

# FRANCHISE DISCLOSURE DOCUMENT



**JETSET Franchising, LLC**  
A Delaware limited liability company  
3921 Alton Road #465  
Miami Beach, Florida  
33140, United States  
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JETSET Franchising, LLC offers franchises for a studio that features a customized physical fitness Pilates training program consisting of a unique reformer and class experience.

The total investment necessary to begin operations of a JETSET franchise ranges from \$413,100 to \$806,900. This includes \$60,000 initial franchise fee that must be paid to the franchisor or its affiliates.

~~We are not obligated to offer you the opportunity to enter into a Development Agreement, but if we agree, in our sole discretion, to enter into a Development Agreement with you for new JETSET Pilates Businesses, you must pay a development fee in lieu of the initial franchise fees for each unit to the development agreement with such development fee as set forth in Item 5. The minimum number of units required to be operated under a development agreement is three (3), and the initial~~The total investment necessary to begin the operation of a 3-unit JETSET franchise development ~~ranges from~~ is \$488,100 to \$881,900. This amount includes \$135,000 ~~Development Fee~~ 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 government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 3921 Alton Road #465, Miami Beach, Florida 33140; phone (786) 685-6719.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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.

Issuance Date: March 13, 2025, as amended May 1, 2025



## How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<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 "E".
<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 "F" 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 franchised outlets.
<b>Will my business be the only JETSET studio 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 JETSET franchisee?</b>	Item 20 or EXHIBIT "E" 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 "A".

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Florida than in your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
3. **Short operating history. The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.**
4. ~~3.~~ **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments and advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
5. ~~4.~~ **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that 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 franchised business.
6. ~~5.~~ **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
7. **Unopened Franchises. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.**

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

**ADDENDUM TO THE  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MICHIGAN**

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**The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in the 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 provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or

subfranchisor.

- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement 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. The 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 \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of the initial investment and other funds paid by the franchisee until the obligations, if any, 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 escrow agent may be a financial institution authorized to do business in Michigan. The escrow agent may release to the franchisor those amounts of the escrowed funds applicable to a specific franchisee upon presentation of an affidavit executed by the franchisee and an affidavit executed by the franchisor stating that the franchisor has fulfilled its obligation to provide real estate, improvements, equipment, inventory, training or other items. Partial releases of escrowed funds upon receipt of affidavits of partial fulfillment of franchisor's obligations are permitted.

Questions regarding this notice should be directed to the Michigan Attorney General's Office, Consumer Protection Division, Attn: Franchise Section, 525 W. Ottawa Street, Williams Building, Lansing, Michigan 48909, (517) 373-7117.

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## **ITEM 1**

### **FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this Disclosure Document, “we,” “us” and “the Company” mean JETSET Franchising, LLC - the franchisor. “You” means the person who buys a JETSET franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

#### **Corporate Information**

JETSET Franchising, LLC is a Delaware limited liability company that was organized on March 15, 2022. Our principal business address is 3921 Alton Road #465, Miami Beach, Florida 33140; phone (305) 815-1250. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than “JETSET Franchising, LLC” and our trade name “JETSET.”

#### **Business History**

JETSET Pilates opened the first studio in October 2010 in Miami, Florida as a modern approach to the traditional Pilates method for today’s generation. Amongst the busy lives of jet setters, we seek to inspire a balance between both mental & physical health.

The first JETSET studio opened originally under the name “JETSET Pilates” and was later renamed to “JETSET Miami”. The founder has since developed three more JETSET Miami Studios in Miami, Florida, two of them with an investor partner, as further described below.

We began offering franchises on April 30, 2022.

We are not engaged in any other line of business other than offering JETSET franchises and administering the franchise system. We have never offered franchises in any other line of business. We have not operated a business similar to the JETSET business being offered under this franchise.

#### **Parents, Affiliates and Predecessors**

We have no parents. We have no predecessors. We have six affiliates, five of which are owned and/or operate businesses that offer similar services and products to a JETSET Pilates Business which are our affiliates described below.

Our affiliate, JETSET Pilates, LLC (“JSP”), owned by Tamara Galinsky, was formed on April 22, 2010 as a Florida limited liability company. JSP shares the same physical address as us and owns one JETSET Pilates Business substantially similar to the franchise being offered by us which began operations in October 2010. We and JSP are independent entities and JSP does not assume any of our legal or other obligations, nor us of theirs.

Our affiliate, JETSET Edgewater, LLC (“JSEW”), owned by Jetset Holdings LT, LLC, was formed on January 27, 2021 as a Delaware limited liability company. JSEW’s physical address is 2063 Biscayne Blvd., 2nd Floor, Miami, Florida 33137 and operates one JETSET Pilates Business (JETSET Edgewater) substantially similar to the franchise being offered by us which began operations in April 2021. We and JSEW are independent entities and JSEW does not assume any of our legal or other obligations, nor us of theirs.

Our affiliate, JETSET Brickell, LLC (“JSBR”), owned by Tamara Galinsky, was formed on February 4, 2020 as a Florida limited liability company. JSBR’s physical address is 40 SW 13 St., #504 Floor 5, Miami, Florida 33140 and owns one JETSET Pilates Business (JETSET Brickell) substantially similar to the franchise being offered by us which began operations in April 2018. We and JSBR are independent entities and JSBR does not assume any of our legal or other obligations, nor us of theirs.

Our affiliate, Sunset Fitness, LLC (“SSF”), owned by Jetset Holdings LT, LLC, was formed on March 18, 2020 as a Delaware limited liability company. JSF’s physical address is 1860 West Ave, Ste. 202, Miami Beach, Florida 33139 and operates one JETSET Pilates Business (JETSET Fitness) substantially similar to the franchise being

offered by us which began operations in October 2020. We and SSF are independent entities and SSF does not assume any of our legal or other obligations, nor us of theirs.

Our affiliate, JETSET Holdings 2, LLC (“JSH2”), owned by Tamara Galinsky, was formed on February 3, 2020 as a Florida limited liability company. JSH2’s physical address is 1860 W. Avenue, 2<sup>nd</sup> Floor, Miami, Florida 33139 and operates two units, the JETSET Pilates and JETSET Brickell locations, on behalf of its owners. We and JSH2 are independent entities and JSH2 does not assume any of our legal or other obligations, nor us of theirs.

Our affiliate, JETSET IP Holdings, LLC (“JSIP Holdings”) was formed on February 3, 2020, as a Florida limited liability company. JSIP Holdings’ physical address is 1201 Hays Street, Tallahassee, Florida 32301. JSIP Holdings owns the marks (described below) and other intellectual property licensed to us and further sublicensed to our franchisees. We and JSIP Holdings are independent entities, and JSIP Holdings does not assume any of our legal or other obligations, nor us of theirs. None of our affiliates offer franchises in any line of business, and except as provided in this Disclosure Document, do not provide products or services to our franchisees.

We do not have any affiliates that offer, or have ever offered, franchises in this or any other line of business. We do not have any affiliates that provide products or services to our franchisees.

### **Description of Franchised Business**

If you meet our qualifications and we award you a franchise, you will operate a studio under the name “JETSET Pilates” The franchised business you will operate is referred to in this Disclosure Document as your “Business” or your “Studio”.

JETSET studios offer a customized Pilates training program that consists of a unique reformer and modern approach to Pilates. Each workout consists out of unique exercises. The specific exercises (and sequence of exercises) vary from class to class. JETSET studios offer a total-body workout while improving strength, stability and overall physical health in a classy and motivational setting.

All classes are taught by JETSET Pilates certified instructors who must hold a current Adult CPR and First Aid certification. Additionally, at a minimum, a “group fitness instructor” certification or “certified personal trainer” (CPT) from a nationally accredited fitness council is preferred. All the reformer stations are the same and due to the limited size of each class, customers receive personal training despite being in a group setting. JETSET studios also offer customers one-on-one or dual training sessions in private rooms. In addition to group classes and private training, JETSET studios also sell ancillary products (such as supplements, branded merchandise and non-slip socks) and provide guidance and recommendations on leading a healthy lifestyle.

JETSET studios operate under a package and membership model where customers pay a monthly membership fee and purchase once-off packages. As a client, the customer can attend any available class (subject to available class space). Members can view an online schedule of classes, along with the number of remaining openings for each class and reserve the specific classes they wish to attend. Instead of participating in the membership program, customers can purchase either individual classes or “packages” that include a certain number of classes.

If we award you a franchise, we will grant you a license to use certain logos, service marks and trademarks, including the service marks “JETSET Miami” and “JETSET Pilates” (collectively, the “Marks”) in the operation of your Studio. The “Marks” also include our distinctive trade dress used to identify a JETSET studio, including colors, distinct wallpaper, etc. You must sign a franchise agreement (the “Franchise Agreement”) and operate your Studio in accordance with the terms of the Franchise Agreement. The form of Franchise Agreement is attached to this Disclosure Document as EXHIBIT "C".

We may, in our sole discretion, offer to developers the opportunity to enter into Development Agreements with us for development of new JETSET studios. The Development Agreement provides for the grant of rights to open and operate new JETSET studios in a particular territory through separate Franchise Agreements to open and operate a specific number of JETSET studios within the territory, subject to a development schedule. Upon establishing each additional outlet under the development schedule, a developer may be required to sign the then-current Franchise Agreement, which may differ from the current Franchise Agreement included with this

Franchise Disclosure Document ([including the first Franchise Agreement](#)).

We have developed a distinct system (the “System”) for the operation of a JETSET studio. Distinctive characteristics of the System include our modern Pilates-inspired workout, logo, trade dress, unique reformer and related exercises, confidential brand standards manual and operating system. The operational aspects of a JETSET studio are contained within our confidential training manuals and Brand Standards Manual (the “Manual”). You will operate your JETSET studio as an independent business using the Marks, the System and the support, guidance and other methods and materials that we provide or develop.

### **Market and Competition**

The target market for JETSET customers includes men and women between the ages of 20 and 55. However, customers of all ages (16 and up) may attend classes.

The fitness industry is well developed and highly competitive. JETSET studios primarily compete with other health and fitness clubs, including traditional yoga, Pilates, gyms, and alternative fitness programs. Some health clubs operate through a franchise model while others consist of national/regional chains or independent local businesses. JETSET studios also compete with at-home fitness programs.

### **Laws and Regulations**

You must comply with all federal and state laws and regulations that apply to businesses generally, including the Americans with Disabilities Act, wage and hour laws and business licensing requirements. In certain states, “health clubs” are subject to special laws and regulations and some of these laws may apply to your Studio. Among other things, these laws and regulations may impose requirements relating to the consumer contracts that your members will sign. These laws may also require that you obtain a bond. The federal Truth in Lending Act may require you to provide certain disclosures in your consumer contracts to the extent that you offer financing. Some states require that 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 fitness facilities have an automated external defibrillator and/or other first aid equipment on the premises. There may be other local, state and/or federal laws or regulations pertaining to your Studio with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Tamara Galinsky – Brand President**

Our Founder, Tamara Galinsky, has served as our Brand President since our inception on March 15, 2022. From October 2010 to present, she has served as President of JETSET Pilates, LLC, operating the first JETSET Pilates location in Miami, Florida.

### **Bertus Albertse – Chief Executive Officer**

Bertus Albertse has served in the role of our Chief Executive Officer since our inception on March 15, 2022. From October 2021 to August 2023, he served as Brand President for Jabz Franchising LLC in Clinton Township, Michigan. From August 2019 to the present, Mr. Albertse has served as President and Chairman of Body20 International Limited in the Republic of Mauritius. From August 2019 to the present, Mr. Albertse has served as Chairman and President of Body20 Global (PTY) Ltd in Cape Town, South Africa. From January 2018 to the present, Mr. Albertse has served as Chief Executive Officer for Body20 IP Holdings LLC in Boca Raton, Florida. From June 2020 to December 2022, Mr. Albertse served as Director of Lekker Vegan Global (PTY) LTD. in Cape Town, South Africa.

### **Charly Williams – Chief Operating Officer**

Charly Williams has served as our Chief Operations Officer since our inception on March 15, 2022. Charly Williams was not employed from December 2021 to March 2022. From October 2020 to January 2021, and August 2021 to November 2021, Ms. Williams served in various roles for Jabz Boxing (Jabz Franchising LLC), including Project Manager and Vice President of Strategy & Growth. From January 2021 to June 2021, Ms. Williams also served in various capacities with Solidcore in Washington D.C., including Director of Operations.

### **Natalie Straub – Chief Strategy Officer**

Natalie Straub has served as our Chief Strategy Officer since our inception on March 15, 2022. Ms. Straub served as Chief Strategy Officer for us and for Jabz Franchising LLC from August 2020 to June 2022. From March 2020 to August 2020, Ms. Straub was not employed. From June 2015 to March 2020, Ms. Straub served in various capacities with Solidcore in Washington D.C., including Head of Product Development, Senior Training Manager, Training Manager and Master Instructor.

### **Uri Kenig – Head of Franchise Operations**

Uri Kenig has served as our Head of Franchise Operations since February 2025. From 2018 to February 2025, Mr. Kenig provided independent consulting services through Record Consulting in New York, New York. From May 2022 to September 2023, Mr. Kenig served as Chief Operating Officer for HelloHive in New York, New York. From December 2020 to May 2022, Mr. Kenig held the position of Chief Operating Officer at Unrivaled Brands on the West Coast of the United States.

### **Artemis Benedetti – Director of Franchise Development**

~~Artemis Benedetti has served in the role of our Director of Franchise Development since February 2025. From November 2024 to January 2025, she was our Franchise Development Manager. From July 2023 to July 2024, Mrs. Benedetti served as the Director of Franchise Operations at GLO30 Franchising in Bethesda, Maryland. Between October 2021 to July 2023, she served as the Chief Operating Officer at JABZ Franchising LLC. Ms. Benedetti was a Community Manager for V&B Ventures, LLC in Washington D.C from September 2021 to October 2021. From May 2020 to September 2021, Ms. Benedetti was self-employed as an Independent Contractor in Washington D.C.~~

### **Sarah Buie – ~~Head of Franchise Development~~ Senior Director of Business Management**

Sarah Buie has served as our Senior Director of Business Management since April 2025. From September 2022 to April 2025, she served as our Head of Franchise Development ~~since September 19, 2022~~. From September 2020 to September 2022, Ms. Buie served as the Head of Sales and Growth for Optima Realty in Arlington, Virginia. From January 2015 to September 2020, Ms. Buie served as Director of Talent Acquisition for Solidcore, Inc., in Washington, D.C.

### **Alex Lyons – Vice President of Talent and Product**

Alex Lyons has served as our Vice President of Talent and Product since January 2025. From March 2023 to August 2024, Ms. Lyons was Head of Fitness and Talent Development for the boutique fitness brand RE/GEN Method in New York. From early 2020 to March 2023, she owned and operated THE WORKUP in New York City, New York.

### **Taylor Talcott – Vice President of Franchise Services**

Taylor Talcott has served as our Head of Franchise Services since July 2023. Ms. Talcott also serves as an Independent Consultant for Cancer and Blood Care Specialists in Santa Anna, CA since October 2022. Ms. Talcott also serves as the Director of Operations for JETSET Pilates Miami since July 2022. From May 2022 to July 2022, Ms. Talcott was unemployed. From February 2021 to May 2022, Ms. Talcott served as the Engagement Manager, and from March 2019 to February 2021, served as an Operations Associate, both for Flatiron Health in

New York, New York.

**ITEM 3  
LITIGATION**

There is no litigation that must be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

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

~~**ITEM 5  
INITIAL  
FEES**~~

**ITEM 5**  
**INITIAL FEES**

**Initial Franchise Fee – Single Unit**

You will pay a \$60,000 initial franchise fee for your franchise. The entire initial franchise fee is payable in full at the time you sign the Franchise Agreement and is nonrefundable. The initial franchise fee is uniformly imposed on franchisees.

**Initial Franchise Fee – Development Agreement**

If we determine in our discretion to enter into a Development Agreement with you for new JETSET Businesses, you must pay to us a nonrefundable development fee (in lieu of initial franchise fees) at the time of signing your Development Agreement as set forth below. The minimum number of units required to be operational under a development agreement is three. The initial development fee to be paid in consideration of the developer's agreement to open and operate a specific number of JETSET Businesses within the territory (the "Development Fee"), is as follows:

<b>Development Fee</b>	<b>Number of Franchised Units</b>
\$135,000.00	Three (3) Franchised Units
\$180,000.00	Four (4) Franchised Units
\$225,000.00	Five (5) Franchised Units
\$240,000.00	Six (6) Franchised Units
\$350,000.00	Ten (10) Franchised Units
+ \$35,000.00 per unit	More than Ten (10) Franchised Units

The multi-unit discount (off of the aggregate of initial franchise fees) set forth above does not apply to individual franchises purchased at separate times (for example, if you purchase 3 franchises over a 2-year period). The entire Development Fee is payable in full at the time you sign the first Franchise Agreement and is nonrefundable. The Development Fee is uniformly imposed on franchisees.

**Startup Package**

Before you open, you must purchase some of the items you will need to develop your Studio from us or our affiliate, including your initial supply of JETSET inventory items, which includes non-slip socks, apparel and merchandise. The estimated cost of this purchase ranges from \$6,000 to \$9,000. The purchase price is uniformly imposed and nonrefundable.

~~**ITEM 6**~~  
~~**OTHER**~~  
~~**FEES**~~

**[Remainder of page left blank intentionally]**

**ITEM 6**  
**OTHER FEES**

<b>TYPE OF FEE <sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty Fee	Greater of 7.5% of monthly Gross Revenues <sup>2</sup> or \$1000	1 <sup>st</sup> day of each month for prior month's Gross Revenues	You must provide us with a monthly financial report, which includes profit and loss statements and cash flow statements, and balance sheets in the format we specify by the 15 <sup>th</sup> day of each month. We may electronically access your operational data through our designated business management software to obtain Gross Revenues data. We can change frequency of payments with 30-day notice.
Brand & System Development Fund Fee	Greater of 1.5% of monthly Gross Revenues <sup>2</sup> or \$150	1 <sup>st</sup> day of each month	See Note 3. We can change frequency of payments with 30-day notice.
Cooperative Advertising Fee	Varies	1 <sup>st</sup> day of each month	See Note 4.
Technology Fee	Currently \$300 per month, <b><u>subject to increase based on increases in underlying costs</u></b>	1 <sup>st</sup> day of each month	See Note 5.
Instructor Training Program Fee	\$975 fee for an instructor (other than the first six) to attend JETSET Training Academy; \$1,950 for Lead Instructor certification; \$350 for each instructor certified by your Lead Instructor	10 days after invoice	See Note 6.
Conference Registration Fee	Up to \$2500 per conference (covers 2 people)	10 days after invoice	You are required to attend at least 1 conference during every 18-month period. Conference can take up to 3 days and up to 5 days for continuing training
Marketing Materials and Inventory	Varies depending on item purchased	At time order placed.	See Note 7.
Fines	Up to \$500 per incident	Upon demand	Payable if you fail to comply with a mandatory standard or operating procedure and you do not cure the non-compliance within the time period we require. We will deposit all fines into the Brand and System Development Fund. Any default that continues following imposition of the initial fine will be subject to an additional \$500 fine for every 24-hour period that the default remains uncured.
Renewal Fee	\$25,000	At time you sign Renewal Agreement	None.

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
Transfer Fee	\$25,000	Before transfer	Payable when you transfer or sell your franchise. No charge if franchise transferred to an entity that you control or for certain transfers of ownership interests between existing owners (although you may be required to pay training fees if additional training is required). (Transfer Fee is subject to applicable state law.)
Late Fee	\$100 plus interest at lesser of 18% of amount past due or highest rate allowed by applicable law	10 days after invoice	If we debit your account but there are insufficient funds, we may also charge you an NSF fee of \$250 per instance.
Management Fee	Currently, up to \$500 per day	10 days after invoice	If you default under the Franchise Agreement or the Owner/Operator dies, we can designate a temporary manager to manage your Business until you cure the default or find a replacement Owner/Operator, as applicable.
Business Consulting & Assistance Fee	\$750 per day plus expenses per occurrence	Upon demand	See Note 8.
Indemnification	Will vary with circumstances	10 days after invoice	You must reimburse us if we are sued for claims relating to the operation of your Business or for damages that we incur due to your breach of the Franchise Agreement.
Audit Fee	Actual cost of audit (including travel and lodging expenses for audit team)	10 days after invoice	Payable only if the audit (i) reveals that you have understated any amount that you owe us by at least 3% or (ii) is necessary because you fail to furnish required information or reports to us in a timely manner.
Attorneys' Fees and Costs	Will vary with circumstances	Upon demand	You must reimburse us for all attorneys' fees and other costs we incur relating to your breach of any term of the Franchise Agreement or any other agreement with us or our affiliates.
New or Alternative Supplier Approval and Product or Supplier Testing	\$750 per day for personnel engaged in evaluating a supplier.	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Insurance	Actual cost of premiums, plus our costs and expenses	10 days after invoice	If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us.

Notes:

1. All fees are imposed by and are payable to us except that we collect the Cooperative Advertising Fee and transfer these funds to the applicable advertising cooperative. All fees are non-refundable and uniformly imposed on franchisees. You will be required to sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "E"), permitting us to electronically debit your designated bank account for payment of all fees payable to us (other than the initial franchise fee) as well as any amounts that you owe to us or our affiliates for the purchase of goods or services. You must deposit all Gross Revenues into the designated bank account and ensure that there are sufficient funds available for withdrawal before each due date. At all times you must maintain a minimum balance of \$5,000 in your designated bank account. You

must pay us all taxes that are imposed upon us or that we are required to collect and pay by reason of the furnishing of products, intangible property (including trademarks) or services to you.

2. “Gross Revenues” means all gross sums that you bill or collect from all goods and services that you sell, plus all other sums that you collect from the operation of your Business, including the proceeds of any business interruption insurance. “Gross Revenues” does not include:
  - (i) sales or use taxes;
  - (ii) amounts authorized to be refunded to customers;
  - (iii) revenues that you raise for a charitable cause; or
  - (iv) revenues that you collect on behalf of, and pay to, unaffiliated third parties (for example, group entrance fees for participation in a local running event or farmers market).

From time to time, we may establish policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Gross Revenues. Similarly, if we implement a membership model that allows customers to redeem goods or services associated with the membership from multiple JETSET studios, we may establish policies governing the manner in which the monthly membership dues are allocated between the studio that sold the membership and the studios where the goods or services are redeemed.

3. We have established and maintain a brand and system development fund for brand building and maintaining and continuously developing the JETSET franchise system and any other programs that we deem necessary or appropriate (the “Brand and System Development Fund”). You will have no voting rights pertaining to the administration of the Fund, the creation and implementation of the system or the amount of the Brand and System Development Fee. We reserve the right to increase the brand and system development fund fee any time (but no more than once per calendar year) in the following manner: the amount of the fee will be multiplied by a fraction, the numerator of which is the CPI for the prior calendar year (the “Prior Year”) and the denominator of which is the CPI for the year immediately preceding the Prior Year. “CPI” means the Consumer Price Index published by the Bureau of Labor Statistics of the U.S. Department of Labor, for All Urban Wage Earners and Clerical Workers, U.S. Cities (1982-84 – 100), “All Items.”
4. We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We will collect the Cooperative Advertising Fees and remit these fees to the applicable advertising cooperative (unless we administer the advertising cooperative ourselves). The amount of the Cooperative Advertising Fee may be adjusted (or temporarily suspended) upon a majority vote of all JETSET studios within the advertising cooperative. Any JETSET studio that we operate will have the same voting power as third party franchisees. If we own the majority of JETSET studios within an advertising cooperative, we will not increase the Cooperative Advertising Fee without the consent of at least a majority of all other JETSET studios within the cooperative (i.e., studios that we do not own). All Cooperative Advertising Fees will be uniformly imposed on all franchisees within the advertising cooperative, including any JETSET studio that we own and operate. As of the date of this Disclosure Document, there are 0 regional advertising cooperatives that have been established.
5. You must acquire and utilize all information and communication technology systems that we specify from time to time (the “Technology Systems”). The “technology fee” includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and does not include amounts due to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third-party suppliers for any component of the Technology Systems.

As of the issuance date of this Disclosure Document, we charge a technology fee of \$300 per month. The

current technology fee covers:

- (i) Learning management and online training portal;
- (ii) Google Workspace, including up to 3 email accounts;
- (iii) Webpage hosting and support;
- (iv) Ongoing technology research and development;
- (v) Access to our vendor ordering and retail platforms (currently, Order.co);
- (vi) ClickUp project management software;
- (vii) Slack user license; and
- (viii) Location and demographic intelligence tool.

If you need more than 3 email addresses, we may add an additional \$10 per additional email address per month to the technology fee. [This fee is subject to increase based on increases in underlying costs to provide the services above.](#)

6. We will provide our pre-opening initial training program at no additional charge for the franchise owner, manager and the first 6 instructors. We will also provide periodic system-wide refresher or additional training programs at no additional charge at our corporate headquarters or training facility we designate. You must pay us a \$975 fee for each instructor (except for the first 6 instructors) to attend the JETSET Training Academy after your grand opening. All of your JETSET instructors must complete five (5) days of training at the JETSET Training Academy. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs that your owners and employees incur for initial or periodic training, including wages, travel, meals and lodging expenses. Each Instructor must become certified and the certification fee charged to you for a Lead Instructor is \$1,950, and \$350 for each other instructor certified by your Lead Instructor.
7. Currently, you must purchase certain inventory items exclusively from us or our affiliate. We reserve the right to become a supplier for other goods and services you must purchase in the future. We will sell you marketing materials at our cost plus shipping and handling and a reasonable markup. You may also purchase marketing materials from our online store or from our designated supplier.
8. If you request or we require you to obtain managerial or operational assistance, we may charge you these amounts to provide such assistance. We will only charge this fee in connection with training that (a) you request we provide, or (b) we are required to provide on-site at your Franchised Business. We will not charge this fee in connection with your training that we require you to attend at our corporate headquarters or other training facility we designate. We will not charge any training fee in connection with minor, day-to-day assistance that we provide remotely over the phone or via email, subject to our availability. In addition to this fee, you will always be responsible for the costs and expenses that are incurred in connection with you and your personnel attending.

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**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**SINGLE UNIT**

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT <sup>1</sup></b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee	\$60,000	Lump sum	At time you sign Franchise Agreement	Us
Food, Lodging & Travel (6 people while training at our headquarters)	\$3000 to \$10,000	As incurred	During training	Hotels, restaurants and airlines
Lease Deposit <sup>2</sup> (1 to 3 month's rent)	\$7,500 to \$36,000	Lump sum	Before opening	Landlord
Build Out & Improvements <sup>3</sup>	\$105,000 to \$358,000	As incurred	Before opening	Suppliers
Sound System	\$11,300 to \$18,300	As incurred	Before opening	Suppliers
Millwork and Lockers <sup>4</sup>	\$32,000 to \$40,400	Lump sum	Before opening	<del>Us and</del> Suppliers
Signage (Interior and Exterior)	\$21,000 to \$53,800	Lump sum	Before opening	Suppliers
Security and Computer Systems <sup>5</sup>	\$2,650 to \$3,150	Lump sum	Before opening	Suppliers
Equipment Package, Shipping and White Glove Install <sup>6</sup>	\$52,500 to \$70,100	Lump sum	Before opening	<del>Us and</del> Suppliers
JETSET Inventory Items (non-slip socks, apparel, beverages and merchandise) and Supplies	\$8,000 to \$12,000	Lump sum	Before <u>opening/immediately after</u> opening	Us
Security System	\$450 to \$650	Lump sum	Before opening	Suppliers
Grand Opening Advertising <sup>7</sup>	\$23,000	Lump sum	Before opening	Marketing Agencies and Vendors
Utility Deposits	\$100 to \$1,000	As incurred	Before opening	Utility companies
Business License	\$250 to \$800	Lump sum	Before opening	Government agency
Professional Fees	\$40,000 to \$56,500	Lump sum	Before opening	Lawyers, Accountants, Architect, Build Project Management, Site Selection, Site Visits, and Loan Finance Consulting
Banking Setup	\$150 to \$200	Lump sum	Before opening	Bank
Insurance (3-month premium)	\$1,200 to \$3,000	Lump sum	Before opening	Insurance companies
Additional Funds <sup>8</sup> (3-month period after opening)	\$45,000 to \$60,000	As incurred	As incurred	Suppliers, landlord, us and employees
<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				

TYPE OF EXPENDITURE	AMOUNT <sup>1</sup>	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
<b>Total Estimated Initial Investment</b> <sup>9</sup>	\$413,100 to \$806,900			

Notes:

- General. None of the fees payable to us are refundable. We are unaware of any fees payable to third party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default. The actual amounts you have to spend or invest may be higher or lower than the estimated amounts, depending on location, size of the Studio, existing conditions of the premises, marketing conditions and other factors. ~~We strongly recommend that you verify actual costs in your area, and for your intended location, and prepare your own business plan and have it reviewed by your own independent adviser, like an accountant, before making any commitments to us or anyone else.~~ This item 7 assumes and expects that you will (a) finance the Equipment Package from the supplier, (b) receive a significant tenant improvement allowance from the landlord, and (c) timely perform all pre-opening obligations and open and commence operations of your Studio within the time periods prescribed in your Franchise Agreement. All estimates listed in the table above exclude tax.
- Leasing of Premises. These figures presume that you will be leasing your premises and that you will receive substantial tenant improvement allowances from the landlord for leasehold improvements. The expense of leasing will vary depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. JETSET studios typically range in size from 1,500 to 2,300 square feet. In most cases, we expect a franchisee's rent will range from \$7,500 to \$12,000 per month. However, your actual rent may vary significantly above or below this range depending on your area and local market conditions. The total estimated initial investment shown in the chart above includes your lease security deposit which is estimated to be equal to 1 to 3 months' rent. In recent years, the majority of landlords have waived rent for an initial period of time after opening (usually in excess of 3 months). Some franchisees may prefer to own their facility. The costs of purchasing a facility vary so widely that we cannot reasonably estimate the cost.
- Buildout and Leasehold Improvements. The cost range includes flooring, lighting, and fixtures. The cost of leasehold improvements and build-out vary widely based upon a number of factors, including (i) the size, configuration and condition of the premises, (ii) pre-construction costs for demolition of existing walls and removal of existing improvements and fixtures; (iii) cost of materials and labor which may vary based on geography and location; and (iv) whether the landlord will contribute to the cost of the buildout and leasehold improvements. In recent years, total buildout costs have ranged from \$183,000 to \$398,000. However, in 11 out of 13 instances the landlords have contributed towards a significant portion of these costs, resulting in actual out-of-pocket expenses to the franchisees ranging from \$105,000 to \$358,000. If your landlord does not provide you with any tenant improvement allowance, your initial investment will be higher. For clarity, the estimates presented herein are net of tenant improvement amounts incurred and reimbursed by the landlord. The estimate presented herein is also assuming the landlord improvement contributions range between \$40,000 and \$78,000. The actual amount of tenant improvement allowance you will receive can vary depending on your negotiations with the landlord.
- Millwork and Cubbies. Your millwork and cubbies package will vary based on the studio size and layout and the cost of materials and labor. The cost includes production, crating, and shipping but not installation, typically included in the general contractor's scope.
- Security and Computer Systems. You must purchase the security and computer hardware and software that we specify. This estimate includes the cost for 1 iPad, 1 laptop or desktop computer, 1 printer and 2 card readers.
- Equipment Package. The related amount in connection with the Equipment Package assumes and expects that you will finance lease the required Pilates Reformers from an approved third-party provider. As such, the

range above is designated to capture and account for (a) the typical \$3750 down payment per reformer, and (b) finance lease (or comparable installment) payments you make to the third-party provider we approve to finance lease this equipment. The number of Pilates reformers ranges from 12 for the low range amount and 16 for the high range amount, with shipping and installation included. Shipping will vary depending on your location. It also includes minor related exercise equipment, such as dumbbell weights and Pilates rings. Financing for the equipment may be available directly from the supplier of the Reformers if you qualify based on their approval requirements. The low range assumes a 36-month lease-to-own for a 57.14% portion of the equipment package with 36 monthly payments, an APR of 7.5%, and payments that begin 30 days after installation and continue monthly until 36 payments have been made. Currently, the Equipment Package must be purchased from our designated vendor. If you determine not to finance lease this Equipment Package associated with our standard franchise offering described above, the estimated cost to purchase this equipment outright will be substantially more – approximately \$112,500 to \$148,100.

7. Grand Opening Advertising. You must pay the grand opening and marketing vendors a \$23,000 grand opening marketing fee, at least \$12,000 of which must be spent on digital advertising. They will use these funds to implement your grand opening marketing program, which typically runs for a period of 12 weeks immediately preceding your anticipated grand opening date. This fee includes (i) digital marketing management fees and ad spend; (ii) public relations service fee; (iii) the cost of the grand opening event planning and party essentials. If you conduct a grand opening marketing program that is longer than 12 weeks, we may require you to spend a minimum of \$4,000 per month for each additional month in which you conduct your grand opening marketing program. You also have the option, but not the obligation, to purchase outbound call and lead management services from a designated vendor to help sell memberships (we estimate the cost of this service will be \$6,000 for a 3-month period). The estimate assumes you choose to make this optional purchase. Following your grand opening, you must spend a monthly amount equal to or greater than the applicable Local Marketing Commitment on digital marketing activities. We require that you utilize a digital marketing company that we designate or approve. The Local Marketing Commitment is:

\$3,000 per month or 3% of gross sales, whichever is higher. If your grand opening date occurs on a day other than the 1<sup>st</sup> day of the month, we will pro-rate the \$3,000 for your first partial month.

8. Additional Funds. This estimates your expenses during the first 3 months of operation, including: rent (low estimate assumes the landlord waives rent the first 3 months and high estimate assumes 3 months of rent at \$12,000 per month); utilities; initial period wages, salaries and benefits of your staff (for a full-time manager, three part-time desk employees and six part-time instructors); technology fees; third-party software fees; local marketing expenditures; and other miscellaneous expenses. These figures are estimates based on the founder's experience in four JETSET studios in Miami, Florida, since October 2010, sizes ranging from 900 square feet to 2300 square feet, and our franchise studios that have been operational since October 2023. This estimate does not include any finance charges, interest or debt service obligations.
9. You may have additional expenses starting your Business. The total listed above does not include the compensation for your own time or labor or any return on your investment. Your costs will depend on a variety of factors, including: how closely you follow our methods and procedures; lease negotiations; your management skills, experience and knowledge; the local real estate market; the prevailing wage rate; competition; and the sales level achieved during the initial period. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Business.

## YOUR ESTIMATED INITIAL INVESTMENT – DEVELOPMENT AGREEMENT

YOUR ESTIMATED INITIAL INVESTMENT – FOR THREE UNITS					
Type of Expenditure (3 Units)	Low Amount	High Amount	Method of Payment	Due Date	Payment Made To
Initial Multi-Unit Agreement Fee (See Note 1)	\$135,000	\$135,000	Lump Sum	Upon Signing Multi- Unit Agreement	Us
Initial Investment – (for 1 <sup>st</sup> Unit) (See Note 2)	\$353,100	\$743,400	Varies	Varies	Varies
<b>TOTAL</b>	<b>\$488,100</b>	<b>\$881,900</b>			

Notes:

1. The amounts listed in this row represent the total amounts due as Franchise Fee, which is payable as the Development Fee for the number of units indicated in this row and is non-refundable.
2. Please refer to the Item 7 Table for the Estimated Initial Investment for a single unit franchise for the expenses associated with opening a JETSET Pilates Business under a Franchise Agreement pursuant to a Development Agreement. Note that this row does not include the Initial Franchise Fee for the respective franchise units indicated in this chart, as such fee is indicated in the first row of this chart and is what comprises the Development Fee.

As these figures are just estimates, we cannot guarantee that you will not have higher costs. Competitive conditions described in Item 1 will affect these costs. This estimate of startup costs is calculated for a period of three (3) months (except as stated otherwise), with additional operating capital to be available as may be needed during the initial phase. These costs do not include your Royalty Fee and Brand and System Development Fees which begin immediately after the opening of your Business. These costs should be included in your projections of overall operations costs beginning with your first month of operation. We acknowledge that you may choose to invest additional funds into your business during the first three (3) months of operation, and sometimes longer.

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

#### **Source Restricted Purchases and Leases - Generally**

We require that you purchase or lease certain “source restricted” goods and services for the development and ongoing operation of your Business. By “source restricted,” we mean that the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). Our specifications and list of approved and designated suppliers are contained in the Manual. We will notify you within 10 days of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication.

#### **Supplier Criteria**

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you want to purchase or lease a source restricted item from a non-approved supplier, you must pay \$750 per day for personnel engaged in evaluating a supplier and send us a written request for approval and submit any additional information that we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within 30 days after we receive your request for approval plus all additional information and samples that we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. You must reimburse us for all travel, accommodations, and meal expenses that we incur in reviewing a proposed supplier and testing the products.

### **Current Source Restricted Items**

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services exclusively available through our vendor and retail ordering platform (currently, Order.co): architectural engineering services and design and construction project management; site selection services; computer equipment (including point-of-sale system); exercise equipment; inventory items; flooring; lighting; furniture, millwork and fixtures; marketing materials; digital marketing services; signage; webpage services; music licensing services; bathroom supplies and client amenities; sound system; studio fragrance; the lease for your Studio; and insurance policies. We estimate that nearly 90% of the total purchases and leases that will be required to establish your Business and 40% of your ongoing operating expenses will consist of source restricted goods or services.

#### *Architectural engineering and design and construction project management*

You are required to utilize our designated architectural engineering and design and construction management providers. Any commercial contractor that you engage with the provider to assist with the development of your Studio must (i) submit bids and work directly with the designated design and construction project manager; and (ii) be licensed, bonded and insured.

#### *Site Selection Services*

You are required to utilize our designated real estate company to assist you in finding potential sites for your Studio. You may also utilize any other real estate professional that you choose to engage, but must coordinate all site selection efforts through our designated real estate company.

#### *Computer Equipment*

You must purchase 1 iPad, a laptop or desktop computer, a printer and 2 card readers that have Internet access and QuickBooks Online accounting software. You must purchase your POS software and related equipment from our designated supplier. You may not utilize any software or technology that we have not designated or approved.

#### *Exercise Equipment*

The number of reformers that we deem reasonable and suitable for the size and layout of the studio space, will largely impact your equipment expense. The current expense range is for 12 to 16 reformers. All reformers and other exercise equipment used in your Studio must meet our standards and specifications. All equipment must be purchased exclusively through us or other suppliers we designate or approve.

#### *Inventory*

All apparel, merchandise, beverages and supplies that you sell at your Studio must meet our standards and specifications. You must purchase these items exclusively through us or other suppliers we designate or approve. You may not offer any apparel, merchandise or other inventory items that we have not approved. You must maintain a minimum of \$5,000 in inventory at all times.

#### *Flooring*

You must purchase and install high quality flooring that meets our standards and specifications. You must purchase the flooring exclusively through suppliers we designate or approve.

### *Lighting*

You must purchase and install the specific lighting that we designate. You must purchase the required lighting exclusively through suppliers we designate or approve.

### *Millwork, Furniture and Fixtures*

All of your millwork, furniture and fixtures must comply with our standards and specifications. You must purchase these items exclusively through suppliers we designate or approve.

### *Marketing Materials*

All marketing materials must comply with our standards and requirements. We must approve all of your marketing materials before you use them. You must purchase all branded marketing materials (including pictures and other décor) only from us or other suppliers that we designate or approve. We will coordinate your grand opening marketing program and you must use the suppliers we designate for these services.

### *Digital Marketing Services*

You must contract with our designated digital marketing services company to provide certain online and social media marketing services on behalf of your Studio. You must at all times comply with our social media policy. We may have access to the social media account for your Studio. We will secure the official social media handle for your franchise, to provide for consistent brand presence across all platforms. Access to the handle and its management will be handed over after lease signing & once you have completed the required social media training.

### *Signage*

All of your exterior and interior signage must meet our standards and specifications and must be purchased exclusively from suppliers that we designate or approve.

### *Localized Webpage*

We will provide you with a webpage that will be linked on our website. We use our designated web developer for purposes of creating, modifying and hosting your local webpage.

### *Music*

You may only play music at your Studio that we specify or approve. You must use the music platform vendor we designate to provide music services and pay your Studio's public performance music licenses to the appropriate music licensors.

### *Sound System*

Specific needs will vary by location, must meet our standards and specifications, therefore must be purchased exclusively through our approved vendor.

### *Bathroom Supplies and Client Amenities*

You must purchase and use the bathroom supplies and client amenities that we specify. You must purchase these supplies only from suppliers that we designate or approve using the ordering platform.

### *Studio Fragrance*

Franchise Owners must utilize the branded scent at their Studio to be purchased exclusively through our approved vendor.

### *Lease*

We do not review the terms of your lease. However, if you will lease the premises for your Studio, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement

as ATTACHMENT "D". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your Studio. The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease. We do require that you utilize our designated real estate vendor to assist you with negotiating and drafting letters of intent.

### *Insurance Policies*

You must obtain the insurance coverage that we require from time to time (whether in the Franchise Agreement or in the Manual). You must purchase these policies from a carrier with a Best's rating of at least A-

Unless otherwise provided herein, the required coverages currently include:

**General Liability:** General Liability Insurance with minimums of \$1,000,000 per occurrence, \$2,000,000 general and products/completed operations aggregate, \$1,000,000 personal/advertising injury, \$50,000 rented premises damage, and \$5,000 medical expenses. The policy must include us as additional insured, waiver of subrogation, primary and noncontributory provisions, contractual and independent contractors liability, no exclusion for assault & battery and be occurrence-based. It must be provided by an A- VII or higher AM Best-rated admitted carrier. Stop-gap coverage is required for applicable monopolistic states.

**Professional Liability:** Professional Liability Insurance with minimum coverage limits of \$1,000,000 per occurrence and \$3,000,000 aggregate.

**Franchisee Commercial Auto:** Commercial Auto Insurance with a \$1,000,000 combined single limit, covering uninsured/underinsured motorists, owned (when applicable), hired, and non-owned autos. Policies must include additional insured, waiver of subrogation, and primary/non-contributory provisions, provided by an A- VII or higher AM Best-rated carrier.

**Workers Compensation:** Workers' Compensation Insurance with coverage limits of \$1,000,000 for bodily injury by disease per accident, \$1,000,000 policy limit, and \$1,000,000 per employee. The policy must be in place regardless of state laws and cannot exclude owner-operators. It must also include uninsured independent contractors and a waiver of subrogation. The insurance carrier must be rated A- VII or higher by AM Best to ensure financial stability and reliability.

**Property / Business Interruption.** Property insurance with coverage for business personal property ( $\geq$  \$160,000 full replacement cost value), tenant improvements ( $\geq$  \$300,000 full replacement cost value), , business interruption (12 Months ALS), including franchisor royalties. The insurance carrier must be rated A- VII or higher by AM Best.

**Employment Practices Liability:** Employment Practices Liability Insurance with minimum coverage limits of \$500,000 per occurrence and \$500,000 aggregate. The policy should include 3rd party liability and wage & hour coverage of at least \$25,000. The maximum deductible should not exceed \$10,000.

**Cyber Liability:** Cyber Liability Insurance with minimum coverage limits of \$250,000 per occurrence and \$250,000 aggregate.

When providing proof of insurance via a certificate of insurance include the following language:

**DESCRIPTION OF OPERATIONS.** Certificate holder is named as additional insured with respect to general liability and commercial auto liability including a waiver of subrogation and primary, non-contributory insuring clauses. Workers compensation includes a waiver of subrogation in favor of the certificate holder.

Insurance coverage of such types, nature and scope sufficient to satisfy your indemnification obligations

[Franchise Disclosure Document \(2025\)](#)

under this Agreement; and, any other insurance coverages we may require in the future.

The recommended coverages currently include:

**Umbrella:** Umbrella Insurance with \$1,000,000 per occurrence and \$1,000,000 aggregate, providing excess coverage over General Liability, Auto Liability and Employers Liability. Policies must be from an A- VII or higher AM Best-rated carrier.

**Build-Out:** Build-out Insurance with suggested coverage limits equivalent to the full replacement cost value for both hard costs and soft costs. Business interruption coverage is optional.

**Crime:** Crime insurance with the minimum coverage limits of \$100,000 each claim, including third party coverage on a loss discovered form.

**Sexual Abuse & Molestation:** Sexual Abuse and Molestation Insurance with minimum limits of \$100,000 per occurrence and \$300,000 aggregate.

We reserve the right to update the insurance requirements for franchisees as needed, in order to address changing exposures and evolving risk factors. This flexibility ensures that both franchisees and us remain adequately protected as the business environment and industry landscape evolve. Franchisees will be notified of any changes to the insurance requirements and are expected to comply with the updated coverage standards to maintain their franchise agreement.

The required coverage is subject to change. All insurance policies must be endorsed to:

- (i) name us (and our members, officers, directors, and employees) as additional insureds;
- (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and
- (iii) provide that we receive 10 days prior written notice of the termination, expiration, cancellation or modification of the policy.

### **Purchase Agreements**

We will try to negotiate relationships with suppliers to enable our franchisees to purchase certain items at discounted prices. If we succeed, you will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us). Alternatively, we may purchase the items in bulk (such as the branded non-slip socks) and resell them to you at our cost plus a reasonable markup (your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power).

There are no purchasing cooperatives although we reserve the right to establish one or more purchasing cooperatives in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate.

### **Franchisor Revenues from Source Restricted Purchases**

We are currently the exclusive supplier for certain items you will need to develop your Studio, including your initial supply of JETSET inventory items (JETSET non-slip socks, apparel, beverages and merchandise). You must also license the services included as part of the technology fee exclusively from us. We may impose a reasonable markup on the purchase price to compensate us for our time and efforts facilitating our centralized purchasing program. [During our 2024 fiscal year, we received \\$108,798 in revenue from franchisees purchases of JETSET inventory items, which was 5.7% of our total revenue of \\$1,897,557.](#)

We reserve the right to designate ourselves as an approved or designated supplier for other items in the future. There are no approved or designated suppliers in which any of our officers own an interest. No persons affiliated with us are currently approved suppliers.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and

we may retain these amounts for our own purposes. Currently we receive a rebate from the reformer supplier, vendor ordering and retail platform and other inventory items that you purchase after opening (i.e. to replenish your supplies or purchase new inventory of apparel and merchandise items). The rebate is calculated as 5% up to 20% of the purchase price.

We have generated \$65,176 rebates as of January 1, 2025.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTIONS IN FRANCHISE AGREEMENT	SECTIONS IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Section 8.1 & 8.2	Section 3	Item 7 & Item 11
b. Pre-opening purchases/leases	Section 8.3, 12.6 & 16.1	Section 7	Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	Section 8.3 & 8.4	Section 7	Item 6, Item 7 & Item 11
d. Initial and ongoing training	Section 6	Section 7	Item 6 & Item 11
e. Opening	Section 8.4	Section 7	Item 11
f. Fees	Section 5.2, 6.7, 9.5, 11, 12.8, 12.12, 14 & 21.2	Section 2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manuals	Section 7.1, 8.1, 8.3, 11.3, 12 & 19.1	Section 7	Item 11
h. Trademarks and proprietary information	Section 19	Sections 1, 6 and 7	Item 13 & Item 14
i. Restrictions on products/services offered	Section 12.3	Not Applicable	Item 16
j. Warranty and client service requirements	Section 12.11	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Section 1	Item 12
l. Ongoing product/service purchases	Section 12.6	Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	Section 12.7 & 12.9	Not Applicable	Item 11
n. Insurance	Section 16.1	Not Applicable	Item 6 & Item 7
o. Advertising	Section 11	Not Applicable	Item 6, Item 7 & Item 11
p. Indemnification	Section 20	Exhibits G-1 and G-2	Item 6
q. Owner's participation/management/staffing	Section 9	Not Applicable	Item 11 & Item 15
r. Records/reports	Section 16.2 & 16.3	Not Applicable	Item 6
s. Inspections/audits	Section 17 & 18	Not Applicable	Item 6 & Item 11
t. Transfer	Section 21	Section 9	Item 17
u. Renewal	Section 5	Section 5	Item 17
<b>v. Post-termination obligations</b>	<b>Section 23</b>	<b>Section 6</b>	<b>Item 17</b>

OBLIGATION	SECTIONS IN FRANCHISE AGREEMENT	SECTIONS IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
<a href="#">v. Post-termination obligations</a>	<a href="#">Section 23</a>	<a href="#">Section 6</a>	<a href="#">Item 17</a>
w. Noncompetition covenants	Section 15	Section 6	Item 17
x. Dispute resolution	Section 24	Section 14	Item 17

## ITEM 10 FINANCING

We do not offer direct or indirect financing and do not guarantee any of your notes, leases or obligations.

## ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you open your Studio, we will:

1. License you the intellectual property necessary to begin operating your Business. (Section 3)
2. Provide you with access to our designated real estate company and preconstruction and build project management provider to assist you in finding potentially suitable sites for your Studio and assisting with the architect, permitting, general contractor bids and build project management. (Section 8.1)
3. Approve the location, build-out and design of your Studio. See Section below entitled “Site Development” for additional information. (Sections 8.1, 8.3 & 8.4)
4. Provide you with access to our Manual and required Design Construction Manual (which is part of the Manual), which will help you establish and operate your Business. See Section below entitled “Manual” for additional information. (Section 7.1)
5. Provide you with written specifications for the goods and services you must purchase to establish your Business, as well as a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. You must purchase some of the items you will need to develop your Studio from us (as further described in Item 5, Item 7 and Item 8) and we will arrange for delivery of these items to your Studio. We do not deliver or install any other items that you are required to purchase. (Section 12.2)
6. Provide an initial training program. See Section below entitled “Training Program” for additional information. (Section 6.1)
7. Provide you with your own local webpage to promote your Studio, schedule classes and sell online memberships and inventory items. See Section below entitled “Computer System” for additional information. (Section 7.4)
8. Implement your grand opening marketing program. (Section 11.3(b))

During the operation of your Studio, we will:

1. Provide ongoing guidance and recommendations on ways to improve the marketing and operation of your Business. (Section 7.2)
2. Provide our recommended market-specific pricing for the packages, membership fees and the other products and services you will sell. (Section 12.4)
3. Provide periodic training programs. See Section below entitled “Training Program” for additional information. (Section 6.3)

4. Maintain a website that will include a list of all of the JETSET studios. We can modify the content of and/or discontinue this website at any time in our discretion. (Section 7.4 & 11.3(f))
5. Establish and implement the Brand and System Development Fund. See Section below entitled “Brand and System Development” for additional information. (Section 11.1)
6. Develop new exercises and fitness programs that may be offered at JETSET studios, which may be communicated to you through updates to the Manual (and may include demonstrational videos) or during ongoing training programs. (Section 7.7)
7. Provide you with 3 email addresses for use with your Business. See Section below entitled “Computer System” for additional information. (Section 7.5)

During the operation of your Studio, we may, but need not:

1. Develop new merchandise and other inventory items for sale at your Studio. (Section 7.7)
2. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. (Section 7.6)
3. Hold periodic national or regional conferences to discuss business and operational issues affecting JETSET franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. We may charge you a conference registration fee of up to \$2,500 per conference, which covers 2 people to attend. (Section 6.6)
4. Upon your request, provide additional training or assistance (either at our headquarters or at your Studio). See Section below entitled “Training Program” for additional information. (Section 6.4)
5. Create a franchise advisory council. See Section below entitled “Advisory Council” for additional information. (Section 13)
6. Assign to you a business consultant to perform periodic reviews of your Business to ensure compliance with our quality standards and other requirements. (Section 7.8)
  - **Training Program** (Section 5.1)

Overview

We will provide an initial training program for the Owner/Operator (defined in Item 15), your initial general manager (if any) and for each instructor you pay \$975 to attend the Training Academy, except for the first 6 instructors. Lead Instructors must also be certified by us. The cost to you for such certification is \$1,950. Instructors are trained by your Lead Instructor, and the cost to you for such certification is \$350. These individuals must complete the initial training program to our satisfaction before you open your Studio. You may send other non-operating owners and studio leads to initial training, but it is not required.

The training program includes:

- (i) 5 days of training for a total of 30 hours at a designated JETSET Training Facility (our current JETSET Training Facilities are located in Miami Beach, Florida, but may change at any time);
- (ii) 10 hours of online learning courses on our learning management system; and
- (iii) an additional 10 hours of on-site training at your Studio.

The on-site training is provided and will immediately precede your grand opening date. On-site training is an informal training program where we monitor your operations and the classes taught by your instructors.

Currently, we intend to offer the initial training program at least once every month assuming sufficient demand.

### Training Topics

The initial general training program consists of the following:

#### **TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS ON THE JOB TRAINING</b>	<b>LOCATION</b>
Orientation: Social Media Optimization	1	1	Virtual Training
Take a JETSET class	0	6	Designated JETSET Training Studio
Shadow Certified Instructor during JETSET classes	0	2	Designated JETSET Training Studio
Review checklist for JETSET Training Academy. Owner orientation	1	0	Designated JETSET Training Studio
Introduction to POS system and JETSET App	0	8	Designated JETSET Training Studio
Introduction to JETSET support	0	0	Designated JETSET Training Studio
Introduction to Delivering Feedback & Evaluations	1	2	Designated JETSET Training Studio
Introduction to Local Marketing	2	1	Virtual Training
Introduction to online store	1	0	Virtual Training
Sales training	3	1	Virtual Training
Social Media Training/Digital Marketing	2	1	Virtual Training
Hiring procedures Trainers/managers	1	0	Virtual Training
Studio Tour & Observations	2	0	Designated JETSET Training Studio
Attend 5-day JETSET Training Academy	30	10	Designated JETSET Training Studio and Your JETSET Studio
Q&A Session with JETSET Corporate team	1	1	Designated JETSET Training Studio
Training Summary & Overview	1	0	Designated JETSET Training Studio
Final Evaluation	0	2	Your JETSET Studio
On-site Training	0	10	Your JETSET Studio
Total	46	45	

### Training Materials

For the classroom training, the training materials will consist of the Manual and online Learning Management System. For on-site training, the training materials will consist of the equipment in your Studio. You will not be charged an additional fee for any of the training materials.

### Trainers

Natalie Straub joined us at inception February 12, 2022, and currently serves as our Chief Strategy Officer. Natalie

provides instruction in the areas of marketing, technology, operations, customer service, sales, studio management and JETSET programming. Natalie is a Certified Personal Trainer and Master Instructor with certifications from NASM / AAFA, Wisetail Learning Management System and Red Cross CPR. Natalie has 21 years of experience in the field, including: coordinating and leading more than 50 auditions and trainings annually for more than 300 instructors; assisting with more than 40 new studio openings in various markets; developing and editing Training Manuals, training plans, tool kits and SOP's for out-of-market trainings; developing training modules and building a Learning Management System; leading and managing a team of 9 training managers; and conducting more than 600 evaluations of 72 studios for purposes of ensuring quality and consistency. Most recently, she served in various training capacities with Solidcore, including Senior Training Manager, Training Manager and Master Instructor.

Charly Williams joined us in March of 2022 and currently serves as our Chief Operations Officer. Charly provides development support in the areas of operations, technology, strategic partnerships, vendor relations, team management, client experience, facility management, and JETSET instructing. Charly is a Registered Yoga Teacher (RYT-200) with certifications from Wisetail Learning Management System and Red Cross CPR/AED. Charly has 8 years of experience in the boutique fitness industry, including: overseeing and conducting more than 300 evaluations across 30 studios for purposes of ensuring quality and consistency; project managing 13 new studio openings, developing more than 30 general managers and over 200 support staff nationwide. She developed and maintained Operational Excellence Training Manuals, Toolkits, and SOP's for out-of-market studio openings; ultimately supporting the opening of 70 locations within 4 years. Additionally, she has designed and built multiple online Learning Management Systems to reduce onboarding times, engage all levels of studio staff, and provide ongoing workshops and professional development. Most recently, she served in various operations capacities with Jabz Boxing and Solidcore, including Vice President of Strategy & Growth, Director of Operations, Regional Studio Manager, and Master Instructor.

Alex Lyons joined us in January 2025 and currently serves as our Vice President of Talent and Product. Alex provides support in JETSET programming, brand adherence, training and development, and talent strategies for franchisees. She is a Certified Personal Trainer through NASM and holds additional certifications in Corrective Exercise (NASM), Pre/Postnatal Fitness (PROnatal), Nutrition (Precision Nutrition), Pilates Mat (New York Pilates), and Pilates Reformer (Good Day Pilates), along with CPR/AED certification. Alex brings over 10 years of boutique fitness experience, teaching modalities such as barre, cycling, HIIT, strength, boxing, and Pilates mat/reformer. Over the past 5 years, she has held leadership roles focused on creating infrastructure and overseeing talent recruitment, instructor training and development plans, method manuals, and training SOPs. Alex has also managed instructor operations and talent pipelines, ensuring quality and consistency in instructor performance and development. Most recently, Alex served as Group Fitness Manager at Equinox, where she honed her expertise in talent and programming.

Randall Pollard joined us in April 2023 and currently serves as our Training Manager. Randy provides instruction in the areas of training, product development, brand consistency, and lead instructor management. He is a Certified Personal Trainer and Master Instructor with certifications from NASM/AAFA and CPR Certification Institute. Randy brings 10 years of experience in the boutique fitness industry, including conducting more than 200 instructor evaluations to ensure quality and consistency, leading auditions and training for over 100 instructors, and assisting with new studio openings. Additionally, he has edited and refined Training Manuals and managed a team of 4 evaluators, ensuring the highest standards in instructor performance and development.

### *JETSET Certified Instructors*

All of your JETSET instructors must successfully complete JETSET Training Academy including five (5) consecutive days of training at JETSET Training Academy and ten (10) mock classes and a final evaluation. All instructors must maintain current Professional Liabilities Insurance and Adult CPR/AED & First Aid certifications. You must send a copy of these certifications to us by email (emails must be sent to [training@jetsetpilates.com](mailto:training@jetsetpilates.com)) and keep a copy of these certifications in the appropriate personnel files. At all times, you must have 1 lead instructor and at least 6 part-time JETSET instructors. Your initial instructors and general manager must attend and successfully complete JETSET Training Academy before you open. Each instructor

must maintain his/her certification, including take required industry/licensure continuing education requirements, two (2) JETSET workshops (on a recurring annual basis), and passing evaluations.

*JETSET Certified Lead Instructors*

To qualify, be and remain certified as a Lead Instructor, we require<sup>1</sup>:

1. At least 6 months of instruction (taught at least 100 JETSET classes) at JETSET Studio;
2. CPR/AED certification;
3. Professional Liability insurance;
4. Teaching 12-15 classes a week, evaluating instructor performance goals, assisting with JETSET continuing education workshops and leading JETSET Academy as needed, marketing and membership growth, and studio scheduling for classes and trainings;
5. Lead Instructors to be identified from instructors who have received their instructor certification through the JETSET Academy, are up to date on continued education and evaluations, have taught for a minimum of 6 months, show leadership skills within the team, and receive approval from us.
6. Lead Instructors to shadow the initial instructor training schedule including 5 days at a facility we designate;
7. An additional 4 hours of digital module learning is required before attendance at the training academy;
8. Completion of Lead Instructor Academy in person with our Training Department and the following requirements, with failure to comply being grounds for revocation of Lead Instructor status in our discretion:
  - Performance Evaluation: Must exceed expectations in their 90-day evaluations.
  - Feedback Training: Must successfully complete a training session on giving feedback and be approved to deliver feedback independently.
  - Shadowing Requirement: Must shadow a 5-day training session total of 30 hours, which includes leading assigned portions to demonstrate competency.
  - Feedback Delivery: Upon approval, follow the JETSET Training Academy's detailed agenda for delivering feedback in their studio using the most up-to-date training materials.
  - Reporting Responsibilities: Responsible for reporting all trainings conducted and trainees guided through the Training Academy.
  - Certification Maintenance: Must maintain certification by completing all continuing education workshops and ensuring their team does the same. Keep the instructor feedback tracker up to date.

The Lead Instructor Training consists of the following:

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<sup>1</sup> NASM CPT AFAA Group Fitness Instructor certification preferred but not required.

## LEAD INSTRUCTOR TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Orientation: Lead instructor training	1	1	Virtual Training
Review: Delivering Feedback & Evaluations	1	2	Designated JETSET Training Studio
Hiring procedures Trainers/managers	1	0	Virtual Training
Shadow training manager during the 5-Day JETSET Training Academy	30	0	Designated JETSET Training Studio and Your Studio
Lead designated modules and feedback sessions during 5-Day JETSET Training Academy	0	10	Designated JETSET Training Studio
Q&A Session with JETSET Product and Talent team	0	1	Designated JETSET Training Studio
Training Summary & Overview	0	1	Designated JETSET Training Studio
Final Evaluation	0	2	Designated JETSET Training Studio
<b>Total</b>	<b>33</b>	<b>17</b>	

### Ongoing Training

From time to time, we may require that your Owner/Operator, general managers, instructors and other employees attend system-wide refresher or additional training courses. If you appoint a new Owner/Operator, general manager or instructor, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Studio or supervision of classes, as applicable.

All of your JETSET instructors must complete 5 consecutive days of training at JETSET Training Academy before serving as an instructor at your Studio. At any time that you do not have a fully trained instructor, you must send your new JETSET instructors to JETSET Training Academy.

If we conduct an inspection of your Studio and determine you are not operating in compliance with the Franchise Agreement and/or the Manual or that your Studio is underperforming or not achieving certain metrics, we may either require that the Owner/Operator, general manager, instructors and other employees attend remedial training that addresses your operational deficiencies or send our personnel to your Studio to provide the guidance, assistance, or training we deem necessary (and you agree to pay our then applicable charges, including our personnel's per diem charges and travel and living expenses in connection with such additional support).

You may also request that we provide additional training (either at corporate headquarters or at your Studio). We are not required to provide this additional training.

### Training Fees and Costs

We will provide the pre-opening initial training program at no additional charge to the owner, manager and up to 4 instructors. We do not charge for system-wide refresher or additional training courses hosted online, at our

corporate headquarters or designated training facility. You must pay us a training fee of up to \$750 per day for:

- (i) conducting any special or additional training that you request; or
- (ii) providing on-site assistance or training that you request.

For each instructor that you send to JETSET Training Academy, you must pay us a training fee of \$975 (which covers the entire program), except for the first 6 instructors. If we agree to provide additional onsite training or assistance (beyond the onsite training and assistance provided as part of our initial training program), you must reimburse us for all costs incurred by our representative for meals, travel and lodging. The Lead Instructor certification fee is \$1,950 per instructor, and the Instructor certification fee for instructors trained by your Lead Instructor is \$350 per instructor. You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses.

**Manual** (Section 7.1, 12.2 & 26.8)

We will provide you with electronic access to our Manual for the term of your Franchise Agreement. The Manual may include, among other things:

- (i) a description of the authorized goods and services that you may offer at your Studio;
- (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for JETSET franchisees;
- (iii) mandatory reporting and insurance requirements;
- (iv) mandatory and suggested specifications for your Studio;
- (v) policies and procedures pertaining to any gift card, loyalty and/or membership program that we establish;
- (vi) advertising and marketing policies; and
- (vii) a written list of goods and services (or specifications for goods and services) you must purchase for the development and operation of your Business and a list of any designated or approved suppliers for these goods or services.

The Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. All mandatory provisions contained in the Manual are binding on you. The Manual is confidential and remains our property. We may modify the Manual upon 10 days' prior notice, but the modification(s) will not alter your status or fundamental rights under the Franchise Agreement. The Manual contains a total of 134 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "D".

**Site Development** (Section 8.1, 8.2, 8.3, 8.5 & 12.9)

A JETSET studio typically ranges in size from 1,500 to 2,300 square feet. You must locate and obtain our approval of the premises from which you will operate your Studio within 180 days after you sign the Franchise Agreement. The premises must be located within the Site Selection Area identified in Part B of ATTACHMENT "B" to the Franchise Agreement (your "Site Selection Area") and must conform to our minimum site selection criteria. Unless we instruct you otherwise, you must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. In reviewing a proposed site, we will consider factors such as access and parking, size, traffic counts, visibility, general location and market type (rural, suburban or urban), existence and location of

competitive businesses, general character of the neighborhood and various economic indicators. If you fail to obtain our approval of your site in the required period of time, we may terminate your Franchise Agreement. For a Development Agreement, we will approve or disapprove the location of future units and territories for those units using the then-current site selection criteria.

If your site has been approved prior to signing the Franchise Agreement, then the address of your approved site will be listed in Part C of ATTACHMENT "B" to the Franchise Agreement. If your site has not been approved prior to signing the Franchise Agreement, then within 30 days after we approve your site, we will send you a Site Approval Notice in the form attached to the Franchise Agreement as ATTACHMENT "C" (the "Site Approval Notice"). The Site Approval Notice will list the address of your approved location and will identify your Territory.

We do not review the terms of your lease. However, if you will lease the premises for your Studio, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as ATTACHMENT "D". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your Studio.

After you purchase or lease your approved site, you must construct and equip the premises to the specifications contained in the Manual (and our Design Construction Manual that is considered part of the Manual). Before starting construction, you must obtain our approval of the proposed space plan and site adapted construction documents. The site adapted construction documents must include all items necessary for you to obtain required permits from the authority having jurisdiction and that meet the requirements of the Americans with Disabilities Act (ADA). You must also submit to us a drawing prepared for permitting (permitting sets) stamped by a licensed architect. We will provide our written approval of the space plan and construction documents within 10 business days after we receive them. You must follow the JETSET prototype architectural flooring plans, mechanical layout, electrical layout and written specifications for colors and material. You must also install the equipment, fixtures, signs and other items that we require.

You must remodel and make all improvements and alterations to your Studio that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. There is no limitation on the cost of these remodeling obligations. However, we will not require that you remodel your Studio more than once during any 5-year period. You may not remodel or significantly alter your premises without our prior approval.

### **Computer System** (Section 12.6, 12.7, 12.8, 16.3 & 19)

#### *Required Components*

You must purchase and use all Technology Systems (as defined in Note 5 in Item 6) that we designate from time to time. Our required Technology Systems may include computer systems, telecommunications systems, security systems, music systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers.

One component of our Technology Systems is your "computer system," which consists of the following items:

- 1 iPad
- 1 dedicated laptop or desktop computer with external monitor (display)
- 1 Printer
- 2 Card readers
- QuickBooks online
- Booking and billing software
- Business and client relationship management software or other software as noted in the Operations Manual.

- Marketing Suite
- Branded App
- Talent acquisition management tool
- Location intelligence and demographic analytics tool
- Financial reporting and business intelligence tool

We may change the components of the Technology Systems from time to time, including your computer system.

#### Google Workspace and Email Addresses

We will provide you with full access to Google Workspace, including up to 3 email addresses for use with your Business. The cost for the email addresses and accounts is covered by the technology fee. If you need more than 3 email addresses, we may charge you an additional \$10 per additional email address, which will be added to your technology fee. You must exclusively use the email address or addresses that we provide for all communications with us, customers, suppliers and other persons relating to your Business. You may not use any other email address for any purposes relating to your Business. You may not use any email address that we provide to you for any purpose unrelated to your Business. We will own the email addresses and the account but will allow you to use them during the term of your franchise.

#### Webpage

We currently provide you with a webpage that will be linked to our website and include information about your Studio. Your customers can also purchase memberships and class packages and reserve classes through your webpage and through the JETSET-branded App. If we choose to, we have the sole right to set up your social media accounts. We utilize our designated web developer for purposes of: (a) setting up and hosting your webpage; and (b) making design and content changes. The costs associated with setting up your webpage and social media accounts are covered by the technology fee. We will secure the official social media handle for your franchise, to provide for consistent brand presence across all platforms. Access to the handle and its management will be handed over after lease signing & once you have completed the required social media training.

#### How Computer System Is Used

Our designated “business management software” collectively refers to a suite of software programs that are used to operate the business, including scheduling and payment processing software, email/text marketing software, CRM software and document/data storage and management software. You must license these programs from third-party licensors.

You will use your computer system for scheduling, booking classes, processing sales transactions, accounting, tracking financial information, inventory management, accessing the online store, payroll, reporting, business management and analytics, automated email and text marketing, contract management (storing and accessing documents), accessing the Manuals, and implementing the membership model. It also serves as your CRM system and implements various marketing programs utilizing customer-profiling tools. You will also use your computer system for general business purposes, such as communicating by email and preparing reports.

#### Fees and Costs

We estimate the initial cost of your computer system (including any upfront license fees, setup fees, software training fees, data migration fees, etc.) will range from \$2,650 to \$3,150.

As further detailed in Item 6, you must pay us a technology fee for certain software, technology and related services that we make available to you. As of the issuance date of this Disclosure Document, we charge a technology fee of ~~\$25300~~ per month (\$3,600 per year). The table below identifies the ongoing fees and costs you must pay for the software, technology, Apps, subscriptions and related services, including (a) the software, technology and related services covered by the technology fee (payable to us) and (b) the software, technology and related services you must license directly from third-party licensors (payable directly to third-party licensor).

COMPUTER SYSTEM – ONGOING FEES AND COSTS			
Item	Fee (Monthly)	Fee (Annual)	To Whom Paid?
<ul style="list-style-type: none"> <li>• Learning management and online training portal</li> <li>• Google Workspace, including 3 email accounts</li> <li>• Slack channel</li> <li>• Webpage hosting and support</li> <li>• Technology research and development</li> <li>• Vendor and Retail ordering platform</li> <li>• ClickUp project management</li> <li>• Location intelligence and demographic analytics tool</li> <li>• Talent acquisition management tool</li> <li>• Financial reporting and business intelligence tool</li> </ul>	\$300* (subject to change)	\$3,600 (subject to change)	Us
Music Licensing Fee and Music Platform	\$160 – \$170 (subject to change)	\$1,920- \$2,040 (subject to change)	Third-party licensor
Business Management Software, Marketing Suite, Instructor Schedule Management Tool, and Branded App	\$664 to \$680 (subject to change)	\$7,968 to \$8,160 (subject to change)	Third-party licensor
QuickBooks Online	\$90 to \$100 (estimate)	\$1,080 to \$1,200 (estimate)	Third-party licensor
<b>Total</b>	<b>\$1,214 to \$1,250</b>	<b>\$14,568 to \$15,000</b>	

#### Maintenance, Support, Updates and Upgrades

In exchange for the ongoing fees listed above, the licensors of QuickBooks and the business management software will provide all required maintenance, support, updates and upgrades.

Except as otherwise disclosed above: (a) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (b) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

#### Collection and Sharing of Data

Your computer system will collect information about your members (including names, contact information, class attendance history, purchase history and credit card information) and sales. We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access.

We will own all data that you and/or we collect relating to your members. We will grant you a license to use this data solely for purposes of operating your Business. You must protect all member data with a level of control proportionate to the sensitivity of data. You must comply with all applicable data protection laws as well as our data processing and data privacy policies set forth in the Manual from time to time. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.

#### Computer System Maintenance and Changes

You must maintain the computer system in good working order at your cost. During the term of your franchise,

you may be required to upgrade or update your computer system and other Technology Systems to conform to our then-current specifications. While there are no contractual limitations on the frequency or cost of these updates or upgrades, the cost to maintain and upgrade the computer POS system is estimated to be approximately \$150 to \$500 per month (\$1,800 to \$6,000 annually) for a multi-year agreement.

**Brand and System Development Fund** (Section 11.1)

We will establish and maintain the Brand and System Development Fund to foster brand awareness, public and consumer relations, publicity, continued franchise system development and any other programs that we deem necessary or appropriate. The Brand and System Development Fund may also be used to pay for improvements to our website (including search engine optimization) and franchise systems. The Brand and System Development Fund may be used to pay for the creation of content and marketing materials that our franchisees may use for local marketing purposes.

You must contribute the greater of 1.5% of monthly Gross Revenues or \$150 per month to the Brand and System Development Fund. Brand and System Development Fund Fees are in a separate account and revenues received are accounted for separately from our other funds and are not used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration or direction of the Brand and System Development Fund which may include, without limitation: conducting market research, search engine optimization, preparing and conducting television, radio, magazine, billboard, Internet, newspaper and other media programs and activities and employing advertising agencies to assist therewith, collecting and accounting for contributions to the Brand and System Development Fund, and paying for the preparation and distribution of online learning and training tools, marketing materials and financial accountings of the Brand and System Development Fund. None of the Brand and System Development Fund Fees are used for advertisements principally directed at selling franchises (although consumer-marketing materials may include a statement such as “Franchises Available” or similar notations).

All funds deposited into the Brand and System Development Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of funds in the Brand and System Development Fund may be invested and we may lend money to the Brand and System Development Fund if there is a deficit. During the fiscal year ended December 31, 2024, we spent the Brand and System Development Fund Fees in the following manner:

<b>Brand and System Development Fund Allocation of Expenditures (2024)</b>				
<b>Use of Funds</b>	<b>Production</b>	<b>Media Placement</b>	<b>Administrative Expenses</b>	<b>Franchise System</b>
<b>Percentage Allocation</b>	46.47%	0%	35.84%	17.69%

We will deposit into the Brand and System Development Fund all: (a) Brand and System Development Fund Fees paid by you and other franchisees; and (b) fines paid by you and other franchisees. Company-owned JETSET studios do not contribute to the Brand and System Development Fund. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any brand and system development activities in your area.

Our administration of the Brand and System Development Fund is intended to maximize general public recognition and patronage of the JETSET system for the benefit of us and all JETSET franchisees and we will use our best efforts to apportion advertising to obtain the greatest benefit for all franchisees. We will direct and have complete control and discretion over all development and advertising programs, including the creative concepts, materials, endorsements and media used for the programs, and the placement and allocation of the programs. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Brand and System Development Fund. The Brand and System Development Fund will not be a trust and we will have no fiduciary obligations with respect to our administration of the Brand and System

Development Fund. An unaudited financial accounting of the operations of the Brand and System Development Fund will be prepared annually and made available to you upon request.

**Local Advertising** (Section 11.2 & 11.3)

You must pay the grand opening and marketing vendors \$23,000 grand opening marketing fee (at least \$12,000 of which must be spent on digital advertising) that they will utilize to implement your grand opening marketing program during the 12-week period immediately preceding your anticipated grand opening date. If you conduct a grand opening marketing program that is longer than 12 weeks, we may require you to spend a minimum of \$4,000 per month for each additional month in which you conduct your grand opening marketing program. We require that you pay all or a portion of the grand opening marketing fee directly to third-party suppliers in accordance with our instructions.

After your grand opening, you must spend an amount greater than or equal to the applicable Local Marketing Commitment on digital marketing with a supplier that we designate or approve. The Local Marketing Commitment is:

- (i) \$3,000 per month or 3% of gross sales, whichever is greater. If your grand opening date occurs on a day other than the 1<sup>st</sup> day of the month, we will pro-rate the \$3,000 for your first partial month.

You must participate at your own expense in all advertising, promotional and marketing programs that we require. We are not required to spend any of our funds on advertising in your territory.

We may use the Brand and System Development Fund to pay for the creation and distribution of marketing materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the term of your franchise on an as-needed basis.

You will also have an opportunity to create advertising for your own use, provided we approve it in advance. You may not use any advertising materials that have not been approved by us. You must submit to us any advertising materials that you prepare or modify, and we will have 30 days to review and either approve or reject the materials. Our failure to disapprove any advertising materials within the 30-day period will constitute our approval of the materials.

You are encouraged to market your Studio through approved social media channels in accordance with our social media policy. We may require that you utilize a designated supplier for social media services. At all times you must comply with any social media policy that we develop. We currently require that all social media marketing and advertisements be obtained from our JETSET accounts for franchisees. You are not permitted to alter the social media marketing or advertisements without our prior permission. Social media videos must be no longer than 30 seconds unless we agree to the contrary.

We will provide you with a webpage that will be linked on our main website. Your webpage will list certain information about your Studio (such as class schedule, class availability, instructor information, etc.). Your customers can purchase memberships and class packages and reserve classes through your webpage. We will also provide you with social media pages. At this time, we do not allow our franchisees to maintain their own websites or market their businesses on the Internet (except through the webpage and social media pages that we provide and through approved social media channels). Therefore, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify.

You agree to make available at your Studio all flyers, brochures and other materials that we provide to you for purposes of promoting the franchise opportunity. You must follow the requirements in the Manual for purposes of displaying this information.

### **Advertising Cooperatives** (Section 11.4)

We may, but need not, form one or more advertising cooperatives for the benefit of all JETSET studios located within a particular region. If your franchise is located within a region subject to an advertising cooperative, you will be required to pay the cooperative advertising fee determined by the cooperative from time to time. All amounts that you pay to the cooperative will be credited against your Local Marketing Commitment. We also have the right to determine the composition of all geographic territories and market areas for the implementation of each advertising cooperative. Generally, the boundaries of an advertising cooperative will coincide with metropolitan statistical areas, designated marketing areas or municipal boundaries.

If we implement an advertising cooperative in a particular region, we have the right to establish an advertising council to self-administer the advertising cooperative. You must participate in the council according to the council's rules and procedures and you agree to abide by the council's decisions. Alternatively, we may administer the advertising cooperative ourselves. Advertising cooperatives are not required to operate from written governing documents or prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to franchisees within the advertising cooperative upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

### **Advisory Council** (Section 13)

We may choose to establish a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council has been established and operates according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council to communicate with us on matters raised by the advisory council. Advisory council members will be elected by other franchisees and serve 1-year terms. To be eligible to serve on the council, the franchisee must be profitable, in good standing and their studio must have been open at least 1 year. The advisory council meets as often as necessary, but usually on a quarterly basis. You may be invited as a member of the advisory council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counterproductive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any JETSET studio operated by us or our affiliates would also be eligible to be a member of the Advisory Council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

### **Opening Requirements** (Section 8.4)

You may not open your Business before:

- (i) successful completion of the initial training program;
- (ii) you purchase all required insurance;
- (iii) you obtain all required licenses, permits and other governmental approvals;
- (iv) we provide our written approval of the construction, build-out and layout of your Studio;
- (v) you receive your Certificate of Occupancy from the city; and
- (vi) you pre-sell at least 50 packages and memberships.

Your Studio is deemed to be open on the first day of your soft opening.

We anticipate that a typical JETSET franchisee will open his or her JETSET studio within 6 to 12 months after signing the Franchise Agreement. Some of the factors that may affect this time are identification of a suitable location, permitting, inspections, financing, the extent to which an existing location must be upgraded or remodeled, delayed installation of equipment and fixtures, completion of training, obtaining insurance, and

complying with local laws and regulations. Unless we agree to the contrary, your Studio must be opened within 365 days after you sign the Franchise Agreement. We can terminate your franchise if you fail to open within the 365-day period.

## **ITEM 12 TERRITORY**

### **Location of Your Business**

Each Franchise Agreement grants you the right to operate a single JETSET studio at a location we approve. You must identify a location for your JETSET studio within the Site Selection Area described in your Franchise Agreement. You may relocate your Studio with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must:

- (i) locate your new Studio within the Site Selection Area;
- (ii) comply with all of our then-current site selection and development requirements; and
- (iii) open your new Studio and resume operations within 7 days after closing your prior Studio.

### **Your Protected Territory**

Once you have identified a site that we have approved, we will identify the boundaries of your territory (your “Territory”), as determined by industry mapping software. If the site for your Studio is approved before you sign the Franchise Agreement, then your Territory will be identified in Part D of ATTACHMENT "B" to your Franchise Agreement. If the site for your Studio is not approved before you sign the Franchise Agreement, then your Territory will be identified in the Site Approval Notice we send you after we approve the site for your Studio. Your Territory will include a minimum of 30,000 people over the age of 20. We anticipate most territories will include between 30,000 to 40,000 people over the age of 20. For a Development Agreement, we will approve or disapprove the location of future units and territories for those units using the then-current site selection criteria.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We will not operate or authorize a third party to operate a JETSET studio using our Marks that is physically located within your Territory during the term of your Franchise Agreement. However, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

### **Rights We Reserve**

We and our affiliates retain all rights with respect to JETSET Studios, the Marks, the sale of identical, similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire. Specifically, but without limitation, we reserve the following rights:

- (i) the right to operate, and to grant others the right to operate JETSET Studios located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Studio;
- (ii) the right to establish and operate, and to grant to others the right to establish and operate businesses offering similar or dissimilar products and services through similar or Alternative Channels of Distribution (defined below), at any locations inside or outside the Territory under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate;
- (iii) the right to provide, offer and sell and to grant others the right to provide, offer and sell products and services that are identical or similar to and/or competitive with those products and services provided at JETSET Studios, whether identified by the Marks or other trademarks or service marks, through Alternative Channels of Distribution (defined below) both inside and outside the Territory and on any terms and conditions we deem appropriate; provided, however, that online sales of

memberships and class packages to your Studio will be credited to you;

- (iv) the right to sell equipment, supplies, clothing, media and other materials, which bear the Marks at any locations, other than at your Studio, and the right to ship such materials that are purchased on any e-commerce websites owned or operated by us or one of our affiliates or authorized third-parties;
- (v) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Territory under the Marks and on any terms and conditions we deem appropriate;
- (vi) the right to acquire the assets or ownership interests of one or more businesses providing products and services the same as or similar to those provided at JETSET Studios, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchise owners or licensees of these businesses) are located or operating (including in the Territory); and
- (vii) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services the same as or similar to those provided at JETSET Studios, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory.

An “Alternative Channel of Distribution” means any channel of distribution other than retail sales made to customers from a JETSET studio. Examples of Alternative Channels of Distribution include:

- (i) sales of merchandise through direct marketing, such as over the Internet or through catalogs or telemarketing;
- (ii) sales of merchandise through retail stores that do not operate under the Marks, such as sporting goods stores and department stores; and
- (iii) sales made at wholesale.

Sales through Alternative Channels of Distribution are excluded from your protected territorial rights. This means that we may sell or license a third party to sell competitive or identical goods or services through Alternative Channels of Distribution (whether under the Marks or different trademarks) anywhere within your Territory. All sales of merchandise and other inventory items made through your webpage will be credited to you. In addition, sales from online membership and class packages for your Studio will be credited to you. Except as stated above, you are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

### **Restrictions on Your Sales and Marketing Activities**

You can market and advertise outside your Territory as long as: (a) you comply with all of the policies and procedures set forth in the Manual governing extra-territorial marketing; and (b) you do not engage in any targeted marketing directed into any territory assigned to us, our affiliate or another franchisee (except as otherwise noted below).

You are not permitted to engage in targeted marketing that is directed into a territory assigned to us, our affiliate or another franchisee unless the marketing is conducted as part of an advertising cooperative that includes the affected territory. Marketing that is distributed, circulated or received both within your Territory and within another territory is not deemed to be “targeted marketing” if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your Territory; and (b) the majority of the recipients of the advertising are located within your Territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate, or another franchisee. The meaning of “targeted marketing” that is “directed into a territory” may be further defined in the Manual, but examples include direct mail that is sent to addresses

within a given territory, digital advertising that is sent to devices with IP addresses that are registered within a given territory and setting up promotional events that take place within a given territory.

You must comply with any minimum advertised pricing policy that we establish from time to time.

You are not permitted to market or sell through Alternative Channels of Distribution (other than marketing through the webpage we provide and through approved social media channels). Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled “Local Advertising.” There are no other restrictions on your right to solicit customers, whether from inside or outside of your Territory.

### **National Accounts**

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to sell services and products to any business or organization which owns, manages, controls or otherwise has responsibility for locations in more than one area whose presence is not confined with any one particular franchisee’s territory regardless of the contract amount of services or goods to be performed or provided (a “National Account”). After we sign a contract with a National Account, we may, at our option, provide you the option to provide services and products to businesses under the National Account contract. If we choose, or if you choose not to provide services and products, to the National Account, we may provide such services and products directly ourselves, or through another franchisee or third party even if the services and products are within your Territory without compensation to you.

### **Minimum Performance Requirements**

Your territorial exclusivity does not depend on achieving a certain sales volume, market penetration, or other contingency.

### **Additional Franchises or Territories**

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises.

### **Competitive Businesses Under Different Marks**

Neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered at a JETSET studio. However, we reserve the right to do so in the future.

### **Development Agreement**

**You may (if you qualify) develop and operate a number of JETSET Studios each of which must be located in one of the sub-territories we will describe in Exhibit B attached to the Development Agreement (each a “Sub- Development Area” and all Sub-Development Areas are collectively referred to as the “Development Area”). We and you will identify the Development Area and Sub-Development Area in the Development Agreement before signing it. The Development Area typically is identified by zip codes. We base the Development Area's size primarily on the number of JETSET Studios you agree to develop, demographics, and site availability. We and you will negotiate the number of JETSET Studios you must develop to keep your development rights and the dates by which you must develop them. We and you then will complete the schedule in the Development Agreement before signing it.**

**If you are fully compliant with the terms of the Development Agreement and all franchise agreements, then during the Development Agreement’s term and only with respect to each Sub-Territory, we will not grant any other party the right to operate JETSET Studios in any Sub-Territory in which you have not yet opened a Business, nor will we do so ourselves. The territorial protection will apply only with respect to each Sub-Territory until Developer**

**has opened a Business in each Sub-Territory. Once Developer has opened a Business within a Sub-Territory, we and our affiliates will have the right to operate, and grant any other party the right to**

operate, JETSET Studios within that Sub-Territory and to engage, and grant any other party the right to engage, in any activities that we and our affiliates desire within that Sub-Territory without any restrictions whatsoever, except as limited by any Franchise Agreement that governs any part of that Sub-Territory to which you (or one of your affiliates) and we are parties.

We may terminate the Development Agreement if you do not satisfy your development obligations when required. In addition, if you fail to comply with the terms of the Development Agreement during its term, we may, at our option, elect to terminate only the exclusivity of the Development Area and/or any Sub-Development Area instead of terminating the Development Agreement entirely. This means that during the remainder of the term of the Development Agreement, we and our affiliates will have the right to establish and operate, and grant to others the right to establish and operate, JETSET Studios the physical premises of which are located within the Development Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire within the Development Area without any restrictions. However, our termination of the exclusivity will be without prejudice to our right to later terminate the Development Agreement for the same default or any other defaults under the Development Agreement.

Except as described above, we may not alter your Area during the Development Agreement's term.

**ITEM 13  
TRADEMARKS**

Our trademark licensor, JETSET IP Holdings LLC, owns the following marks that have been registered on the Principal Register at the United States Patent and Trademark Office (“USPTO”):

REGISTERED MARKS		
Mark	Registration Number	Registration Date
JETSET Pilates	5954394	January 7, 2020
JETSET Miami	5159516	March 14, 2017
JETSET Modern Pilates	7160900	September 12, 2023
JM/JE Design Mark	7172800	September 26, 2023
JETSET	7172757	September 26, 2023
REGISTERED MARKS		
Mark	Registration Number	Registration Date
Destination Body	7174662	September 26, 2023
JETSETTERS	7175998	September 26, 2023
Destination Body	7368355	April 23, 2024

TRADEMARK APPLICATIONS		
Mark	Serial Number	Filing Date
JETformer	98705766	August 19, 2024
JETSET on the Mat	98765743	September 23, 2024

All required affidavits have been filed and we intend to file all renewals by the required renewal date.

On March 30, 2022, we entered into a License Agreement (the “License Agreement”) with JETSET IP Holdings

LLC. Under the terms of the License Agreement, JETSET IP Holdings LLC granted us the right to use the Marks in the JETSET System and to sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. JETSET IP Holdings LLC is permitted to terminate the License Agreement only if we declare bankruptcy or become insolvent. If the License Agreement is terminated, the agreement states that all sub licenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

We grant you the right to operate a franchise under the name “JETSET” and logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your JETSET franchise or the products or services sold at your Business. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, you must comply with the change at your cost. We have no liability to you for changing the Marks.

You must follow our rules when using the Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the JETSET name in connection with the sale of any product or service that is not previously authorized by us in writing.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or JTM’s right to the Marks.

Except as disclosed above, we are not required under the Franchise Agreement to: (a) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (b) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

There are no other currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks.

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

No patents or pending patent applications are material to the franchise. Although we have not filed an application for copyright registration for the Manual, we do claim a copyright to the Manual, our website and all marketing materials that we create or authorize for use within our System. All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Business will be owned by us. We are not required to compensate you if we modify or discontinue using the subject matter of the copyright.

During the term of your franchise, we will allow you to use our proprietary information relating to the marketing and operation of a JETSET studio, including, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual. You are required to maintain the confidentiality of all of our proprietary information and use it only in strict accordance with the terms of the Franchise Agreement and the Manual. The confidentiality obligations apply to all of our confidential information. We will also own all data that you collect regarding your members and business operations, but we will license you the right to utilize this data during the term of your Franchise Agreement. Upon termination or expiration of the Franchise Agreement, you will return all such proprietary information to us and expunge all versions stored electronically.

You must promptly tell us when you learn about unauthorized use of our proprietary information or copyrighted materials. We are not obligated to act but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information or copyrighted materials. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information or copyrighted materials. There are no infringements that are known by us at this time.

#### ITEM 15

#### OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires that you designate an owner who will be primarily responsible for the daily on-premises management and supervision of the Studio (the “Owner/Operator”). The Owner/Operator must dedicate his or her full-time efforts (which may include teaching classes) to your Business unless we allow you to delegate on-site management functions to a third-party general manager that you hire or engage. Any new Owner/Operator must successfully complete the initial training program before becoming involved with the supervision, management or operation of the Business. The Owner/Operator must also complete all mandatory refresher or advanced training courses that we require. If we determine that the Owner/Operator is not actively involved with the on-site management and supervision of your Business on a full-time basis, we may, at our option and in addition to our other rights under the Franchise Agreement, require you to designate a different Owner/Operator or appoint a general manager.

For cost saving purposes, we encourage the Owner/Operator to serve in the role of general manager by providing on-site management and supervision of your Studio. However, you may appoint a third-party general manager to assume responsibility for the daily on-site supervision and operation of your Studio, but only if:

- (i) the general manager and all Lead Instructors have demonstrated competence and proficiency in the duties they will perform and meet our then-current standards and qualifications for such positions;
- (ii) the general manager successfully completes the initial training program and becomes a certified JETSET instructor;
- (iii) the general manager may teach no more than eight (8) to twelve (12) classes per week or such other number of classes we designate or suggest in the Manual from time to time;
- (iv) the general manager agrees to assume, on a full-time basis, on-site management and supervision of your Business, including agreeing to be physically present in your Studio for at least twenty-five (25) hours each week while classes are in session, or such other number of hours we designate or suggest

in the Manual from time to time

- (v) the general manager signs a Brand Protection Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT "F" (a “Brand Protection Agreement”); and
- (vi) the Owner/Operator agrees to assume responsibility for the on-site supervision and operation of your Studio if the general manager fails to or is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement general manager.

Your Studio must at all times be under the full-time direct, on-premises supervision of the Owner/Operator or an authorized general manager. If we determine that your authorized general manager is not actively involved with the on-site management and supervision of your Business on a full-time basis, we may, at our option and in addition to our other rights under this Agreement, require the Owner/Operator assume responsibility for the on-site supervision and operation of your Studio. We do not require that the general manager own any equity interest in the franchise. We do not have any other restrictions or requirements for any general manager that you choose to hire.

If the franchisee is an entity, we do require that the individual owners of the franchise that directly or indirectly hold a 10% or greater ownership interest in the franchise (or franchisee entity) sign a personal guaranty. Also, any individual owners who directly or indirectly own a 10% or greater ownership interest in the franchise (or franchisee entity) who have or are likely to have any active involvement with the operation of your Studio, must sign the Franchise Agreement where indicated in order to bind themselves to each provision that applies to “owners” (such as noncompetition, protection of confidential information, protection of our intellectual property, restrictions on transfers, etc.) and assure the franchisee’s payment obligations.

All of your employees who may have access to our confidential information must sign a Confidentiality Agreement, the current form of which is attached to the Franchise Agreement as ATTACHMENT "G". In addition, we may require that the spouses of the franchise owners sign Brand Protection Agreements. The Brand Protection Agreement obligates the general manager to comply with the same brand protection covenants imposed under the Franchise Agreement, including the nondisclosure, nonsolicitation and noncompetition covenants as well as the covenants restricting the use of our intellectual property except as authorized by the Franchise Agreement.

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

We must approve all goods and services that you sell from your Studio, including class offerings, merchandise, equipment, inventory items, memberships, packages and consultations. You must offer all goods and services that we require. You may not sell any goods or services that we have disapproved. You may only offer the specific classes and exercises that we designate. At any time, we may change the goods and/or services that you are required to sell from your Studio and you must comply with any such change. You may not sell any goods or services except from your Studio and through your local webpage (at this time, you may only sell memberships and class packages through your webpage, Mindbody, and the associated JETSET-branded App). **We do not restrict the customers whom you may serve at your Studio.**

We will provide you with our recommended market-specific pricing for the membership fees and the other products and services you will sell. You may deviate from our suggested retail pricing in your discretion. However, you must obtain our approval of any deviation that is more than 5% higher or lower than our suggested retail pricing, unless such pricing is part of a temporary advertising program that we have approved. We also reserve the right to: (a) set maximum or minimum prices on the package and membership fees and other goods and services you sell to the extent permitted by applicable law; and (b) require that you comply with any minimum advertised pricing policy that we establish from time to time.

We may require that you participate in a gift card or other customer loyalty program (including utilization of a “membership and loyalty” model) in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of that

equipment, software and/or Apps. If we establish a gift card or loyalty program, we have the right to determine how the proceeds from the sale of gift cards or membership fees will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You must follow all of our policies regarding any gift card or loyalty program that we establish. You must only sell the packages and memberships that we authorize or designate. We reserve the right to implement policies for transfers of memberships or to allow memberships to be utilized at multiple locations and you must comply with all such policies.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**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.**

<b>THE FRANCHISE RELATIONSHIP</b>		
<b>PROVISION</b>	<b>SECTIONS IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the franchise term	Section 5.1	Term is equal to 10 years.
b. Renewal or extension of the term	Section 5.1 & 5.2	If you meet our conditions for renewal, you may enter into up to two (2) renewal franchise agreements. Each renewal term will be 5 years.
c. Requirements for you to renew or extend	Section 5.1 & 5.2	You must: not be in default; give us timely notice; sign our then-current form of franchise agreement and related documents (e.g., Brand Protection Agreement, etc.); sign a general release (subject to state law); pay the Renewal Fee; remodel or upgrade your Studio to comply with our then-current standards and specifications; and maintain possession of your Studio under your lease. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract. (This entire provision is subject to applicable state law.)
d. Termination by you	Section 22.1	You can terminate only if we fail to cure a material default within the cure period; provided that you have the right to terminate the franchise relationship under any grounds permitted under applicable state law.
e. Termination by us without cause	Section 22.4	We can terminate without cause if you and we mutually agree to terminate.
f. Termination by us with cause	Section 22.2 & 22.3	We can terminate if you default. Such termination may result in termination of any development agreements we have with you. (This entire provision is subject to applicable state law.)
g. "Cause" defined - curable defaults	Section 22.2 & 22.3	You have 10 days to cure any payment default. You have 30 days to cure any other default (except for defaults described below under "non-curable defaults"). (This entire provision is subject to applicable state law.)
h. "Cause" defined - non-curable defaults	Section 22.2	The following defaults cannot be cured: failure to successfully complete training; failure to find approved site or open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment of franchise; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; unauthorized transfers; unauthorized use of our intellectual property; failure to delete social media post bearing our Marks within 48 hours; violation of confidentiality, noncompetition or non-solicitation covenant; receipt of 3 or more default letters in any 18-month period; termination of your lease due to your default; or termination of any other agreement between you and us or an affiliate due to your default (subject to applicable state law).
<b>THE FRANCHISE RELATIONSHIP</b>		

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
i. Your obligations on termination/non-renewal	Section 23.1	Obligations include deidentification, cease use of intellectual property, return of Manual and all branded materials, assignment of telephone numbers, listings and domain names, assignment of customer information and contracts, cancellation of fictitious names, and payment of amounts due (also see “r”, below) (subject to applicable state law).
j. Assignment of contract by us	Section 21.1	No restriction on our right to assign.
k. “Transfer” by you – definition	Section 21.2 & Attachment A (definition of “Transfer”)	Includes transfer of contract or assets, or ownership change (subject to applicable state law).
l. Our approval of transfer by you	Section 21.2, 21.3 & Attachment A (definition of “Permitted Transfer”)	If certain conditions are met, you may transfer to a newly formed entity owned by you, or in certain instances, to an existing owner, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval (subject to applicable state law).
m. Conditions for our approval of transfer	Section 21.2	Transferee must meet our qualifications, successfully complete training (or commit to do so), obtain all required licenses and permits, agree in writing to assume all of your obligations under any agreements relating to the Business, and sign a new franchise agreement for the remainder of the term unless we offer a full new term (or at our option, take assignment of existing franchise agreement). Except in situations where we do not have a current FDD or are not registered in the applicable state, we will require all transferees to sign our then-current form of Franchise Agreement. You must be in compliance with Franchise Agreement, assign your lease, if applicable, remodel the studio to current standards (or get a commitment from transferee to do so), pay us the Transfer Fee and sign a general release (subject to applicable state law). We must notify you that we do not intend to exercise our right of first refusal.
n. Our right of first refusal to acquire your business	Section 21.5	We have the right to match any bona fide, arms-length offer for your business.
o. Our option to purchase your business	Section 23.2	We have the option to purchase your Business upon the expiration or termination of the Franchise Agreement (subject to applicable state law).
p. Your death or disability	Section 21.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate a manager to operate the Studio prior to transfer.
q. Non-competition covenants during the term of the franchise	Section 15.2 & 15.3	No involvement in competing business; comply with non-solicitation and non-disclosure covenants (subject to applicable state law).
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2, 15.4 & 23.1	No involvement for 2 years in competing business within 10 miles from your Studio or any other then-existing JETSET studio; comply with non-solicitation and non-disclosure covenants; cease use of intellectual property (subject to applicable state law).
THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY

s. Modification of the agreement	Section 26.3 & 26.8	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various state laws.
t. Integration / merger clause	Section 26.8	Only the terms of the Franchise Agreement and attachments to Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 24	Subject to applicable state law, all disputes must be mediated before arbitration or litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
v. Choice of forum	Section 24	Subject to applicable state law, all mediation, arbitration, and litigation must take place in Miami-Dade County, Florida.
w. Choice of law	Section 26.1	Subject to applicable state law, Florida law governs <u>(subject to state law)</u> .

### THE DEVELOPMENT RELATIONSHIP

This table lists certain important provisions of the Development Agreement. You should read these provisions and the agreement attached to this disclosure document. You may not, however, be invited to sign a Development Agreement.

THE DEVELOPMENT RELATIONSHIP		
PROVISION	SECTIONS IN DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the development term.	Section 5(a)	Varies depending upon development period.
b. Renewal or extension of the term.	Section 5(b)	Varies depending upon development period.
c. Requirements for you to renew or extend	Section 5(b)	Written notice from you to renew, you must be in full compliance with the DA, sign then current DA, and pay the renewal development fee. You may be asked to sign a contract with materially different terms and conditions than <del>your original contract (subject to applicable state law)</del> .
THE DEVELOPMENT RELATIONSHIP		
PROVISION	SECTIONS IN DEVELOPMENT	SUMMARY

	<b>AGREEMENT</b>	
		<u><a href="#">your original contract (subject to applicable state law).</a></u>
d. Termination by you.	N/A	N/A
e. Termination by us without cause.	N/A	We cannot terminate your DA without cause.
f. Termination by us with cause.	Section 8	We can terminate if you breach a material provision of the DA. Termination by us in this instance also permits us to terminate your Franchise Agreement (subject to applicable state law).
g. "Cause" defined – curable defaults.	Section 7	Ten (10) days for failure to pay amounts owed; thirty (30) days for failure to meet operational, financial and legal requirements. Termination by us in this instance also permits us to terminate your Franchise Agreement (subject to applicable state law).
h. "Cause" defined – noncurable defaults.	Section 7	Failure to obtain site approval, failure to adhere to development schedule, default under franchise agreement to which developer is a party. Termination by us in this instance also permits us to terminate your Franchise Agreement (subject to applicable state law).
i. Your obligations on termination / non-renewal	Sections 6(b) and 8	Cease operating as a developer, cease use of confidential information and Marks; no adaptation of confusingly similar Marks, and abide by any non-compete covenants (subject to applicable state law).
j. Assignment of contract by us.	N/A	N/A
k. "Transfer" by you – defined	Section 9	To sell, assign, transfer, convey, gift, pledge, mortgage or otherwise encumber any interest in the agreement; or any change in control from a transfer or series of transfers of any interest in you or anyone that directly or indirectly controls you (subject to applicable state law).
<b><u><a href="#">THE DEVELOPMENT RELATIONSHIP</a></u></b>		
<b><u><a href="#">PROVISION</a></u></b>	<b><u><a href="#">SECTIONS IN DEVELOPMENT AGREEMENT</a></u></b>	<b><u><a href="#">SUMMARY</a></u></b>

l. Our approval of transfer by you.	Section 9	Any transfer requires our prior written consent (subject to applicable state law).
<b>THE DEVELOPMENT RELATIONSHIP</b>		
<b>PROVISION</b>	<b>SECTIONS IN- DEVELOPMENT- AGREEMENT</b>	<b>SUMMARY</b>
m. Conditions for our approval of transfer.	Section 9	Any transfer requires our prior written consent.
n. Our right of first refusal to acquire your Business.	N/A	N/A
o. Our option to purchase your business.	N/A	N/A
p. Your death or disability.	N/A	Franchise must be assigned to an approved buyer within six (6) months.
q. Non-competition covenants during the term of the Franchise.	Section 6	No involvement in any competitive business anywhere in the Territory (subject to applicable state law).
r. Non-competition covenants after the franchise is terminated or expires.	Section 6	No interest in competing business for two (2) years within the Territory (subject to applicable state law).
s. Modification of the Agreement.	Section 16	No modification except by written agreement.
t. Integration / merger clause.	Section 16	Only the terms of the Development Agreement are binding (subject to applicable state law). Any representations or promises made outside the Disclosure Document and Development Agreement may not be enforceable. Nothing in the Development Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation.	Sections 14(d) and (e)	Arbitration and mediation in Miami-Dade County, State of Florida (subject to applicable state law).
<b><u>THE DEVELOPMENT RELATIONSHIP</u></b>		

<u>PROVISION</u>	<u>SECTIONS IN DEVELOPMENT AGREEMENT</u>	<u>SUMMARY</u>
v. Choice of forum.	Section 14(b)	Judicial enforcement in Miami-Dade County, State of Florida (subject to applicable state law).
<b><del>THE DEVELOPMENT RELATIONSHIP</del></b>		
<del>PROVISION</del>	<del>SECTIONS IN DEVELOPMENT AGREEMENT</del>	<del>SUMMARY</del>
w. Choice of law.	Section 14(a)	State of Florida laws apply ( <del>unless prohibited by laws of the state where the Franchise is located</del> <u>subject to state law</u> ).

**ITEM 18  
PUBLIC FIGURES**

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

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in the Disclosure Document 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.

**Definitions**

- “Calendar year” means the period beginning on January 1, 2024 and ending on December 31, 2024.
- “Class Utilization Percentage” means the ratio of booked spots to total available spots in all scheduled classes at a given Studio during the Measurement Period, expressed as a percentage. This percentage is determined by dividing the total number of booked spots across all classes by the total number of available spots in those classes, then multiplying by 100. Class Utilization Percentage reflects customer demand and efficiency in capacity utilization across Qualified Studios.
- “EBITDA” means earnings before interest, taxes, depreciation, and amortization.
- “Gross Revenues” means all gross sums that you bill or collect from all goods and services that you sell, plus all other sums that you collect from the operation of your Business, including the proceeds of any business interruption insurance. “Gross Revenues” does not include: (i) sales or use taxes; (ii) amounts authorized to be refunded to customers; (iii) revenues that you raise for a charitable cause; or (iv) revenues that you collect on behalf of, and pay to, unaffiliated third parties (for example, group entrance fees for participation in a local running event or farmers market).
- “Measurement Period” means the Calendar Year.

- “Non-Traditional Site” means any location that (i) is smaller than 1000 square feet; (ii) have fewer than 11 reformers; or (iii) is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility

–(for example, “big box” gyms and/or fitness facilities, cruise ships, military bases, airports, sports facilities and stadiums, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, and other similar captive market locations).

- “Profit and Loss Statement – Trailing Twelve Months (TTM)” means the financial statement that presents the revenue, expenses, and net profit or loss of a given Studio over the Calendar Year’s twelve-month period ending on the last day of the Measurement Period. The TTM Profit and Loss Statement provides a rolling view of financial performance, capturing trends and seasonality across a full-year timeframe.

- “Profit and Loss Statement – Fiscal Year-to-Date (FYTD)” means the financial statement that presents the revenue, expenses, and net profit or loss of a given Studio from the beginning of the Calendar Year through the most recent completed fiscal month of the Measurement Period. The FYTD Profit and Loss Statement provides a snapshot of a Studio’s financial performance within the ongoing fiscal year, helping to assess interim profitability

and operational efficiency.

- “Qualified Studio” means a Studio that was owned and operated by us, an affiliate, or a franchisee for the entire Measurement Period (except for permitted temporary closures). Qualified Studios do not include Studios that operated at Non-Traditional Sites.

- “Weekly Number of Classes per Studio” means the average number of scheduled and conducted classes per week at a given Studio during the Measurement Period. This figure is calculated by dividing the total number of classes conducted at the Studio over the Measurement Period by the number of weeks in that period. This metric provides insight into the frequency and consistency of class offerings across Qualified Studios.

### Data Set and Methodology

The data presented below is data we obtained from monthly Profit and Loss reports/Statements provided to us by three of our affiliates<sup>[1]</sup> and three franchisees<sup>[2]</sup> operating Qualified Studios; ~~first in the aggregate (annual) basis across all six units; second on an individual twelve month trailing basis. Data regarding Weekly Number of Classes and Class Utilization related to the P&Ls are also provided.~~ In each case, the data used was the affiliates and franchisee’s data. We have not undertaken an independent investigation to verify the data that was reported by franchisees. The tables below summarize certain financial and operational performance metrics for the Qualified Studios during the Measurement Period.

Table 1: Average Gross Revenue, EBITDA and EBITDA Margin

The table below presents the average, high, low and median Gross Revenue, EIBITDA and EBITDA margin for the Qualified Studios during the Measurement Period.

<u>Metric</u>	<u>Total Income (Gross Revenue)</u>	<u>Net Operating Income (EBITDA)</u>	<u>Net Operating Income (EBITDA) Margin</u>
<u>Lowest</u>	<u>\$552,638</u>	<u>\$68,335</u>	<u>12.37%</u>
<u>Highest</u>	<u>\$1,358,060</u>	<u>\$600,616</u>	<u>45.98%</u>
<u>Average (Mean)</u>	<u>\$924,048</u>	<u>\$305,514</u>	<u>30.90%</u>
<u>Median</u>	<u>\$856,138</u>	<u>\$287,697</u>	<u>30.58%</u>

Table 2: Service Offering Mix

[1] Our affiliate operating at 110 Washington Avenue, Miami Beach, Florida is not a Qualified Studio.

[2] The franchise operating at the Merrick Park, Coral Gables, Florida unit is not a Qualified Studio.

The table below presents each service offered by the Qualified Studios (including intro offers, packages, monthly memberships, and third-party platform bookings) as a percentage of total service-related customer transactions. Revenue per service ticket is calculated by multiplying the average price of each service offered by its percentage of total service-related transactions. The Service Offering Mix below excludes non-service items such as retail sales, gift cards, and late or no-show fees.

<u>Service Offering Mix</u>	<u>% Mix</u>	<u>Revenue per Service Ticket</u>
<u>Intro Offers</u>	<u>24.60%</u>	<u>\$34</u>
<u>Packages</u>	<u>39%</u>	<u>\$92</u>
<u>Monthly Memberships</u>	<u>13.40%</u>	<u>\$228</u>
<u>Third-Party Booking Platform</u>	<u>23%</u>	<u>\$17</u>
<u>Total</u>	<u>100.00%</u>	<u>\$79</u>

Table 3: Membership Offering Mix

The table below presents each membership type offered by the Qualified Studios (including 4-class, 8-class, 12- class, and unlimited) as a percentage of total members. Revenue per Member is calculated by multiplying the average price of each membership type by its share of members.

<u>Memberships Offering Mix</u>	<u>% Mix</u>	<u>Revenue Per Member</u>
<u>4-Class Monthly</u>	<u>14.0%</u>	<u>\$99</u>
<u>8-Class Monthly</u>	<u>34.0%</u>	<u>\$199</u>
<u>12-Class Monthly</u>	<u>19.0%</u>	<u>\$249</u>
<u>Unlimited Monthly</u>	<u>33.0%</u>	<u>\$299</u>
<u>*Min 3 Mo. Commitment</u>	<u>100%</u>	<u>\$228</u>

Table 4: Unit Volume by Revenue Stream

The table below presents each category of revenue received by the Qualified Studios as a percentage of overall revenue. Unit Volume by Revenue Stream is calculated by applying the percentage of the mix to the total AUV to show the dollar amount contributed by each revenue stream.

<u>Revenue Stream Mix</u>	<u>% Mix</u>	<u>Unit Volume by Revenue Stream</u>
<u>Gift Card Sales</u>	<u>0.1%</u>	<u>\$925</u>
<u>Instructor Training</u>	<u>0.3%</u>	<u>\$3,129</u>
<u>Late &amp; No Show Fees Charged</u>	<u>3.7%</u>	<u>\$33,780</u>
<u>Membership Income</u>	<u>36.2%</u>	<u>\$334,106</u>
<u>Package Income</u>	<u>34.9%</u>	<u>\$322,647</u>
<u>Private Class Income</u>	<u>1.2%</u>	<u>\$10,627</u>
<u>Retail Product Income</u>	<u>4.7%</u>	<u>\$43,406</u>
<u>Third Party Platform Income</u>	<u>19.0%</u>	<u>\$175,429</u>
<u>Total AUV</u>	<u>100%</u>	<u>\$924,048</u>

The data presented below is data we obtained from monthly Profit and Loss Statements provided to us by three of our affiliates<sup>[1]</sup> and three franchisees<sup>[2]</sup> operating Qualified Studios; first in the aggregate (annual) basis across all six units; second on an individual twelve-month trailing basis. Data regarding Weekly

[1] Our affiliate operating at 110 Washington Avenue, Miami Beach, Florida is not a Qualified Studio.

[2] The franchise operating at the Merrick Park, Coral Gables, Florida unit is not a Qualified Studio.

**Number of Classes and**

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**<sup>[1]</sup> Our affiliate operating at 110 Washington Avenue, Miami Beach, Florida is not a Qualified Studio.**

**<sup>[2]</sup> The franchise operating at the Merrick Park, Coral Gables, Florida unit is not a Qualified Studio.**

**Class Utilization related to the P&Ls are also provided.**

*[Profit & Loss and Class Utilization charts on following several pages.]*

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~~<sup>††</sup>Our affiliate operating at 110 Washington Avenue, Miami Beach, Florida is not a Qualified Studio.~~  
~~<sup>†‡</sup>The franchise operating at the Merriek Park, Coral Gables, Florida unit is not a Qualified Studio.~~

JETSET Pilates		\$552,638 Lowest Total Income (Gross Revenue)							
JETSET Pilates Profit & Loss - By Entity For the Fiscal Year Ending: For the Fiscal Year Ending: 12/31/2024		Highest Total Income (Gross Revenue)				\$1,358,060			
12/31/2024		Downtown-Miami	Brickell	Sunset Harbor	Sunset	Edgewater	Flagler Village Edgewater Franchi	Downtown Miami Flagler Village	West Boca (Franchisee)
		Median Total Income (Gross Revenue)							
						Total			
						Total			
<b>Ordinary Income/Expense_Income</b>									
	<b>Income</b>	919,244,000.00	400,001,830.71	1,830,742,297.40	2,287,401,000.00	0.00			
Gift Card Sales	9,100,002.21							5,547.32	
Instructor Training	59,850,000.00	9,000.00	0.00	0.00	03,925.00	35,828,500.00	0.00	18,775.00	
Late & No Show Fees Charged	403,971,500.00	381,913,560.00	17,56,968,004.00	497,668,290.040	87,291,097.00	30,975.01		202,681.55	
Membership Income	210,103,363,47,814.40	347,814.40	172,029.00	176,577,2,029.00	541,76,877,383.200	542,10,881,03,0036	556,727.60	2,004,634.56	
Package Income	400,260.84	327,599.20	375,327,599.270	375,182,327,86.710	482,466,386,13.400	466,343,001,00,260.81	483,999.35	1,935,886.16	
Private Class Income	0.00	63,880.00	(63,881,200.00)	(420.00)	0.00	0.00	0.00	63,760.00	
Retail Product Income	38,782,9,059.79	38,782,97,44,200.75	424,20,440,7521	24,440,24,51,918.68	51,948,682,09,59.79	72,032.46		260,434.86	
Third Party Platform Income	196,289.49	173,776.05	102,673,776.050	2102,389,0,673.60	212,53,118,062.5	159,96,44,28,264.9	214,325.91	1,052,572.26	
<b>Total Income - Gross Revenue</b>	<b>936,805.33</b>	<b>936,806,33,775,470.95</b>	<b>776,15,47,71,953.2</b>	<b>1,30,34,24,5074.23</b>	<b>455,2,8,06,28,45.33</b>	<b>1,358,060.33</b>		<b>5,544,291.74</b>	
<b>Cost of Goods Sold - Cost of Service</b>									
COS Payroll Taxes	0,004,073.24	4,073,244,124.42	4,124,422,561.04	2,561,040.00	0.00	0.00		10,758.70	
Instructor Bonus (1099)	840.00	0.00	0.00	0.00	81,000.00	4,000.00		4,810.00	
Instructor Pay (1099)	199,961,75,002.24	194,1,47,085,2400	138,144,0854.00	163,351,44,400.9	163,351,499,965.00	221,869.61		955,590.34	
Private Instructor Pay (1099)	0.00	37,093.00	37,093.00	0.00	0.00	0.00		37,093.00	
Studio Lead Bonus	0,83.00	830.00	0.00	0.00	0.00	6,000.00		6,083.00	
Studio Lead Bonus (1099)	447,000.00	074.00	740.00	0.00	0,147.00	0.00		221.00	
Studio Lead Pay (1099)	36,802,37,000.00	51,200,700.00	631,200,70,18	34,007,480.00	0,0035,802.37	0.00		118,010.25	
Studio Lead Wages	0,0049,810.13	49,840,430.00	0.00	0,0051,814.90	51,844,900.00	83,344.82		184,969.85	
<b>Total Cost of Service</b>	<b>436,724,37,245,141.61</b>	<b>245,33,441,577.612</b>	<b>233,517,1,7,12.22</b>	<b>474,742,222,15,166.39</b>	<b>215,4,366,724,397</b>	<b>315,214.43</b>		<b>1,317,536.14</b>	
<b>Franchise Fees</b>									
Adjustments	(4,100,33)0.00	0.00	0.00	0.00	0,00(1,100.33)	0.00		(1,100.33)	
Brand and System Development	8,424,3714,052.08	511,7634,2406	59,447,226,087	4,718,089,0411	48,089,124,4437	17,959.47		60,039.19	
Franchise Technology	3,000.00	3,000.00	3,000.00	2,750.00	23,760,000.00	2,669.35		8,419.35	
Instructor Training	5,850,007,31,25	731,25	731,25	734,250.00	5,850.00	0.00		8,043.75	
Royalties	40,621,8670,260.40	0,0058,160.32	0,0046,130.35	0,0092,319.95	92,40,362,19,968.6	91,339.33		224,281.14	
<b>Total Franchise Fees</b>	<b>5688,0495,3,907.3</b>	<b>6,462,37,3,523.64</b>	<b>6,148,33,59,087.67</b>	<b>5,449,291,13,159.06</b>	<b>113,56,449,5,906</b>	<b>111,968.15</b>		<b>502,99,627,83,104</b>	
Merchant Chargebacks	1,924,331,043	4,334,03,858.78	858,789,70.31	497,06,317	496,471,924.04	0.00		5,580.33	
Merchant Fees	428,93,67,93,82	28,937,088,9316	27,088,4615,332.62	443,5,332,94,762	413,694,7673.82	13,316.69		141,943.98	
Operational Supplies	42,440,8,79,18	2,408,48,912,25	91,723,2537	4,723,372,585.61	24,544,85,6479	19,389.37		31,467.57	
Retail Products COGS	17,29,392,806	20,351,7,299,863	210,356,81,632	10,684,2823,227.75	23,227,759,392.80	48,482.61		129,435.93	
Uncollectibles	6,534,254,189.76	4,189,76(375.79)	(375.79)4,311.57	4,344,570.00	0,006,534.25	0.00		14,659.79	
<b>Total COGS</b>	<b>259,499,97,387,352.10</b>	<b>30,55,770,935.749</b>	<b>288,660,48,263,819.04</b>	<b>240,480,66,398,229.74</b>	<b>398,229,193,974</b>	<b>508,371.25</b>		<b>2,142,940,306,1,848</b>	
<b>Gross Profit</b>	<b>323,444,48,549,453.23</b>	<b>624,034,604,19,535.16</b>	<b>486,910,47,351,252.28</b>	<b>404,880,66,908,015.59</b>	<b>906,016,69,323,444.48</b>	<b>849,689.08</b>		<b>3,603,08,01,389,373</b>	
<b>Expense</b>									
<b>Facility Expenses</b>									
Total Facility Expenses	98,645,701,173	66,704,431,10,144.53	440,444,63,88,675.41	88,131,1,6760,491	434,98,464,0,917	165,839.59		660,161.74	
<b>General Operating Expenses</b>									
Total General Operating Expenses	382,334,7,6921	325,337,651,2406	362,661,067,59	532,69,897,6924	63,897,2,334,69	125,340.62		318,168.41	
<b>Marketing</b>									
Total Marketing	21,074,248,464.66	8,464,669,621.84	9,621,948,163.30	8,16,003,3085	216,003,7,8621	65,888.12		129,212.98	
<b>Other Personnel Expense</b>									
Total Other Personnel Expense	6,644,004,949.33	4,949,336,340.28	65,340,9,628	510,423,49,629	40,423,696,641.00	3,918.50		37,622.42	
<b>Personnel Expenses</b>									
Total Personnel Expenses	906,3,422,09,824	63,57,209,173.82	57,473,82,52,800.91	952,800,914,36	950,94,422,3,621	63,616.83		423,137.95	
<b>Total Expense</b>	<b>256,409,28,174,662.15</b>	<b>217,48,66,2931,453</b>	<b>2187,934,596.83</b>	<b>487,596,83,307,400.05</b>	<b>307,400,05,255,109.28</b>	<b>424,603.66</b>		<b>1,568,303.50</b>	
<b>Net Ordinary Income</b>	<b>68,335,203,74,791.08</b>	<b>456,372,44,200,603.63</b>	<b>21,673,978,655,9.5</b>	<b>217,293,83,600,615.54</b>	<b>608,643,33,5420</b>	<b>425,085.42</b>		<b>21,833,035,6,46,73</b>	
<b>Other Income/Expense</b>									
<b>Other Income</b>									
Total Other Income	4,820,98.74	820,989,6.10	96,4070.49	760,490.00	6108,0071	4,437.75		5,594.03	
<b>Other Expense</b>									
Total Other Expense	83,70,449,1,163	83,56,794,27,4640	56,727,40,30,365.93	30,365,887,9,380	3,887,8070,141,63	95,932.36		340,846.28	
<b>Net Other Income</b>	<b>(82,970,032,921.8)</b>	<b>(82,970,48,56,631.30)</b>	<b>(66,634,30,30,295.44)</b>	<b>(30,829,67,4480)</b>	<b>(70,03,827,8092)</b>	<b>(91,494.61)</b>		<b>(335,252.25)</b>	
<b>Net Income</b>	<b>(1,697,72)291,820.90</b>	<b>374,40,97,263.33</b>	<b>2,433,47,40,01</b>	<b>185,9,997,7,3974</b>	<b>(696,1,78,697,742)</b>	<b>333,590.81</b>		<b>1,700,2,7,834,420.8</b>	



**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:-**  
**December 31, 2024**

**001 - Downtown Miami**

**JETSET Pilates**  
**Profit & Loss - Trailing Twelve Months**  
**For the Period Ending: December 31, 2024**

**Brickell (Affiliate)**

	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Total	
<b>Ordinary Income/Expense Income</b>														
Gift Card Sales			0	0	0	0	0	0	0	0	400	0	0	400
Instructor Training			0	0	0	0	1,950	0	975	0	1,950	0	975	5,850
Late & No Show Fees Charged			1,130	820	1,080	975	820	520	655	540	1,145	1,435	925	10,975
Membership Income			18,103	16,573	20,917	18,658	20,723	17,995	16,194	15,907	19,449	13,916	15,840	210,103
Package Income			7,785	4,423	11,448	7,347	4,726	7,748	11,290	7,057	7,524	10,316	11,490	100,261
Retail Product Income			4,924	2,346	3,249	2,904	2,375	1,930	2,172	2,363	2,736	2,058	2,489	29,060
Third Party Platform Income			7,428	11,869	14,334	14,990	16,083	13,955	15,905	16,779	21,909	23,320	22,132	196,289
<b>Total Income</b>		0	36,370	36,031	51,027	44,873	44,727	44,097	46,491	44,466	43,486	56,926	52,650	552,638
<b>Cost of Goods Sold</b>														
<b>Cost of Service</b>														
Instructor Bonus (1099)			0	0	0	0	0	0	0	0	210	290	310	810
Instructor Pay (1099)			6,121	6,978	7,954	8,699	8,711	7,863	8,001	8,494	9,732	9,278	9,875	99,965
Studio Lead Bonus (1099)			0	0	0	0	0	0	0	0	42	75	30	147
Studio Lead Pay (1099)			1,298	2,084	2,124	2,832	3,725	3,330	3,102	3,537	2,926	3,894	3,434	35,802
<b>Total Cost of Service</b>			7,419	9,062	10,078	11,534	12,436	11,193	11,103	12,031	11,185	13,878	13,074	136,724
<b>Franchise Fees</b>														
Adjustments			0	0	0	(306)	0	(795)	29	(29)	0	0	0	(1,100)
Brand and System Development			544	530	758	662	670	616	701	659	848	756	734	8,124
Franchise Technology			250	250	250	250	250	250	250	250	250	250	250	3,000
Instructor Training			0	0	0	1,950	0	0	975	0	1,950	0	975	5,850
Royalties			2,718	2,650	3,790	3,311	3,352	3,079	3,504	3,295	3,230	4,242	3,780	40,622
<b>Total Franchise Fees</b>			3,512	3,430	4,798	5,867	4,273	3,150	4,483	5,150	4,126	7,291	4,786	56,496
Merchant Chargebacks			35	234	398	440	398	199	0	0	0	220	0	1,924
Merchant Fees			725	995	857	1,335	1,100	1,062	1,943	1,200	990	1,298	1,075	13,674
Operational Supplies			1,452	248	1,593	(120)	(173)	(674)	735	1,231	157	0	0	4,449
Retail Products COGS			637	926	303	1,092	884	697	827	23	1,094	827	1,013	9,393
Uncollectibles			188	645	504	740	66	1,100	(267)	533	417	363	(291)	6,534
<b>Total COGS</b>			13,968	15,540	18,527	20,885	18,980	16,726	18,825	20,167	17,970	23,657	19,876	229,194
			0	0	0	0	0	0	0	0	0	0	0	0
<b>Gross Profit</b>			22,402	20,491	32,500	23,988	25,747	27,372	27,666	24,299	25,517	33,270	32,775	323,444
<b>Gross Profit Margin</b>			62%	57%	64%	53%	58%	62%	60%	55%	59%	58%	62%	59%

**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:**  
**December 31, 2024**

**001 - Downtown Miami**

	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Expense</b>														
<b>Facility Expenses</b>														
Janitorial	800	800	400	1,200	600	1,570	0	0	0	0	0	0	0	5,370
Rent	7,540	7,103	7,923	7,923	7,923	7,735	7,735	7,735	7,735	7,735	7,735	7,735	7,735	92,530
Studio Repairs & Maintenance	252	0	0	0	0	0	0	0	0	0	489	0	0	741
<b>Total Facility Expenses</b>	<b>8,562</b>	<b>7,903</b>	<b>8,323</b>	<b>9,123</b>	<b>8,523</b>	<b>9,305</b>	<b>7,735</b>	<b>7,735</b>	<b>7,735</b>	<b>7,735</b>	<b>8,224</b>	<b>7,735</b>	<b>7,735</b>	<b>98,640</b>
	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Total	
<b>General Operating Expenses</b>														
(Over)/Short	0	0	0	796	0	0	0	0	0	0	4	(57)	743	
Bank Fees	50	0	0	25	40	25	0	0	0	0	0	0	140	
Computer & Hardware	379	98	0	394	0	0	0	0	0	0	0	0	868	
Dues & Subscriptions	12	12	161	12	12	12	14	14	14	14	14	14	305	
General Liability Insurance	245	245	245	245	245	245	504	251	257	257	257	257	3,250	
License & Permits	125	125	280	125	125	125	125	125	125	158	158	158	1,751	
Meals	0	0	0	307	97	0	7	0	0	0	0	0	411	
Office Expenses & Supplies	264	228	213	35	290	151	216	197	230	73	426	194	2,514	
Parking & Tolls	200	200	200	200	200	200	200	200	200	200	0	404	2,400	
Postage & Delivery	0	0	64	29	10	3	0	0	0	0	0	0	105	
Professional Fees - 401k Plan	145	145	145	145	145	145	145	145	145	145	145	145	1,740	
Professional Fees - Accounting	783	713	713	783	803	713	783	713	713	783	718	818	9,030	
Software & Apps	1,319	644	1,150	1,184	1,117	1,213	1,238	1,073	1,073	1,263	1,073	1,254	13,599	
Travel	0	0	0	0	0	0	0	0	0	0	1,480	0	1,480	
<b>Total General Operating Expenses</b>	<b>3,521</b>	<b>2,408</b>	<b>3,170</b>	<b>4,276</b>	<b>3,084</b>	<b>2,831</b>	<b>3,227</b>	<b>2,716</b>	<b>2,755</b>	<b>2,892</b>	<b>4,274</b>	<b>3,180</b>	<b>38,335</b>	
<b>Marketing</b>														
Digital Marketing	1,565	1,706	1,938	2,078	1,994	2,038	1,499	1,514	1,524	1,645	1,003	986	19,487	
Local Marketing	368	0	0	0	6	124	0	0	0	0	564	0	1,060	
MB Marketplace Marketing	0	0	0	0	0	0	0	0	0	215	142	167	524	
<b>Total Marketing</b>	<b>1,933</b>	<b>1,706</b>	<b>1,938</b>	<b>2,078</b>	<b>2,000</b>	<b>2,162</b>	<b>1,499</b>	<b>1,514</b>	<b>1,524</b>	<b>1,860</b>	<b>1,706</b>	<b>1,153</b>	<b>21,071</b>	
<b>Other Personnel Expense</b>														
Employee Benefits & Appreciation	41	0	0	0	609	0	0	0	0	0	0	0	620	
Payroll Processing Fees	497	296	310	313	328	381	378	395	395	368	545	893	5,098	
Workers Compensation	70	70	70	70	70	70	70	88	88	88	85	88	923	
<b>Total Other Personnel Expense</b>	<b>578</b>	<b>366</b>	<b>379</b>	<b>382</b>	<b>1,006</b>	<b>451</b>	<b>447</b>	<b>483</b>	<b>483</b>	<b>455</b>	<b>630</b>	<b>980</b>	<b>6,641</b>	
<b>Personnel Expenses</b>														
Management Bonus	884	602	1,970	1,830	1,828	1,478	1,792	1,571	1,600	2,093	1,818	1,858	19,323	
Management Wages	4,435	4,363	4,331	4,542	4,331	4,331	4,331	4,331	4,331	4,421	4,331	4,331	52,412	
Owner Wages	2,000	2,000	2,000	2,000	1,100	300	400	400	400	400	400	400	11,800	
Payroll Taxes	785	599	701	640	555	467	499	482	484	529	501	643	6,887	
<b>Total Personnel Expenses</b>	<b>8,104</b>	<b>7,564</b>	<b>9,003</b>	<b>9,012</b>	<b>7,815</b>	<b>6,577</b>	<b>7,022</b>	<b>6,784</b>	<b>6,815</b>	<b>7,443</b>	<b>7,050</b>	<b>7,233</b>	<b>90,422</b>	
<b>Total Expense</b>	<b>22,698</b>	<b>19,947</b>	<b>22,814</b>	<b>24,872</b>	<b>22,428</b>	<b>21,326</b>	<b>19,931</b>	<b>19,232</b>	<b>19,310</b>	<b>20,385</b>	<b>21,885</b>	<b>20,281</b>	<b>255,109</b>	

**JETSET Pilates**  
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Net Ordinary Income	(296)	543	9,686	(884)	3,320	6,046	7,735	5,067	6,207	12,885	10,990	7,137	68,335
Net Ordinary Income Margin	-1%	2%	19%	-2%	7%	14%	17%	11%	14%	23%	21%	14%	12%
Other Income/Expense	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Income													
Other Miscellaneous Income	0	0	0	0	0	0	0	65	0	0	0	0	65
Sales Tax Discount	5	0	0	13	0	0	13	0	0	13	0	0	44

	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Total
Total Other Income	5	0	0	13	0	0	13	65	0	13	0	0	109
Other Expense													
Amortization	1,253	1,253	1,253	1,253	1,253	1,296	1,296	1,296	1,296	1,296	1,296	1,296	15,337
Depreciation	1,731	1,700	1,785	1,785	1,785	1,785	1,785	1,785	1,785	1,785	1,785	1,785	21,278
Interest Expense	2,714	2,683	2,651	2,618	2,586	2,553	2,521	2,487	2,454	2,420	2,387	2,685	30,760
Inventory Gain/Loss	0	0	0	0	0	0	0	0	0	1,311	(252)	457	1,516
Miscellaneous	0	0	0	1,069	0	0	0	0	0	0	0	0	1,069
Taxes	56	0	0	84	0	0	43	0	0	0	0	0	183
Total Other Expense	5,753	5,635	5,688	6,808	5,623	5,635	5,645	5,568	5,535	6,812	5,216	6,223	70,142
Net Other Income	(5,748)	(5,635)	(5,688)	(6,795)	(5,623)	(5,635)	(5,632)	(5,503)	(5,535)	(6,799)	(5,216)	(6,223)	(70,033)
Net Income	(6,044)	(5,092)	3,998	(7,679)	(2,304)	411	2,103	(436)	672	6,085	5,674	914	(1,698)





**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:**  
**December 31, 2024**

**003 - Brickell**







**JETSET Pilates  
P&L - Trailing Twelve Months As of:  
December 31, 2024**

**006 - Sunset**

[Personnel Expenses](#)





Expense

**Facility Expenses**

	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Total
Facility Expenses	0	0	0	0	0	0	0	0	0	1,684	0	1,684	1,684
Property Taxes	6,236	5,236	5,236	6,215	6,963	6,798	6,798	6,798	6,798	6,798	6,798	6,798	76,472
Net	0	1,050	0	1,359	300	348	200	75	0	190	4,053	0	7,605
Studio Repairs & Maintenance	297	145	110	225	249	339	191	343	295	269	267	186	2,915
Utilities	5,533	6,431	5,346	7,799	7,512	7,485	7,219	7,216	7,093	7,067	8,939	11,037	88,675
<b>Total Facility Expenses</b>													

007 - Edgewater

**General Operating Expenses**

General Operating	0	1	(0)	0	0	0	0	0	0	0	0	(930)	(930)
(Over)/Short	0	0	0	0	0	0	9	0	0	0	0	0	9
Bank Fees													

~~Jan 2024 Feb 2024 Mar 2024 Apr 2024 May 2024 Jun 2024 Jul 2024 Aug 2024 Sep 2024 Oct 2024 Nov 2024 Dec 2024~~ **Total**

Computer & Hardware	0	0	0	0	0	0	0	0	0	119	0	0	119
Dues & Subscriptions	20	20	20	20	281	20	21	21	218	36	6	6	687
Equipment Maintenance	171	408	467	1,036	146	402	1,284	503	353	244	489	298	5,494
General Liability Insurance	0	106	106	106	106	106	106	106	106	106	106	106	1,163
License & Permits	451	58	58	58	58	58	1,197	36	36	74	74	74	2,232
Meals	0	0	7	0	0	0	0	0	0	0	0	184	191
<b>Office Expenses &amp; Supplies</b>	<b>171</b>	<b>408</b>	<b>467</b>	<b>1,036</b>	<b>146</b>	<b>402</b>	<b>1,018</b>	<b>503</b>	<b>353</b>	<b>244</b>	<b>390</b>	<b>298</b>	<b>5,135</b>
Phone & Internet	182	182	182	182	178	176	177	176	176	176	176	176	2,141
Professional Fees - Accounting	723	732	732	857	824	732	732	732	732	732	737	737	9,006
Professional Fees - Legal	0	0	0	1,875	0	0	0	0	0	2,500	0	0	4,375
Professional Fees - Other	0	0	0	0	0	0	0	0	0	0	0	213	213
Software & Apps	618	573	636	724	635	787	750	635	655	553	725	595	7,882
Travel	0	25	0	0	0	0	0	0	0	0	0	0	25
<b>Total General Operating</b>	<b>2,164</b>	<b>2,103</b>	<b>1,908</b>	<b>4,857</b>	<b>2,227</b>	<b>2,282</b>	<b>4,273</b>	<b>2,209</b>	<b>2,277</b>	<b>4,540</b>	<b>2,309</b>	<b>1,460</b>	<b>32,608</b>
<b>Total General Operating Expenses</b>	<b>2,164</b>	<b>2,103</b>	<b>1,908</b>	<b>4,857</b>	<b>2,227</b>	<b>2,282</b>	<b>4,273</b>	<b>2,209</b>	<b>2,277</b>	<b>4,540</b>	<b>2,309</b>	<b>1,460</b>	<b>32,608</b>
Marketing	638	752	645	730	696	759	700	713	704	542	697	587	8,163
Digital Marketing	0	0	0	0	0	0	0	0	0	507	633	567	8,045
MB Marketplace Marketing	0	0	0	0	0	0	0	0	0	35	64	20	118
<b>Total Marketing</b>	<b>638</b>	<b>752</b>	<b>645</b>	<b>730</b>	<b>696</b>	<b>759</b>	<b>700</b>	<b>713</b>	<b>704</b>	<b>542</b>	<b>697</b>	<b>587</b>	<b>8,163</b>
<b>Total Marketing</b>	<b>638</b>	<b>752</b>	<b>645</b>	<b>730</b>	<b>696</b>	<b>759</b>	<b>700</b>	<b>713</b>	<b>704</b>	<b>542</b>	<b>697</b>	<b>587</b>	<b>8,163</b>
Other Personnel Expenses	0	0	0	0	0	0	0	0	187	187	305	0	680
Employee Benefits & Appreciation	335	614	375	405	356	370	360	375	370	385	384	419	4,746
Payroll Processing Fee	335	614	375	405	356	370	360	375	370	385	384	419	4,746
<b>Total Other Personnel Expenses</b>	<b>335</b>	<b>614</b>	<b>375</b>	<b>405</b>	<b>356</b>	<b>370</b>	<b>360</b>	<b>375</b>	<b>557</b>	<b>572</b>	<b>689</b>	<b>343</b>	<b>5,350</b>
<b>Total Other Personnel Expense</b>	<b>335</b>	<b>614</b>	<b>375</b>	<b>405</b>	<b>356</b>	<b>370</b>	<b>360</b>	<b>375</b>	<b>557</b>	<b>572</b>	<b>689</b>	<b>419</b>	<b>5,426</b>
Personnel Expenses	790	790	815	890	870	820	945	900	945	900	820	945	10,430
Janitorial Pay (1099)	790	790	815	890	870	820	945	900	945	900	820	945	10,430

Lead Instructor Pay (1099)	0	0	688	1,815	1,375	1,375	1,375	1,375	1,115	1,202	855	768	11,943
Management Bonus (1099)	0	0	0	0	0	0	0	0	0	0	0	1,000	1,000
Management Pay (1099)	1,165	2,236	1,742	1,742	1,742	1,867	1,742	1,742	1,742	1,742	1,742	1,742	20,194
Marketing Pay (1099)	0	0	0	100	100	200	200	200	500	0	250	200	1,750
Ops Assistant Pay (1099)	478	250	773	862	1,313	1,419	1,294	1,553	325	0	0	0	8,267
<b>Total Personnel Expenses</b>	<b>2,433</b>	<b>3,277</b>	<b>4,017</b>	<b>5,408</b>	<b>5,400</b>	<b>5,681</b>	<b>5,556</b>	<b>5,770</b>	<b>4,626</b>	<b>3,843</b>	<b>3,667</b>	<b>4,655</b>	<b>54,332</b>

**007 - Edgewater**

**11,103**    **13,177**    **12,290**    **19,199**    **16,190**    **16,576**    **18,108**    **16,282**    **15,258**    **16,564**    **16,300**    **18,615**    **18,970**

**Other Income/Expense Other Income**

0.00    0.00    0.00    0.00    0.00    0.00    0.00    0.00    0.00    0.00    0.00    0.00    0.00

Other Income/Expense Other Income	0	0	0	0	0	0	0	25	0	0	0	0	25
Other Miscellaneous Income	0	0	0	0	0	0	0	25	0	0	0	0	25
Sales Tax Discount	4	3	4	4	4	5	3	3	4	4	5	4	45
<b>Total Other Income</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>28</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>70</b>

Other Expense Amortization	147	147	147	147	147	147	147	147	147	147	147	147	1,766
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	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Total
<b>Amortization</b>	<b>147</b>	<b>1,766</b>											
Depreciation	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	16,411
Inventory (Gain)/Loss	0	0	0	0	0	0	0	0	0	37	(20)	2,187	2,205
Tax Adj-Adjustment - Deferred Revenue	0	0	0	0	0	0	0	0	0	0	0	9,369	9,369
Taxes	0	0	589	26	0	0	0	0	0	0	0	0	615
<b>Total Other Expense</b>	<b>1,515</b>	<b>1,515</b>	<b>2,104</b>	<b>1,541</b>	<b>1,515</b>	<b>1,515</b>	<b>1,515</b>	<b>1,515</b>	<b>1,515</b>	<b>1,552</b>	<b>1,495</b>	<b>13,071</b>	<b>30,366</b>

<b>Net Other Income</b>	<b>(1,511)</b>	<b>(1,511)</b>	<b>(2,100)</b>	<b>(1,537)</b>	<b>(1,511)</b>	<b>(1,510)</b>	<b>(1,511)</b>	<b>(1,487)</b>	<b>(1,511)</b>	<b>(1,549)</b>	<b>(1,491)</b>	<b>(13,067)</b>	<b>(30,295)</b>
<b>Net Income</b>	<b>20,016,507</b>	<b>14,974,979</b>	<b>26,183,904</b>	<b>18,470,352</b>	<b>19,597,404</b>	<b>21,643,826</b>	<b>15,740,838</b>	<b>9,522,083</b>	<b>9,808,522</b>	<b>11,849,703</b>	<b>13,865,903</b>	<b>3,825,230</b>	<b>186,333,916</b>

**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:**  
**December 31, 2024**

**Flagler Village**

Jan 2024 Feb 2024 Mar 2024 Apr 2024 May 2024 Jun 2024 Jul 2024 Aug 2024 Sep 2024 Oct 2024 Nov 2024 Dec 2024 Total

	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Total
<b>Income</b>													
Gift Card Sales	0	0	157	150	0	290	0	0	0	262	353	1,085	2,297
Instructor Training	0	0	600	1,850	0	0	0	500	0	0	0	975	3,925
Late & No Show Fees Charged	8,880	8,540	8,870	8,000	8,870	7,080	7,300	7,040	6,835	5,745	4,875	5,255	87,290
Membership Income	39,687	41,489	43,823	45,248	47,953	46,711	48,950	49,196	44,026	47,198	44,289	42,813	541,383
Package Income	47,677	33,401	41,474	54,248	42,837	48,796	48,959	32,288	33,534	30,858	28,370	23,872	466,313
Retail Product Income	3,938	3,541	5,003	5,511	4,634	3,624	4,902	4,214	3,819	3,995	3,991	4,746	51,919
Third Party Platform Income	3,567	3,311	4,408	5,527	7,581	10,445	12,735	14,334	23,549	19,458	24,615	23,587	153,118
<b>Total Income</b>	<b>103,749</b>	<b>90,282</b>	<b>104,335</b>	<b>120,534</b>	<b>111,875</b>	<b>116,945</b>	<b>122,847</b>	<b>107,572</b>	<b>111,764</b>	<b>107,516</b>	<b>106,493</b>	<b>102,334</b>	<b>1,306,245</b>

**Cost of Goods Sold**

**Cost of Service**

Instructor Pay (1099)	10,415	10,435	17,855	13,119	12,369	12,089	12,344	19,689	13,120	12,693	15,399	13,825	163,351
Studio Lead Wages	1,090	2,716	4,198	3,322	4,229	4,346	5,206	7,607	4,928	4,281	4,891	5,001	51,815
<b>Total Cost of Service</b>	<b>11,504</b>	<b>13,151</b>	<b>22,054</b>	<b>16,441</b>	<b>16,598</b>	<b>16,435</b>	<b>17,550</b>	<b>27,296</b>	<b>18,048</b>	<b>16,974</b>	<b>20,290</b>	<b>18,826</b>	<b>215,166</b>

**Franchise Fees**

Brand and System Development	1,409	0	1,371	1,582	1,838	1,789	1,789	1,862	1,627	1,612	1,639	1,571	18,089
Franchise Technology	250	0	250	250	250	250	250	250	250	250	250	250	2,750
Royalties	7,047	0	6,853	9,862	8,541	8,544	8,944	10,285	8,133	8,061	8,193	7,856	92,320
<b>Total Franchise Fees</b>	<b>8,707</b>	<b>0</b>	<b>8,474</b>	<b>11,695</b>	<b>10,629</b>	<b>10,583</b>	<b>10,983</b>	<b>12,397</b>	<b>10,010</b>	<b>9,923</b>	<b>10,082</b>	<b>9,677</b>	<b>113,159</b>
Merchant Chargebacks	134	74	(107)	169	(400)	190	349	36	0	50	0	0	496
Merchant Fees	3,112	3,430	2,981	3,415	3,833	3,458	4,631	5,822	2,918	3,303	2,324	4,367	43,595
Operational Supplies	99	495	0	297	99	297	0	297	486	198	318	0	2,586
Retail Products COGS	934	(1,007)	2,349	4,435	1,592	873	3,825	1,531	4,025	1,161	3,048	463	23,228
<b>Total COGS</b>	<b>24,490</b>	<b>16,143</b>	<b>35,750</b>	<b>36,452</b>	<b>32,350</b>	<b>31,836</b>	<b>37,338</b>	<b>47,380</b>	<b>35,486</b>	<b>31,610</b>	<b>36,062</b>	<b>33,332</b>	<b>398,230</b>

<b>Gross Profit</b>	<b>79,259</b>	<b>74,139</b>	<b>68,585</b>	<b>84,082</b>	<b>79,525</b>	<b>85,109</b>	<b>85,508</b>	<b>60,191</b>	<b>76,278</b>	<b>75,906</b>	<b>70,431</b>	<b>69,002</b>	<b>908,016</b>
<b>Gross Profit Margin</b>	<b>76%</b>	<b>82%</b>	<b>66%</b>	<b>70%</b>	<b>71%</b>	<b>73%</b>	<b>70%</b>	<b>56%</b>	<b>68%</b>	<b>71%</b>	<b>66%</b>	<b>67%</b>	<b>70%</b>
	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Expense**

**Facility Expenses**

CAM	1,787	1,787	1,787	0	1,787	3,604	1,745	1,745	1,745	0	0	0	15,985
Property Taxes	0	0	0	0	0	0	0	0	0	0	0	2,269	2,269
Rent	5,838	5,838	5,838	0	5,838	11,537	5,870	5,870	5,870	0	14,786	10,860	78,145
Security	187	2,734	57	57	57	57	57	57	57	57	57	57	3,488
Studio Repairs & Maintenance	1,641	2,663	0	1,879	3,364	3,080	1,962	1,849	2,313	3,552	1,664	2,022	25,988

**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:**  
**December 31, 2024**

	Flagler Village												
Utilities	0	567	534	327	375	742	492	662	492	482	347	266	5,286
<b>Total Facility Expenses</b>	<b>9,453</b>	<b>13,589</b>	<b>8,215</b>	<b>2,262</b>	<b>11,420</b>	<b>19,020</b>	<b>10,126</b>	<b>10,182</b>	<b>10,477</b>	<b>4,090</b>	<b>16,854</b>	<b>15,473</b>	<b>131,161</b>
<b>General Operating Expenses</b>													
Bank Fees	0	15	0	0	0	0	15	0	0	0	0	0	30



**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:**  
**December 31, 2024**

	Flagler Village												
<b>Net Other Income</b>	(803)	(278)	(278)	(278)	(278)	(278)	(248)	(278)	(278)	(278)	(278)	(278)	(3,828)
<b>Net Income</b>	54,397	47,714	50,969	70,743	49,851	51,106	63,582	26,311	53,335	51,270	39,382	38,129	596,788

**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:**  
**December 31, 2024**

**001 – Downtown Miami**

Jan 2024 Feb 2024 Mar 2024 Apr 2024 May 2024 Jun 2024 Jul 2024 Aug 2024 Sep 2024 Oct 2024 Nov 2024 Dec 2024 Total

	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Total
<b>Income</b>													
Gift Card Sales	0	0	0	0	0	0	0	0	0	100	0	0	100
Instructor Training	0	0	0	0	0	1,950	0	975	0	1,950	0	975	5,850
Late & No Show Fees Charged	1,130	820	1,080	975	820	520	930	655	540	1,145	1,435	925	10,975
Membership Income	18,103	16,573	20,917	18,658	20,723	17,995	16,194	15,830	15,907	19,449	13,916	15,840	210,103
Package Income	7,785	4,423	11,448	7,347	4,726	7,748	11,290	7,057	7,524	10,316	11,490	9,106	100,261
Retail Product Income	1,924	2,346	3,249	2,904	2,375	1,930	2,172	2,363	2,736	2,058	2,489	2,514	29,060
Third Party Platform Income	7,428	11,869	14,334	14,990	16,083	13,955	15,905	17,585	16,779	21,909	23,320	22,132	196,289
<b>Total Income</b>	<b>36,370</b>	<b>36,031</b>	<b>51,027</b>	<b>44,873</b>	<b>44,727</b>	<b>44,097</b>	<b>46,491</b>	<b>44,466</b>	<b>43,486</b>	<b>56,926</b>	<b>52,650</b>	<b>51,492</b>	<b>552,638</b>
	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cost of Goods Sold</b>													
<b>Cost of Service</b>													
Instructor Bonus (1099)	0	0	0	0	0	0	0	0	0	210	290	310	810
Instructor Pay (1099)	6,121	6,978	7,954	8,699	8,711	7,863	8,001	8,494	8,259	9,732	9,278	9,875	99,965
Studio Lead Bonus (1099)	0	0	0	0	0	0	0	0	0	42	75	30	147
Studio Lead Pay (1099)	1,298	2,084	2,124	2,832	3,725	3,330	3,102	3,537	2,926	3,894	3,431	3,520	35,802
<b>Total Cost of Service</b>	<b>7,419</b>	<b>9,062</b>	<b>10,078</b>	<b>11,531</b>	<b>12,436</b>	<b>11,193</b>	<b>11,103</b>	<b>12,031</b>	<b>11,185</b>	<b>13,878</b>	<b>13,074</b>	<b>13,735</b>	<b>136,724</b>
<b>Franchise Fees</b>													
Adjustments	0	0	0	(306)	0	(795)	29	(29)	0	0	0	0	(1,100)
Brand and System Development	544	530	758	662	670	616	701	659	646	848	756	734	8,124
Franchise Technology	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Instructor Training	0	0	0	1,950	0	0	0	975	0	1,950	0	975	5,850
Royalties	2,718	2,650	3,790	3,311	3,352	3,079	3,504	3,295	3,230	4,242	3,780	3,671	40,622
<b>Total Franchise Fees</b>	<b>3,512</b>	<b>3,430</b>	<b>4,798</b>	<b>5,867</b>	<b>4,273</b>	<b>3,150</b>	<b>4,483</b>	<b>5,150</b>	<b>4,126</b>	<b>7,291</b>	<b>4,786</b>	<b>5,631</b>	<b>56,496</b>
Merchant Chargebacks	35	234	398	440	398	199	0	0	0	0	220	0	1,924
Merchant Fees	725	995	857	1,335	1,100	1,062	1,943	1,200	990	1,298	1,075	1,095	13,674
Operational Supplies	1,452	248	1,593	(120)	(173)	(674)	735	1,231	157	0	0	0	4,449
Retail Products COGS	637	926	303	1,092	881	697	827	23	1,094	827	1,013	1,073	9,393
Uncollectibles	188	645	501	740	66	1,100	(267)	533	417	363	(291)	2,540	6,534
<b>Total COGS</b>	<b>13,968</b>	<b>15,540</b>	<b>18,527</b>	<b>20,885</b>	<b>18,980</b>	<b>16,726</b>	<b>18,825</b>	<b>20,167</b>	<b>17,970</b>	<b>23,657</b>	<b>19,876</b>	<b>24,074</b>	<b>229,194</b>
	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Gross Profit</b>	<b>22,402</b>	<b>20,491</b>	<b>32,500</b>	<b>23,988</b>	<b>25,747</b>	<b>27,372</b>	<b>27,666</b>	<b>24,299</b>	<b>25,517</b>	<b>33,270</b>	<b>32,775</b>	<b>27,419</b>	<b>323,444</b>
<b>Gross Profit Margin</b>	<b>62%</b>	<b>57%</b>	<b>64%</b>	<b>53%</b>	<b>58%</b>	<b>62%</b>	<b>60%</b>	<b>55%</b>	<b>59%</b>	<b>58%</b>	<b>62%</b>	<b>53%</b>	<b>59%</b>
	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Expense**  
**Facility Expenses**

**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:**  
**December 31, 2024**

**001 – Downtown Miami**

<u>Janitorial</u>	<u>800</u>	<u>800</u>	<u>400</u>	<u>1,200</u>	<u>600</u>	<u>1,570</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,370</u>
<u>Rent</u>	<u>7,510</u>	<u>7,103</u>	<u>7,923</u>	<u>7,923</u>	<u>7,923</u>	<u>7,735</u>	<u>92,530</u>						
<u>Studio Repairs &amp; Maintenance</u>	<u>252</u>	<u>0</u>	<u>489</u>	<u>0</u>	<u>741</u>								
<u>Total Facility Expenses</u>	<u>8,562</u>	<u>7,903</u>	<u>8,323</u>	<u>9,123</u>	<u>8,523</u>	<u>9,305</u>	<u>7,735</u>	<u>7,735</u>	<u>7,735</u>	<u>7,735</u>	<u>8,224</u>	<u>7,735</u>	<u>98,640</u>



**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:**  
**December 31, 2024**

**001 – Downtown Miami**

<u>Other Miscellaneous Income</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>65</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>65</u>
<u>Sales Tax Discount</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>44</u>

**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:**  
**December 31, 2024**

**001 – Downtown Miami**

Jan 2024 Feb 2024 Mar 2024 Apr 2024 May 2024 Jun 2024 Jul 2024 Aug 2024 Sep 2024 Oct 2024 Nov 2024 Dec 2024 Total

<b>Total Other Income</b>	<u>5</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>65</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>109</u>
<b>Other Expense</b>													
<b>Amortization</b>	<u>1,253</u>	<u>1,253</u>	<u>1,253</u>	<u>1,253</u>	<u>1,253</u>	<u>1,296</u>	<u>15,337</u>						
<b>Depreciation</b>	<u>1,731</u>	<u>1,700</u>	<u>1,785</u>	<u>21,278</u>									
<b>Interest Expense</b>	<u>2,714</u>	<u>2,683</u>	<u>2,651</u>	<u>2,618</u>	<u>2,586</u>	<u>2,553</u>	<u>2,521</u>	<u>2,487</u>	<u>2,454</u>	<u>2,420</u>	<u>2,387</u>	<u>2,685</u>	<u>30,760</u>
<b>Inventory Gain/Loss</b>	<u>0</u>	<u>1,311</u>	<u>(252)</u>	<u>457</u>	<u>1,516</u>								
<b>Miscellaneous</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,069</u>	<u>0</u>	<u>1,069</u>							
<b>Taxes</b>	<u>56</u>	<u>0</u>	<u>0</u>	<u>84</u>	<u>0</u>	<u>0</u>	<u>43</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>183</u>
<b>Total Other Expense</b>	<u>5,753</u>	<u>5,635</u>	<u>5,688</u>	<u>6,808</u>	<u>5,623</u>	<u>5,635</u>	<u>5,645</u>	<u>5,568</u>	<u>5,535</u>	<u>6,812</u>	<u>5,216</u>	<u>6,223</u>	<u>70,142</u>
	<u>0</u>												
<b>Net Other Income</b>	<u>(5,748)</u>	<u>(5,635)</u>	<u>(5,688)</u>	<u>(6,795)</u>	<u>(5,623)</u>	<u>(5,635)</u>	<u>(5,632)</u>	<u>(5,503)</u>	<u>(5,535)</u>	<u>(6,799)</u>	<u>(5,216)</u>	<u>(6,223)</u>	<u>(70,033)</u>
<b>Net Income</b>	<u>(6,044)</u>	<u>(5,092)</u>	<u>3,998</u>	<u>(7,679)</u>	<u>(2,304)</u>	<u>411</u>	<u>2,103</u>	<u>(436)</u>	<u>672</u>	<u>6,085</u>	<u>5,674</u>	<u>914</u>	<u>(1,698)</u>

**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:**  
**December 31, 2024**

**West Boca**

Jan 2024 Feb 2024 Mar 2024 Apr 2024 May 2024 Jun 2024 Jul 2024 Aug 2024 Sep 2024 Oct 2024 Nov 2024 Dec 2024 Total

**Income**

Late & No Show Fees Charged	1,420	1,240	1,335	695	1,520	1,965	3,095	3,790	4,440	4,365	3,835	3,275	30,975
Membership Income	6,628	35,093	41,993	47,291	46,801	48,040	46,985	48,752	57,540	61,104	59,089	57,412	556,728
Package Income	29,621	28,199	36,409	36,556	43,223	39,399	44,416	39,885	42,115	38,244	43,172	62,760	483,999
Retail Product Income	7,028	5,931	6,710	5,085	7,002	5,138	5,294	5,405	5,950	5,240	5,454	7,794	72,032
Third Party Platform Income	0	0	21,791	17,271	17,077	18,363	16,660	19,814	32,629	22,581	22,956	25,183	214,326
<b>Total Income</b>	<b>44,697</b>	<b>70,464</b>	<b>108,239</b>	<b>106,899</b>	<b>115,622</b>	<b>112,906</b>	<b>116,450</b>	<b>117,646</b>	<b>142,674</b>	<b>131,534</b>	<b>134,506</b>	<b>156,424</b>	<b>1,358,060</b>

**Cost of Goods Sold**

**Cost of Service**

Instructor Bonus	0	0	0	500	0	0	0	0	0	3,500	0	0	4,000
Instructor Pay (1099)	8,650	13,807	12,875	14,533	23,446	15,836	15,708	16,271	20,206	27,717	28,831	23,990	221,870
Studio Lead Bonus (1099)	0	0	0	3,000	0	0	3,000	0	0	0	0	0	6,000
Studio Lead Wages	5,211	5,165	5,253	6,812	10,004	7,124	6,214	6,839	6,249	5,822	12,043	6,608	83,345
<b>Total Cost of Service</b>	<b>13,861</b>	<b>18,972</b>	<b>18,128</b>	<b>24,845</b>	<b>33,450</b>	<b>22,960</b>	<b>24,922</b>	<b>23,110</b>	<b>26,455</b>	<b>37,038</b>	<b>40,875</b>	<b>30,598</b>	<b>315,214</b>

**Franchise Fees**

Brand and System Development	0	510	1,275	1,563	1,604	1,760	1,663	1,804	1,784	2,006	1,973	2,019	17,959
Franchise Technology	0	0	0	250	250	250	250	250	250	250	250	250	2,250
Royalties	292	3,799	6,373	7,817	8,019	8,801	8,314	9,019	8,918	10,029	9,864	10,094	91,339

**Total Franchise Fees**

<b>Total Franchise Fees</b>	<b>292</b>	<b>4,309</b>	<b>7,648</b>	<b>9,631</b>	<b>9,873</b>	<b>10,811</b>	<b>10,227</b>	<b>11,073</b>	<b>10,952</b>	<b>12,284</b>	<b>12,087</b>	<b>12,362</b>	<b>111,549</b>
Merchant Fees	1,301	942	1,249	1,333	1,237	723	805	708	2,673	785	761	801	13,317
Operational Supplies	4,184	594	1,178	1,252	2,057	1,119	1,494	1,273	2,277	1,442	1,413	1,106	19,389
Retail Products COGS	2,664	2,279	2,600	1,814	2,920	1,881	3,110	6,676	1,921	2,164	11,364	9,091	48,483
<b>Total COGS</b>	<b>22,302</b>	<b>27,094</b>	<b>30,803</b>	<b>38,875</b>	<b>49,537</b>	<b>37,493</b>	<b>40,558</b>	<b>42,839</b>	<b>44,278</b>	<b>53,713</b>	<b>66,501</b>	<b>53,958</b>	<b>507,952</b>

<b>Gross Profit</b>	<b>22,396</b>	<b>43,369</b>	<b>77,436</b>	<b>68,024</b>	<b>66,086</b>	<b>75,412</b>	<b>75,893</b>	<b>74,807</b>	<b>98,395</b>	<b>77,821</b>	<b>68,005</b>	<b>102,466</b>	<b>850,108</b>
<b>Gross Profit Margin</b>	<b>50%</b>	<b>62%</b>	<b>72%</b>	<b>64%</b>	<b>57%</b>	<b>67%</b>	<b>65%</b>	<b>64%</b>	<b>69%</b>	<b>59%</b>	<b>51%</b>	<b>66%</b>	<b>63%</b>

**Expense**

**Facility Expenses**

CAM	3,975	138	5,392	1,961	1,920	0	1,690	3,380	0	1,690	1,690	1,690	23,525
Property Taxes	693	1,078	2,155	1,078	1,078	0	1,078	2,155	308	1,078	1,078	1,078	12,855
Rent	6,915	8,245	16,491	8,245	8,245	0	8,245	16,491	0	8,245	8,245	8,245	97,613
Security	64	64	64	64	0	64	64	64	64	64	64	64	706
Studio Repairs & Maintenance	0	0	1,842	3,585	597	1,062	0	2,802	365	0	0	0	10,253
Utilities	1,332	1,247	1,646	2,145	1,488	2,375	2,089	1,151	3,080	989	1,731	1,615	20,888
<b>Total Facility Expenses</b>	<b>12,980</b>	<b>10,771</b>	<b>27,590</b>	<b>17,078</b>	<b>13,328</b>	<b>3,501</b>	<b>13,166</b>	<b>26,042</b>	<b>3,817</b>	<b>12,066</b>	<b>12,808</b>	<b>12,692</b>	<b>165,840</b>

**General Operating Expenses**

Bank Fees	(22)	1,457	2,537	2,861	2,937	3,307	3,156	5,426	5,618	4,482	3,811	5,256	40,826
Computer & Hardware	16	0	0	0	0	0	0	75	0	0	270	88	449

**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:**  
**December 31, 2024**

**West Boca**

	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Total	
Meals		1,415	588	561	989	1,540	1,495	945	495	42	254	45	128	8,497
Office Expenses & Supplies		4,066	162	144	198	521	246	157	358	75	1,234	167	534	7,862
Other Insurance		0	139	0	0	975	0	0	5,722	520	176	692	490	8,714
Phone & Internet		514	265	234	234	234	234	171	26	514	171	297	171	3,062
Postage & Delivery		35	146	30	0	18	0	0	0	0	0	0	115	344
Professional Fees - Accounting		294	374	348	2,736	398	587	407	441	416	438	588	737	7,765
Software & Apps		0	169	250	0	0	0	0	0	0	0	0	0	419
Travel		520	218	663	714	432	348	227	201	(159)	0	433	15	3,613
<b>Total General Operating Expenses</b>		<b>6,838</b>	<b>3,518</b>	<b>4,766</b>	<b>7,732</b>	<b>7,057</b>	<b>6,216</b>	<b>5,063</b>	<b>12,744</b>	<b>7,025</b>	<b>6,755</b>	<b>6,303</b>	<b>7,534</b>	<b>81,551</b>
<b>Marketing</b>														
Digital Marketing		3,888	3,476	2,969	2,265	2,564	2,546	2,999	2,647	2,619	2,604	4,518	3,568	36,663
Local Marketing		11,395	1,582	4,217	1,546	777	352	0	158	271	1,402	373	7,152	29,225
<b>Total Marketing</b>		<b>15,284</b>	<b>5,058</b>	<b>7,186</b>	<b>3,811</b>	<b>3,342</b>	<b>2,898</b>	<b>2,999</b>	<b>2,805</b>	<b>2,890</b>	<b>4,006</b>	<b>4,890</b>	<b>10,720</b>	<b>65,888</b>
<b>Other Personnel Expense</b>														
Employee Benefits & Appreciation		0	0	0	0	753	565	0	0	0	0	0	0	1,319
Health Insurance		175	375	275	275	375	275	275	275	75	75	75	75	2,600
<b>Total Other Personnel Expense</b>		<b>175</b>	<b>375</b>	<b>275</b>	<b>275</b>	<b>1,128</b>	<b>840</b>	<b>275</b>	<b>275</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>3,919</b>
<b>Personnel Expenses</b>														
Management Bonus		0	0	0	7,000	0	0	0	0	0	0	0	0	7,000
Management Wages		2,308	6,923	4,615	4,615	6,923	4,615	4,715	8,571	4,615	2,308	533	0	50,742
Payroll Taxes		264	704	368	904	553	368	835	802	454	583	41	0	5,874
<b>Total Personnel Expenses</b>		<b>2,571</b>	<b>7,627</b>	<b>4,984</b>	<b>12,519</b>	<b>7,476</b>	<b>4,984</b>	<b>5,550</b>	<b>9,373</b>	<b>5,069</b>	<b>2,890</b>	<b>573</b>	<b>0</b>	<b>63,617</b>
<b>Total Expense</b>		<b>37,848</b>	<b>27,350</b>	<b>44,801</b>	<b>41,415</b>	<b>32,330</b>	<b>18,439</b>	<b>27,053</b>	<b>51,239</b>	<b>18,876</b>	<b>25,792</b>	<b>24,650</b>	<b>31,021</b>	<b>380,814</b>
<b>Net Ordinary Income</b>		<b>(15,453)</b>	<b>16,019</b>	<b>32,635</b>	<b>26,609</b>	<b>33,755</b>	<b>56,973</b>	<b>48,839</b>	<b>23,568</b>	<b>79,520</b>	<b>52,029</b>	<b>43,355</b>	<b>71,445</b>	<b>469,294</b>
<b>Net Ordinary Income Margin</b>		<b>-35%</b>	<b>23%</b>	<b>30%</b>	<b>25%</b>	<b>29%</b>	<b>50%</b>	<b>42%</b>	<b>20%</b>	<b>56%</b>	<b>40%</b>	<b>32%</b>	<b>46%</b>	<b>35%</b>
	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Other Income/Expense</b>														
<b>Other Income</b>														
Other Miscellaneous Income		34	0	92	0	200	142	400	55	286	155	642	2,432	4,438
<b>Total Other Income</b>		<b>34</b>	<b>0</b>	<b>92</b>	<b>0</b>	<b>200</b>	<b>142</b>	<b>400</b>	<b>55</b>	<b>286</b>	<b>155</b>	<b>642</b>	<b>2,432</b>	<b>4,438</b>
<b>Other Expense</b>														
Depreciation		0	0	0	0	0	0	0	0	0	0	0	47,565	47,565
Interest Expense		2,647	3,140	3,199	3,990	4,360	4,826	4,076	4,485	4,749	4,010	4,411	4,387	48,281
Miscellaneous		0	0	0	0	0	0	0	0	0	0	0	3,467	3,467
Tax Penalties & Interest		0	0	0	0	0	0	0	0	0	0	0	87	87
<b>Total Other Expense</b>		<b>2,647</b>	<b>3,140</b>	<b>3,199</b>	<b>3,990</b>	<b>4,360</b>	<b>4,826</b>	<b>4,076</b>	<b>4,485</b>	<b>4,749</b>	<b>4,010</b>	<b>4,411</b>	<b>55,505</b>	<b>99,399</b>

**JETSET Pilates**  
**P&L - Trailing Twelve Months As of:**  
**December 31, 2024**

	West Boca												
<b>Net Other Income</b>	(2,613)	(3,140)	(3,107)	(3,990)	(4,160)	(4,684)	(3,676)	(4,430)	(4,463)	(3,855)	(3,769)	(53,074)	(94,962)
<b>Net Income</b>	<b>(18,065)</b>	12,879	29,528	22,619	29,596	52,289	45,163	19,138	75,057	48,174	39,586	18,371	374,333



Notes:

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

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

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 our President at 3921 Alton Road #465, Miami Beach, Florida 33140; phone (786) 685-6719, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2022 TO 2024				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchise-Owned	2022	0	0	0
	2023	0	3	+3
	2024	3	12	+9
Company-Owned	2022	<b>43</b>	4	<b>0+1</b>
	2023	4	4	0
	2024	4	4	0
Total Outlets	2022	<b>43</b>	4	<b>0+1</b>
	2023	4	7	+3
	2024	7	16	+9

\* “Company-owned Outlets” includes the non-franchised businesses owned and operated by our founder, Tamara Galinsky. These businesses are not part of the franchise system. These businesses may be sold to others or franchisees in the future. See the Footnote on Table 4 for a listing of these businesses.

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2022 TO 2024		
State	Year	Number of Transfers
FL	2022	0
	2023	0
	2024	0
GA	2022	0
	2023	0
	2024	0
NC	2022	0
	2023	0
	2024	0
<b><u>NJ</u></b>	<b><u>2022</u></b>	<b><u>0</u></b>
	<b><u>2023</u></b>	<b><u>0</u></b>

**TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)  
FOR YEARS 2022 TO 2024**

State	Year	Number of Transfers
NJ	2022	0
	2023	0
	2024	0
NY	2022	0
	2023	0
	2024	0
TX	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

**TABLE 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 - Other Reasons	Outlets at End of Year
FL	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	4	0	0	0	0	7
GA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
NC	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
NJ	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
NY	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	1	0	0	0	0	1
Totals	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	9	0	0	0	0	12

**TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2022 TO 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Florida	2022	3	1	0	0	0	4
	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
Totals	2022	3	1	0	0	0	4
	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4

\* “Company-owned Outlets” includes the non-franchised businesses owned and operated by our founder, Tamara Galinsky. These businesses are not part of the franchise system. These businesses may be sold to others or franchisees in the future.

\*\* Our fiscal year end is Dec 31. As of the date of this Disclosure, our affiliate operated four non-franchised business at the location listed below:

1860 West Avenue  
Suite 202  
Miami Beach, FL  
33139

40 SW 13<sup>th</sup> Street #504  
Miami Beach, FL 33130

2063  
Biscayne  
Boulevard  
Suite  
C301B  
Miami, FL 33137

110 Washington Avenue  
Miami Beach, FL 33139  
(this is the non-Qualified unit)

**TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2024**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the 2025 Fiscal Year	Projected New Company-Owned Outlets in the 2025 Fiscal Year
AZ	1	1	0
CA	3	4	0
CO	1	1	0
DC	1	1	0
FL	14	33	1
GA	0	0	0
MA	1	1	0
NC	3	4	0
NJ	2	5	0
NY	2	4	0
PA	1	1	0
SC	2	3	0

TN	1	2	0
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TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2024			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the 2025 Fiscal Year	Projected New Company-Owned Outlets in the 2025 Fiscal Year
TX	7	8	0
UT	2	2	0
TOTAL	41	70	1

Notes to Tables:

1. Our company was incorporated March 15, 2022 and fiscal year ends on December 31<sup>st</sup>.

A list of all current JETSET franchisees is attached to this Disclosure Document as EXHIBIT "E" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2024. In addition, EXHIBIT "E" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our 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 current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system. There are no (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

**ITEM 21  
FINANCIAL STATEMENTS**

An audited balance sheet, statement of operations and statements of cash flows as of (i) December 31, 2024 and December 31, 2023 and (ii) December 31, 2023 and December 31, 2022 are attached to this Disclosure Document as EXHIBIT "F". **We have not been in business for three years or more and cannot include all the financial statements required by the FTC Rule for our last three fiscal years.**

**ITEM 22  
CONTRACTS**

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"      Franchise Agreement  
EXHIBIT "G"      Franchisee Disclosure Questionnaire  
EXHIBIT "H"      General Release  
EXHIBIT "I"      Multi-State Addenda  
EXHIBIT "J"      Development Agreement

Attachments to Franchise Agreement

ATTACHMENT "C"      Site Approval Notice  
ATTACHMENT "D"      Lease Addendum  
ATTACHMENT "E"      ACH Authorization Form  
ATTACHMENT "F"      Brand Protection Agreement  
ATTACHMENT "G"      Confidentiality Agreement  
ATTACHMENT "H"      Multi-State Addenda



ATTACHMENT "I"  
ATTACHMENT "J-1"  
ATTACHMENT "J-2"

Release and Transfer of Telephone Numbers and Telephone Service  
Guaranty, Indemnification and Acknowledgement (Multiple Guarantors)  
Guaranty, Indemnification and Acknowledgement (Single Guarantor)

**ITEM 23**  
**RECEIPT**

EXHIBIT "L" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

**EXHIBIT "A"**

**TO DISCLOSURE DOCUMENT**

**STATE AGENCIES AND ADMINISTRATORS**

<p><b><u>CALIFORNIA</u></b> Commissioner of Financial Protection &amp; Innovation Department of Financial Protection &amp; Innovation 320 West 4<sup>th</sup> Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677</p> <p><b><u>HAWAII</u></b> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 <u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><b><u>ILLINOIS</u></b> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p> <p><b><u>INDIANA</u></b> Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</p> <p><b><u>MARYLAND</u></b> Office of the Attorney General Securities Division 200 St. Paul Place</p>	<p>Baltimore, Maryland 21202 (410) 576-6360 <u>Agent for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p> <p><b><u>MICHIGAN</u></b> Franchise Section Consumer Protection Division 525 W. Ottawa Street, G. Mennen Williams Building, 1<sup>st</sup> Floor Lansing, MI 48913 (517) 335-7567</p> <p><b><u>MINNESOTA</u></b> Commissioner of Commerce Director of Registration 85 Seventh Place East, #280 St. Paul, Minnesota 55101-3165 (651) 539-1500</p> <p><b><u>NEW YORK</u></b> NYS Department of Law Investor Protection Bureau 28 Liberty St. 21<sup>st</sup> Fl. New York, NY 10005 (212) 416-828522 <u>Agents for Service of Process:</u> New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231</p> <p><b><u>NORTH DAKOTA</u></b> North Dakota Securities Department State Capitol, 5<sup>th</sup> Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p> <p><b><u>RHODE ISLAND</u></b> Department of Franchise Regulation 1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p>	<p><b><u>SOUTH DAKOTA</u></b> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, 2<sup>nd</sup> Floor 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, 9<sup>th</sup> Floor Richmond, Virginia 23219 (804) 371-9051 <u>Agents for Service of Process:</u> Clerk of the State Corporation Commission 1300 East Main Street, 1<sup>st</sup> Floor Richmond, Virginia 23219</p> <p><b><u>WASHINGTON</u></b> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760 <u>Mailing Address:</u> Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507</p> <p><b><u>WISCONSIN</u></b> Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500, Madison, WI 53703 (608) 261-9555</p>
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**EXHIBIT "B"**

**TO DISCLOSURE DOCUMENT**

**FRANCHISOR'S AGENT FOR SERVICE OF PROCESS**

Corporation Service Company  
1201 Hays Street  
Tallahassee, FL 32301

In states listed in EXHIBIT "A", the additional agent  
for Service of Process is listed therein.

**EXHIBIT "C"**  
**TO DISCLOSURE DOCUMENT**  
**FRANCHISE AGREEMENT**

*[See Attached]*



# FRANCHISE AGREEMENT

Franchisee: \_\_\_\_\_  
Date: \_\_\_\_\_  
Territory: \_\_\_\_\_

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### ATTACHMENTS

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ATTACHMENT "J-2"	Guaranty, Indemnification and Acknowledgement (Single Guarantor)

## JETSET FRANCHISE AGREEMENT

This JETSET Franchise Agreement (this “Agreement”) is entered into as of \_\_\_\_\_, 202\_\_ (the “Effective Date”) between:

- (i) JETSET Franchising, LLC, a Delaware limited liability company (“we” or “us”);
- (ii) \_\_\_\_\_ (“you”); and
- (iii) each Owner (as defined herein) that (a) directly or indirectly holds a 10% or greater ownership interest in the franchise (or franchisee entity) and/or (b) has, or is likely to have, any active involvement with the management, supervision or operation of your Business (as defined herein).

**2. DEFINITIONS.** Capitalized terms used in this Agreement are defined either in the body of this Agreement or in ATTACHMENT "A". For capitalized terms that are defined in the body of this Agreement, ATTACHMENT "A" lists the Sections of this Agreement in which such terms are defined.

**3. GRANT OF FRANCHISE.** We hereby grant you a license to own and operate a JETSET studio (your “Business” or your “Studio”) using our Intellectual Property from a single location that we approve. As a franchisee, you will operate a studio that utilizes our customized physical fitness training program consisting of a unique multi-round circuit. We reserve all rights not expressly granted to you.

### **4. TERRITORIAL RIGHTS AND LIMITATIONS.**

**4.1. Generally.** We will grant you a protected territory (your “Territory”). If we have approved the site for your Studio prior to execution of this Agreement, then Part D of ATTACHMENT "B" shall identify the geographic area that comprises your Territory. If we have not approved the site for your Studio prior to execution of this Agreement, then within 30 days after we approve the site for your Studio, we will send you a written notice in the form attached hereto as ATTACHMENT "C" (the “Site Approval Notice”) that will identify: (a) the approved location for your Studio; and (b) a description of the geographic area that comprises your Territory, as determined by us in our sole discretion. Your Territory will include a minimum of 30,000 people over 20 years of age. We will not operate, or grant a franchise or license to a third party to operate, a JETSET studio that is physically located within your Territory during the Term.

**4.2. Rights we Reserve.** Except as expressly limited by Section 3.1 above, we and our affiliates retain all rights with respect to JETSET Studios, the Marks, the sale of identical, similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire. Specifically, but without limitation, we reserve the following rights:

- (i) the right to operate, and to grant others the right to operate JETSET Studios located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Studio;
- (ii) the right to establish and operate, and to grant to others the right to establish and operate businesses offering similar or dissimilar products and services through similar or Alternative Channels of Distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate;
- (iii) the right to provide, offer and sell and to grant others the right to provide, offer and sell products and services that are identical or similar to and/or competitive with those products and services provided at JETSET Studios, whether identified by the Marks or other trademarks or service marks, through Alternative Channels of Distribution both inside and outside the Territory and on any terms and conditions we deem appropriate; provided, however, that online sales of memberships and class packages to your Studio will be credited to you;

- (iv) the right to sell equipment, supplies, clothing, media and other materials, which bear the Marks at any locations, other than at your Studio, and the right to ship such materials that are purchased on any e-commerce websites owned or operated by us or one of our affiliates or authorized third-parties;
- (v) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Territory under the Marks and on any terms and conditions we deem appropriate;
- (vi) the right to acquire the assets or ownership interests of one or more businesses providing products and services the same as or similar to those provided at JETSET Studios, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchise owners or licensees of these businesses) are located or operating (including in the Territory); and
- (vii) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services the same as or similar to those provided at JETSET Studios, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory.

**4.3. National Accounts.** We may, from time to time, establish certain programs for the benefit of franchisees and the System whereby JETSET franchisees will be permitted to perform services and/or provide products in accordance with the specifications described in any particular program established by us (“National Account” program). The National Account program is defined as follows:

- (i) The term “National Account” means a special class of persons which may include but are not limited to large businesses, national organizations or non-profit organizations with outlets located in multiple territories and government agencies who on their own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for buildings or common-services in more than one location whose presence is not confined within any one particular franchisee’s Territory. Any dispute as to whether a particular person is a National Account shall be determined by us in our sole and absolute discretion and our determination shall be final and binding;
- (ii) We shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of ourselves, you and/or any other franchisees utilizing the Marks, to negotiate and enter into agreements or approve forms of agreement to perform services and provide products to National Account, including any affiliate, company owned or franchised locations within the Territory;
- (iii) Following the execution of a contract with or the acceptance of a bid by a National Account which contemplates the provision of services or products to one or more National Account locations within the Territory, we will, if you are qualified and conditioned upon the terms of this Agreement and any addendum, provide you the option to provide such services and products pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine;
- (iv) You elect not to perform services or provide products to a National Account in conformity with the terms and conditions of the National Account bid or contract, or fail to make an election within the time specified by us, of being offered the opportunity by us, we shall have the right, exercisable in our sole discretion, to:
  - (a) Provide directly (or through any other affiliate, franchisee utilizing our Marks) services and/or products to a National Account location(s) located anywhere on

the terms and conditions contained in the National Account bid or contract; and/or

- (b) Contract with another party to perform services and/or provide products to the National Account location(s) located anywhere on the terms and conditions contained in the National Account bid or contract between us and the National Account, utilizing our Marks or any trademarks, service marks or trade names.
- (v) Neither the direct provision by us (or a franchisee, affiliate or agent of ours) of services or products to National Accounts as authorized in (iv) (a) above, nor if we contract with another party to provide such services and/or products as authorized in (iv) (b) above, shall constitute a violation of Section 3 of this Agreement relating to the your Territory, even if such services and/or products are offered or performed from a location within the Territory. Franchisee disclaims any compensation for services performed or products provided by others pursuant to this section.

## 5. TERM AND RENEWAL.

**5.1. Generally.** The term of this Agreement will begin on the Effective Date and expire 10 years thereafter (the "Term"). Following the expiration of the Term, you may enter into up to two (2) successor franchise agreements (each, a "Successor Agreement") as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the current form of franchise agreement that we use in granting JETSET Franchises as of the expiration of the Term or renewal term, as applicable. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement. Each renewal term will be five (5) years. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

**5.2. Renewal Requirements.** In order to enter into a Successor Agreement, you and the Owners (as applicable) must:

- (i) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 270 days before the expiration of the Term or renewal term, as applicable;
- (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement;
- (iii) sign the Successor Agreement and all ancillary documents that we require franchisees to sign;
- (iv) sign a General Release;
- (v) pay us a \$25,000 renewal fee;
- (vi) remodel your Studio to comply with our then-current standards and specifications;
- (vii) have the right under your lease to maintain possession of your premises for the duration of the renewal term; and
- (viii) take any additional action that we reasonably require.

**5.3. Interim Term.** If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

## 6. TRAINING AND CONFERENCES

**6.1. Initial Training Program.** Our initial training includes approximately five (5) days of training for a total of 30 hours at JETSET Training Academy, 10 hours of online learning courses on our learning management system, and up to ten hours of on-site training at your Studio. The Owner/Operator and your general manager (if applicable), lead instructor and up to six (6) part-time JETSET instructors must attend and successfully complete our initial training program before your Studio opens. You may, but need not, send other Owners and employees to initial training.

**6.2. Initial Training of New Owner/Operator, General Manager or Lead Instructor.** If you hire a new general manager or instructors or appoint a new Owner/Operator after we conduct our pre-opening initial training program, the new general manager, instructors or Owner/Operator, as applicable, must attend and successfully complete our then-current initial training program.

**6.3. Mandatory Periodic Training.** From time to time, we may offer refresher or additional training courses for your Owner/Operator, general manager, lead instructor and other employees. Attendance at these training programs is mandatory. All of your JETSET instructors who teach at your Studio must successfully complete the Initial Training Program set forth above. At any time that you do not have fully trained instructors, you must send your new JETSET instructors to JETSET Training Academy.

**6.4. Additional Training Upon Request.** Upon your written request, we may provide additional assistance or training to you at a mutually convenient time.

**6.5. Remedial Training.** If we conduct an inspection of your Studio and determine that you are not operating your Studio in compliance with this Agreement and/or the Manual or that your Studio is underperforming or not achieving certain metrics, we may, at our option, either require that your Owner/Operator, general manager (if applicable), lead instructor and other employees that we specify attend remedial training that is relevant to your operational deficiencies or send our personnel to your Studio to provide the guidance, assistance, or training we deem necessary (and you agree to pay our then applicable charges, including our personnel's per diem charges and travel and living expenses in connection with such additional support).

**6.6. Conferences.** We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting JETSET FRANCHISEES. Attendance at these conferences is mandatory but we will not require that you attend more than one (1) conference every eighteen (18) months.

**6.7. Training Fees and Expenses.** We will provide our pre-opening initial training program at no additional charge for the franchise owner, manager and the first 6 instructors. We will also provide periodic system-wide refresher or additional training programs at no additional charge at our corporate headquarters or training facility we designate. You must pay us a \$975 fee for each instructor (except for the first 6 instructors) to attend the JETSET Training Academy after your grand opening. All of your JETSET instructors must complete five (5) days of training at the JETSET Training Academy. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs that your owners and employees incur for initial or periodic training, including wages, travel, meals and lodging expenses. Each Instructor must become certified and the certification fee charged to you for a Lead Instructor is \$1,950, and \$350 for each other instructor certified by your Lead Instructor.

We may charge you a conference registration fee of up to \$2,500 per conference, which covers two (2) attendees. If we agree to provide onsite training or assistance, you must also reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs that your trainees incur for training or attending conferences, including wages, travel and living expenses. All training fees, conference registration fees, and expense reimbursements are due 10 days after invoicing. You are responsible for all food, lodging and travel costs that your Owners and employees incur while attending any training program or conference.

## 7. OTHER FRANCHISOR ASSISTANCE.

7.1. **Manual.** During the Term, we will provide you with electronic access to our confidential Brand Standards Manual (the “Manual”) in text or electronic form. The Manual will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

7.2. **General Guidance.** Based upon our periodic inspections of your Studio or reports that you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Business.

7.3. **Marketing Assistance.** As further described in Section 11.1 and Section 11.2, we will administer the Brand and System Development Fund and provide you with other marketing assistance during the Term.

7.4. **Website.** We will maintain a website for JETSET FRANCHISEES that will include the information about your Studio that we deem appropriate. We may modify the content of and/or discontinue the website at any time in our sole discretion. Throughout the Term, we will also provide you with your own webpage that will be linked on our main website. Your webpage will include localized information about your Studio, such as address, contact information, class schedule, information about your JETSET instructors, pricing, etc. We must approve all content on your webpage, but we will consider all information that you suggest in good faith. We will own the website (including your webpage) and domain name at all times. We will also arrange for the setup of your social media pages. We may exclusively control access to your social media account. We will secure the official social media handle for your franchise, to provide for consistent brand presence across all platforms. Access to the handle and its management will be handed over after lease signing & once you have completed the required social media training.

7.5. **Email Addresses.** We will provide you with three (3) JETSET email addresses for use with your Business. The cost of these email addresses and associated accounts is covered by the technology fee. If you require more than three (3) email addresses we may charge you an additional \$10 per additional email address per month, which would be added to the technology fee. You must exclusively use the email address or addresses that we provide for all communications with us, customers, suppliers and other persons relating to your Business. You may not use any email address that we provide to you for any purpose unrelated to your Business. We will own the email addresses and the account but will allow you to use them during the Term.

7.6. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, we will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

7.7. **New Exercises and Merchandise.** From time to time, we intend to research and develop new exercise routines and fitness programs to incorporate into the classes offered at your Studio. We may communicate these new routines and programs to you through updates to the Manual or during mandatory ongoing training programs. We also may, but need not, create new merchandise and other inventory items that you may sell at your Studio. You agree to maintain an inventory of these items at your Studio at all times in compliance with our minimum stocking requirements set forth in the Manual.

7.8. **Business Consultant.** At our option, we may assign to you a designated business consultant to conduct periodic reviews of your Business operations to ensure compliance with our quality standards and other requirements. You agree to cooperate with the consultant in conducting such reviews. Upon our request, you further agree to implement any recommendations from the business consultant in the time and manner that we require.

## 8. ESTABLISHING YOUR STUDIO

8.1. **Site Selection.** You agree to locate and obtain our approval of the premises from which you will operate your Studio within 180 days after the Effective Date. The premises must be located within the Site Selection Area identified in Part B of ATTACHMENT "B" (the “Site Selection Area”) and must conform to our minimum site selection criteria. Unless we instruct you otherwise, you must work with our designated real estate company that will assist you in finding potentially suitable sites for your Studio. Unless we instruct you otherwise, you must send us a

complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. If we have approved your site prior to execution of this Agreement, then the address of the approved site will be listed in Part C of ATTACHMENT "B". If we have not approved your site prior to execution of this Agreement, then within 30 days after we approve your site, we will send you the Site Approval Notice that will identify: (a) the approved location for your Studio; and (b) the geographic area that comprises your Territory, as determined by us in our sole discretion. You understand that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a JETSET STUDIO. Our approval of the site indicates only that we believe the site meets our minimum criteria.

**8.2. Lease.** If you will lease the premises for your Studio, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to this Agreement as ATTACHMENT "D". The term of your lease must coincide with the term of this Agreement unless we provide our written consent to the contrary. If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement, we have the right to disapprove of your lease in our commercially reasonable judgment, in which case you must find a new site for your Studio. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records. We may require that you utilize our designated real estate vendor to assist you with negotiating and drafting letters of intent for your premises.

**8.3. Construction.** After you purchase or lease your approved site, you must construct and equip the premises to the specifications contained in the Design Construction Manual (which is part of the Manual). Before starting construction, you must obtain our approval of the proposed space plan and site adapted construction documents. The site adapted construction documents must include all items necessary for you to obtain required permits from the authority having jurisdiction and that meet the requirements of the Americans with Disabilities Act (ADA). You must also submit to us a drawing prepared for permitting (permitting sets) stamped by a licensed architect. We will provide our written approval of the space plan and construction documents within 10 business days after we receive them. You must follow the JETSET prototype architectural flooring plans, mechanical layout, electrical layout and written specifications for colors and material. You must also purchase and install the equipment, fixtures, signs and other items that we require. Without limiting the generality of the foregoing, you must follow the JETSET prototype architectural flooring plans, mechanical layout, electrical layout and written specifications for colors and material. You must purchase certain equipment, inventory and operating supplies exclusively from us. We currently require that you purchase your initial supply of JETSET inventory items (JETSET non-slip socks, apparel and merchandise) exclusively from us as part of a "startup package" for an estimated cost ranging from \$6,000 to \$9,000. We may change the items included in the startup package, and the associated cost, at any time. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the franchise. You must install the security system that we specify.

**8.4. Opening.** You must open your Studio to the public within 365 days after the Effective Date. You may not open your Studio before:

- (i) successful completion of the initial training program by your Owner/Operator, general manager (if any), lead instructor and 6 part-time instructors;
- (ii) you purchase all required insurance;
- (iii) you obtain all required licenses, permits and other governmental approvals;
- (iv) we provide our written approval of the construction, build-out and layout of your Studio;
- (v) you have provided us with a copy of your Certificate of Occupancy issued by the city; and
- (vi) you have pre-sold at least 50 memberships to your Studio.

We may conduct a pre-opening inspection of your Studio and you agree to make any changes we require before opening. BY VIRTUE OF OPENING, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

**8.5. Relocation.** You may relocate your Studio with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must:

- (i) locate your new Studio from an approved location within the Site Selection Area;
- (ii) comply with Sections 8.1 through Section 8.4 of this Agreement with respect to your new Studio (excluding the 365-day opening period); and
- (iii) open your new Studio and resume operations within seven (7) days after closing your prior Studio.

## 9. MANAGEMENT AND STAFFING.

**9.1. Owner Participation.** You acknowledge that a major requirement for the success of your Business is the active, continuing, and substantial personal involvement and hands-on supervision by your Owner/Operator. The Owner/Operator must at all times be actively involved with the on-site management and supervision of your Business on a full-time basis (which may include teaching classes) unless we authorize you to delegate on-site management functions to a general manager. Any new Owner/Operator that we approve must successfully complete the initial training program pursuant to Section 6.1. By signing the Agreement, each Owner agrees to be personally bound by all terms applicable to “Owners”, even if the franchisee is an entity. If we, in our sole discretion determine that the Owner/Operator is not actively involved with the on-site management and supervision of your Business on a full-time basis, we may, at our option and in addition to our other rights under this Agreement, require you to designate a different Owner/Operator or appoint a general manager.

**9.2. General Manager.** You may appoint a general manager to assume responsibility for the daily on-site supervision and operation of your Studio, but only if:

- (i) the general manager and all Lead Instructors have demonstrated competence and proficiency in the duties they will perform and meet our then-current standards and qualifications for such positions;
- (ii) the general manager successfully completes the initial training program and becomes a certified JETSET instructor;
- (iii) the general manager may teach no more than eight (8) to twelve (12) classes per week or such other number of classes we designate or suggest in the Manual from time to time;
- (iv) the general manager agrees to assume, on a full-time basis, on-site management and supervision of your Business, including agreeing to be physically present in your Studio for at least twenty-five (25) hours each week while classes are in session, or such other number of hours we designate or suggest in the Manual from time to time;
- (v) the general manager signs a Brand Protection Agreement; and
- (vi) the Owner/Operator agrees to assume responsibility for the on-site supervision and operation of your Studio if the general manager fails to or is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement general manager.

For avoidance of doubt, your Studio must at all times be under the full-time direct, on-premises supervision of the Owner/Operator or an authorized general manager. If we, in our sole discretion, determine that your authorized general manager is not actively involved with the on-site management and supervision of your Business on a full-time basis, we may, at our option and in addition to our other rights under this Agreement, require the Owner/Operator assume responsibility for the on-site supervision and operation of your Studio. Notwithstanding the foregoing, you are solely responsible for all employment decisions for the Studio, including hiring, firing, remuneration, personnel policies, training, benefits, and maintaining supervision and discipline, regardless of whether you received advice from us on any of these subjects.

### 9.3. **JETSET Instructors.**

(a) **Certified Instructors.** Before teaching classes in your Studio, each of your JETSET instructors must: (i) successfully complete a nationally accredited group fitness instructor program (with a test, certification; and continuing education units); (ii) complete ten (10) hours of online learning courses on our learning management system; (iii) successfully complete five (5) days of training at JETSET Training Academy; (iv) instruct ten (10) mandatory mock classes; and (v) successfully pass the evaluation. You must forward a copy of the group fitness instructor certifications to us by email (emails should be sent to training@jetsetpilates.com) and keep copies of these certifications in the appropriate personnel files. The details of our training program may be set forth in the Manual and revised from time to time. You must have one (1) Lead Instructor and at least six (6) part-time instructors. Your lead instructor must complete all additional training programs that we require. Your lead instructor must teach between 12 and 15 classes per week unless the Manual provides otherwise.

(b) **Certified Lead Instructors.** To qualify, be and remain certified as a Lead Instructor, we require<sup>1</sup>:

- (i) At least 6 months of instruction (taught at least 100 JETSET classes.) at JETSET Studio;
- (ii) CPR/AED;
- (iii) Professional Liability insurance;
- (iv) Completion of Lead Instructor Academy in person with our Training Department and the following requirements, with failure to comply being grounds for revocation of Lead Instructor status in our discretion:
  - Performance Evaluation: Must exceed expectations in their 90-day evaluations.
  - Feedback Training: Must successfully complete a training session on giving feedback and be approved to deliver feedback independently.
  - Shadowing Requirement: Must shadow a 5-day training session total of 30 hours, which includes leading assigned portions to demonstrate competency.
  - Feedback Delivery: Upon approval, follow the JETSET Training Academy's detailed agenda for delivering feedback in their studio using the most up-to-date training materials.
  - Reporting Responsibilities: Responsible for reporting all trainings conducted and trainees guided through the Training Academy.
  - Certification Maintenance: Must maintain certification by completing all continuing education workshops and ensuring their team does the same. Keep the instructor feedback tracker up to date.

The Lead Instructor certification fee is \$1,950 per instructor, and the Instructor certification fee for instructors trained by your Lead Instructor is \$350 per instructor.

**9.4. Other Employees.** You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may hire, train, and supervise employees to assist with the proper operation of the Studio. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. You must ensure that a sufficient number of trained employees are available to meet

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<sup>1</sup> NASM CPT AFAA Group Fitness Instructor certification preferred but not required.

the operational standards and requirements of your Business at all times. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, paychecks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide you any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

**9.5. Interim Manager.** We have the right, but not the obligation, to designate an individual of our choosing (an "Interim Manager") to manage your Studio if either: (a) your Owner/Operator ceases to perform the responsibilities of an Owner/Operator (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Owner/Operator within 30 days; or (b) you are in material breach. The Interim Manager will cease to manage your Studio at such time that you hire an adequate replacement Owner/Operator who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to compensate the Interim Manager at a rate that we establish in our commercially reasonable discretion. The Interim Manager will have no liability to you except for gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

**10. FRANCHISEE AS ENTITY.** If you are an Entity, you represent that Part A of ATTACHMENT "B" includes a complete and accurate list of all of your Owners. We also require that the individual owners of the franchise that directly or indirectly hold a 10% or greater ownership interest in the franchise (or franchisee entity) must sign a personal guaranty. Also, any individual owners who directly or indirectly own a 10% or greater ownership interest in the franchise (or franchisee entity) and who has, or is likely to have, any active involvement with the management, supervision or operation of your Business, must sign the Franchise Agreement where indicated in order to bind themselves to each provision that applies to "owners" (such as noncompetition, protection of confidential information, protection of our intellectual property, non-disparagement, restrictions on transfers, etc.) and assure the franchisee's payment obligations. All such Owners are jointly and severally responsible for your financial obligations under this Agreement if the franchisee Entity fails to make any required payment to us or our affiliates. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

## **11. ADVERTISING & MARKETING.**

### **11.1. Brand and System Development Fund.**

(a) Administration. Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System and the Marks, we will establish and maintain a brand and system development fund (the "Brand and System Development Fund"). The Brand and System Development Fund will be used for developing the franchise system and marketing, advertising, sales promotion and promotional materials, public and consumer relations, publicity, website development (including search engine optimization) and any other programs that we deem necessary or appropriate ("Brand and System Development Programs"). We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any Brand and System Development Fund. We will not use Brand and System Development fund fees to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration of the Brand and System Development Fund (which may include, without limitation: conducting market research, preparing and conducting television, radio, magazine, billboard, newspaper and other media programs and activities and employing advertising agencies, collecting and accounting for contributions to the Brand and System Development Fund, and paying for the preparation and distribution of financial accountings and marketing materials). Any surplus of funds in the Brand and System Development Fund may be invested

and we may lend money to the Brand and System Development Fund if there is a deficit. The Brand and System Development Fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the Brand and System Development Fund. A financial accounting of the operations of the Brand and System Development Fund, including deposits into and disbursements from the Brand and System Development Fund, will be prepared annually and made available to you upon request.

(b) **Contributions.** On the first (1<sup>st</sup>) day of each month, you must pay us a marketing fund fee equal to the greater of 1.5% of monthly Gross Revenues or \$150 (subject to adjustment for CPI increases as indicated below). We will deposit into the Brand and System Development Fund all: (i) marketing fund fees paid by you and other franchisees; and (ii) fines paid by you and other franchisees. Any company-owned JETSET studio will contribute to the Brand and System Development Fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the Brand and System Development Fund, any company-owned JETSET studio that is established or acquired after the modification may contribute to the Brand and System Development Fund utilizing the modified amount or timing. Except as stated in this Section, we have no obligation to expend our own funds or resources for any Brand and System Development. We have the right to increase the minimum monthly Brand and System Development fund fee on January 1 of each year in the following manner: The Brand and System Development fund fee payable each year of this Agreement shall be multiplied by a fraction, the numerator of which shall be the CPI for the prior calendar year (the “Prior Year”) and the denominator of which will be the CPI for the year immediately preceding the Prior Year. For purposes of this calculation, “CPI” means the Consumer Price Index published by the Bureau of Labor Statistics of the U.S. Department of Labor, for All Urban Wage Earners and Clerical Workers, U.S. Cities (1982-84 = 100), “All Items.” If we, in our sole discretion, determine not to apply the fee increase in a given year, that fee increase will accumulate and a multi-year fee increase may be carried over and applied during a subsequent year.

**11.2. Marketing Assistance From Us.** We may create and make available to you advertising and other marketing materials for your purchase at our cost plus shipping. We may use the Brand and System Development Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will develop the franchise system and create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

### **11.3. Your Marketing Activities.**

(a) **Generally.** In addition to your required contribution to the Brand and System Development Fund, you must spend, on a monthly basis, the minimum amount of money that we require (referred to as your “Local Marketing Commitment”) on digital advertising to promote your Studio. We may require that you exclusively utilize a digital marketing company that we designate or approve. The Local Marketing Commitment is:

- (i) \$3,000 per month or 3% of gross sales, whichever is higher. If your grand opening date occurs on a day other than the first (1<sup>st</sup>) day of the month, we will pro-rate the \$3,000 for your first partial month.

We must approve all such advertising in accordance with Section 11.3(e). You agree to participate at your own expense in all advertising, promotional and marketing programs that we require, including any advertising cooperative that we establish pursuant to Section 11.4. You agree to make available at your Studio all flyers, brochures and other materials that we provide to you for purposes of promoting the franchise opportunity. You must follow the requirements in the Manual for purposes of displaying this information.

(b) **Grand Opening.** At the time you start the presales marketing campaign, you must spend the \$23,000 grand opening marketing fee with the designated grand opening marketing vendors, at least \$12,000 of which must be spent on digital advertising. These funds are used to implement your grand opening marketing program during the 12-week period immediately preceding your anticipated grand opening date. If you conduct a grand opening marketing program that is longer than 12 weeks, we may require you to spend a minimum of \$4,000 per month for each additional month in which you conduct your grand opening marketing program. We may delegate various marketing services to one or more third-party suppliers. At our option, we may instead require that you pay all or a portion of the grand opening marketing fee directly to third-party suppliers in accordance with our instructions.

(c) Standards for Advertising. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others. We reserve the right to require that you comply with any minimum advertised pricing policy that we establish from time to time.

(d) Extraterritorial Advertising. You may market and advertise outside of your Territory as long as: (i) you comply with all of the policies and procedures set forth in the Manual governing extra-territorial marketing; and (ii) you do not engage in any targeted marketing directed into any territory assigned to us, our affiliate or another franchisee (except as otherwise noted below). You are not permitted to engage in targeted marketing that is directed into a territory assigned to us, our affiliate or another franchisee unless the marketing is conducted as part of an advertising cooperative that includes the affected territory. Marketing that is distributed, circulated or received both within your Territory and within another territory is not deemed to be “targeted marketing” if: (i) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your Territory; and (ii) the majority of the recipients of the advertising are located within your Territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate, or another franchisee. The meaning of “targeted marketing” that is “directed into a territory” may be further defined in the Manual, but examples include direct mail that is sent to addresses within a given territory, digital advertising that is sent to devices with IP addresses that are registered within a given territory and setting up promotional events that take place within a given territory.

(e) Approval of Advertising. Before you use them, we must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved and you modify). We will be deemed to have approved the materials if we fail to issue our disapproval within 30 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove). If we disapprove of a social media post that you make, you must immediately remove the post upon notice from us. Your failure to remove the post within 48 hours after demand from us constitutes grounds for termination of this Agreement without further cure period.

(f) Internet and Websites. You are required to market your Studio through approved social media channels in accordance with our social media policy. We may control your social media account and we may require that you utilize a designated supplier for social media marketing services. We currently require that all social media marketing and advertisements be obtained from our JETSET approved third-party suppliers for franchisees. You are not permitted to alter the social media marketing or advertisements without our prior permission. Social media videos must be no longer than 30 seconds unless we agree to the contrary. At this time, we do not allow our franchisees to maintain their own websites (other than the webpage that we provide) or market their JETSET studios on the Internet (other than through approved social media channels, provided that we have full access at all times during the Term and after a termination, expiration or non-renewal of this Agreement or any Successor Agreement). Accordingly, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your Business. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. We will secure the official social media handle for your franchise, to provide for consistent brand presence across all platforms. Access to the handle and its management will be handed over after lease signing and once you have completed the required social media training.

**11.4. Advertising Cooperative.** We have the right, but not the obligation, to create one or more advertising cooperatives for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. We have the right to: (a) determine the composition of all geographic territories and market areas for each advertising cooperative; and (b) require that you participate in any advertising cooperative if and when established by us. If we implement an advertising cooperative, we may establish an advertising council to self-administer the advertising cooperative. You must participate in the council according to the council’s rules and procedures and you must abide by the council’s decisions. Alternatively, we may administer the advertising cooperative ourselves. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion. You must pay the monthly cooperative advertising fee established by us or the council, as applicable, which will be due on the first (1<sup>st</sup>) day of each month or such other date determined by the cooperative. Upon the vote of a majority of all

JETSET studios located within the advertising cooperative, the amount of the cooperative advertising fee may be adjusted (or temporarily suspended). If we or an affiliate of ours operate a majority of the JETSET studios within the advertising cooperative, we will increase the cooperative advertising fee only with the consent of a majority of all other JETSET studios (excluding the studios that we own) within the advertising cooperative. We will collect all cooperative advertising fees and pay them to the applicable advertising cooperative unless we administer the advertising cooperative ourselves. All amounts you pay for cooperative advertising will be credited against your Local Marketing Commitment.

## 12. OPERATING STANDARDS.

**12.1. Generally.** You agree to operate your Business: (a) in a manner that will promote the goodwill of the Marks; and (b) in full compliance with our standards and all other terms of this Agreement and the Manual.

**12.2. Brand Standards Manual.** You agree to establish and operate your Business in accordance with the Manual. The Manual may contain, among other things:

- (i) a description of the authorized goods and services that you may offer at your Business;
- (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for JETSET franchisees;
- (iii) mandatory reporting and insurance requirements;
- (iv) mandatory and suggested specifications for your Studio;
- (v) policies and procedures pertaining to any gift card, loyalty and/or membership program that we establish;
- (vi) advertising and marketing policies; and
- (vii) a written list of goods and services (or specifications for goods and services) you must purchase for the development and operation of your Business and a list of any designated or approved suppliers for these goods or services.

The Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. The modifications will become binding 10 days after we send you notice of the modification. All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

**12.3. Authorized Goods and Services.** You agree to offer all goods and services that we require from time to time in our discretion. You may not offer any other goods or services without our prior written permission. We must approve all goods and services that you sell, including class offerings, merchandise, equipment, inventory items, memberships, packages and consultations. You may not use your Studio or permit your Studio to be used for any purpose other than offering the goods and services that we authorize. You may only offer the specific classes and exercises that we designate. You must strictly follow our proprietary JETSET workout sheets and files and you are prohibited from altering or removing any content. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of the franchise or this Agreement.

**12.4. Pricing.** We will provide you with our suggested market-specific retail pricing for your package and membership fees and the other goods and services that you sell. You may deviate from our suggested retail pricing in your discretion. However, you must obtain our approval of any deviation that is more than 5% higher or lower than our suggested retail pricing, unless such pricing is part of a temporary advertising program that we have approved. We also reserve the right to set maximum or minimum prices on the membership fees and other goods and services you sell to the extent permitted by applicable law.

**12.5. Gift Card and Loyalty Programs.** We may require that you participate in a gift card or other customer loyalty program (including utilization of a “membership” model) in accordance with our policies and procedures. In order to participate, you may be required to purchase and utilize additional equipment, software and/or

electronic programs or applications (collectively, “Apps”) and pay fees relating to the use of that equipment, software and/or Apps. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or membership fees will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You agree to comply with all policies and procedures that we specify from time to time relating to customers who purchase goods or services from multiple JETSET studios in connection with a loyalty program or customers who purchase a gift card from one JETSET studio and redeem the card at another JETSET studio. We may implement new software and/or Apps to monitor sales and allocate payments to the JETSET studio where goods or services are redeemed (either in whole or on a percentage basis), in which case we may require that the customer pay us for membership fees or that the proceeds from gift card sales be deposited into a trust account that we control. We may also adopt policies regarding cooperation between franchisees relating to customers who purchase a membership or gift card at one JETSET studio and redeem products or services from one or more other JETSET studios. You agree to comply with all policies and procedures that we specify and we may modify these policies and procedures at any time.

**12.6. Suppliers and Purchasing.** You agree to purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you agree to purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate). You are prohibited from directly contacting our approved or designated suppliers without our prior approval. We currently require that you purchase certain items you will need to develop your Studio exclusively from us, including your initial supply of JETSET inventory items (JETSET non-slip socks, apparel and supplements) and equipment such as the reformers and fitness exercise accessories. You must maintain a minimum of \$5,000 in inventory at all times. You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of JETSET studios, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. We may retain any rebates and other financial consideration from these suppliers based upon franchisee purchases. If you want us to approve a supplier that you propose, you must send us a written notice specifying the supplier’s name and qualifications and provide any additional information that we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 30-day period. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier within 10 days after invoicing.

**12.7. Equipment Maintenance and Changes.** You agree to maintain all of your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System and you agree to comply with any such required change within the time period that we reasonably prescribe.

**12.8. Technology Systems.**

(a) Generally. You must acquire and utilize all information and communication technology systems that we specify from time to time, including, without limitation, computer systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems (collectively referred to as the “Technology Systems”). The Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, customer information, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose that we deem appropriate. We may require that you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, upon reasonable prior notice. You may not utilize any technology that we have not designated or approved for use by our franchisees.

(b) Use and Access. You must utilize your Technology Systems in accordance with the Manual. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure that your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to

enable us to have independent and unlimited access to the operational data collected through your Technology Systems, including information regarding your Gross Revenues for purposes of calculating fees owed. Upon our request, you agree to provide us with the user IDs and passwords for your Technology Systems, including upon termination or expiration of this Agreement.

(c) **Disruptions.** You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon our request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

(d) **Fees and Costs.** You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs: (i) you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon our request, you agree to enter into a license agreement with us (or our affiliate) in a form that we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The “technology fee” includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems. The technology fee is due 10 days after invoicing or as otherwise specified by us from time to time. As of the Effective Date, we charge a monthly technology fee equal to \$300 per month, which covers the costs for: (i) learning management and online training portal; (ii) up to 2 email accounts (iii) webpage hosting and support; (iv) ongoing technology research and development; (v) Retail ordering platform; and (vi) access to our project management platform.

**12.9. Remodeling and Maintenance.** You agree to remodel and make all improvements and alterations to your Studio that we reasonably require from time to time to reflect our then-current image, appearance and specifications. There is no limitation on the cost of these obligations. However, we will not require that you remodel your Studio more than once during any five (5) year period. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However, we need not approve any proposed remodeling or alteration if the same would not conform to our then-current specifications, standards or image requirements. You agree to maintain your Studio in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Studio at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Studio as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time.

**12.10. Music.** You may only play the music at your Studio that we specify or otherwise approve. We currently require that you purchase your music through our designated music vendor. We may purchase your music-licensing fee from ASCAP/BMI/SESAC/GMR (and your music services from our designated vendor) and require you to reimburse us for all such licensing and other fees that we pay on behalf of your Studio. At the moment it is directly payable to the public performance licensors and music streaming service.

**12.11. Customer Complaints.** If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.

**12.12. Failure to Comply with Standards.** You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we

notify you of a failure to comply with our standards or operating procedures and you fail to correct the non-compliance within the period of time that we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to \$500 per occurrence. If any default continues following imposition of the initial fine (for example, a continued failure to provide us with a required report or financial statement), then we may impose an additional \$500 fine for every subsequent 24-hour period that the default remains uncured.

**13. FRANCHISE ADVISORY COUNCIL.** We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We will consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council will be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council who will communicate with us on matters raised by the advisory council. You may be invited to be a member of the advisory council as long as you satisfy all eligibility criteria that we establish. As a member, you will be entitled to all voting rights and privileges granted to other members of the council. Each member will be granted one vote on all matters on which members are authorized to vote.

#### **14. FEES**

**14.1. Initial Franchise Fee.** You agree to pay us a \$60,000 initial franchise fee in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed. If you entering into a Development Agreement, you will pay us a total of \$135,000 as a development fee for three (3) franchised units (which is the minimum number of units for a development agreement) (the “Development Fee”) (in lieu of franchise fees) upon execution of the Development Agreement and your first franchise agreement, which may be this Agreement. The Development Fee for more than three units is as follows:

- (i) \$180,000.00 for four (4) Franchised Units
- (ii) \$225,000.00 for five (5) Franchised Units;
- (iii) \$240,000.00 for six (6) Franchised Units;
- (iv) \$350,000.00 for ten (10) Franchised Units; and
- (v) + \$35,000.00 per unit for more than ten (10) Franchised Units.

**14.2. Royalty Fee.** On the first (1<sup>st</sup>) day of each month, you agree to pay us a monthly royalty fee equal to the greater of 7.5% of your Gross Revenues from the prior month or \$1000. We can change the frequency of payments with 30-day notice.

**14.3. Other Fees and Payments.** You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section 14. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon goods or services that you sell or based upon goods or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

**14.4. Late Fee.** If any sums due under this Agreement have not been received by us when due (or there are insufficient funds in your Account to cover any sums owed to us when due) then, in addition to those sums, you must pay us a \$100 late fee plus default interest on the amounts past due at the rate equal to the lesser of 18% per annum (prorated on a daily basis), or the highest rate permitted by your State’s law. If no due date has been specified by us, then interest begins to run 10 days after we bill you. We will not impose a late fee for any amounts paid pursuant to Section 14.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payments at the time the payments became due and payable. You acknowledge that this Section 14.4 shall not constitute our agreement to accept the late payments after the same are due, or a commitment by us to extend credit to or otherwise finance the operation of your Business.

**14.5. Method of Payment.** You must complete and send us an ACH Authorization Form allowing us to electronically debit a banking account that you designate (your “Account”) for: (i) all fees and reimbursed costs payable

to us pursuant to this Agreement (other than the initial franchise fee); and (ii) any amounts that you owe to us or any of our affiliates for the purchase of goods or services. We will debit your Account for these payments on or after the due date. Our current form of ACH Authorization Form is attached to this Agreement as ATTACHMENT "E". You must sign and deliver to us any other documents that we or your bank may require to authorize us to debit your Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Business. At all times you must maintain a minimum balance of at least \$3,000 in your Account. You must make sufficient funds available for withdrawal by electronic transfer before each due date. If there are insufficient funds in your Account to cover all amounts that you owe, we may charge you an NSF fee of \$250 per instance and any excess amounts that you owe will be payable upon demand, together with the NSF fee and any late charge (plus default interest) imposed pursuant to Section 14.4.

**14.6. Application of Payments.** We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.

## **15. BRAND PROTECTION COVENANTS.**

**15.1. Reason for Covenants.** You acknowledge that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, the Owners or persons associated with you or the Owners (including family members) could seriously jeopardize the entire franchise system because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-How related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our franchise system.

**15.2. Our Know-How.** You and the Owners agree:

- (i) neither you nor any Owner will use the Know-How in any business or capacity other than the operation of your Business pursuant to this Agreement;
- (ii) you and the Owners will maintain the confidentiality of the Know-How at all times;
- (iii) neither you nor any Owner will make unauthorized copies of documents containing any Know-How
- (iv) you and the Owners will take all reasonable steps that we require from time to time to prevent unauthorized use or disclosure of the Know-How; and
- (v) you and the Owners will stop using the Know-How immediately upon the expiration, termination or Transfer of this Agreement, and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement will stop using the Know-How immediately at the time he or she ceases to be an Owner.

**15.3. Unfair Competition During Term.** You and your Owners agree not to unfairly compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"):

- (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business;
- (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or
- (iii) inducing any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

**15.4. Unfair Competition After Term.** During the Post-Term Restricted Period, you and your Owners agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, you and your Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not

located within, and does not provide competitive goods or services to customers who are located within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

**15.5. Nondisparagement.** Throughout the Term and for a period of one (1) year after the expiration or termination of this Agreement, you and your Owners expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties (as defined below), the System or the Marks, or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit you and the Owners from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by you or an Owner. You understand and agree that compliance with this Section is important for the protection of the System as a whole and for the protection of the interests of our franchisees. For purposes of this Section, the term “Franchisor Parties” means us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals.

**15.6. Immediate Family Members.** The Owners acknowledge that they could circumvent the purpose of Section 15 by disclosing Know-How to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). The Owners also acknowledge that it would be difficult for us to prove whether the Owners disclosed the Know-How to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 15 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses the Know-How. However, the Owner may rebut this presumption by furnishing evidence conclusively showing that the Owner did not disclose the Know-How to the family member.

**15.7. Employees and Others Associated with You.** You must ensure that all of your employees, officers, directors, partners, members, independent contractors and other persons associated with you or your Business who may have access to our Know-How, and who are not required to sign a Brand Protection Agreement, sign and send us a Confidentiality Agreement before having access to our Know-How. You must use your best efforts to ensure that these individuals comply with the terms of the Brand Protection Agreements and Confidentiality Agreements, as applicable, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Brand Protection Agreement or Confidentiality Agreement, as applicable, including reasonable attorneys’ fees and court costs.

**15.8. Covenants Reasonable.** You and the Owners acknowledge and agree that:

- (i) the terms of this Agreement are reasonable both in time and in scope of geographic area;
- (ii) our use and enforcement of covenants similar to those described above with respect to other JETSET franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Business; and
- (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement.

**YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 15 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

**15.9. Breach of Covenants.** You and the Owners agree that failure to comply with the terms of this Section 15 will cause substantial and irreparable damage to us and/or other JETSET franchisees for which there is no adequate

remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 15 will entitle us to injunctive relief. We 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, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement 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. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 15.

## 16. YOUR OTHER RESPONSIBILITIES

**16.1. Insurance.** For your protection and ours, you agree to maintain the following mandatory insurance policies:

- (i) any other insurance that we specify in the Manual from time to time.
- (ii) **GENERAL LIABILITY:** General Liability Insurance with minimums of \$1,000,000 per occurrence, \$2,000,000 general and products/completed operations aggregate, \$1,000,000 personal/advertising injury, \$50,000 rented premises damage, and \$5,000 medical expenses. The policy must include additional insured, waiver of subrogation, primary and noncontributory provisions, contractual and independent contractors liability, no exclusion for assault & battery and be occurrence-based. It must be provided by an A- VII or higher AM Best-rated admitted carrier. Stop-gap coverage is required for applicable monopolistic states.
- (iii) **PROFESSIONAL LIABILITY:** Professional Liability Insurance with minimum coverage limits of \$1,000,000 per occurrence and \$3,000,000 aggregate.
- (iv) **FRANCHISEE COMMERCIAL AUTO:** Commercial Auto Insurance with a \$1,000,000 combined single limit, covering uninsured/underinsured motorists, owned (when applicable), hired, and non-owned autos. Policies must include additional insured, waiver of subrogation, and primary/non-contributory provisions, provided by an A- VII or higher AM Best-rated carrier.
- (v) **WORKERS COMPENSATION:** Workers' Compensation Insurance with coverage limits of \$1,000,000 for bodily injury by disease per accident, \$1,000,000 policy limit, and \$1,000,000 per employee. The policy must be in place regardless of state laws and cannot exclude owner-operators. It must also include uninsured independent contractors and a waiver of subrogation. The insurance carrier must be rated A- VII or higher by AM Best to ensure financial stability and reliability.
- (vi) **PROPERTY / BUSINESS INTERRUPTION:** Property insurance with coverage for business personal property ( $\geq$  \$160,000 full replacement cost value), tenant improvements ( $\geq$  \$300,000 full replacement cost value), , business interruption (12 Months ALS), including franchisor royalties. The insurance carrier must be rated A- VII or higher by AM Best.
- (vii) **EMPLOYMENT PRACTICES LIABILITY:** Employment Practices Liability Insurance with minimum coverage limits of \$500,000 per occurrence and \$500,000 aggregate. The policy should include 3rd party liability and wage & hour coverage of at least \$25,000. The maximum deductible should not exceed \$10,000.
- (viii) **CYBER LIABILITY:** Cyber Liability Insurance with minimum coverage limits of \$250,000 per occurrence and \$250,000 aggregate.
- (ix) When providing proof of insurance via a certificate of insurance include the following language:

**DESCRIPTION OF OPERATIONS:** Certificate holder is named as additional insured with respect to general liability and commercial auto liability including a waiver of subrogation and primary, non-contributory insuring clauses. Workers compensation includes a waiver of subrogation in favor of the certificate holder.

- (x) The franchisor reserves the right to update the insurance requirements for franchisees as needed, in order to address changing exposures and evolving risk factors. This flexibility ensures that both the franchisee and franchisor remain adequately protected as the business environment and industry landscape evolve. Franchisees will be notified of any changes to the insurance requirements and are expected to comply with the updated coverage standards to maintain their franchise agreement.

You agree to provide us with proof of coverage on demand. You agree to obtain these insurance policies from insurance carriers that are rated A- or better by Alfred M. Best & Company, Inc. (unless otherwise provided above) and that are licensed and admitted in the state in which you operate your Business. All insurance policies must be endorsed to:

- (i) name us (and our members, officers, directors, and employees) as additional insureds;
- (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and
- (iii) provide that we receive 10 days prior written notice of the termination, expiration, cancellation or modification of the policy.

If any of your policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon 10 days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within 10 days after invoicing, all costs and premiums that we incur.

**16.2. Books and Records.** You agree to prepare and maintain at your Studio for at least five (5) years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Business. You must maintain, and upon our request furnish to us by email, mail or facsimile, a written list of all of your customers, including names, addresses, e-mail addresses and other information that we request. You agree we may send customers newsletters and other JETSET -related promotional items. You must send us copies of your books and records within seven (7) days of our request.

**16.3. Reports.** If we require that you purchase a computer and/or automated cash management system that allows us to electronically retrieve information concerning your sales transactions, you agree that we will have the right to electronically poll your computer and/or automated cash management system to retrieve and compile information regarding the operation of your Business and you agree to allow us to set up your management account as well as your username and password. If we do not require you to use a system that gives us the ability to independently retrieve and compile such information, then upon our request, we may require that you prepare and provide to us monthly statements of:

- (i) Your Monthly Profit & Loss, Cash flow Statement and Balance Sheet
- (ii) Your Gross Revenues and expenses for the prior month's operations;
- (iii) the total number of clients and members at your Studio;
- (iv) your expenditures on local advertising required by Section 11.3 that were incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures); and
- (v) any other expense information that we request.

The report would be due no later than the 1<sup>st</sup> day of each month. You also agree to prepare and send us all other reports that we require in the form and manner that we require.

**16.4. Financial Statements.** No later than the 15<sup>th</sup> day of each proceeding month, you must provide us with a Profit and Loss, Cash Flow Statements and a Balance Sheet for your Business in the format we specify. Within 90 days after the end of each calendar year, you must prepare an annual statement of profit and loss and source and application of funds. All financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; and (b) submitted in any format that we reasonably require. We have the right to require that your financial statements be audited by a certified public accountant. You agree to send us a copy of any financial statement required by this Section upon request. You authorize us to disclose the financial statements, reports, and operating data to prospective franchisees, regulatory agencies and others at our discretion, provided the disclosure is not prohibited by applicable law.

**16.5. Legal Compliance.** You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Business and operate and manage your Business in full compliance with all applicable laws, ordinances, rules and regulations. You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

**16.6. Ownership and Protection of Data.** We are the exclusive owner of all data that you and/or we collect relating to your customers. We hereby grant you a license to utilize such data solely for purposes of operating your Business in compliance with this Agreement. You must protect all customers data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy laws with respect to data, which if compromised, could have a negative impact on our image or consumer confidence. You agree: (a) to comply with all applicable data protection laws as well as our data processing and data privacy policies as set forth in the Manuals from time to time; and (b) upon our request, to sign any data processing and/or data privacy agreement required by any applicable data protection law or otherwise required by us (including, but not limited to, any Joint Controllers Data Processing Agreement). You further agree to:

- (i) obtain, maintain and adhere to all applicable compliance standards established by the PCI-DSS;
- (ii) establish appropriate administrative, technical and physical controls consistent with law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that it stores, processes, transmits, or comes in contact with;
- (iii) promptly notify us if you suspect that there is, or has been, a security breach or potential compromise of any such credit card information;
- (iv) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and
- (v) promptly notify us of any noncompliance PCI-DSS requirements to discuss your remediation efforts and timeline.

**17. INSPECTION.** To ensure compliance with this Agreement, we or our representatives will have the right to enter your Studio, evaluate your operations and inspect or examine your books, records, accounts and tax returns. Our evaluation may include watching or participating in your classes, contacting your landlord, customers and/or employees. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection.

**18. AUDIT.** We have the right, at any time, to have an independent audit made of your books and financial records. you agree to fully cooperate with us and any third parties that we hire to conduct the audit. if an audit reveals an understatement of your Gross Revenues or any amount that you owe us, you agree to immediately pay to us any additional fees that you owe us together with any late fee payable pursuant to section 14.4. Any audit will be performed at our cost and expense unless the audit: (a) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this agreement; or (b) reveals an understatement of any amount due to us by at least three percent (3%), in which case you agree to reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. the audit cost reimbursements will be due 10 days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

## **19. INTELLECTUAL PROPERTY**

**19.1. Ownership and Use of Intellectual Property.** You acknowledge that:

- (i) we (or an affiliate) are the sole and exclusive owner of the Intellectual Property and the goodwill associated with the Marks;
- (ii) your right to use the Intellectual Property is derived solely from this Agreement; and
- (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Business during the Term pursuant to, and only in compliance with, this Agreement, the Manual, and all applicable standards, specifications and operating procedures that we prescribe from time to time.

You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property.

**19.2. Changes to Intellectual Property.** We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights or the Know-How. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions by us within 30 days at your cost. You waive all claims arising from or relating to any change, modification, substitution or discontinuation of the Intellectual Property. We will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with the proprietary mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

**19.3. Use of Marks.** You agree to use the Marks as the sole identification of your Business; provided, however that you must identify yourself as the independent owner of your Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you by this Agreement). You may not place the Marks on any logo, equipment, merchandise or other items without our prior written approval. You agree to: (a) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (b) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

**19.4. Use of Know-How.** We will disclose the Know-How to you in the initial training program, the Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Know-How other than the right to utilize it in strict accordance with the terms of this Agreement in the development and operation of your Business. You acknowledge that the Know-How is proprietary and is disclosed to you solely for use in the development and operation of your Business during the Term.

**19.5. Improvements.** If you or an employee of yours conceives of or develops any improvements or

additions to the services or products offered by, or the method of operation of, a JETSET studio, or any advertising or promotional ideas related to such business (collectively, “Improvements”), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate a JETSET franchise, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of a JETSET studio.

**19.6. Notification of Infringements and Claims.** You must immediately notify us of any:

- (i) apparent infringement of any of the Intellectual Property;
- (ii) challenge to your use of any of the Intellectual Property; or
- (iii) claim by any person of any rights in any of the Intellectual Property.

You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

**20. INDEMNITY.** You agree to indemnify and defend the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following Claims:

- (i) any Claim asserted against you and/or any of the Indemnified Parties arising from the marketing, use or operation of your Business or your performance and/or breach of any of your obligations under this Agreement;
- (ii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement;
- (iii) any labor, employment or similar type of Claim pertaining to your employees, including claims alleging that we are a joint employer of your employees;
- (iv) any actions, investigations, rulings or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission and the National Labor Relations Board; and
- (v) any labor, employment or similar type of Claim pertaining to our relationship with you or your Owners, including claims alleging that you and/or any of your Owners are our employees.

You and your Owners agree to give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation described above. You and your Owners agree to give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (a) retain counsel of their own choosing to represent them with respect to any Claim (if not, you are obligated to defend the Indemnified Parties); and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. Alternatively, the Indemnified Parties may require that you hire counsel to defend them at your cost (counsel you select must be approved by the Indemnified Parties in their reasonable discretion). You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys’ fees, within 10 days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and

attorneys' fees.

## 21. TRANSFERS

**21.1. By Us.** This Agreement and the franchise is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

**21.2. By You.** You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Therefore, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

- (i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to own and operate a JETSET studio and otherwise meets all of our then-applicable standards for franchisees;
- (ii) you and your Owners are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate;
- (iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us the Training Fee for each new person who must attend training);
- (iv) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;
- (v) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Business;
- (vi) the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement (unless we elect to provide a full initial or renewal term); and (b) the transferee need not pay a separate initial franchise fee;
- (vii) you remodel your Studio to comply with our then-current standards and specifications or you obtain a commitment from the transferee to do so within 180 days after the date of the transfer;
- (viii) you or the transferee pay us a \$25,000 transfer fee to defray expenses that we incur in connection with the Transfer, including training the new owners and staff;
- (ix) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;
- (x) we do not elect to exercise our right of first refusal described in Section 21.5; and
- (xi) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

**21.3. Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must give us at least 10 days prior written notice. You and the Owners (and the transferee) agree to sign all documents

that we reasonably request to effectuate and document the Permitted Transfer.

**21.4. Death or Disability of an Owner.** Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 21.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

**21.5. Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 21.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

## **22. TERMINATION**

**22.1. By You.** You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 90 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 23 and all other obligations that survive the expiration or termination of this Agreement.

**22.2. Termination By Us Without Cure Period.** We may, in our sole discretion, terminate this Agreement upon five (5) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

- (i) if the Owner/Operator or your initial general manager fails to satisfactorily complete the initial training program in the manner required by Section 6.1;
- (ii) if you fail to obtain our approval of your site within the time period required by Sections 8.1;
- (iii) if you fail to open your Studio within the time period required by Section 8.4;
- (iv) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);
- (v) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within five (5) days of the levy;

- (vi) if you abandon or fail to operate your Studio for three (3) consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve;
- (vii) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Business, even if you or the Owner still maintain appeal rights;
- (viii) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material federal, state or local law or regulation applicable to your Business;
- (ix) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;
- (x) if you manage or operate your Studio in a manner that presents a health or safety hazard to your customers, employees or the public;
- (xi) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;
- (xii) if you fail to pay any amount owed to us or an affiliate of ours within 10 days after its due date;
- (xiii) if you underreport any amount owed to us by at least three percent (3%), after having already committed a similar breach that had been cured in accordance with Section 22.3;
- (xiv) if you make an unauthorized Transfer;
- (xv) if you make an unauthorized use of the Intellectual Property;
- (xvi) if we disapprove of a social media or similar post made by you that includes our Marks and you fail to remove the post within 48 hours after demand by us;
- (xvii) if you breach any of the brand protection covenants described in Section 15;
- (xviii) if we send you three (3) or more notices of default during any 18-month period, regardless of whether such defaults are cured by you;
- (xix) if the lease for your premises is terminated due to your default; or
- (xx) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your default.

**22.3. Additional Conditions of Termination.** In addition to our termination rights in Section 22.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we deliver a notice of default to you pursuant to this Section 22.3, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

**22.4. Mutual Agreement to Terminate.** If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

## **23. POST-TERM OBLIGATIONS.**

**23.1. Obligations of You and the Owners.** After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease to use the Intellectual Property;

- (ii) pay us all amounts that you owe us;
- (iii) comply with all covenants described in Section 15 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;
- (iv) return all copies of the Manual, and all portions thereof (and fully delete any electronic copies in your protection), as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights or other identification relating to a JETSET studio, unless we allow you to transfer such items to an approved transferee;
- (v) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;
- (vi) provide us with a list of all of your current, former and prospective customers;
- (vii) assign all customer contracts to us (unless we allow you to transfer those contracts to an approved transferee);
- (viii) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Business;
- (ix) notify all telephone companies, listing agencies and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so);
- (x) immediately turn over full top level access, control, credentials and ownership of any social media accounts; and
- (xi) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

### **23.2. Right to Purchase Facility and Assets.**

(a) Generally. Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your Studio and/or its assets at fair market value as ascertained by an independent business appraiser. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the "Appraisal Date"). We will notify you of the specific items that we wish to purchase (the "Acquired Assets"). We may also require that you assign your lease to us at no additional charge.

(b) Selecting Qualified Appraisers. You and we each shall appoint an appraiser with experience appraising businesses comparable to your Business in the United States (a "Qualified Appraiser"). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either of us fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each of us shall have appointed a Qualified Appraiser within the 30-day period, then within 30 days after that the two (2) Qualified Appraisers shall appoint a third (3<sup>rd</sup>) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the appointment of a third (3<sup>rd</sup>) Qualified Appraiser within the 30-day period, then a third (3<sup>rd</sup>) Qualified Appraiser shall be appointed by the

American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.

(c) Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three (3) years (or the period of time that you have operated your Business, if less than three (3) years), together with the work papers and other financial information or other documents or information that the Qualified Appraisers may request. The Qualified Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

(d) Appraisal Process. Within 60 days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the “Appraised Value”). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a single value, these two (2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because you or we failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser.

(e) Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

(f) Closing. Once the Appraised Value has been determined, we will have at least 60 days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts owed to us and our affiliates under this Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates.

## **24. DISPUTE RESOLUTION.**

(a) Mediation. The parties agree to submit any claim, dispute or disagreement, including any matter pertaining to the validity, enforcement or interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a “Dispute”) to mediation before a mutually-agreeable mediator prior to arbitration, unless the Dispute involves an alleged breach of Section 15 or Section 19. Any mediation or arbitration shall take place in Miami-Dade County, Florida.

(b) Arbitration. If the Dispute is not successfully resolved by mediation within 30 days after either party makes a demand for mediation, the exclusive procedure for resolving the dispute shall be arbitration administered by the American Arbitration Association (“AAA”) under its Commercial Arbitration Rules before one arbitrator in Miami-Dade County, Florida. Judgment on the award rendered by the arbitrator may be entered in any court with jurisdiction. The arbitrator shall be selected from the AAA’s large, complex case panel. Absent good cause or the parties’ agreement, the award shall be rendered within six months of the arbitrator’s selection. The arbitrator shall award reasonable attorneys’ fees and costs to the prevailing party. Except as may be required by law, neither party nor the arbitrator may disclose the existence, contents, or results of anything related to the arbitration, including, but not limited to, pleadings, motions, briefs, discovery, depositions, hearings, or awards without all the parties’ prior written consent. The only exceptions to the exclusive procedure of arbitration are that either party may bring in court an action for injunctive relief pending arbitration or may bring in court an alleged breach of Section 14 or Section 18. Each Party consents to personal jurisdiction and venue in the state or federal courts in Miami-Dade County, Florida, which shall be the exclusive venue for any court action between the parties. Any dispute arising out of or in connection with this arbitration provision, including any question regarding its existence, validity, scope, or termination, shall be

referred to and finally resolved by arbitration. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF SECTION 15 OR SECTION 19) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

**25. YOUR REPRESENTATIONS.** YOU HEREBY REPRESENT THAT:

- (i) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT;
- (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR REPRESENTATIVES ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT;
- (iii) YOU RECEIVED (1) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS AT LEAST SEVEN (7) BUSINESS DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT IS EXECUTED; AND (2) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (A) FOURTEEN (14) BUSINESS DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY;
- (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; AND
- (v) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

**26. GENERAL PROVISIONS**

**26.1. Governing Law.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the State of Florida (without reference to its principles of conflicts of law), but any law of the State of Florida that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

**26.2. Relationship of the Parties.** You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other

that are not expressly authorized by this Agreement.

**26.3. Severability and Substitution.** Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

**26.4. Waivers.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of its term) by virtue of:

- (i) any custom or practice of the parties at variance with the terms of this Agreement;
- (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure;
- (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other JETSET franchisees; or
- (iv) the acceptance by us of any payments due from you after breach of this Agreement.

**26.5. Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

**26.6. Force Majeure.** Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. Notwithstanding the foregoing, "force majeure" will not: (a) relieve you of any payment obligations under this Agreement; or (b) excuse, or apply with respect to, any breaches resulting from an epidemic or pandemic of a contagious illness or disease or resulting from any economic or financial changes caused by such epidemic or pandemic.

**26.7. Binding Effect.** This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the additional insureds listed in Section 16.1 and the Indemnified Parties are intended third party beneficiaries under this Agreement with respect to Section 16.1 and Section 20, respectively.

**26.8. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 26.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of the Site Approval Notice attached hereto as ATTACHMENT "C" shall be deemed to amend this Agreement to identify the approved site and Territory for your Studio, regardless of whether you countersign and/or return the Site Approval Notice. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify

this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document.

**26.9. Covenant of Good Faith.** If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that:

- (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests;
- (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee;
- (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and
- (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

**26.10. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

**26.11. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, Section 14, Section 15, Section 19, Section 20, Section 23, Section 24 and Section 26.

**26.12. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

**26.13. Time of Essence.** Time is of the essence in this Agreement and every term thereof.

**26.14. Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

**26.15. Notice.** All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days prior written notice):

YOU: As set forth in Part A of ATTACHMENT "B"

US: JETSET Franchising, LLC  
3921 Alton Road #465,  
Miami Beach, Florida 33140

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by fax, email or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

[Signature Page Follows]

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

**FRANCHISOR:**

JETSET Franchising, LLC, a Delaware limited liability company

By: \_\_\_\_\_ Name: \_\_\_\_\_ Its: \_\_\_\_\_

**YOU (If you are an entity):**

**YOU (If you are not an entity):**

\_\_\_\_\_,  
a(n) \_\_\_\_\_

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**\*By signing below, each owner described in Section 9 of this Agreement agrees to be bound by all of the terms and conditions of the Franchise Agreement applicable to an "Owner" and the Owner who is the "Owner/Operator" further agrees to be bound by all of the terms and conditions of the Franchise Agreement applicable to the "Owner/Operator".**

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

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

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

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

**ATTACHMENT "A"**  
**TO FRANCHISE AGREEMENT**

**DEFINITIONS**

“*Account*” is defined in Section 14.5.

“*Acquired Assets*” is defined in Section 23.2.

“*Agencies*” is defined in Section (viii).

“*Agreement*” is defined in the Introductory Paragraph.

“*Alternative Channels of Distribution*” means all channels of distribution other than retail sales made to customers from a JETSET studio, including, but not limited to:

- (i) sales of merchandise through direct marketing, such as over the Internet or through catalogs or telemarketing;
- (ii) sales of merchandise through retail stores that do not operate under the Marks, such as sporting goods stores and department stores; and
- (iii) sales made at wholesale.

“*Appraisal Date*” is defined in Section 23.2.

“*Appraised Value*” is defined in Section 23.2.

“*Brand Protection Agreement*” means our form of Brand Protection Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "F".

“*Brand and System Development Fund*” is defined in Section 11.1(a).

“*Brand and System Development Fund Fee*” is defined in Section 11.1(a).

“*Business*” is defined in Section 3.

“*Claim*” or “*Claims*” means any and all claims, actions, demands, assessments, litigation, or other forms of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

“*Competitive Business*” means any business competitive with us (or competitive with any of our affiliates or our franchisees) that offers fitness classes that emphasize Pilates and/or related exercises.

“*Confidentiality Agreement*” means our form of Confidentiality Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "G".

“*Copyrights*” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow JETSET franchisees to use, sell or display in connection with the marketing and/or operation of a JETSET studio, whether now in existence or created in the future.

“*Dispute*” is defined in Section 24.

“*Effective Date*” is defined in the Introductory Paragraph.

“*Entity*” means a corporation, partnership, limited liability company or other form of association.

“*General Release*” means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities (for Washington franchisees, this will not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder).

“*Gross Revenues*” means all gross sums collected or billed by you from all goods and services sold in connection

with your Business, together with any other revenue or monies derived in connection with your Business, including the proceeds of any business interruption insurance. “Gross Revenues” does not include:

- (i) revenues that you collect from a customer and later refund to that customer;
- (ii) any sales or use taxes that you pay to a government agency;
- (iii) revenues that you raise for a charitable cause and subsequently donate to such charitable cause; or
- (iv) revenues that you collect from members on behalf of, and pay to, unaffiliated third parties (for example, group entrance fees for participation in an event).

From time to time, we may establish policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Gross Revenues. Similarly, if we implement a membership model that allows customers to redeem goods or services associated with the membership from multiple JETSET studios, we may establish policies governing the manner in which the monthly membership dues are allocated between the studio that sold the membership and the studios where the goods or services are redeemed.

“*Improvements*” is defined in Section 19.5.

“*Indemnified Party*” or “*Indemnified Parties*” means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

“*Intellectual Property*” means, collectively or individually, the Marks, Copyrights, Know-How, Improvements and System.

“*Interim Manager*” is defined in Section 9.5.

“*Interim Term*” is defined in Section 5.3.

“*Know-How*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a JETSET studio, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Losses and Expenses*” means all compensatory, exemplary, and punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

“*Manual*” is defined in Section 7.1.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a JETSET studio, including “JETSET” and the related logo and any other trademarks, service marks or trade names that we designate for use in a JETSET studio. The term “Marks” also includes the distinctive trade dress used to identify a JETSET studio, whether now in existence or hereafter created.

“*National Account*” is defined in Section 4.2.

“*Owner*” or “*Owners*” means any individual who owns a direct or indirect ownership interest in the franchise or the Entity that is the franchisee under this Agreement. “Owner” includes both passive and active owners.

“*Owner/Operator*” means the Owner that you designate and we approve who is primarily responsible for the daily on-premises management and supervision of the Business.

“*PCI-DSS*” means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at <https://www.pcisecuritystandards.org> as of the Effective Date.

“*Permitted Transfer*” means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer by an Owner who is the Owner/Operator; and/or (b) a Transfer to a newly

established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

*“Post-Term Restricted Period”* means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the *“Post-Term Restricted Period”* means, with respect to you, a period of one (1) year after the termination, expiration or Transfer of this Agreement. *“Post-Term Restricted Period”* means, with respect to an Owner, a period of two (2) years after the earlier to occur of (a) the termination, expiration or Transfer of this Agreement or (b) the Owner’s Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the *“Post-Term Restricted Period”* means, with respect to an Owner, a period of one (1) year after the earlier to occur of (a) the termination, expiration or Transfer of this Agreement or (b) the Owner’s Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable.

*“Prohibited Activities”* is defined in Section 15.3.

*“Qualified Appraiser”* is defined in Section 23.2.

*“Restricted Territory”* means the geographic area within: (a) a 10 mile radius from your Studio (and including your Studio itself); and (b) a 10 mile radius from all other JETSET studios that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the *“Restricted Territory”* means the geographic area within a 10 mile radius from your Studio (and including your Studio itself).

*“Site Approval Notice”* is defined in Sections 4.

*“Site Selection Area”* is defined in Sections 8.1.

*“Studio”* is defined in Section 3.

*“Successor Agreement”* is defined in Section 5.1.

*“System”* means our distinct system for the operation of a studio, the distinctive characteristics of which include our -inspired workout, logo, trade dress, unique circuit and related exercises, confidential brand standards manual and operating system.

*“Technology Systems”* is defined in Section 12.8(a).

*“Term”* is defined in Section 5.1.

*“Territory”* is defined in Section 4.

*“Training Fee”* is defined in Section 6.1.

*“Transfer”* means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the franchise (or any interest therein), the Business (or any portion thereof) or an ownership interest in an Entity that is the franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

*“We” or “us”* is defined in the Introductory Paragraph.

*“You”* is defined in the Introductory Paragraph.

**ATTACHMENT "B"**  
**TO FRANCHISE AGREEMENT**  
**DEAL TERMS**

**A. Franchisee Details.**

Name of Franchisee: [ \_\_\_\_\_ ]

Is the franchisee one or more natural persons signing in their individual capacity? **Yes:** \_\_\_\_\_ **No:** \_\_\_\_\_

Type of Entity and State of Formation\* (if applicable): [ \_\_\_\_\_ ]

The following table includes the full name of each natural person holding a direct or indirect ownership interest in the franchise (or the franchisee business entity if applicable) along with a description of their ownership interest.

<b>Owner's Name</b>	<b>% Ownership Interest</b>	<b>Direct or Indirect (if indirect, include description of nature of interest)</b>

Notice Address: [ \_\_\_\_\_ ]

**B. Site Selection Area.**

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area:

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

The Site Selection Area is not your territory and there are no protections associated with this area.

**C. Approved Site.**

We hereby approve the following site for your JETSET studio established and operated pursuant to the Franchise Agreement:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*\* If the site for your Studio has not been approved by us at the time the Franchise Agreement is signed, then we will send you a Site Approval Notice in accordance with Section 8.1 listing the address of your approved site.*

**D. Territory.**

The Territory referenced in the Franchise Agreement shall consist of the following geographic area (as further depicted on the map attached below, if applicable):

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

If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date and depicted on the map on the following page.

*\* If the site for your Studio has not been approved by us at the time this Agreement is signed, then we will send you a Site Approval Notice in accordance with Section 4 that will identify the geographic area that comprises your Territory.*

[Insert Territory Map Below (if applicable)]

**ATTACHMENT "C"**  
**TO FRANCHISE AGREEMENT**  
**FORM OF SITE APPROVAL NOTICE**

*[See Attached]*

**SITE APPROVAL NOTICE**

JETSET Franchising, LLC (“we” or “us”) entered into a JETSET Franchise Agreement (the “Franchise Agreement”) with \_\_\_\_\_ (“you”), which is dated \_\_\_\_\_, 202\_\_\_\_.

**Approved address:**

Pursuant to Section 8.1 of the Franchise Agreement, we hereby approve the site listed below for the operation of your JETSET Studio:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Territory:**

Pursuant to Section 4 of the Franchise Agreement, we hereby designate the following geographic area as your “Territory” under the Franchise Agreement (as further depicted on the map attached on the following page, if applicable):

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

\*\*\* If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date and depicted on the map on the following page.

\* \* \*

By signing below, you and we agree that the address and Territory identified above shall be deemed your approved site and Territory for your JETSET studio established and operated pursuant to the Franchise Agreement. You acknowledge and agree that our acceptance of the site you have proposed is in no way a representation by us that your site will be successful. Rather, our acceptance of the site you propose merely indicates that the site meets our minimum standards and requirements. You are solely responsible for the success or failure of the site you select.

We request that you sign below and send us an executed copy of this Site Approval Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Territory. Our designation of your approved site and Territory, as set forth in this Site Approval Notice, shall be binding upon you effective as of the date we issue this Site Approval Notice to you.

Franchisor

Franchisee

**JETSET Franchising, LLC**

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

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

[Insert Territory Map Below (if applicable)]

**ATTACHMENT "D"**  
**TO FRANCHISE AGREEMENT**  
**LEASE ADDENDUM**

*[See Attached]*

## Lease Addendum

THIS AGREEMENT dated this \_\_\_ day of \_\_\_\_\_, 202\_ among JETSET Franchising, LLC, an Delaware limited liability company, with principal offices at 3921 Alton Road #465, Miami Beach, Florida 33140 (the “Franchisor”), \_\_\_\_\_, a(n) \_\_\_\_\_, with principal offices located at \_\_\_\_\_ (the “Landlord”), and \_\_\_\_\_, a(n) \_\_\_\_\_, with principal offices located at \_\_\_\_\_ (the “Tenant/Franchisee”).

### Introduction

A. On \_\_\_\_\_, the Tenant/Franchisee and the Franchisor entered a JETSET Franchise Agreement (the “Franchise Agreement”). Under the Franchise Agreement, the Franchisor granted the Tenant/Franchisee the right, and the Tenant/Franchisee undertook the duty, to operate a JETSET franchised business (the “Franchised Business”) at the Premises (defined below).

B. Simultaneously with entering this Agreement, the Landlord and the Tenant/Franchisee are entering a lease agreement (the “Lease”). Under the Lease, the Tenant/Franchisee leases the premises described in Exhibit “A” (the “Premises”).

C. To protect the Franchisor’s rights and interests under the Franchise Agreement, the Landlord grants certain rights to the Franchisor under the Lease as set forth below.

### Agreement

The parties, therefore, agree as follows:

1. Notices. At the same time such notices are sent to the Tenant/Franchisee, the Landlord must provide the Franchisor with copies of all written notices of default that it sends to the Tenant/Franchisee. The Landlord agrees to send such copies by first-class mail, postage prepaid, to the Franchisor at its address set forth above or such other address as the Franchisor may notify the Landlord in writing.

2. Right to Cure. If the Tenant/Franchisee defaults under the Lease, the Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. Furthermore, in such event, the Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining the Landlord’s or Franchisee’s consent. The Franchisor may thereafter assign the Lease to another JETSET franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord’s written approval of the assignee. The Landlord, however, must neither unreasonably withhold or delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

3. Right to Assign. At any time (including, without limitation, upon the expiration or sooner termination of the Franchise Agreement) without the Landlord’s prior consent, the Tenant/Franchisee may assign the Lease to the Franchisor. In such an event, the Franchisor may thereafter assign the Lease to another JETSET franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord’s written approval of the assignee. The Landlord, however, must neither unreasonably withhold or delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

4. Right of First Refusal. The Landlord agrees that upon the expiration or termination of the Lease, the Franchisor shall have the first right of refusal to lease the Premises as the new tenant.

5. Expiration or Termination of Franchise Agreement. The Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving the Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant/Franchisee's interests under the Lease in accordance with Section 2 above.

6. Acknowledgement of Rights. The Landlord acknowledges the Franchisor's rights under the Franchise Agreement to enter the Premises to: (i) make any modifications or alterations necessary in the Franchisor's sole discretion to protect its franchise system and its trademarks without being guilty of trespass or any other tort or crime; and (ii) remove any trade fixtures, interior or exterior signs and other items bearing the Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.

7. Modification of Lease. Without the Franchisor's prior written consent, the Landlord and the Tenant/Franchisee may not amend, modify, supplement, terminate, renew or extend the Lease.

8. Miscellaneous.

a. In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

b. All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

c. The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

d. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument. Confirmation of execution by telex or by telecopy facsimile signature page is binding upon any party so confirming or telecopying.

IN WITNESS WHEREOF, this Agreement has been executed the date and year first above written.

**FRANCHISOR:**

JETSET Franchising, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_ Its: \_

**LANDLORD:**

\_\_\_\_\_, (a)n \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_ Name: \_\_\_\_\_ Its: \_\_\_\_\_

**TENANT/FRANCHISEE:**

\_\_\_\_\_, (a)n \_\_\_\_\_

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By: \_\_\_\_\_ Name: \_\_\_\_\_ Its: \_\_\_\_\_

**EXHIBIT "A" TO LEASE ADDENDUM**

**DESCRIPTION OF PREMISES**

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**ATTACHMENT "E"**  
**TO FRANCHISE AGREEMENT**  
**ACH AUTHORIZATION FORM**

*[See Attached]*

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**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

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**Franchisee Information:**

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee E-mail Address

**Bank Account Information:**

Bank Name		
Bank Mailing Address (street, city, state, zip)		
Bank Account No.	<input type="checkbox"/> Checking <input type="checkbox"/> Savings (check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

**Authorization:**

Franchisee hereby authorizes JETSET Franchising, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Name: \_\_\_\_\_

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

Federal Tax ID Number: \_\_\_\_\_

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**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

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**ATTACHMENT "F"**  
**TO FRANCHISE AGREEMENT**  
**BRAND PROTECTION AGREEMENT**

*[See Attached]*

## BRAND PROTECTION AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of JETSET Franchising, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

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

“*Competitive Business*” means any business competitive with us (or competitive with any of our affiliates or our franchisees) that offers fitness classes that emphasize and/or related exercises.

“*Copyrights*” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow JETSET franchisees to use, sell or display in connection with the marketing and/or operation of a JETSET studio, whether now in existence or created in the future.

“*Franchisee*” means the JETSET franchisee for whom you are a general manager or for whom your spouse is an owner.

“*Improvements*” means any additions, modifications or improvements to the goods or services offered at a JETSET studio, the method of operation of a JETSET studio, or any marketing or promotional ideas relating to a JETSET studio, whether developed by you, Franchisee or any other person.

“*Intellectual Property*” means, collectively or individually, the Marks, Copyrights, Know-How, Improvements and System.

“*Know-How*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a JETSET studio, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Manual*” means our confidential brand standards manual for the operation of a JETSET studio.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a JETSET studio, including “JETSET Pilates”, “JETSET Miami” and the related logo and any other trademarks, service marks or trade names that we designate for use in a JETSET studio. The term “Marks” also includes the distinctive trade dress used to identify a JETSET studio, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following:

- (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business);
- (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees);
- (iii) inducing any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours; and/or
- (iv) making any false representation of facts, or defaming, disparaging, discrediting or deprecating us, our owners or employees, the Marks or the System, or otherwise communicating with any person or entity in a manner intending to cause damage to or harm the reputation of us, our owners or employees, the Marks or the System.

“*Restricted Period*” means the eighteen (18) month period after you cease to be a general manager of Franchisee or your spouse ceases to be an owner of Franchisee (as applicable); provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the one (1) year period after you cease to be a general manager of Franchisee or your spouse ceases to be an owner of Franchisee (as applicable).

“*Restricted Territory*” means the geographic area within: (a) a 10 mile radius from Franchisee’s JETSET studio (and including the studio itself); and (b) a 10 mile radius from all other JETSET studios that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 10 mile radius from Franchisee’s JETSET studio (and including the studio itself).

“*System*” means our distinct system for the operation of a studio, the distinctive characteristics of which include our -inspired workout, logo, trade dress, unique circuit and related exercises, confidential brand standards manual and operating system.

**2. Background.** You are a general manager of Franchisee or the spouse of an owner of Franchisee. As a result of this association, you may gain knowledge of our System and Know-How. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Intellectual Property.** You agree:

- (i) you will not use the Know-How in any business or capacity other than the JETSET studio operated by Franchisee;
- (ii) you will maintain the confidentiality of the Know-How at all times;
- (iii) you will not make unauthorized copies of documents containing any Know-How;
- (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How; and
- (v) you will stop using the Know-How immediately if you are no longer a general manager of Franchisee.

You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

**4. Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a general manager of Franchisee or your spouse is an owner of Franchisee (as applicable) of Franchisee by engaging in any Prohibited Activities.

**5. Unfair Competition After Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity.

**6. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-How to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-How to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (a) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (b) uses or discloses the Know-How. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-How to the family member.

**7. Covenants Reasonable.** You acknowledge and agree that: (a) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (b) 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.**

**8. Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other JETSET franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we 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, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement 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. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**9. Miscellaneous.**

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of Florida and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) 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.

(d) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

This Brand Protection Agreement is executed as of the date or dates set forth below.

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

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

**ATTACHMENT "G"**  
**TO FRANCHISE AGREEMENT**  
**CONFIDENTIALITY AGREEMENT**

*[See Attached]*

## CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of JETSET Franchising, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

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

“*Copyrights*” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow JETSET franchisees to use, sell or display in connection with the marketing and/or operation of a JETSET studio, whether now in existence or created in the future.

“*Franchisee*” means the JETSET franchisee for whom you are an employee.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-How and System.

“*Know-How*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a JETSET studio, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Manual*” means our confidential brand standards manual for the operation of a JETSET studio.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a JETSET studio, including “JETSET Pilates”, “JETSET Miami” and the related logo and any other trademarks, service marks or trade names that we designate for use in a JETSET studio. The term “Marks” also includes the distinctive trade dress used to identify a JETSET studio, whether now in existence or hereafter created.

“*System*” means our distinct system for the operation of a studio, the distinctive characteristics of which include our -inspired workout, logo, trade dress, unique modern Pilates and related exercises, confidential brand standards manual and operating system.

**2. Background.** You are an employee of Franchisee. As a result of this association, you may gain knowledge of our System and Know-How. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Know-How and Intellectual Property.** You agree:

- (i) you will not use the Know-How in any business or capacity other than the JETSET studio operated by Franchisee;
- (ii) you will maintain the confidentiality of the Know-How at all times;
- (iii) you will not make unauthorized copies of documents containing any Know-How;
- (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How; and
- (v) you will stop using the Know-How immediately if you are no longer an employee of Franchisee.

You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

**4. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-How to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-How to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any

member of your immediate family uses or discloses the Know-How. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-How to the family member.

**5. Covenants Reasonable.** You acknowledge and agree that: (a) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (b) 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 substantial and irreparable damage to us and/or other JETSET franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we 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, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement 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. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**7. Miscellaneous.**

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of Florida and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) 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 enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

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

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

**ATTACHMENT "H"**  
**TO FRANCHISE AGREEMENT**  
**MULTI-STATE ADDENDA**

*[See Attached]*

## MULTI-STATE ADDENDA

The following are state specific amendments to the Franchise Agreement of JETSET Franchising, LLC, an Delaware limited liability company required by various state franchise laws. Each provision of these state specific amendments will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these state specific amendments.

### FOR THE STATE OF CALIFORNIA

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

2. ~~1.~~The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the disclosure document.
3. ~~2.~~Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
4. ~~3.~~California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
5. ~~4.~~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.).
6. ~~5.~~The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
7. ~~6.~~The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
8. ~~7.~~The franchise agreement requires binding arbitration. The arbitration will occur at Miami-Dade County, Florida with the costs being borne by the non-prevailing party.
9. ~~8.~~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.
10. ~~9.~~The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.
11. ~~10.~~Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
12. ~~11.~~You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
13. ~~12.~~The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information.”

~~13.~~ **14.** ~~OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT <https://dfpi.ca.gov/>.~~

~~14.~~ **15.** 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.

~~15.~~ **16.** The last sentence of footnote 1 to Item 6 is deleted in its entirety.

~~16.~~ **17.** The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our preopening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

~~17.~~ **18.** ~~Section 24 (Your Representations) of the Franchise Agreement is hereby deleted in its entirety. The signature page is located at the end of this Attachment “H”.~~

### **FOR THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for JETSET Franchising, LLC, a Delaware limited liability company is amended as follows:

~~A. You must sign a general release in order to renew or transfer your franchise. Any such release must comply with the provisions of the Illinois Franchise Disclosure Act (the “Act”).~~

~~A.~~ **B.** ~~In accordance~~ conformance with Section 4 of the ~~Act, and Section 200.608 of the regulations promulgated under the Act, the governing law,~~ Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue ~~shall be in a forum outside of the State of Illinois is void.~~ However, ~~any arbitration proceeding may be brought in Miami Dade County, Florida in accordance with Section 24 of the Franchise Agreement~~ a franchise agreement may provide for arbitration to take place outside of Illinois.

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

~~C.~~ **D.** ~~Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.~~

~~D.~~ **E.** ~~All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General’s Office based upon their review of our financial condition as reflected in our financial statements. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.~~

~~E.~~ **F.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any

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

F. ~~G.~~ Section 24 (Your Representations) of the Franchise Agreement is hereby deleted in its entirety.

~~The signature~~ See the last page ~~is located at the end~~ of this Attachment “H” for your required signature.

### **FOR THE STATE OF INDIANA**

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement for JETSET Franchising, LLC, a Delaware limited liability company is amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, the other agreements or Florida law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document and the Franchise Agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

“Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee’s right to a trial on any of the above matters.”

4. No release language set forth in the Disclosure Document or Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. The Franchise Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.

6. 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 Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

The signature page is located at the end of this Attachment “H”.

## **FOR THE STATE OF MARYLAND**

The Franchise Agreement is hereby amended as follows:

- (a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
- (b) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
- (c) You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
- (d) 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.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) Section 245 (Your Representations) of the Franchise Agreement is hereby deleted in its entirety.

The signature page is located at the end of this Attachment "H".

## **FOR THE STATE OF MINNESOTA**

**Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement (s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.**

**With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.**

**The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or**

expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

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 franchise.

The Minnesota Department of Commerce 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.

#### **FOR THE STATE OF NEW YORK**

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Franchise Agreement for JETSET Franchising, LLC, a Delaware limited liability company is amended as follows:

1. We will not require that you prospectively assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability imposed by the New York Franchise Law.
2. We will not place any condition, stipulation, or provision in the Franchise Agreement that requires you to waive compliance with any provision of the New York Franchise Law.
3. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.
4. Notwithstanding the transfer provision in the Franchise Agreement, we will not assign the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

The signature page is located at the end of this Attachment "H".

#### **FOR THE STATE OF SOUTH DAKOTA**

The South Dakota Securities Regulation Office 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.

The signature page is located at the end of this Attachment “H”.

### **FOR THE STATE OF VIRGINIA**

In recognition of the requirements of the Virginia Retail Franchising Act (the “Virginia Franchise Law”), the Franchise Agreement for JETSET Franchising, LLC, a Delaware limited liability company is amended as follows:

(a) We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Franchise Law. This ~~(a)~~ provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Franchise Law.

(b) Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Franchise Law.

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

(d) 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.

The signature page is located at the end of this Attachment “H”.

### **FOR THE STATE OF WASHINGTON**

In recognition of the requirements of the Washington Franchise Protection Act (the “Act”), the Franchise Agreement for JETSET Franchising, LLC, a Delaware limited liability company is amended as follows:

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

2. 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.

3. 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.

4. 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.

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

6. 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.

7. 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.

8. 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.

9. The statement "BY VIRTUE OF OPENING, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU" in Section 7.4 of the Franchise Agreement will not apply in Washington.

10. The maximum length of time we will manage your outlet for a curable default is 30 days, and for a non-curable default is 90 days.

11. Section 11.6 of the Franchise Agreement does not waive franchisee protections under RCW 19.100.180(2)(d), and RCW 19.100.180(2)(d) which state it is a violation of the Washington Franchise Investment Protection Act for any person to "sell, rent, or offer to sell to a franchisee any product or service for more than a fair and reasonable price."

12. Section 14.6 of the Franchise Agreement, Section 6 in Attachment F (Brand Protection Agreement) of the Franchise Agreement, Section 4 in Attachment G (Confidentiality Agreement) of the Franchise Agreement will not apply in Washington.

13. The statement "You and the Owners acknowledge and agree that (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement in Section 14.8 (i) and (iii) of the Franchise Agreement will not apply in Washington.

14. Section 7 of Attachment F (Brand Protection Agreement) of the Franchise Agreement and Section 5 of Attachment G (Confidentiality Agreement) of the Franchise Agreement will not apply in Washington.

15. Section 14.9 of the Franchise Agreement, Section 8 in Attachment F (Brand Protection Agreement) of the Franchise Agreement and Section 6 in Attachment G (Confidentiality Agreement) of the Franchise Agreement that state the Franchisee's sole remedy for the Franchisor seeking an injunction will be dissolution of the injunction and the Franchisee waives all other claims for damages will not apply in Washington.

16. The statement “You waive all claims arising from or relating to any change, modification, substitution or discontinuation of the Intellectual Property” in Section 18.2 of the Franchise Agreement will not apply in Washington.

17. The following language is added to the end of Section 19 of the Franchise Agreement: “The Franchisee’s obligations to indemnify, defend, reimburse, and hold harmless do not extend to liabilities caused by the Franchisor’s or the Indemnified Parties’ negligence, willful misconduct, strict liability, or fraud. The Franchisee will not indemnify Franchisor and the Indemnified Parties for claims, causes of action, lawsuits, demands, proceedings, investigations, or hearings related to the Franchisor’s or the Indemnified Parties’ violation of state or federal franchise laws.”

18. The one-year limit for the parties to bring claims with a few exceptions for the Franchisor located in Section 23 of the Franchise Agreement will not apply in Washington.

19. Section 24 of the Franchise Agreement will not apply in Washington.

20. Section 25.9 of the Franchise Agreement is revised to state that nothing contained herein obviates the duty of the Franchisor to deal with the Franchisee in good faith under RCW 19.100.180(1) or limits the rights of the franchisee under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

21. The following language in Section 9(d) of Attachment F (Brand Protection Agreement) of the Franchise Agreement will not apply to Washington franchisees “You and we both believe that”

22. The State of Washington Department of Financial Institutions, Securities Division requires us to defer collection of all initial franchise fees described in Item 5 of the Franchise Disclosure Document until the Franchisor has satisfied its initial pre-opening obligations to the franchisee and the franchisee is open for business.

The signature page is located at the end of this Attachment “H”.

*[Signature Page Follows]*

**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Agreement and Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Agreement or Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement. Each state addendum applies for each respective state’s franchisees regardless of any other indication (including if the respective box is not checked below) or language contained on this page.

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

Dated: \_\_\_\_\_, 202\_\_\_\_\_

**FRANCHISOR:**

JETSET Franchising, LLC, a Delaware limited liability company

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

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



**ATTACHMENT “I”**  
**TO FRANCHISE AGREEMENT**  
**RELEASE AND TRANSFER OF TELEPHONE NUMBERS AND TELEPHONE SERVICE**

*[See Attached]*

## ATTACHMENT I

### TELEPHONE NUMBER AND INTERNET ASSIGNMENT AGREEMENT

This Telephone Number and Internet Assignment Agreement (“Assignment”) is made, entered into, effective this \_\_\_\_\_ (“Effective Date”), and made in favor of JETSET Franchising, LLC, a Delaware limited liability company (“JETSET”), by the undersigned franchisee (“Franchisee”). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the JETSET Franchise Agreement (“Agreement”).

WHEREAS, JETSET has developed and owns a unique system (“System”) of franchised and company owned businesses offering a customized Pilates training program that consists of a unique reformer and modern approach to Pilates under the “JETSET Pilates” marks;

WHEREAS, the undersigned Franchisee has executed the Agreement for the operation of a JETSET Studio located at \_\_\_\_\_ (the “Business”), which provides that upon the termination, expiration or transfer of the Agreement, Franchisee is required to transfer all telephone numbers, telephone listings, email addresses, domain names, social media accounts, internet listings, website, and comparable electronic identities used in the operation of Franchisee's Business to JETSET (collectively, the “Listings”);

WHEREAS, Franchisee acknowledges and understands that the Listings will be used by Franchisee in the operation of the Business, will be displayed in various print and online media and advertisements in conjunction with JETSET's Marks, and that these proprietary marks are the sole and exclusive property of JETSET; and

WHEREAS, Franchisee acknowledges that the JETSET Marks and the goodwill associated with those marks are of the greatest value to JETSET, and that if Franchisee's JETSET franchise license were to be terminated or otherwise discontinued, or Franchisee were to cease operating its JETSET Business, but retained the use and control of the Listings referred to in this Assignment, JETSET would be irreparably harmed and without an adequate remedy at law. Under those conditions JETSET would be entitled to a temporary, preliminary and/or permanent injunction without the need to show actual or threatened harm.

NOW THEREFORE, for and in partial consideration for the use of JETSET's Marks in various print and online directories, media outlets, and advertisements, the undersigned JETSET Franchisee hereby authorizes any and all companies, in the event that Franchisee's Agreement is terminated, rejected, rescinded, or Franchisee ceases operating a JETSET studio, to transfer, upon written notice from JETSET that Franchisee has been terminated or is no longer operating a JETSET studio, all Listings together with any service used in conjunction with the Listings, regardless of any code that may be placed upon such Listings, to JETSET. Franchisee hereby acknowledges that all such companies shall have the right, authority and obligation to transfer the Listings to JETSET as detailed in this Assignment regardless of any password, code or other similar protection that is or has been placed upon such Listing.

In the event that Franchisee's Agreement is terminated, rejected, rescinded, or Franchisee ceases operating a JETSET studio, Franchisee appoints Franchisor as Franchisee's attorney-in-fact, to act in Franchisee's place, for the purpose of assigning any Listings covered by this Assignment to Franchisor or Franchisor's designated agent or taking any other actions required of Franchisee under this Assignment. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the forgoing

powers, including full power of substitution and execution or completion of any documents required or requested by any company to transfer such Listings, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, cancellation or termination of Franchisee's rights under this Assignment for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

In transferring the Listings to JETSET in accordance with the terms of this Assignment, the undersigned hereby relinquishes any and all right, title and interest Franchisee may have in and to the Listings, and further agrees that in the event that the form of this Assignment is not in a form that is acceptable to the applicable company then Franchisee agrees to execute any document or documents that any company may require to accomplish the matters recited in this Assignment.

This Assignment is effective as of the Effective Date.

**FRANCHISEE:**

\_\_\_\_\_

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

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

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



***USE ONLY FOR MULTIPLE GUARANTORS***  
**FRANCHISE AGREEMENT –**

**ATTACHMENT J-1**

**GUARANTY, INDEMNIFICATION AND ACKNOWLEDGEMENT**

As an inducement to JETSET Franchise Co., LLC (hereinafter referred to as “JETSET”) to execute the Franchise Agreement between JETSET and [Franchisee’s name], (hereinafter referred to as “Franchisee”) dated \_\_\_\_\_, 202\_\_ (hereinafter referred to as the “Agreement”), the undersigned, jointly and severally, hereby unconditionally guaranty to JETSET and its successors and assigns that all of Franchisee’s obligations under the Agreement will be punctually paid and performed.

Upon demand by JETSET, the undersigned will immediately make each payment required of Franchisee under the Agreement. The undersigned hereby waive any right to require JETSET to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned under this Guaranty, JETSET may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned agree at all times to defend at the undersigned’s own cost, and to indemnify and hold harmless to the fullest extent permitted by law, JETSET, and JETSET’s officers, directors, employees and agents against any and all claims arising directly or indirectly from, as a result of, or in connection with, Franchisee’s activities under the Agreement, as well as the cost, including reasonable attorney’s fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks that are caused solely by actions of JETSET or actions caused by the negligent acts of JETSET or its agents.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in Section 14 of the Agreement as if such covenants applied to the undersigned individually.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination or expiration shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the termination or expiration of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 23 of the Agreement, a copy of which the undersigned acknowledge having read and understood. This Guaranty shall be interpreted and construed under the laws of the State of Florida which laws shall prevail in the event of any conflict of laws. The other dispute resolution provisions of Section 23 of the Agreement shall apply to this Guaranty.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be mailed by certified mail return receipt requested, or Express Mail, or sent via recognized national or international

courier, postage or fees prepaid to the other party at the following addresses unless and until a different address has been designated by similar notice:

Notice to JETSET:                    JETSET Franchising, LLC  
   3921 Alton Road #465,  
   Miami Beach, Florida 33140  
   Attention: \_\_\_\_\_

Notice to Undersigned:            \_\_\_\_\_  
   \_\_\_\_\_  
   \_\_\_\_\_  
   Attention: \_\_\_\_\_

All notices shall be effective upon receipt or refusal.

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty as of the date of the Agreement.

GUARANTORS:                    \_\_\_\_\_  
   [name of Guarantor]

\_\_\_\_\_  
[name of Guarantor]

\_\_\_\_\_  
[name of Guarantor]

**USE ONLY IF SINGLE GUARANTOR**  
**FRANCHISE AGREEMENT –**

**ATTACHMENT J-2**

**GUARANTY, INDEMNIFICATION AND ACKNOWLEDGMENT**

As an inducement to JETSET Franchise Co., LLC (“JETSET”) to execute the Franchise Agreement between JETSET and [Franchisee’s name], (“Franchisee”) dated \_\_\_\_\_, 202\_\_ (the “Agreement”), the undersigned hereby unconditionally guarantees to JETSET and its successors and assigns that all of Franchisee’s obligations under the Agreement will be punctually paid and performed.

Upon demand by JETSET, the undersigned will immediately make each payment required of Franchisee under the Agreement. The undersigned hereby waives any right to require JETSET to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned under this Guaranty, JETSET may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waives notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agrees to be bound by any and all such amendments and changes to the Agreement.

The undersigned agrees at all times to defend at the undersigned’s own cost, and to indemnify and hold harmless to the fullest extent permitted by law, JETSET, and JETSET’s officers, directors, employees and agents against any and all claims arising directly or indirectly from, as a result of, or in connection with Franchisee’s activities under the Agreement, as well as the cost, including reasonable attorney’s fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks that are caused solely by actions of JETSET or actions caused by the negligent acts of JETSET or its agents.

The undersigned hereby acknowledges and agrees to be individually bound by all of the covenants contained in Section 14 of the Agreement as if such covenants applied to the undersigned individually.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination or expiration shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the termination or expiration of the Agreement shall remain in force according to their terms. Upon the death of the guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 23 of the Agreement, a copy of which the undersigned acknowledges having read and understood. This Guaranty shall be interpreted and construed under the laws of the State of Florida which laws shall prevail in the event of any conflict of laws. The other dispute resolution provisions of Section 23 of the Agreement shall apply to this Guaranty.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be mailed by certified mail return receipt requested, or Express Mail, or sent via recognized national or international

courier, postage or fees prepaid to the other party at the following addresses unless and until a different address has been designated by similar notice:

Notice to JETSET:                    JETSET Franchising, LLC  
   3921 Alton Road #465,  
   Miami Beach, Florida 33140  
   Attention: \_\_\_\_\_

Notice to Undersigned:            \_\_\_\_\_  
   \_\_\_\_\_  
   \_\_\_\_\_  
   Attention: \_\_\_\_\_

All notices shall be effective upon receipt or refusal.

IN WITNESS WHEREOF, the undersigned has signed this Guaranty as of the date of the Agreement.

GUARANTOR:                        \_\_\_\_\_  
   [name of Guarantor], Individually



## FRANCHISEE DISCLOSURE QUESTIONNAIRE

**This Questionnaire does not apply to franchisees who intend to operate the franchised business in the State of California, and you are not required to sign the document.**

**If you are a Washington franchisee, do not complete and do not sign this Questionnaire**

As you know JETSET Franchising, LLC (“we” or “us), and you are preparing to enter into a Franchise Agreement for the operation of a JETSET *franchise*. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to 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 your franchise 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 and each attachment or schedule attached to it?  |
| 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 Franchise Disclosure Document indicating the date you received it?  |
| Yes_ | No_ | 4.  | Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?  |
| Yes_ | No_ | 5.  | Did you receive the FDD at least 14 days before you signed any agreement or paid any fee to us or any affiliate of ours?   |
| Yes_ | No_ | 6.  | Did you receive a complete execution copy of the Franchise Agreement, with all material terms filled in, at least seven (7) days before you signed it?   |
| Yes_ | No_ | 7.  | Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?   |
| Yes_ | No_ | 8.  | Have you discussed the benefits and risks of developing and operating a JETSET <i>franchise</i> with an existing JETSET <i>franchisee</i> ?  |
| Yes_ | No_ | 9.  | Do you understand the risks of developing and operating a JETSET <i>franchise</i> ?  |
| Yes_ | No_ | 10. | Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors? |
| Yes_ | No_ | 11. | Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated in Florida, if not resolved  |

informally or by mediation?

- Yes\_ No\_ 12. Do you understand that you must satisfactorily complete the initial training course before we will allow your franchised business to open or consent to a transfer?
- Yes\_ No\_ 13. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a JETSET franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_ No\_ 14. Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise 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 Franchise Disclosure Document?
- Yes\_ No\_ 15. Do you agree that no 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 JETSET franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_ No\_ 16. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the JETSET *business*, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

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.

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

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.

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

**EXHIBIT "D"**  
**TO DISCLOSURE DOCUMENT**  
**TABLE OF CONTENTS OF BRAND STANDARDS MANUAL**

*[See Attached]*

## **BRAND STANDARDS MANUAL – TABLE OF CONTENTS**

- 1. Preface**
  1. Statement of Confidentiality
  2. How to Use this Manual
  3. Franchisor Responsibilities
  4. Franchise Owner Responsibilities
- 2. Introduction**
  1. Welcome to JETSET Pilates
  2. The Brand
- 3. Pre-Opening Procedures**
  1. Franchise Owner Support Resources
  2. Pre-Opening Timeline & Checklists
  3. Site Selection Process
  4. JETSET Pilates Design Construction Manual
  5. Required Hardware & Software
  6. Utilities & Services
  7. Inventory Lists
  8. Pre-Opening Training Requirements
  9. Pre-Opening Marketing Requirements
  10. Pre-Sales
  11. Grand Opening Procedures
  12. Insurance & Risk Management
- 4. Human Resources**
  1. Staffing
  2. Training Requirements
  3. Staff Management
  4. Performance Evaluations
- 5. Managing the JETSET Pilates Business**
  1. Client Policies & Resources
  2. Payments & Fees
  3. Financial Reporting
  4. Vendors, Suppliers
  5. Compliance
  6. Trademarks and Trade Secrets Protection
  7. Franchise Advisory Council
  8. Resale, Transfer, Renewal and Closing
  9. Relocation Requirements
- 6. Sales Procedures**
  1. The JETSET Sales Approach
  2. New Client Intro Offers
  3. Overcoming Apprehensions
  4. MINDBODY
  5. AXLE (Client Relationship Management)
  6. Lead Management
  7. Client Referrals
  8. Client Retention
  9. Time Management & Goal Setting
  10. Membership Freezes & Cancellations
  11. Recommended Communication Scripts
- 7. Daily Studio Operating Procedures**
  1. Studio Operations
  2. MINDBODY

3. Common Client Management Issues
  4. Inventory Management & Vendor Ordering
  5. Reporting
  6. Facility Management
- 8. Marketing and Promotion**
1. Marketing Strategy
  2. Pricing & Promotions
  3. Brand Style Guide
- 9. Appendices:**
- Forms
  - Attachments
  - Training Program(s)
  - Software Training Videos

**EXHIBIT "E"**  
**TO DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES**

**Part A (Current Franchisees)**

**LIST OF FRANCHISEES & PROJECT STATUS**

**Open**

<b>Florida</b>				
Bailey Mateer	Flagler Villages, Fort Lauderdale, FL 421 NE 6th Street Suite 110, Fort Lauderdale, FL 33304	(407) 496-7625	bailey@jetsetpilates.com	1 Studio
Andrea and Carlos Ponce	Merrick Park, Coral Gables, FL 4102-A Ponce de Leon, Coral Gables, FL 33146	(786) 266-1669	andrea@jetsetpilates.com	1 Studio
Darcy Towsley	Downtown Miami, FL 151 SE 1st Street Unit #CU3, Miami, Florida 33131	(202) 288-0949	darcy@jetsetpilates.com	1 Studio
Zhana Gali	West Boca, Boca Raton, FL 8236 Glades Road #310, Boca Raton, FL 33434	(917) 969-4262	zhana@jetsetpilates.com	1 Studio
Alexis Renda	Winter Park, FL 1967 Aloma Ave Unit 0022, Winter Park, FL 32792	(941) 724-0159	alexis@jetsetpilates.com	1 Studio
<b>Georgia</b>				
Brionne Alford and Antonique Peterson	Alpharetta, GA 4101 Lake Street, Alpharetta, GA 30009	(504) 881-4482	brionne@jetsetpilates.com antonique@jetsetpilates.com	1 Studio

**New York**

Goli Soleimanpour	SoHo, NYC, NY 355 W Broadway Unit 1, New York, NY 10013	(206) 900- 5083	goli@jetsetpilates.com	1 Studio
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**North Carolina**

Renee M Acquilino and Katherine Myers	Downtown Raleigh, NC 500 N West St, Suite 145, Raleigh NC 27603	(919) 619- 0299	renee@jetsetpilates.com	1 Studio
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**Texas**

Alycia O'Leary	West McKinney, TX 3241 S. Custer Rd. Suite 103 McKinney, TX 75070	(210) 391- 2675	alycia@jetsetpilates.com	1 Studio
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**Unopened****Australia****Victoria**

Kathryn Woodfine	Melbourne – Glen Iris, Victoria	(305) 812- 7450	kathryn@jetsetpilates.com	1 Studio
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**United States of America****Arizona**

Maria Esparza and Stephen Eubank	Scottsdale, AZ	(480) 225- 2474	scottsdaletractor@gmail.com	1 Studio
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**California**

Frank T Auger and Kathryn V Auger	San Diego, CA 4639 Carmel Mountain Road, Suite 102 San Diego CA	(617) 921- 6540	frank.auger@gmail.com	3 Studios
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	92130 336 S Twin Oaks Village Road, Unit 23B, San Marcos CA 92078			
Marie Morgan	Irvine, CA	(949) 292- 7714	mariemorgan@cox.net	1 Studio
<b>Colorado</b>				
Chad Goldfarb	Denver, CO 3191 Walnut St, Denver CO 80205	(339) 793- 1403	chad.goldfarb@gmail.com	1 Studio
<b>District of Columbia</b>				
Samantha Siegel	Washington, DC	(516) 320- 5592	samantha.albert818@gmail.com	1 Studio
<b>Florida</b>				
Bailey Mateer	Fort Lauderdale, FL	(407) 496- 7625	bailey@jetsetpilates.com	1 Studio
Andrea and Carlos Ponce	West Kendall, FL	(786) 266- 1669	andrea@jetsetpilates.com	1 Studio
Fiorella and Fabiola Rosales	North Miami, FL 12000 Biscayne Blvd Suite 108, Miami, FL 33181	(786) 451- 1730	fiorella@jetsetpilates.com	1 Studio
Zhana Gali	Palm Beach County, FL 393 Banyan Boulevard, West Palm Beach, FL 33401 2930 N University Drive, Coral Springs, FL 33065 11295 Legacy Avenue, Palm Beach Gardens, Florida 33410	(917) 969- 4262	zhana@jetsetpilates.com	9 Studios
Patrick and Lauren Christopher	Tampa, FL	(813) 230- 3194	lauren@jetsetpilates.com	8 Studios
	1413 S Howard Ave Suite 104, Tampa, FL 33606			

	511 W Cass Street, Tampa, FL 33602			
Reyna Gonzalez	Doral, FL 8175 NW 107th Ave Suite 106 Doral, FL, 33178	(305) 699- 9972	reyna@jetsetpilates.com	1 Studio
Nicole Di Leo	South Florida, FL 2958 Aventura Blvd, Unit B4, Aventura , FL 33180 2535 S State Rd 7 Unit 110 Wellington, FL 33414 9600 South Dixie Highway, Space Number 5. Miami, FL 33156	(954) 850- 0269	nicole@jetsetpilates.com	7 Studios
MariaLuisa Di Giovanni	Weston, FL 1675 Main Market Street Suite 201/203, Weston FL 33326	(786) 508- 9425	marialuisadigiovanni.22@gmail.c <a href="mailto:marialuisadigiovanni.22@gmail.com">om</a>	1 Studio
Crystal and Tyler Netherland	Jacksonville, FL 7540 Gate Parkway N, Suite 106 Jacksonville, FL 32256	(951) 852- 9684	tnetherland@gmail.com	1 Studio
Victoria and Laura Tocco	Jacksonville Beach, FL 1515 3rd St N Jacksonville Beach, FL 32250 Unit 1515	(561) 313- 2342	sammisoflo@gmail.com	1 Studio
Vinitha Kethi and Austin Wolak	Orlando, FL	(305) 890- 7308	vinitha.kethi@gmail.com	3 Studios
<b>Massachusetts</b>				
Alex Kumas Brookline	Boston, MA 98 Central St, Wellesley, MA 02482	(617) 678- 7530	alex.kumas@gmail.com	1 Studio
<b>New Jersey</b>				
Zhana Gali	North New Jersey, NJ 187 Columbia Turnpike, Florham Park, NJ 07932	(917) 969- 4262	zhana@jetsetpilates.com	6 Studios

	307 Pompton Avenue, Route 23 North, Verona, New Jersey 07044			
<b>New York</b>				
Goli Soleimanpour	New York, NY	(206) 900-5083	goli@jetsetpilates.com	2 Studios
Justin Clonts	New York, NY 261 3rd Ave, New York, NY 10010	(407) 462-6532	justin@jetsetpilates.com	1 Studio
Matt Figurski	Brooklyn, NYC, NY 474 Atlantic Ave, Brooklyn, NY 11217	(248) 767-1564	matt@jetsetpilates.com	1 Studio
<b>North Carolina</b>				
Renee M Acquilino and Katherine Myers	Raleigh, NC 3141 McChesney Hill Loop, Holly Springs, NC 27450	(919) 619-0299	renee@jetsetpilates.com	2 Studios
Kayla Logue and Benjamin Knight	Charlotte, NC 8908 Lindholm Drive, Suite I, Huntersville, North Carolina 28078	(912) 223-6975	kayla@kaylalogue.com	3 Studios
<b>Philadelphia</b>				
Sean Reardon	Philadelphia, PA 600 S 24th St Suite #100 Philadelphia, PA 19146	(561) 699-8983	swreardon2003@yahoo.com	1 Studio
<b>South Carolina</b>				
Alexandria Trull and Christopher Ramsey	Mt. Pleasant, SC	(248) 521-9350	acpholdingco@gmail.com	1 Studio
Michele Rooney	Greenville, SC	(732) 331-5043	rooneymi@me.com	2 Studios
<b>Tennessee</b>				
Nicole Di Leo	Nashville, TN	(954) 850-	nicole@jetsetpilates.com	2 Studios

		0269		
<b>Texas</b>				
Alycia O'Leary	West McKinney, TX	(210) 391-2675	alycia@jetsetpilates.com	2 Studios
Rachel and Cameron LeClair	League City, TX 1340 E League City Parkway, Suite 400, League City TX 77573	(281) 840-8807	rachel@jetsetpilates.com	1 Studio
Tiana Montgomery	Houston, TX 3515 West Dallas Street, Houston, TX 77019	(708) 704-4408	tiana_montgomery09@yahoo.com <a href="#">m</a>	1 Studio
Hannah Lukowski	Houston, TX	(618) 606-4796	hannah.mazanek@gmail.com	1 Studio
Christy and Justin Wheat	Heath, TX	(214) 500-3637	christylynnwheat@gmail.com	1 Studio
Alison and Jeffrey Radway	Austin, TX	(517) 614-9505	alisonradway@gmail.com	3 Studios
<b>Utah</b>				
Brooke Edwards	Salt Lake City, UT 1142 East Wilmington Avenue, SLC, UT 84106	(214) 864-2778	brooke.edwards429@gmail.com	1 Studio
Harsh and Prachi Shah	Salt Lake City, UT	(734) 377-7764	harsh1.shah1@gmail.com	1 Studio

**Part B (Former Franchisees Who Left System During Prior Fiscal Year)**

None

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

**EXHIBIT "F"**  
**TO DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

*[See Attached]*



**JETSE . Franchising LLC**

**Report of Independent Auditor and Financial Statements  
December 31, 2024**

**McKenzie Forensic Auditors, Inc.  
Nathan@Mckenziecpagroup.com  
CPA | Mckenzieforensic.com**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of  
**JETSET Franchising LLC**

### ***Opinion***

We have audited the financial statements of JETSET Franchising LLC, which comprise the balance sheets for year ended December 31, 2024 and 2023, and the its related statements of income, statements of changes in stockholders' equity and statements of cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of JETSET Franchising LLC as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 JETSET Franchising LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Management's Responsibility 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, that raise substantial doubt about JETSET Franchising LLC. ability to continue as a going concern for financial year 2025.

### ***Auditor's Responsibility***

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



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Company's ability to continue as a going concern for a reasonable period of time.

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

McKenzie Forensic Group, Inc.  
Firm Audit License #: **AD67362**  
Individual License #: **AC44080**

A handwritten signature in cursive script that reads 'N McKenzie'.

Principal: Nathaniel McKenzie, MBA, CPA, CVA, CFE, CAM

Fort Lauderdale  
March 12, 2025

**JETSET FRANCHISING LLC  
BALANCE SHEET  
AS OF DECEMBER 31, 2024 AND 2023**

<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash & Bank	760,891	166,349
Accounts Receivable	197,756	79,666
Inventory	32,989	60,002
Other Current Assets	584,717	177,311
<b>Total Current Assets</b>	<b><u>1,576,353</u></b>	<b><u>483,328</u></b>
<b>Total Assets</b>	<b><u>1,576,353</u></b>	<b><u>483,328</u></b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Current Liabilities</b>		
Accounts Payables	55,487	29,065
Other Current Liabilities		
Accrued Expenses	18,030	11,441
Deferred Revenue-Initial Franchise Fee	2,106,666	673,333
<b>Total Liabilities</b>	<b><u>2,180,183</u></b>	<b><u>713,839</u></b>
<b>Equity</b>	<b>(603,830)</b>	<b>(230,511)</b>
<b>Total Liabilities &amp; Net Assets</b>	<b><u>1,576,353</u></b>	<b><u>483,328</u></b>

The Accompanying Notes are an integral part of these Financial Statements

**JETSET FRANCHISING LLC**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
	<b>Amount</b>	<b>Amount</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues</b>		
Operational Income	1,897,557	433,747
<b>Total Revenues</b>	<u><b>1,897,557</b></u>	<u><b>433,747</b></u>
<b>Cost of Sales</b>	838,712	61,850
<b>Gross Profit</b>	<u><b>1,058,845</b></u>	<u><b>371,897</b></u>
<b>Operating Expenses</b>		
Advertising & Marketing Expense	239,416	161,654
Payroll Expense	288,541	-
General & Administrative Expense	936,923	201,288
Management Fee	-	317,860
Development Expense	-	13,444
Miscellaneous Expense	11,621	13,135
<b>Total Operating Expenses</b>	<u><b>1,476,501</b></u>	<u><b>707,381</b></u>
<b>Operating Income/ (Loss)</b>	<u><b>(417,656)</b></u>	<u><b>(335,484)</b></u>
Other Income	44,337	3,750
<b>Net Income/ (Loss)</b>	<u><b>(373,319)</b></u>	<u><b>(331,734)</b></u>

The Accompanying Notes are an integral part of these Financial Statements

**JETSET FRANCHISING LLC**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
Opening Balance	\$ (230,511)	\$ 400,000
Retained Earnings		(298,777)
Distribution		-
Current year profit/(loss)	<u>(373,319)</u>	<u>(331,734)</u>
<b>Closing Balance</b>	<b><u>(603,830)</u></b>	<b><u>(230,511)</u></b>

The Accompanying Notes are an integral part of these Financial Statements

**JETSET FRANCHISING LLC**  
**STATEMENT OF CASH FLOWS – INDIRECT METHOD**  
**FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOW FORM OPERATING ACTIVITIES</b>		
Net Income	(373,319)	(331,734)
<b>Adjustments to reconcile Net Income to net cash provided by operations:</b>		
Accounts Receivable	(118,091)	(79,665)
Inventory	27,014	(33,238)
Other Current Assest	(407,406)	(162,010)
Accounts Payable	26,422	26,834
Accrued Expense	6,589	4,733
Deferred Revenue-Initial Franchise Fee	1,433,333	593,333
<b>Net cash from/ (used by) Operating Activities</b>	<b>967,861</b>	<b>349,987</b>
<b>CASH FLOW FORM INVESTING ACTIVITIES</b>	-	-
<b>Net cash from/ (used by) Investing Activities</b>	-	-
<b>CASH FLOW FORM FINANCING ACTIVITIES</b>	-	-
<b>Net cash from/ (used by) Financing Activities</b>	-	-
<b>Net cash increase/(decrease) for period</b>	594,542	18,253
<b>Cash at beginning of period</b>	166,349	148,097
<b>Cash at end of period</b>	<b>760,891</b>	<b>166,350</b>

The Accompanying Notes are an integral part of these Financial Statements.

**Note 1 – Description of the Organization**

JETSET Franchising LLC (the 'Company') was organized as a limited liability Company under the laws of the state of Delaware for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own JETSET Franchising operations, as a franchise model.

JETSET Franchising LLC is dedicated to maintaining a high standard of quality and consistency in all aspects of operations. It has a focused approach in franchising, coupled with the provision of comprehensive support services and exclusive merchandise that positions the Company uniquely in the market and is central to the ongoing success.

**Note 2 – Summary of significant accounting policies**

Basis of presentation – The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"). The financial statements are presented in US Dollar, which is the Company's functional currency.

**Measure of operations**

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Company's ongoing services and other income.

**Revenue Recognition**

*Revenue from contract with customers*

The company enters into arrangements with customers that contain multiple performance obligations with its customers. The company recognizes revenue from customers using a five-step model described in ASC Topic 606, Revenue from Contracts with Customers (ASC 606), which is described below:

- STEP 1 – Identify the customer contract;
- STEP 2 – Identify performance obligations that are distinct;
- STEP 3 – Determine the transaction price;
- STEP 4 – Allocate the transaction price to the distinct performance obligations; and
- STEP 5 – Recognize revenue as the performance obligations are satisfied.

Franchise Sales and fee - The revenue from the sale of franchises is recorded with an appropriate provision for estimated uncollectible amounts when all the material services or conditions relating to the sale have been substantially performed or satisfied by the franchisor (i.e., the Company). Substantial performance for the franchisor means that:

- (a) the franchisor has no remaining obligation or intent - by agreement, trade practice, or law - to refund any cash received or forgive any unpaid notes receivable;
- (b) substantially all of the initial services of the franchisor required by the franchise agreement have been performed; and
- (c) no other material conditions or obligations related to the determination of substantial performance exist.

Franchise Fees (i.e., Royalties) - Continuing franchise fees are recognized as revenue when earned and become receivable from the franchisee.

### **Cost of Sales**

Cost of sales includes direct costs incurred for providing services.

### **Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and financial institutions. These are highly liquid assets that are readily convertible to a known amount of cash and are subject to insignificant risk of change in value due to the movements in market rates.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Accounts receivables and Concentration of credit risk**

Accounts receivables are stated net of allowance for doubtful accounts. The allowance is based on collection experience and other circumstances that may affect the ability of customers to meet their obligations. It is the policy of the Company to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of December 31, 2024, the Company has receivables of \$197,756.

### **Inventory**

Inventory is stated at the replacement value method. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

### **Advertising and marketing**

The Company expenses advertising and marketing cost as they are incurred. Advertising and marketing expenses of \$239,416 for the period ended December 31, 2024 and are recorded as advertising and marketing expenses on the accompanying statements of operations.

### **Income Taxes**

The Company is obligated to pay corporate income taxes in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 "Income Taxes". During the current year, no income tax liability has been recorded. Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and the amounts that are reported in the income tax returns. The net deferred income tax assets have been fully reserved by a valuation allowance due to the uncertainty of our ability to realize future taxable income and to recover our net deferred income tax assets.

### **Note 3 – Revenue**

The following represents JETSET Franchising LLC's revenue as on December 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Initial Franchise Fee	1,201,667	291,667
Royalties	383,327	18,396
Brand and System Development Fund Fees	85,441	12,658
Technology Fees	15,507	1,175
Retail Sales	108,798	97,790
Sales Rebates	65,176	5,250
Training Fees	37,642	
Order Rebate		6,812
<b>Total Income</b>	<b><u>1,897,558</u></b>	<b><u>433,748</u></b>

### **Note 4 – Cost of Sales**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Cost of Sales		61,850
Franchise Consultation Expenses	122,569	
Confirmation Expenses	87,779	
Commission Expenses	290,743	
Brand and System Development Fund and R&D Costs	150,866	
Retail Costs	89,259	
Franchise Training and Support Costs	97,496	
<b>Total COS</b>	<b><u>838,712</u></b>	<b><u>61,850</u></b>

### **Note 5 – Cash and cash equivalents**

The Company has the following balances with bank as on 31 December,2024 and 2023:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Held in Bank	760,891	166,349
	<b><u>760,891</u></b>	<b><u>166,349</u></b>

### **Note 6 – Property and Equipment, net**

Company has no property and equipment for the year ended December 31, 2024 and 2023.

**Note 7 – Due to/from related party**

Company has no due to/from related party for the year ended December 31, 2024 and 2023

**Note 8 – Subsequent Events**

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are issued or available to be issued. The Company has evaluated subsequent events through 12<sup>th</sup> March, 2025, which is the date the financial statements were issued.







**JETSET FRANCHISING, LLC  
December 31, 2023 and 2022**

**McKenzie Forensic Auditors, Inc.  
Nathan@Mckenziecpagroup.com  
CPA | Mckenzieforensic.com**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of  
**JETSET Franchising, LLC**

### Report on the Financial Statements

#### Opinion

We have audited the financial statements of JETSET Franchising, LLC, which comprise the statement of financial position as of December 31, 2023 and 2022, and the related statements of activities, cash flows and statement of changes in equity for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of JETSET Franchising, LLC, as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 JETSET Franchising, LLC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Management's Responsibility 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, that raise substantial doubt about JETSET Franchising, LLC,'s ability to continue as a going concern for financial year 2024.

## Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JETSET Franchising, LLC,'s internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JETSET Franchising, LLC,'s ability to continue as a going concern for a reasonable period of time.

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

**McKenzie Forensic Group, Inc.**

**Firm Audit License #: AD67362**

**Individual License #: AC44080**

**Principal: Nathan McKenzie, MBA, CPA, CVA, CFE, CAM**



Fort Lauderdale

30<sup>th</sup> January, 2024

**JETSET FRANCHISING, LLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	166,349	148,097
Accounts Receivable	79,666	-
Prepaid Expenses	177,311	15,301
Inventory	60,002	26,765
<b>Total Current Assets</b>	<b>483,328</b>	<b>190,163</b>
 <b>TOTAL ASSETS</b>	 <b>483,328</b>	 <b>190,163</b>
<b>CURRENT LIABILITIES:</b>		
Accounts Payable & Accruals	40,506	8,939
Deferred Revenue	673,333	80,000
<b>Total Current Liabilities</b>	713,839	88,939
 <b>TOTAL LIABILITIES</b>	 <b>713,839</b>	 <b>88,939</b>
 <b>EQUITY</b>	 <b>(230,511)</b>	 <b>101,223</b>
 <b>TOTAL LIABILITIES AND EQUITY</b>	 <b>483,328</b>	 <b>190,163</b>

**JETSET FRANCHISING, LLC**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Revenue	433,747	75,000
<b>COST OF SALES</b>	<u>61,850</u>	<u>-</u>
<b>GROSS PROFIT</b>	<u><b>371,897</b></u>	<u><b>75,000</b></u>
<b>OPERATING EXPENSES:</b>		
Advertising and Marketing Expense	161,654	35,418
General and Administrative Expense	201,288	94,435
Management Fees	317,860	168,583
Development Expense	13,444	72,967
Miscellaneous Expense	13,135	2,534
<b>Total operating expenses</b>	<u>707,381</u>	<u>373,937</u>
<b>OPERATING INCOME/(LOSS)</b>	(335,484)	(298,937)
Other income	3,750	160
<b>NET LOSS BEFORE TAXES</b>	<u>(331,734)</u>	<u>(298,777)</u>
<b>INCOME TAXES</b>	-	-
<b>NET LOSS</b>	<u><b>(331,734)</b></u>	<u><b>(298,777)</b></u>

JETSET FRANCHISING, LLC  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

Particulars	Equity	Retained Earnings	Total Equity
Opening Balance as on 1 January 2023	\$ 400,000	(298,777)	101,223
Current year loss	-	(331,734)	(331,734)
<b>Closing Balance as on 31 December 2023</b>	<b>\$ <u>101,223</u></b>	<b><u>(331,734)</u></b>	<b><u>(230,511)</u></b>

**JETSET FRANCHISING, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	(331,734)	(298,777)
<u>Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:</u>		
Accounts receivable	(79,665)	-
Inventory	(33,238)	(26,765)
Prepaid Expenses	(162,010)	(15,301)
Accounts Payable & Accruals	31,567	8,939
Deferred Revenue	593,333	80,000
<b>Net Cash Flows from Operating Activities</b>	<b>349,986</b>	<b>46,874</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
<b>Net Cash Flows from Investing Activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Capital Contribution	-	400,000
<b>Net Cash Flows used in Financing Activities</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	18,252	148,097
<b>CASH AND CASH EQUIVALENTS – BEGINNING</b>	148,097	-
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>166,349</b>	<b>148,097</b>

**Note 1 – Description of the Organization**

JETSET Franchising LLC (the 'Company') was organized as a limited liability Company under the laws of the state of Delaware for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own JETSET Franchising operations, as a franchise model.

JETSET Franchising LLC is dedicated to maintaining a high standard of quality and consistency in all aspects of operations. It has a focused approach in franchising, coupled with the provision of comprehensive support services and exclusive merchandise that positions the Company uniquely in the market and is central to the ongoing success.

**Note 2 – Summary of significant accounting policies**

The principal accounting policies adopted in preparation of the financial statements are set out below. The financial statements are presented in US Dollar, which is the Company's functional currency.

***Basis of presentation***

The financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), as appropriate for for-profit oriented entities.

***Measure of operations***

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Company's ongoing services and other income.

***Use of estimates***

The financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Management uses its historical records and knowledge of its business in making these estimates. Accordingly, actual results may differ from these estimates.

***Cash and cash equivalents***

The Company considers cash equivalents to include short-term, highly liquid investments with an original maturity of three months or less.

***Fair Value of financial instruments***

Financial instruments that are not measured at fair value include accounts receivable, accounts payable and debt. The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their short-term maturities.

***Accounts receivables and Concentration of credit risk***

Accounts receivables are stated net of allowance for doubtful accounts. The allowance is based on collection experience and other circumstances that may affect the ability of customers to meet their obligations. It is the policy of the Company to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of December 31, 2023, the Company has receivables of \$79,666.

***Inventory***

Inventory is stated at the replacement value method. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

***Advertising and marketing***

The Company expenses advertising and marketing cost as they are incurred. Advertising and marketing expenses totaled \$161,654 the period ended December 31, 2023 respectively, and are recorded as advertising and marketing expenses on the accompanying statements of operations.

***Revenue Recognition***

The Company recognizes revenue as from contracts with customers using a five-step model described in ASC Topic 606, Revenue from Contracts (ASC 606), which is described below:

- STEP 1 : Identify the customer contract;
- STEP 2 : Identify performance obligations that are distinct;
- STEP 3 : Determine the transaction price;
- STEP 4 : Allocate the transaction price to the distinct performance obligations; and
- STEP 5 : Recognize revenue as the performance obligations are satisfied.

Franchise Sales and fee - The revenue from the sale of franchises is recorded with an appropriate provision for estimated uncollectible amounts when all the material services or conditions relating to the sale have been substantially performed or satisfied by the franchisor (i.e., the Company). Substantial performance for the franchisor means that:

- (a) the franchisor has no remaining obligation or intent - by agreement, trade practice, or law - to refund any cash received or forgive any unpaid notes receivable;
- (b) substantially all of the initial services of the franchisor required by the franchise agreement have been performed; and
- (c) no other material conditions or obligations related to the determination of substantial performance exist.

Franchise Fees (i.e., Royalties) - Continuing franchise fees are recognized as revenue when earned and become receivable from the franchisee.

**JETSET FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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***Income Taxes***

The Company is obligated to pay corporate income taxes in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 "Income Taxes". During the current year, no income tax liability has been recorded. Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and the amounts that are reported in the income tax returns. The net deferred income tax assets have been fully reserved by a valuation allowance due to the uncertainty of our ability to realize future taxable income and to recover our net deferred income tax assets.

**Note 3 – Revenue**

The following represents JETSET Franchising LLC's revenue as on December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Brand and system development fund fees	12,658	-
Initial franchise fee	291,667	75,000
Order rebate	6,812	-
Reformer sales rebate	5,250	-
Retails sales	97,790	-
Royalties	18,396	-
Technology fees	1,175	-
	<u>433,747</u>	<u>75,000</u>

**Note 4 – Cash and cash equivalents**

The Company has the following balances with bank as on 31 December,2023 and 2022:

	<u>2023</u>	<u>2022</u>
Held in bank	166,349	148,097
	<u>166,349</u>	<u>148,097</u>

**Note 5 – Prepaid Expenses**

The Company has the following prepaid expenses as on 31 December, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Prepaid expenses	38,604	2,500
Prepaid expenses - Commissions	129,565	12,750
Prepaid Insurance	9,142	51
	<u>177,311</u>	<u>15,301</u>

**Note 6 – Property and Equipment, net**

Company has no property and equipment for the year ended December 31, 2023 and 2022.

**Note 7 – Due to/from related party**

Company has no due to/from related party for the year ended December 31, 2023 and 2022

**Note 8 – Subsequent events**

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are issued or available to be issued. The Company has evaluated subsequent events through 30th January, 2024, which is the date the financial statements were issued.



**EXHIBIT "G"**  
**TO DISCLOSURE DOCUMENT**  
**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

*[See Attached]*

## FRANCHISEE DISCLOSURE QUESTIONNAIRE

**This Questionnaire does not apply to franchisees who intend to operate the franchised business in the State of California, and you are not required to sign the document.**

**If you are a Washington franchisee, do not complete and do not sign this Questionnaire**

As you know JETSET Franchising, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a JETSET *franchise*. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to 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 your franchise 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 and each attachment or schedule attached to it?  |
| 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 Franchise Disclosure Document indicating the date you received it?  |
| Yes_ | No_ | 4.  | Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?  |
| Yes_ | No_ | 5.  | Did you receive the FDD at least 14 days before you signed any agreement or paid any fee to us or any affiliate of ours?   |
| Yes_ | No_ | 6.  | Did you receive a complete execution copy of the Franchise Agreement, with all material terms filled in, at least seven (7) days before you signed it?   |
| Yes_ | No_ | 7.  | Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?   |
| Yes_ | No_ | 8.  | Have you discussed the benefits and risks of developing and operating a JETSET <i>franchise</i> with an existing JETSET <i>franchisee</i> ?  |
| Yes_ | No_ | 9.  | Do you understand the risks of developing and operating a JETSET <i>franchise</i> ?  |
| Yes_ | No_ | 10. | Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors? |
| Yes_ | No_ | 11. | Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated in Florida, if not resolved informally or by mediation?  |

- Yes\_ No\_ 12. Do you understand that you must satisfactorily complete the initial training course before we will allow your franchised business to open or consent to a transfer?
- Yes\_ No\_ 13. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a JETSET franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_ No\_ 14. Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise 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 Franchise Disclosure Document?
- Yes\_ No\_ 15. Do you agree that no 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 JETSET franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_ No\_ 16. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the JETSET *business*, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

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.

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

~~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.~~

The following language applies only to transactions governed by the Maryland Franchise Registration and Disclosure Law:

Do not sign this Questionnaire if you are a resident of Maryland or the franchise is to be operated in Maryland.

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

**EXHIBIT "H"**  
**TO DISCLOSURE DOCUMENT**  
**GENERAL RELEASE**

*[See Attached]*

## WAIVER AND RELEASE OF CLAIMS<sup>1</sup>

This Waiver and Release of Claims (this “Agreement”) is made as of \_\_\_\_\_, 202\_\_ (the “Effective Date”) by \_\_\_\_\_, a(n) \_\_\_\_\_ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of JETSET Franchising, LLC, a Delaware limited liability company (“us,” and together with you and Owner, the “Parties”).

**WHEREAS**, we signed a Franchise Agreement with you, dated \_\_\_\_\_, 202\_\_ (the “Franchise Agreement”) pursuant to which we granted you the right to own and operate a JETSET studio;

**WHEREAS**, you have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, **[enter into a successor franchise agreement]** and we have consented to such transfer **[agreed to enter into a successor franchise agreement]**; and

**WHEREAS**, as a condition to our consent to the transfer **[your ability to enter into a successor franchise agreement]**, you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of our consent to the transfer **[our entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as follows:

1. **Release.** Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.

2. **California Law.** You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive Section 1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. **Nondisparagement.** Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor

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<sup>1</sup> The Waiver and Release of Claims Agreement will not apply to claims arising under the Franchise Investment Protection Act,

Chapter 19, 100 RCW, or the rules adopted thereunder.

Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

4. Representations and Warranties. You and Owner each represent and warrant that: (i) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (ii) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (iii) you and Owner have not and shall not (a) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (b) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (iv) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

5. Miscellaneous.

(a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.

(b) This Agreement shall be construed and governed by the laws of the State of Florida.

(c) 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 Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

(d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.

(e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.

(f) If one or more of the provisions of this Agreement 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 Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

(g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

(h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

above. IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_ Name: \_\_\_\_\_ Its: \_\_\_\_\_

**FRANCHISE OWNERS:**

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

**EXHIBIT "I"**  
**TO DISCLOSURE DOCUMENT**  
**MULTI-STATE ADDENDA**

*[See Attached]*

## MULTI-STATE ADDENDA

The following are additional disclosures for the Disclosure Document of JETSET Franchising, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

### **FOR THE STATE OF CALIFORNIA**

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the disclosure document.
2. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
3. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
4. 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.).
5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
7. The franchise agreement requires binding arbitration. The arbitration will occur at Miami-Dade County, Florida with the costs being borne by the non-prevailing party.
8. 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.
9. The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.
10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
11. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
12. The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information.”
13. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF

FINANCIAL PROTECTION & INNOVATION AT <https://dfpi.ca.gov/>.

14. 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 term of any document executed in connection with the franchise.

15. California's Franchise Investment Law (Corporation 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 law.

## **FOR THE STATE OF ILLINOIS**

~~A. You must sign a general release in order to renew or transfer your franchise. Any such release must comply with the provisions of the Illinois Franchise Disclosure Act (the "Act").~~

Illinois law governs the Agreements.

Payment of Initial and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

~~B. In accordance with Section 4 of the Act, and Section 200.608 of the regulations promulgated under the Act, the governing law, Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue shall be a forum outside of the State of Illinois is void. However, any arbitration proceeding may be brought in Miami Dade County, Florida in accordance with Section 24 of the Franchise Agreement.~~  
a franchise agreement may provide for arbitration to take place outside of Illinois.

Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, along with the compensation requirements.

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

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

~~E. The State of Illinois requires inclusion of the following additional risk factors:~~

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

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

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

~~5. 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.”~~

~~F. Item 6 of the Disclosure Document is amended to add the following at the end of footnote 7:~~

~~“We will provide you with our current price list at the time you sign the Franchise Agreement.”~~

~~G. Item 7 of the Disclosure Document is amended to add the following footnotes to the table:~~

~~The following is added as a footnote to the “Utility Deposits” row:~~

~~“Utility companies may require a security deposit. If required, the amount of the deposit will vary, and some utilities companies will accept the posting of a bond in lieu of the payment of a cash deposit. A typical cost for the premium for such a bond is approximately 10% of the amount of the bond being posted.”~~

~~The following is added as a footnote to the “Professional Fees” row:~~

~~“Some franchisees choose to retain the services of an attorney and other consultants to advise and assist in entering into the agreement(s) and purchasing and establishing their business. However, our experience has shown that some franchisees choose not to hire a professional for these purposes. In some cases, your Professional Fees may be \$0. An example of such a circumstance may be if you have a family member or acquaintance who is willing to provide the services at no charge.”~~

~~The following is added as a footnote to the “Insurance” row:~~

~~“This is an estimate for the various types of insurance a franchisee will need including property, general liability and workers compensation. The cost will vary depending on the coverage purchased, the policy limits, and the insurance carriers selected. The amount is an estimate for the first three months’ coverage and would be paid directly to the insurance carriers in a lump sum before the start of franchise operations.”~~

~~H. Item 14 of the Disclosure Document is amended to add the following:~~

~~“We have the right to modify our proprietary information at any time in our sole and absolute discretion. If we modify or discontinue use of any of our proprietary information, then you must comply with any such instructions by us within 30 days at your cost. You waive all claims arising from or relating to any change, modification, substitution or discontinuation of our proprietary information. We will not be liable to you for any expenses, losses or damages that you incur because of any addition, modification, substitution or discontinuation of our proprietary information.”~~

~~I. All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General’s Office based upon their review of our financial condition as reflected in our financial statements. Accordingly, you will pay no fees~~

~~to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.~~

~~J.~~ 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)~~ (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor: , franchise seller or other person acting on behalf of a Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### **FOR THE STATE OF INDIANA**

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

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, the other agreements or Florida law if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document and the Franchise Agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

“Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee’s right to a trial on any of the above matters.”

4. No release language set forth in the Disclosure Document or Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
5. The Franchise Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.
6. 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 Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

### **FOR THE STATE OF MARYLAND**

- A. ITEM 5 of the Disclosure Document is amended to add the following:

## “Fee Deferral

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. For Development Agreements, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.”

B. ITEM 17 of the Disclosure Document is amended to add the following:

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

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

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

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

C. The Franchise Disclosure Questionnaire, which is attached to the Disclosure Document as Exhibit H, is amended as follows:

All representations requiring prospective franchisees to assent to the 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.

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.

**Significant Expansion: In 2024, the franchisor expanded significantly and plans to continue to expand aggressively. This franchise is likely to be a riskier investment than a franchise that grows gradually.**

### **FOR THE STATE OF MINNESOTA**

**Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement (s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.**

**With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.**

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logos or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

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 franchise.

The Minnesota Department of Commerce 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.

#### FOR THE STATE OF NEW YORK

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following additional risk factors are added:

You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

3. Item 1 is amended to state that our agent for service of process in New York is New York State, Department of State, Division of Corporations, 99 Washington Avenue 6th floor, Albany, New York 12231.

4. 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, the following applies:

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 ~~C~~-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.

5. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a

debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

8. 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.

9. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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

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

11. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship 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.

#### **FOR THE STATE OF SOUTH DAKOTA**

ITEM 5 of the Disclosure Document is amended to add the following:

##### “Fee Deferral

The South Dakota Securities Regulation Office 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.”

#### **FOR THE STATE OF VIRGINIA**

A. The State of Virginia requires inclusion of the following additional risk factors:

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

4. We do not have a federal registration for our principal trademark design. Therefore, our trademark does not have many legal benefits and rights as a federally-registered Trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

5. The franchisor’s financial condition, as reflected in its financial statements (see item 21), calls into question the franchisor’s financial ability to provide services and support to you.

B. ITEM 5 of the Disclosure Document is amended to add the following:

“Fee Deferral

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.”

C. ITEM 17 of the Disclosure Document is amended to add the following:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.

Row “t” is amended to delete the language in the “Summary” column and replace it with the following:

“Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in this Disclosure Document.”

D. 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 term of any document executed in connection with the franchise.

**FOR THE STATE OF WASHINGTON**

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

2. 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.

3. 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.

4. 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.

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

6. 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 ~~6-~~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.

7. 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.

8. 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.

9. The statement "The Parties agree that each has read and fully understand this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred" in Section 5 in Exhibit H (General Release) of the Disclosure Document will not apply in Washington.

10. The State of Washington Department of Financial Institutions, Securities Division requires us to defer collection of all initial franchise fees described in Item 5 of the Franchise Disclosure Document until the Franchisor has satisfied its initial pre-opening obligations to the franchisee and the franchisee is open for business. Regarding the Development Agreement, Franchisor will prorate the development fee, such that the franchisee will pay the Franchisor the development fee proportionately upon the opening of each unit franchise.

11. Exhibit G of the FDD does not apply in the state of Washington.

12. The Washington Addendum applies to all related agreements, including but not

limited to, all attachments, all exhibits, the FDD, the Franchise Agreement, and the Development Agreement.

The undersigned does hereby acknowledge receipt of this addendum.

**JETSET FRANCHISING, LLC**

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

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

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

\_\_\_\_\_ (“Franchisee”)

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

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

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

**EXHIBIT "J"**  
**TO DISCLOSURE DOCUMENT**  
**DEVELOPMENT AGREEMENT**

*[see attached]*

**JETSET DEVELOPMENT AGREEMENT**

This **DEVELOPMENT AGREEMENT** (“Agreement”) is made and entered into as of the \_\_ day of \_\_\_\_\_, 202\_ by and between **JETSET Franchising, LLC**, a Delaware limited liability company with its principal place of business at 3921 Alton Road #465, Miami Beach, Florida 33140 (“JETSET”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation/ limited liability company] (“Developer”) with its principal place of business at \_\_\_\_\_.

**WITNESSETH:**

**WHEREAS**, JETSET, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique system (“System”) of franchised and company owned businesses offering a customized Pilates training program that consists of a unique reformer and modern approach to Pilates under the “JETSET Pilates” marks, as described in Exhibit A hereto (collectively, the “Marks”), which System includes, without limitation, our standards, specifications, business techniques, and procedures; all of which may be changed, improved and further developed by JETSET from time to time;

**WHEREAS**, JETSET is the owner of the entire right, title and interest in and to the Marks and such other trade names, service marks, trademarks and trade dress now or hereafter designated as part of the System for the benefit and exclusive use of JETSET and its developers; and

**WHEREAS**, JETSET continues to develop, use and control the Marks for the benefit and exclusive use of itself and developers in order to identify for the public the System, and to represent the System’s high standards of quality, appearance and service; and

**WHEREAS**, Developer wishes to obtain certain development rights to open and operate JETSET Pilates facilities (each a “Business” and collectively, the “Businesses”) utilizing the Marks and System ~~in the territory~~, each of which must be located in one of the sub-territories described in Exhibit B attached hereto (each a “Sub-Territory” and all Sub-Territories collectively referred to as the “Territory”);

**NOW, THEREFORE**, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**1. GRANT**

(a) JETSET hereby grants to Developer the right to enter into Franchise Agreements with JETSET pursuant to which Developer will establish (defined herein) and operate Businesses during the Term, as hereinafter defined, at specific locations approved by JETSET within ~~the~~each Sub-Territory. For purposes hereof, “Franchise Agreement” means a franchise agreement in the form of JETSET’s then current standard franchise agreement conformed for use by JETSET in the Territory. The current form of Franchise Agreement is appended hereto as Exhibit C. The schedule set forth in Exhibit D to this Agreement (“Development Schedule”) sets forth the minimum number of Businesses to be opened (and in operation) by Developer at various stages during the Term. Each Business developed hereunder shall be located within ~~the~~its own, distinct Sub-Territory.

(b) If Developer pays in full the Development Fee and is fully compliant with the terms of this Agreement and all Franchise Agreements, then during this Agreement’s Term (defined below) and only with respect to each Sub-Territory as set forth in this Section, JETSET will not grant any

other party the right to operate Businesses in any Sub-Territory in which Developer has not yet opened a Business, nor

~~(b) Subject to will it do so itself. Developer's payment in full of the Development Fee, as set forth herein and compliance with the terms hereof, JETSET will not~~acknowledges and agrees that the territorial protection as described in this Section will apply only with respect to each Sub-Territory until Developer has opened a Business in each Sub-Territory. For the avoidance of doubt, once Developer has opened a Business within a Sub-Territory, JETSET and its affiliates will have the right to operate, and grant any other party the right to operate, Businesses ~~in the Territory, nor will it do so itself, except as otherwise set forth herein~~within that Sub-Territory and to engage, and grant any other party the right to engage, in any activities that JETSET and its affiliates desire within that Sub-Territory without any restrictions whatsoever, except as limited by any Franchise Agreement that governs any part of that Sub-Territory to which Developer (or one of its affiliates) and JETSET are parties. Except as expressly set forth in this Section, JETSET (on behalf of JETSET and its affiliates) retains the right, in its sole discretion and

without granting any rights to Developer to do those things specifically reserved to franchisor in the Franchise Agreement.

(c) Developer expressly acknowledges that, as between JETSET and Developer, JETSET is the owner of all right, title and interest in and to the Marks licensed to Developer by this Agreement, registered and unregistered.

(d) This Agreement is not a license or franchise agreement and does not grant to Developer any right to use the Marks or System. Such rights will be granted pursuant to the Franchise Agreement for each approved location, if any are executed.

(e) Developer shall have no right under this Agreement to franchise or license others to use the Marks or System.

(f) Developer shall establish and operate, from time to time, the minimum number of Businesses in ~~the~~each Sub-Territory required in accordance with the Schedule set forth in Exhibit D (the “**Minimum Franchise Requirement**”) in order to maintain Developer’s exclusive rights under this Agreement.

## **2. DEVELOPMENT FEE; FRANCHISE FEES**

(a) Developer shall pay to JETSET the “Development Fee” (in lieu of initial franchise fees) as set forth in Exhibit E hereto, as well as the continuing “Royalty Fee,” as defined in each Franchise Agreement.

(b) Upon execution of this Agreement, the Development Fee shall be fully earned by JETSET and shall be non-refundable. The parties recognize that the Development Fee is intended, among other things, to reimburse JETSET for administrative and other expenses and for the development opportunities lost or deferred as a result of the rights granted Developer herein.

## **3. SITE AND PLAN APPROVALS**

(a) Developer shall not begin any work necessary or desirable to adapt a proposed site as a Business until JETSET shall have approved the site and the plans and specifications for the construction work thereat, including the design (interior and exterior), layout and signage of the proposed Business.

(b) Upon identifying a potential site for a Business, Developer shall submit to JETSET a site selection package in such form, and containing such information, as JETSET shall request. JETSET, within thirty (30) days after its receipt of the site selection package, shall (i) approve the proposed site, (ii) disapprove the proposed site, or (iii) request additional information. If additional information is requested, JETSET shall approve or disapprove the site within fifteen (15) days after receipt of such additional information.

(c) In the course of the site approval process, JETSET shall make such on-site evaluation as JETSET may deem advisable; provided, however, that JETSET shall not provide on-site evaluation for any ~~(e)~~proposed site prior to receipt of a completed site selection package and letter of intent or other evidence satisfactory to JETSET that confirms Developer’s favorable prospects for obtaining the proposed site.

## **4. MANNER OF EXERCISE OF DEVELOPMENT RIGHT**

This Agreement shall be executed at the same time as the initial Franchise Agreement(s) are executed. Notwithstanding anything to the contrary contained herein, JETSET shall not be required to perform any obligation hereunder, nor shall Developer be entitled to exercise its development rights, or open a new Business, if at such time Developer is in breach or default of this Agreement, any Franchise

Agreement or any other agreement between Developer (or any parent, subsidiary or affiliate of Developer) and JETSET (or any parent, subsidiary or affiliate of JETSET) or if there exists any event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default hereunder or thereunder.

## 5. TERM

The term of this Agreement and all rights granted hereunder shall commence upon execution hereof by JETSET and shall expire when (a) the final Business to be developed pursuant to the Minimum Franchise Requirement has opened (or, if earlier, must have opened) for business, or (b) this Agreement otherwise is terminated as provided herein (“Term”). Developer acknowledges and agrees that upon expiration of the Term and as provided in Section 1(b) above, JETSET and its affiliates will have the right to establish and operate, and grant to others the right to establish and operate, Businesses the physical premises of which are located within each Sub-Territory and continue to engage, and grant to others the right to engage, in any activities that JETSET (and they) desire within the Territory without any restrictions whatsoever, except as limited by any Franchise Agreement that Developer (or its affiliate(s)) is party to with JETSET.

~~(a) The term of this Agreement and all rights granted hereunder shall commence upon execution hereof by JETSET and shall expire ten (10) years thereafter, unless sooner terminated as provided herein (“Term”).~~

~~(b) Developer shall have the option to renew this Agreement subject to Section 1, provided:~~

- ~~(1) Developer gives JETSET written notice of its intent to renew at least one hundred and eighty (180) days prior to the expiration of this Agreement, and~~
- ~~(2) At least one hundred and eighty (180) days prior to the expiration of this Agreement, Developer has negotiated with JETSET a development schedule and a renewal development fee for the renewal term, and~~
- ~~(3) Developer shall pay to JETSET at least ninety (90) days prior to the expiration of this Agreement, the renewal development fee determined by JETSET and Developer, and~~
- ~~(4) Developer has executed, upon renewal, JETSET’s then-current standard form of development agreement, conformed by JETSET for use in accordance with the laws and customs in the Territory (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal and only for such renewal terms as are provided by this Agreement), which agreement shall supersede in all respects this Agreement, and the terms of which may differ from the terms of this Agreement.~~

## 6. DEVELOPER’S COVENANTS

(a) During the Term, JETSET will disclose to Developer certain of JETSET’s proprietary, secret and confidential information, relating to, among other things, site selection; layout and design plans and specifications; technical knowledge; product data, plans and specifications; supplier and vendor information; know-how and other aspects of the System (collectively “Confidential Information”). Developer agrees that during the Term and at all times thereafter:

- (i) It shall hold in confidence all Confidential Information, using the highest degree of care in connection therewith;
- (ii) It shall use the Confidential Information only in connection with this Agreement

and the development and operation of Businesses and for no other purpose, and shall not permit the use thereof by any other person, firm, corporation, or entity (“Person”);

(iii) It shall not reproduce, copy or photograph, in any manner or form, any tangible embodiment of the Confidential Information;

(iv) The Confidential Information is, and at all times shall remain, the sole and exclusive property of JETSET; and

(v) It shall limit dissemination of the Confidential Information to those of its employees, independent contractors and agents who have a need to know such information and who have agreed in writing to be bound by the terms of this paragraph pursuant to an agreement granting JETSET the right to enforce such agreement and a duplicate original copy thereof shall have been provided to JETSET.

(b) During the Term and for two (2) years thereafter (or such longer period as may be provided in any other agreement between JETSET and Developer), Developer will not, directly or indirectly, as principal, licensee, consultant, investor or in any other capacity, engage in, or have an economic interest in, any business located or operating in the Territory which provides the same or similar services to JETSET at the expiration or termination of the Term.

(c) Developer covenants that during the Term, except as otherwise approved in writing by JETSET, Developer shall not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any Person:

(i) Divert or attempt to divert any business or customer of JETSET to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

(ii) Knowingly employ, or seek to employ, any person who is at the time employed, or during the six (6) month period prior to such time was employed, by JETSET or by any licensee or developer of JETSET, or otherwise directly or indirectly induce, or seek to induce, such person to leave their employment thereat.

(d) Developer expressly acknowledges that the covenants contained in this Section are a material part of this Agreement and any failure by Developer to strictly adhere to the provisions of this Section will result in irreparable injury to JETSET. Therefore, Developer agrees that, upon any breach or violation of this Section, or any threatened breach or violation of this Section, JETSET, in addition to all other rights and remedies, all of which are reserved by JETSET, shall be entitled to preliminary and permanent equitable relief, including an injunction, without bond, and without the need to prove irreparable harm or the inadequacy of legal remedies. If any of the covenants contained in this Section are deemed, by a court of competent jurisdiction, to be unenforceable by reason of the scope or duration thereof, such provision shall be deemed to be modified to the maximum scope or duration which such court would deem valid and enforceable, and as so modified shall be enforced by such court.

## **7. FAILURE TO MEET DEVELOPMENT SCHEDULE; EVENTS OF DEFAULT**

Developer acknowledges that its undertaking to open Businesses in accordance with the Development Schedule is a material inducement for JETSET entering into this Agreement and time is of the essence as to Developer adhering to, and meeting, the Development Schedule. Therefore, each of the following events shall constitute a material event of default under this Agreement (individually, an “Event of Default,” and collectively, the “Events of Default”):

(a) Developer fails to obtain site approval or any other approval required from JETSET prior to the commencement of construction of a Business.

(b) Developer fails to adhere to the agreed Development Schedule(s) in accordance with this Agreement or fails at any time to have open and operating a number of Businesses meeting the Minimum Franchise Requirement.

(c) Developer fails at any time to meet and satisfy fully the operational, financial and legal requirements set forth herein whether for the purpose of seeking franchise approval or in the day to day operation of a Business, and does not cure such failure within thirty (30) days of receipt of written notice from JETSET.

(d) Developer fails to pay any amount when due under this Agreement and does not cure such failure within ten (10) days of written notice from JETSET.

(e) Dissolution, termination of existence, insolvency, or business failure of either Developer or any Developer's owners (as set forth in Exhibit F attached hereto, each an "Owner," and collectively, the "Owners"), or the appointment of a custodian or receiver of any part of the property of Developer or any Owner, or a trust, mortgage or an assignment for the benefit of creditors is entered into by either Developer or any Owner; or the recording or existence of any lien against either Developer or any Owner for past due taxes, or the commencement by or against either Developer or any Owner of any proceeding under any bankruptcy or insolvency laws; or service on JETSET of any writ, summons or process designed to affect any account or property of either Developer or any Owner, any of which is not released, dismissed, discharged, bonded or otherwise adequately reserved against within thirty (30) days.

(f) Developer fails to obtain or renew any licenses or permits necessary for the performance of Developer's obligations under this Agreement or any Franchise Agreement, and does not cure such failure within thirty days of written notice from JETSET.

(g) Developer opens a Business without JETSET's approval, site approval, payment of the Development Fee and other fees, and/or execution of a Franchise Agreement and all other agreements and documents required by JETSET.

(h) Developer or any Owner challenges the validity of any of the Marks, other trademarks or trade names, copyrights or other intellectual property of JETSET.

(i) Developer or any of its affiliates defaults under any Franchise Agreement or any other agreement with JETSET or its affiliates and fails to cure such default within any applicable cure period.

(j) The occurrence of any event or governmental regulation or practice or any law which prohibits or restricts the payment to JETSET of the amounts due to JETSET hereunder or under the proposed or existing Franchise Agreements, or if such a restriction is in JETSET's reasonable opinion about to be imposed or likely to be imposed within twelve (12) months.

(k) The occurrence of any event which is contrary to the provisions of Section 9 hereof.

(l) Developer or any Owner fails to comply with any of the other terms, provisions or conditions of this Agreement, and does not cure such failure within thirty (30) days of receipt of written notice of such failure from JETSET.

Upon the occurrence of an Event of Default, in the event Developer is not then currently in compliance with the Minimum Franchise Requirement, JETSET may elect, by notice to Developer, any or all of the following, in addition to any other rights granted to JETSET hereunder or under law, and without affecting Developer's liabilities or obligations, monetary or otherwise, hereunder:

- (i) Reduce (to zero or otherwise) or limit the number of additional Businesses which Developer may establish hereunder;
- (ii) Terminate the territorial protection granted to Developer hereunder in one or more Sub-Territories or in the entire Territory;
- (iii) Reduce ~~the~~one or more Sub-Territories or the entire Territory;
- (iv) Accelerate the Development Schedule; and
- (v) Require Developer to pay to JETSET an amount equal to JETSET's estimate of twelve (12) months of Royalty Fees for each Business required to be opened pursuant to the Development Schedule as of the date of such Event of Default and during all periods thereafter but not so opened.

## **8. ADDITIONAL REMEDIES UPON AN EVENT OF DEFAULT**

Additionally, upon the occurrence of an Event of Default, in JETSET's sole discretion,

- (a) JETSET may terminate this Agreement, and all rights of Developer hereunder, and/or
- (b) JETSET may terminate all existing Franchise Agreements, and/or
- (c) JETSET shall be entitled to all remedies provided by law for a breach, or termination after breach, of an agreement, and/or
- (d) Developer shall immediately cease, and shall not at any time thereafter, directly or indirectly, to represent to the public or hold itself out as a present or former Developer or Developer of JETSET; and/or
- (e) Developer shall indemnify and hold JETSET and JETSET's affiliates, and their respective officers, directors, shareholders, managers, members, agents, and employees harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with Developer's activities hereunder (including but not limited to the establishment and operation of Businesses) as well as the costs, including attorneys' fees, of defending against them.

## **9. TRANSFER**

Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, and are granted in reliance on the business skill and financial capacity of Developer and the Persons presently owning the controlling interests in Developer. Accordingly, neither Developer, any immediate or remote successor to any part of Developer's interest in this Agreement, nor any Person who directly or indirectly controls Developer shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement; or transfer any interest in Developer or any Person that directly or indirectly controls Developer, in a transfer or series of transfers which results in a change in control of Developer, in any such case without prior written consent of JETSET. Any such purported assignment or transfer, by operation of law or otherwise without JETSET's prior written consent shall be null and void and shall constitute a material breach of this Agreement.

## **10. CORPORATE RESTRICTIONS**

- (a) Developer shall maintain stop transfer instructions against the transfer on its records of any equity securities; and each certificate representing equity ownership in Developer shall have conspicuously endorsed upon its face a statement, in a form satisfactory to JETSET, that it is held subject to, and that

further transfer or assignment thereof is subject to, all restrictions on assignments imposed by this Agreement.

(b) Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock or other voting or equity interest in Developer and shall furnish the list to JETSET upon request. Exhibit F hereto is a true and current list of the owners of record and beneficial owner of any class of voting stock or other voting or equity interest in Developer.

**11. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, or Express Mail, or sent via recognized national or international courier, postage or fees prepaid, to the other party at the following addresses unless and until a different address has been designated by similar notice:

Notice to JETSET:                    JETSET Franchising, LLC  
   3921 Alton Road #465,  
   Miami Beach, Florida 33140  
   Attention: \_\_\_\_\_

Notice to Developer:                \_\_\_\_\_  
   \_\_\_\_\_  
   \_\_\_\_\_  
   Attention: \_\_\_\_\_

Either party hereto may from time to time provide additional addresses or substitute addresses as the case may be by notice pursuant to this Section. All notices permitted or required to be delivered by the provisions of this Agreement or of the Operations Manuals shall be deemed effective upon receipt or refusal.

**12. INDEPENDENT CONTRACTORS**

(a) This Agreement does not create a fiduciary relationship between the parties, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purposes whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

(b) Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such actions as shall be necessary to that end.

(c) Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty or representation on JETSET’s behalf, or to incur any debt or other obligation in JETSET’s name, and that JETSET assumes no liability for, nor shall be deemed liable by reason of, any act or omission of Developer or any claim or judgment arising therefrom. Developer shall indemnify, defend and hold JETSET and JETSET’s officers, directors, employees and agents harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with, Developer’s activities hereunder, as well as the cost, including reasonable attorney’s fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks that are caused solely by actions of JETSET or actions caused by the negligent acts of JETSET or its agents.

**13. NO WAIVER**

No failure of JETSET to exercise any power reserved to it in this Agreement or to insist upon compliance by Developer with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of JETSET’s rights to demand exact compliance with the terms of this Agreement. Waiver by JETSET of any particular default shall not affect

or impair JETSET’s right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of JETSET to exercise any power or right arising out of any breach of default by Developer of any of the terms, provisions or covenants of this Agreement affect or impair JETSET’s rights; nor shall such constitute a waiver by JETSET of any right hereunder or rights to declare any subsequent breach or default.

## 14. DISPUTE RESOLUTION

(a) Choice of Law. This Agreement shall be interpreted and construed under the laws of the State of Florida. In the event of any conflict of law, the laws of the state of Florida shall prevail, without regard to the application of Florida conflict of law rules, except that any state law regulating the sale of franchises or governing the relationship of a franchisor and its franchisees will not apply unless its jurisdictional requirements are met independently without reference to this paragraph. If, however, any provision of this Agreement would not be enforceable under the laws of the State of Florida, and if the franchise business is located outside of Florida and such provisions would be enforceable under the laws of the state in which the franchise business is located, then such provision shall be interpreted and construed under the laws of that state.

(b) Venue. Subject to the provisions of Section 14(d), the parties agree that any action brought by either party against the other in any federal or state court shall be brought within the county in which JETSET has its principal place of business at the time the action is initiated (currently, Miami Beach, Florida), and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

(c) Non-Exclusivity of Remedy. No right or remedy conferred upon or reserved to JETSET or Developer by this Agreement is intended to be or is exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

(d) Mediation. Before either party may initiate any action regarding any dispute, claim or controversy arising out of or relating to this Agreement, or the breach, termination, enforcement, interpretation or validity thereof, or any dispute, claim or controversy arising out of or relating to any non-exclusive right or remedy a party believes it has, the parties must first attempt to resolve the dispute through mediation conducted in accordance with the Commercial Mediation Procedures of the American Arbitration Association, or such other rules as the parties may mutually agree. Mediation shall be conducted in the state and county in which JETSET has its principal place of business at the time of the mediation (currently, Miami-Dade County, Florida), and shall be conducted and completed within ninety (90) days following the date either party first gives notice of mediation unless otherwise agreed in writing by the parties. The parties will share equally the fees and costs of the mediator. The mediator shall be disqualified as a witness, expert or counsel for either party with respect to the dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under Florida and other applicable laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. If a party fails to reasonably cooperate in scheduling and completing a mediation within ninety (90) days after giving or receiving notice thereof, such party shall be precluded from and not entitled to recover costs, expenses, and/or prevailing attorneys' fees in any subsequent legal proceeding. Despite the parties' agreement to mediate, the parties each have the right in a proper case to seek temporary restraining orders, temporary or preliminary injunctive relief, or collection of past due funds from a court of competent jurisdiction; provided, however, that the parties must contemporaneously submit the dispute, controversy or claim for mediation as provided in this Section.

(e) Arbitration. In any dispute between the parties that is not resolved through mediation, the exclusive procedure for resolving the dispute shall be arbitration administered by the American Arbitration Association ("AAA") under its Commercial Arbitration Rules before one arbitrator in Miami-Dade County, Florida. Judgment on the award rendered by the arbitrator may be entered in any court with jurisdiction. The arbitrator shall be selected from the AAA's large, complex case panel. Absent good cause or the parties' agreement, the award shall be rendered within six months of the arbitrator's selection. The arbitrator shall ~~(e)~~ award reasonable attorneys' fees and costs to the prevailing party. Except as may be required by law, neither party nor the arbitrator may disclose the existence, contents, or results of anything related to the

arbitration, including, but not limited to, pleadings, motions, briefs, discovery, depositions, hearings, or awards without all the parties' prior written consent. The only exceptions to the exclusive procedure of arbitration are that either party may bring in court an action for injunctive relief pending arbitration or may bring in court an action to collect past due funds. Each Party consents to personal jurisdiction and venue in the state or federal courts in Miami-Dade County, Florida, which shall be the exclusive venue for any court action between the parties. Any dispute arising out of or in connection with this arbitration provision, including any question regarding its existence, validity, scope, or termination, shall be referred to and finally resolved by arbitration.

(f) Limitation of Adjunctive Proceedings.

(i) THE PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

(ii) Any dispute, claim or controversy arising out of or relating to this Agreement, the relationship of JETSET and Developer, Developer's operation of the Business, or any dispute, claim or controversy arising out of or relating to any non-exclusive right or remedy a party believes it has (collectively, "Claims"), shall be commenced within one (1) year from the occurrence of the facts giving rise to such Claims, or such Claims shall be barred.

(iii) The parties hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that any dispute between them each shall be limited to the recovery of any actual damages sustained by the party. Developer agrees not to bring any claim asserting that any of the Marks are generic or otherwise invalid.

(iv) Developer agrees that the members, managers, shareholders, directors, officers, employees, and agents of JETSET and its affiliates shall not be personally liable nor named as a party in any action between JETSET and Developer.

(v) JETSET and Developer agree that, in connection with any such proceeding regarding Claims, each must submit or file any claim that would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed as described above will be forever barred.

(vi) The parties agree that any proceeding regarding Claims will be conducted on an individual, not a class-wide, basis. The parties waive to the maximum extent permitted by law the right to bring, maintain, or participate in any class, collective, or representative proceeding. Further, any Claims must be brought in the individual capacity of the party asserting the claim, and cannot be maintained on a class, collective, or representative basis, to the full extent permitted by applicable law.

(vii) The parties agree that a proceeding between JETSET and Developer may not be consolidated with another proceeding between JETSET and any other person or entity, nor may any claims of another party or parties be joined with any claims asserted in any action or proceeding between JETSET and Developer.

(viii) No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement.

(ix) No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

(g) Injunctive Relief. Nothing in this Agreement bars JETSET's right to obtain specific performance of the provisions of this Agreement and injunctive relief against conduct that threatens to injure or harm JETSET, the Marks or the Business, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Developer agrees that JETSET may obtain such injunctive relief and will not be required to post a bond to obtain injunctive relief and that Developer's only remedy if an injunction is entered against Developer will be the dissolution of that injunction, if warranted, upon due hearing, and Developer hereby expressly waives any claim for damages caused by such injunction. Developer shall pay JETSET costs of enforcement in obtaining injunctive relief or the enforcement of any item of this Agreement, as incurred ("Costs of Enforcement").

## 15. FORCE MAJEURE

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by and caused by circumstances beyond its reasonable control, including without limiting the generality of the foregoing, act or omissions of the other party, acts of civil or military authority, strikes, lock-outs, embargoes, and insurrections, or acts of God. If any such delay occurs, any applicable time period shall automatically be extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay. Notwithstanding the foregoing, the provisions of this Section shall not result in any delay in the payment of any amounts due hereunder.

## 16. MISCELLANEOUS

(a) Nothing in this Agreement shall confer upon any Person other than JETSET or Developer, and such of their respective successors and assigns as may be contemplated hereby, any rights or remedies under or by reason of this Agreement.

(b) All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Developer shall be deemed jointly and severally undertaken by those executing this Agreement on behalf of Developer.

(c) This Agreement may be executed in multiple copies or counterparts and each copy so executed shall be deemed an original and one and the same agreement.

(d) This Agreement, the documents referred to herein and the exhibits attached hereto, constitute the entire, full and complete agreement between JETSET and Developer concerning the subject matter hereof and shall supersede any and all agreements that may have been heretofore entered into between JETSET and Developer with respect to the subject matter hereof. No amendment, change or variances from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing and indicating an intention to modify or amend this Agreement. Notwithstanding the foregoing, nothing in the Development Agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

## 17. DEVELOPER ACKNOWLEDGMENTS

(a) Developer acknowledges that the success of the business venture contemplated by this Agreement involves substantial business risks and will be largely dependent upon the ability of Developer as an independent entity. JETSET expressly disclaims the making of, and Developer acknowledges not ~~(a)~~ having received any, warranty or guaranty, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

(b) Developer acknowledges having received, read and understood this Agreement, the

exhibits attached hereto and agreements relating hereto, if any, delivered simultaneously herewith; and that JETSET has accorded Developer ample time and opportunity to consult with advisors of Developer's own choosing about the potential risks of entering into this Agreement.

**18. GUARANTY**

As an inducement to JETSET to enter into this Agreement with Developer, the principals of Developer are concurrently entering into a guaranty agreement in form and substance appended hereto as Exhibit G (the "**Guaranty**").

**THIS AGREEMENT SHALL NOT BE BINDING ON JETSET UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF JETSET.**

**[BALANCE OF PAGE LEFT BLANK INTENTIONALLY]**

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement. Upon signature and delivery of this Agreement by both parties, the effective date shall be the date first above written.

**JETSET FRANCHISING, LLC**

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

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

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

\_\_\_\_\_ ("**Developer**")

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

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

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

**DEVELOPMENT AGREEMENT**

**ACKNOWLEDGMENT STATEMENT**

**I HEREBY ACKNOWLEDGE THAT I HAVE RECEIVED AND HAVE READ JETSET'S FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) DAYS PRIOR TO THE DATE THAT I HAVE EXECUTED THIS AGREEMENT, THAT I HAVE NOT PAID ANY CONSIDERATION THEREFOR TO JETSET.**

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

By: \_\_\_\_\_  
(DEVELOPER)

By: \_\_\_\_\_  
(DEVELOPER)

**DEVELOPMENT AGREEMENT**

**DISCLAIMER STATEMENT**

The undersigned having voluntarily applied for the right to develop certain franchises for the operation of Businesses, does hereby acknowledge the following:

- 1) Neither any JETSET sales personnel nor any officer or employee of JETSET is authorized (and indeed they are specifically directed not) to make any claims or statements as to the prospects or chances of success that your franchise can expect or that past Developers have had. No assurance or guaranty of success is either directly or indirectly given, intended, or implied by JETSET.
- 2) Neither JETSET nor any of its employees has made any representation or guaranty orally or in writing as to any gross sales, net profits, gross profits, revenues or other earnings that Developer can expect.
- 3) JETSET representatives, officers, and other employees are not authorized to represent or estimate dollar volumes and they are directed to provide the names of store owners in the contemplated area so that the prospective Developer can make its own investigation and analysis.
- 4) JETSET is not bound by any unauthorized representations as to the success or dollar volume.

Dated this \_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_ (“Developer”)

BY: \_\_\_\_\_  
Signature of Developer

BY: \_\_\_\_\_  
Signature of Developer

**DEVELOPMENT AGREEMENT**

**EXHIBIT A**

**List of Proprietary Marks**

<b>REGISTERED MARKS</b>		
<b>Mark</b>	<b>Registration Number</b>	<b>Registration Date</b>
JETSET Pilates	5954394	January 7, 2020
JETSET Miami	5159516	March 14, 2017
JETSET Modern Pilates	7160900	September 12, 2023
JM/JE Design Mark	7172800	September 26, 2023
JETSET	7172757	September 26, 2023
Destination Body	7174662	September 26, 2023
JETSETTERS	7175998	September 26, 2023
Destination Body	7368355	April 23, 2024

<b>TRADEMARK APPLICATIONS</b>		
<b>Mark</b>	<b>Serial Number</b>	<b>Filing Date</b>
JETformer	98705766	August 19, 2024
JETSET on the Mat	98765743	September 23, 2024

**DEVELOPMENT AGREEMENT**

**EXHIBIT B**

**Territory**

TBD

**Sub-Territories**

<b><u>Sub-Territories for Site Selection</u></b>

**DEVELOPMENT AGREEMENT**

**EXHIBIT C**

**Franchise Agreement**

Please see Exhibit “C” of the Franchise Disclosure Document.

**DEVELOPMENT AGREEMENT**

**EXHIBIT D**

**Development Schedule**

<b>Deadline Study io Number:</b>	<b><u>Site Selection Deadline</u></b>	<b><u>Sub-Territories Approved for Site Selection</u></b>	<b><u>Opening Deadline</u></b>	<b><u>Cumulative Minimum Number of Businesses to be Opened and in Operation:</u></b>
<b>**TOTAL</b>				

**DEVELOPMENT AGREEMENT**

**EXHIBIT E**

**INITIAL FRANCHISE FEE PER UNIT**

<b>Development Fee</b>	<b>Number of Franchised Units</b>
\$135,000.00	Three (3) Franchised Units
\$180,000.00	Four (4) Franchised Units
\$225,000.00	Five (5) Franchised Units
\$240,000.00	Six (6) Franchised Units
\$350,000.00	Ten (10) Franchised Units
+ \$35,000.00 per unit	More than Ten (10) Franchised Units

**DEVELOPMENT AGREEMENT**

**EXHIBIT F**

**List of Owners**

The owners of \_\_\_\_\_, and their respective ownership interests as of the date of the Development Agreement are:

- \_\_\_\_\_ - \_\_\_\_\_%
- \_\_\_\_\_ - \_\_\_\_\_%
- \_\_\_\_\_ - \_\_\_\_\_%
- \_\_\_\_\_ - \_\_\_\_\_%

***USE ONLY FOR MULTIPLE GUARANTORS***  
**DEVELOPMENT AGREEMENT –**

**EXHIBIT G-1**

**GUARANTY, INDEMNIFICATION AND ACKNOWLEDGEMENT**

As an inducement to JETSET Franchise Co., LLC (hereinafter referred to as “JETSET”) to execute the Development Agreement between JETSET and [Developer’s name], (hereinafter referred to as “Developer”) dated \_\_\_\_\_, 202\_\_ (hereinafter referred to as the “Agreement”), the undersigned, jointly and severally, hereby unconditionally guaranty to JETSET and its successors and assigns that all of Developer’s obligations under the Agreement will be punctually paid and performed.

Upon demand by JETSET, the undersigned will immediately make each payment required of Developer under the Agreement. The undersigned hereby waive any right to require JETSET to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of the undersigned under this Guaranty, JETSET may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Developer, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned agree at all times to defend at the undersigned’s own cost, and to indemnify and hold harmless to the fullest extent permitted by law, JETSET, and JETSET’s officers, directors, employees and agents against any and all claims arising directly or indirectly from, as a result of, or in connection with, Developer’s activities under the Agreement, as well as the cost, including reasonable attorney’s fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks that are caused solely by actions of JETSET or actions caused by the negligent acts of JETSET or its agents.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in Section 6 of the Agreement as if such covenants applied to the undersigned individually.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination or expiration shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the termination or expiration of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 14 of the Agreement, a copy of which the undersigned acknowledge having read and understood. This Guaranty shall be interpreted and construed under the laws of the State of Florida which laws shall prevail in the event of any conflict of laws. The other dispute resolution provisions of Section 14 of the Agreement shall apply to this Guaranty.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be mailed by certified mail return receipt requested, or Express Mail, or sent via recognized national or international

courier, postage or fees prepaid to the other party at the following addresses unless and until a different address has been designated by similar notice:

Notice to JETSET:                    JETSET Franchising, LLC  
   3921 Alton Road #465,  
   Miami Beach, Florida 33140  
   Attention: \_\_\_\_\_

Notice to Undersigned:            \_\_\_\_\_  
   \_\_\_\_\_  
   \_\_\_\_\_  
   Attention: \_\_\_\_\_

All notices shall be effective upon receipt or refusal.

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty as of the date of the Agreement.

GUARANTORS:                    \_\_\_\_\_  
   [name of Guarantor]

\_\_\_\_\_  
[name of Guarantor]

\_\_\_\_\_  
[name of Guarantor]

***USE ONLY IF SINGLE GUARANTOR***  
**EXHIBIT G-2**

**GUARANTY, INDEMNIFICATION AND ACKNOWLEDGMENT**

As an inducement to JETSET Franchise Co., LLC (“JETSET”) to execute the Development Agreement between JETSET and [Developer’s name], (“Developer”) dated \_\_\_\_\_, 202\_\_ (the “Agreement”), the undersigned hereby unconditionally guarantees to JETSET and its successors and assigns that all of Developer’s obligations under the Agreement will be punctually paid and performed.

Upon demand by JETSET, the undersigned will immediately make each payment required of Developer under the Agreement. The undersigned hereby waives any right to require JETSET to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of the undersigned under this Guaranty, JETSET may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The undersigned waives notice of amendment of the Agreement and notice of demand for payment by Developer, and agrees to be bound by any and all such amendments and changes to the Agreement.

The undersigned agrees at all times to defend at the undersigned’s own cost, and to indemnify and hold harmless to the fullest extent permitted by law, JETSET, and JETSET’s officers, directors, employees and agents against any and all claims arising directly or indirectly from, as a result of, or in connection with Developer’s activities under the Agreement, as well as the cost, including reasonable attorney’s fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks that are caused solely by actions of JETSET or actions caused by the negligent acts of JETSET or its agents.

The undersigned hereby acknowledges and agrees to be individually bound by all of the covenants contained in Section 6 of the Agreement as if such covenants applied to the undersigned individually.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination or expiration shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the termination or expiration of the Agreement shall remain in force according to their terms. Upon the death of the guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 14 of the Agreement, a copy of which the undersigned acknowledges having read and understood. This Guaranty shall be interpreted and construed under the laws of the State of Florida which laws shall prevail in the event of any conflict of laws. The other dispute resolution provisions of Section 14 of the Agreement shall apply to this Guaranty.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be mailed by certified mail return receipt requested, or Express Mail, or sent via recognized national or international courier, postage or fees prepaid to the other party at the following addresses unless and until a different address has been designated by similar notice:

Notice to JETSET:	JETSET Franchising, LLC 3921 Alton Road #465,
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Miami Beach, Florida 33140  
Attention: \_\_\_\_\_

Notice to Undersigned: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

All notices shall be effective upon receipt or refusal.

IN WITNESS WHEREOF, the undersigned has signed this Guaranty as of the date of the Agreement.

GUARANTOR: \_\_\_\_\_  
[name of Guarantor], Individually

## DEVELOPMENT AGREEMENT EXHIBIT

### H

#### Multi-State Addenda

The following are state specific amendments to the Development Agreement of JETSET Franchising, LLC, a Delaware limited liability company required by various state franchise laws. Each provision of these state specific amendments will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these state specific amendments.

#### FOR THE STATE OF CALIFORNIA

1. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
2. Section 17 (Developer Acknowledgments) of the Development Agreement is hereby deleted in its entirety.
3. The Development Disclosure Statement is hereby deleted in its entirety.
4. The signature page is located at the end of this Exhibit H.

#### FOR THE STATE OF ILLINOIS

1. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
2. Section 17 (Developer Acknowledgments) of the Development Agreement is hereby deleted in its entirety.
3. The Development Disclosure Statement is hereby deleted in its entirety.
4. The signature page is located at the end of this Exhibit H.

#### FOR THE STATE OF MARYLAND

The Development Agreement is hereby amended as follows:

- (a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
- (b) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland

Franchise Law.

(c) You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

(e) 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.

(f) Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

(g) 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.

(h) Section 17 (Developer's Acknowledgments) of the Development Agreement is hereby deleted in its entirety.

FOR THE STATE OF MINNESOTA

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement (s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

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 franchise.

The Minnesota Department of Commerce requires us to defer payment all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

#### **FOR THE STATE OF VIRGINIA**

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.

#### **FOR THE STATE OF WASHINGTON**

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

2. 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.

3. 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.

4. 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.

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

6. 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.

7. 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.

8. 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.

9. Section 7(j) and Section 7(l)(v) of the Development Agreement will not apply in Washington.

10. The Franchisee's obligations to indemnify and hold harmless referenced in Section 8(d) of the Development Agreement do not extend to liabilities caused by the Franchisor's or the indemnified parties' negligence, willful misconduct, strict liability, or fraud.

11. Section 9 of the Development Agreement is revised to state that the Franchisor may not unreasonably withhold its consent to transfer.

12. The one-year limit for the parties to bring claims with a few exceptions for the Franchisor located in Section 14(f)(ii) of the Development Agreement will not apply in Washington.

13. Section 14(f)(iii) of the Development Agreement states the parties waive punitive and exemplary damages and may only recover actual damages. This section does not apply to claims by Washington franchisees.

14. Section 14(f)(iv) of the Development Agreement does not apply in Washington.

15. Section 14(f)(ix) of the Development Agreement is deleted in its entirety and replaced with the following:

“No implied covenant of fair dealing shall be used to alter the express terms of this Agreement.”

16. Section 14(g) of the Development Agreement that states the Franchisee's sole remedy for the Franchisor seeking an injunction will be dissolution of the injunction and the Franchisee waives all other claims for damages will not apply.

17. Section 17 of the Development Agreement will not apply in Washington.

18. The Disclaimer Statement in the Development Agreement does not apply in Washington.

19. The State of Washington Department of Financial Institutions, Securities Divisions requires us to defer the collection of all initial franchise fees disclosed in Item 5 of the Franchise Disclosure Document until the Franchisor has satisfied its initial pre-opening obligations to the franchisee and the franchisee is open for business. Payment of the Development Fee will be due to us, on a pro-rated basis, upon the opening of each unit franchise.

**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Development Agreement and Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Development Agreement or Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Development Agreement. Each state addendum applies for each respective state’s franchisees regardless of any other indication (including if the respective box is not checked below) or language contained on this page.

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

Dated: \_\_\_\_\_, 202\_\_

**FRANCHISOR:**

JETSET Franchising, LLC, a Delaware limited liability company

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

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

**DEVELOPER:**

\_\_\_\_\_

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

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

**EXHIBIT "K"**  
**TO DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

**State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	<del>Not Applicable</del> <a href="#">Pending</a>
Hawaii	<del>Not Applicable</del> <a href="#">Pending</a>
Illinois	<del>Not Applicable</del> <a href="#">Pending</a>
Indiana	<del>Not Applicable</del> <a href="#">March 13, 2025, as amended May 5, 2025</a>
Maryland	<del>Not Applicable</del> <a href="#">Pending</a>
Michigan	<del>Not Applicable</del> <a href="#">March 13, 2025, as amended May 1, 2025</a>
Minnesota	<del>Not Applicable</del> <a href="#">Pending</a>
New York	<del>Not Applicable</del> <a href="#">Pending</a>
North Dakota	<del>Not Applicable</del> <a href="#">Pending</a>
Rhode Island	<del>Not Applicable</del> <a href="#">Pending</a>
South Dakota	<del>Not Applicable</del> <a href="#">March 13, 2025, as amended May 1, 2025</a>
Virginia	<del>Not Applicable</del> <a href="#">Pending</a>
Washington	<del>Not Applicable</del> <a href="#">Pending</a>
Wisconsin	<del>Not Applicable</del> <a href="#">April 9, 2025, as amended May 6, 2025</a>

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT "L"**

**TO DISCLOSURE DOCUMENT**

**RECEIPTS**

**~~TO DISCLOSURE DOCUMENT~~ RECEIPTS**

*[See Attached]*

## 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 JETSET FRANCHISING, LLC OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT OR MAKE A PAYMENT WITH THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

IF JETSET 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 AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, DC 20580, AND THE APPROPRIATE STATE AGENCY LISTED IN EXHIBIT "A" TO THIS DISCLOSURE DOCUMENT.

The franchise seller(s) involved with the sale of this franchise ~~is~~/are (check all that apply):

Charly Williams; 3921 Alton Road #465, Miami Beach, Florida 33140; phone (240) 505 2267;

Bertus Albertse; 3921 Alton Road #465, Miami Beach, Florida 33140; phone (786) 685 6719;

Tamara Galinsky; 3921 Alton Road #465, Miami Beach, Florida 33140; phone (305) 815 1250;

Natalie Straub; 3921 Alton Road #465, Miami Beach, Florida 33140; phone (540) 908 9777;

Sarah Buie; 3921 Alton Road #465, Miami Beach, Florida 33140; phone (828) 301-8086;

~~Artemis Benedetti~~Uri Kerig; 3921 Alton Road #465, Miami Beach, Florida 33140; phone (~~202~~415) ~~550-2090~~571-5643;

Taylor Talcott; 3921 Alton Road #465, Miami Beach, Florida 33140; phone (303)

253-2298; and (check all that apply):

Lance Freeman, 1776 N Scottsdale Rd., Box 904, Scottsdale, AZ 85252, phone (949) 370-7093;

Emily Brown, 1776 N Scottsdale Rd., Box 904, Scottsdale, AZ 85252, phone (513) 225-0418;

Amy Lipps, 1776 N Scottsdale Rd., Box 904, Scottsdale, AZ 85252, phone (605) 645-0902;

Brittney Lincoln, 1776 N Scottsdale Rd., Box 904, Scottsdale, AZ 85252, phone (303) 378-6785;

Justin LaCava, 1776 N Scottsdale Rd., Box 904, Scottsdale, AZ 85252, phone (513) 578-3859;

Alexi Ingraffia Kellgren, 1776 N Scottsdale Rd., Box 904, Scottsdale, AZ 85252, phone (985) 662-4900;

Kristie Lavasile, 1776 N Scottsdale Rd., Box 904, Scottsdale, AZ 85252, phone (248) 939-7972.

Issuance Date: March 13, 2025, as amended May 1, 2025

I received a Franchise Disclosure Document dated March 13, 2025, as amended May 1, 2025 that included the following Exhibits:

EXHIBIT "A"	State Agencies and Administrators
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "E"	List of Franchisees
EXHIBIT "F"	Financial Statements of JETSET Franchising, LLC
EXHIBIT "G"	Franchisee Disclosure Questionnaire
EXHIBIT "H"	General Release
EXHIBIT "I"	Multi-State Addenda
EXHIBIT "J"	Development
Agreement EXHIBIT "K"	State Effective

**RECEIPT**

Dates EXHIBIT "L" Receipts

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~~Print Name~~

---

Date

---

(Signature) Prospective Franchise Owner

---

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to JETSET Franchising, LLC.)

## RECEIPT

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Dates EXHIBIT "L" Receipts

**RECEIPT**

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~~Print Name~~

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Date

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(Signature) Prospective Franchise Owner

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