAL RELEASE OF CLAIMS

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]*

This General Release of Claims (“Release”) is made as of the date signed below, by the individual or entity listed below as franchisee (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of The Vital Stretch Franchising, LLC (“Franchisor,” and together with Releasor, the “Parties”).

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate a Vital Stretch business;

**WHEREAS**, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] OR [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such; and

**WHEREAS**, as a condition to Franchisor’s consent, Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

**1. Representations and Warranties.** Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

**2. Release.** Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

**3. Non-disparagement.** Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation. Releasor is not limited from seeking any remedy provided under the law or providing information to state regulators regarding the franchisor and any potential wrongdoing.

**4. Confidentiality.** Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

**5. Miscellaneous.**

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the state where the Franchised Business is located.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

*[Signature Page follows]*

**Signature Page to General Release Form**

IN WITNESS WHEREOF, Releasor has executed this Release as of the date signed below.

**FRANCHISEE:**

[FRANCHISEE]

**By:**

**Name:**

**Title:**

**Date:**

**FRANCHISEE'S OWNERS:**

*(add more lines signature lines as necessary)*

**Signature:**

**Name:**

**Date:**

**Signature:**

**Name:**

**Date:**

**EXHIBIT H**

**FORM OF NONDISCLOSURE AND NONCOMPETE AGREEMENT**

**[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE.]**



**CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT**

*[Sample ONLY]*

This Agreement (the "Agreement") is entered into by the undersigned ("you") in favor of:

[On the Line Below, Insert Name of Franchisee that Owns and Operates the Vital Stretch Franchised Business]

\_\_\_\_\_ (hereinafter referred to as "us", "our" or "we")

**Recitals and Representations**

**WHEREAS**, we are the owners of a licensed Vital Stretch Business (hereinafter referred to as the "Vital Stretch Business") that we independently own and operate as a franchisee;

**WHEREAS**, you are or are about to be an employee, independent contractor, officer and/or director of a Vital Stretch Business that is independently owned and operated by us;

**WHEREAS**, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

**WHEREAS**, our franchisor, The Vital Stretch Franchising, LLC is not a party to this agreement and does not own or manage the Vital Stretch Business but is an intended third-party beneficiary of this Agreement; and

**WHEREAS**, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the Vital Stretch Business.

**NOW THEREFORE**, you acknowledge and agree as follows:

**1. Recitals and Representations.** You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

**2. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

*"Business Management System"* refers to and means the software and/or internet or cloud-based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the Vital Stretch Business.

*"Business Management System Data"* refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the Vital Stretch Business.

“Confidential Information” refers to and means: (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the Vital Stretch Business; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the Vital Stretch Business; (c) customer lists and information related to the Vital Stretch Business; (d) Business Management System Data; I current and future information contained in the The Vital Stretch Franchising, LLC Operations Manual made available to the Vital Stretch Business by The Vital Stretch Franchising, LLC; and (f) production and service procedures that are not disclosed to the public but used by the Vital Stretch Business.

“Digital Media” refers to and means any interactive or static electronic document, application or media including, but not limited to, TheVitalStretch.com, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snapchat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the Vital Stretch Business or other Vital Stretch Businesses.

“Licensed Marks” refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a Vital Stretch Business, including, but not limited to, the “The Vital Stretch” and “Move Freely. Live Fully” word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a Vital Stretch Business.

“Operations Manual” refers to and means the confidential operations manual made available to the Vital Stretch Business by our franchisor or as otherwise designated by us. The Operations Manual may consist of one of more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet-based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced, or supplemented.

“Trade Dress” refers to and means The Vital Stretch designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the Vital Stretch Business.

**3. Your Access to Confidential Information.** In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the Vital Stretch Business that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

**4. Protection of the Confidential Information.** You agree that: (i) you will not use the Confidential Information in any business or capacity other than the Vital Stretch Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

**5. Reasonableness of Covenants and Restrictions.** You agree that: (i) the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.**

**6. Breach.** You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us and to our franchisor, The Vital Stretch Franchising, LLC, and other Vital Stretch franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our franchisor, The Vital Stretch Franchising, LLC, to injunctive relief. You agree that we and/or our franchisor, The Vital Stretch Franchising, LLC, may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you agree that the amount of the bond shall not exceed one thousand dollars (\$1,000.00). None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages.

**7. Miscellaneous.**

(a) If we hire an attorney or files suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

**YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.**

**YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, THE VITAL STRETCH FRANCHISING, LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD-PARTY BENEFICIARY OF THIS AGREEMENT.**

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement as of the date or dates set forth below.

**RESTRICTED PARTY**

Signature:

Name:

Date:

## EXHIBIT I

### STATE SPECIFIC ADDENDA

The following modifications are made to this Disclosure Document given to you and may supersede, to the extent then-required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated as of the Effective Date set forth in your Franchise Agreement. When the term “Franchisor’s Choice of Law State” is used, it means the laws of the state of Connecticut, subject to any modifications as set forth in the addenda below. When the term “Supplemental Agreements” is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. These State Specific Addenda (“Addenda”) modify the agreements to comply with the state’s laws. The terms of these Addenda will only apply if you meet the requirements of the applicable state, independent of your signing the appropriate Addenda. The terms of the Addenda will override any inconsistent provision in the FDD, Franchise Agreement, or any Supplemental Documents. These Addenda are only applicable to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign the signature page to the Addenda along with the Franchise Agreement and any Supplemental Agreements.

## CALIFORNIA

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [dfpi.ca.gov](http://dfpi.ca.gov).

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

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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

### ITEM 3 – LITIGATION

Neither the Franchisor, nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange

### ITEM 17 – RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. The Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
2. The Franchise Agreement provides for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq).
3. The Franchise Agreement and the Development Agreement contain provisions requiring application of the laws of Connecticut. This provision may not be enforceable under California law.
4. The Franchise Agreement and the Development Agreement require venue to be limited to Connecticut. This provision may not be enforceable under California law.
5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination or non-renewal of the franchise. This provision may not be enforceable under California law.
6. THE FRANCHISE AGREEMENT MAY REQUIRE THE FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON EXECUTION OF THE FRANCHISE AGREEMENT. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE

SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement or the Development Agreement.

8. 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.

9. The Franchise Agreement and any Area Development Agreement require binding arbitration. The arbitration will occur in Connecticut. If we are the substantially prevailing party, we will be entitled to recover reasonable attorneys' fees and litigations costs and expenses in connection with the arbitration. 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.

## HAWAII

The following paragraphs are added in the state cover pages:

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

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

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

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Franchise Disclosure Document for The Vital Stretch Franchising, LLC in connection with the offer and sale of franchises for use in the State of Hawaii shall be amended to include the following:

This proposed registration is effective/exempt from registration or will shortly be on file in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

**Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., are met independently without reference to this Addendum to the disclosure document.**

## ILLINOIS

Illinois law governs the Disclosure Document and Franchise Agreement(s).

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

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

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

You are required to complete Training 30 days before your franchise business opens. There is no formal training schedule.

See the last page of this Exhibit I for your required signature.

## INDIANA

Notwithstanding anything to the contrary set forth in the Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The Franchise Agreement and Area Development Agreement will be governed by Indiana law. Venue for litigation will not be limited to a venue outside of the State of Indiana, as specified in the Franchise Agreement and Area Development Agreement.
2. The prohibition by Indiana Code 23-2-2.7-1 (7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede any conflicting provisions of the Franchise Agreement and the Area Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. The post-termination non-competition covenants set forth in the Franchise Agreement and Area Development Agreement shall be limited in time to a maximum of three (3) years and in geographic scope to the designated territory granted by the Agreement.
5. Nothing in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana, and the laws of the State of Indiana supersede any conflicting choice of law provisions set forth herein if such provision is in conflict with Indiana law.
6. You will not be required to indemnify us and the other Indemnities for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.
7. If we receive any payments related to purchases from you that we do not pass on in full to the supplier, we will promptly account for the amount of the payment that we retained and we will transmit the retained amount to you.

## IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

### NOTICE OF CANCELLATION

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to The Vital Stretch Franchising, LLC; 112 Main Street, Norwalk, CT 06851 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

FRANCHISEE

Signed:

Name:

Date:

## MARYLAND

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document, Franchise Agreement or Area Development Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

### **FDD**

#### **Item 5 – INITIAL FEES**

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

#### **Item 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

1. No release language in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Maryland. Any general release required as a condition of renewal, sale and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the franchise.
3. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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

### **Franchise Agreement**

Section 13.1 of the franchise agreement is unenforceable under Maryland Franchise Registration and Disclosure Laws and is hereby removed.

The paragraph stating, "FRANCHISEE ACKNOWLEDGES TO FRANCHISOR THAT FRANCHISEE HAS READ THISFRANCHISE AGREEMENT AND UNDERSTANDS ITS TERMS AND FRANCHISEE WOULDNOT SIGN THIS FRANCHISE AGREEMENT IF FRANCHISEE DID NOT UNDERSTAND ANDAGREE TO BE BOUND BY ITS TERMS.", is unenforceable under Maryland Franchise Registration and Disclosure Laws and is hereby removed.

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

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

### **Area Development Agreement**

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

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

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE MICHIGAN FRANCHISE INVESTMENT LAW**

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in 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 provisions 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 franchised 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, marketing, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.<sup>1</sup>
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) the failure of the proposed franchisee 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; and

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<sup>1</sup>NOTE: Notwithstanding paragraph (f) above, we intend to fully enforce the provisions of the arbitration section of our agreements. We believe that paragraph (f) is preempted by the Federal Arbitration Act and that paragraph (f) is therefore unconstitutional.

- (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.

\*\*\*\*\*

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

\*\*\*\*\*

The name and address of the franchisor's agent in this state authorized to receive service of process is: Michigan Department of Commerce, Corporation and Securities Bureau, 6546 Mercantile Way, P.O. Box 30222, Lansing, MI 48910.

Any questions regarding this notice should be directed to:

Department of the Attorney General's Office  
Corporate Oversight Division  
Attn: Franchise  
670 G. Mennen Williams Building  
Lansing, MI 48913

## MINNESOTA

Notwithstanding anything to the contrary set forth in the Disclosure Document, the Franchise Agreement, or the Area Development Agreement, the following provisions will supersede and apply:

1. We will protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the same.
2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.
4. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Area Development Agreement.
5. Under the terms of the Franchise Agreement and Area Development Agreement, as modified by the Minnesota Addendum to the Franchise Agreement, you agree that if you engage in any non-compliance with the terms of the Franchise Agreement or unauthorized or improper use of the System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchisee.

## NEW YORK

### NOTICE TO PROSPECTIVE FRANCHISEES IN 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 B 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 THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

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

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

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

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship

## NORTH DAKOTA

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

Item 5 “Initial Fees,” is supplemented by the addition of the following:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

Item 6 “Other Fees,” is supplemented by the addition of the following:

No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

Item 17 “Renewal, Termination, Transfer and Dispute Resolution,” is supplemented by the addition of the following:

Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee’s business has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee’s place of business.

Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust, or

inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

**OHIO**

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

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

**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to The Vital Stretch Franchising, LLC; 112 Main Street, Norwalk, CT 06851 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

FRANCHISEE

Signed:

Name:

Date:

## **RHODE ISLAND**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island.

### **ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

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

Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

## VIRGINIA

**In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document Franchise Agreement, and Area Development Agreement for The Vital Stretch Franchising, LLC, for use in the Commonwealth of Virginia shall be disclosed as follows:**

Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Item 17:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement 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.

### **Franchise Agreement:**

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

### **Area Development Agreement:**

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement."

## WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**Use of Franchise Brokers.** The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The undersigned does hereby acknowledge receipt of this addendum. Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

\_\_\_\_\_  
FRANCHISOR

\_\_\_\_\_  
FRANCHISE

## **WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

**SIGNATURE PAGE FOR APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, and any Supplemental Agreements entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, or Supplemental Agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- California
- Hawaii
- Illinois
- Iowa
- Indiana
- Maryland

- Michigan
- Minnesota
- New York
- North Dakota
- Ohio

- Rhode Island
- South Dakota
- Virginia
- Washington
- Wisconsin

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

**FRANCHISOR:**

The Vital Stretch Franchising, LLC

Name:

Title:

**FRANCHISEE:**

FRANCHISEE

Name:

Title:

## **EXHIBIT J**

### **LEASE RIDER**

THIS LEASE RIDER is entered into between the undersigned parties.

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

WHEREAS, the Franchise Agreement provides that Franchisee will operate a Vital Stretch ("Business") at a location that Franchisee selects and Company accepts; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the "Lease"), pursuant to which Franchisee will occupy premises located at the address listed on the signature page below (the "Premises") for the purpose of constructing and operating the Business in accordance with the Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Company's authorizing Franchisee to enter into the Lease, the parties must execute this Lease Rider;

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

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

The Vital Stretch Franchising, LLC  
c/o: 112 Main Street, Norwalk, CT 06851  
(203)-692-5727  
franchising@thevitalstretch.com

4. Company will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the Vital Stretch system and marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of the Vital Stretch trade dress upon the Franchise Agreement's expiration or termination. Neither Company nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company takes in accordance with this provision. Company will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other property from the Premises.

5. Franchisee will be permitted to assign the Lease to Company or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any assignment fee or similar charge, or to increase or accelerate rent under the Lease, in connection with such an assignment.

6. If Franchisee assigns the Lease to Company or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment, but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

7. Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting.

8. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent.

9. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

10. Landlord acknowledges that Company is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company.

IN WITNESS WHEREOF, the parties have executed this Lease Rider on the date signed below:

**COMPANY:**

THE VITAL STRETCH FRANCHISING, LLC

**By:**

**Name:**

**Title:**

**FRANCHISEE:**

[FRANCHISEE]

**By:**

**Name:**

**Title:**

**LANDLORD:**

[LANDLORD]

**By:**

**Name:**

**Title:**

**Effective Date of this Lease Rider:**

**Premises Address:**

The Vital Stretch  
2025 FDD Exhibit J

**EXHIBIT K**

**ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM**

**Bank Name:**

**ABA Number:**

**Account Number:**

**Account Name:**

Effective as of the date of the signature below, [FRANCHISEE NAME] (the “Franchisee”) hereby authorizes The Vital Franchising, LLC (the “Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the franchise agreement dated [EFFECTIVE DATE OF FA] (the “Franchise Agreement”) for the business operating at the location identified on Attachment A of the Franchise Agreement (the “Franchised Business”): (i) all Royalty Fees; (ii) Brand Fund Contributions; (iii) any amounts due and owing the Franchisor or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its affiliates; and (iv) all other fees and amounts due and owing to Franchisor or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Franchisor. **PLEASE ATTACH A VOIDED BLANK CHECK, FOR PURPOSES OF SETTING UP BANK AND TRANSIT NUMBERS.**

AGREED ON [DATE]:

**FRANCHISEE:**

[FRANCHISEE]

**By:**

**Name:**

**Title:**

**FRANCHISOR:**

THE VITAL STRETCH FRANCHISING, LLC

**By:**

**Name:**

**Title:**

## **EXHIBIT L**

### **STATE EFFECTIVE DATES**

The following States require that the Franchise Disclosure Document be registered or filed with the State, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed or registered as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Not Registered
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Not Registered
Rhode Island	Pending
South Dakota	Not Registered
Virginia	Pending
Washington	Not Registered
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If The Vital Stretch Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If The Vital Stretch Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and any applicable state agency.

This franchise is being offered by the following seller(s) at the principal business address and phone number listed below (check all that have been involved in the sales process):

- Melissa/Robert Goldring: 112 Main St., Norwalk, CT 06851, (203) 692-5727

Franchise Brokers, Consultants, or Franchise Development Company Representatives (if any):

Name:

Address:

Phone:

Issuance Date: April 30, 2025, as amended on May 20,2025

I received a Disclosure Document that included the following Exhibits:

- A. Financial Statements
- B. List of State Administrators and Agents for Service of Process
- C. List of Current and Former Franchisees
- D. Operations Manual Table of Contents
- E. Franchise Agreement with Attachments
- F. Area Development Agreement with Attachments
- G. Form of General Release
- H. Form of Confidentiality and Noncompete Agreement
- I. State Specific Addenda
- J. Lease Rider State
- K. Electronic Funds Transfer Form
- L. State Effective Dates  
Receipts

Signature:

Print Name:

Date Received:

**PLEASE SIGN AND KEEP THIS COPY FOR YOUR RECORDS.**

## RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If The Vital Stretch Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If The Vital Stretch Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and any applicable state agency.

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- H. Form of Confidentiality and Noncompete Agreement
- I. State Specific Addenda
- J. Lease Rider
- K. Electronic Funds Transfer Form
- L. State Effective Dates  
Receipts

Signature:

Print Name:

Date Received:

**RETURN THIS COPY TO US:**

The Vital Stretch Franchising, LLC  
c/o: Melissa/Robert Goldring  
112 Main Street, Norwalk, CT 06851  
(203)-692-5727  
franchising@thevitalstretch.com