

FRANCHISE DISCLOSURE DOCUMENT



Upgrade
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Franchise, Inc.
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We offer qualified individuals and entities a franchise for the right to independently own and operate a distinctive business that operates under the UPGRADE LABS® mark and features certain products and non-invasive treatments such as adaptive cardio, neurofeedback, pulsed electromagnetic field therapy, and many other technologies intended to supercharge clients’ bodies, minds and spirits provided to clients in a spa-like setting (each an “Upgrade Labs Center” or “Center”).

The total investment necessary to begin operation of a single Center ranges from ~~\$661,751~~,500 to \$1,~~340,700~~525,500. This includes ~~\$293,290~~,000 to ~~\$551,700~~585,000 that must be paid to us or our affiliates. The total investment necessary to begin operation under an Area Development Agreement for two to five Centers (\$65,000 per Center) ranges from ~~\$125,130~~,000 to ~~\$295~~310,000. This includes \$125,000 to \$295,000 that must be paid to us.

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

contained in this document.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact us at franchise@upgradelabs.com or [\(305\) 402-4882](tel:(305)402-4882).

~~(305) 402-4882~~.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov 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: ~~January 18, 2024~~ [May 19, 2025](#)

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends that 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 and development agreement require you to resolve disputes with the franchisor by mediation 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 states.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement, even if your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails. If you are an entity, then each of your owners and, at our option, their respective spouses must sign such a document.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. The franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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- B. Franchise Agreement
- C. Development Agreement
- D. Financial Statements
- E. State Specific Addenda
- F. List of Franchisees
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- I. State Effective Dates
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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language of this Disclosure Document, ~~the Franchisor is referred to in this Disclosure Document as “we,” “us” or “our.” We refer to the person interested in buying the franchise as “franchisee,”~~ refers to Upgrade Labs Franchise, Inc., the franchisor. “You” or “your-” means the person or legal entity who buys the franchise. If you are a corporation, a partnership, or a limited liability company ~~or other entity, the terms “franchisee,” “you” and “your”, certain provisions of this disclosure document~~ also refer apply to your owners and will be noted.

The Franchisor

We are a Delaware corporation incorporated on April 16, 2021. Our principal business address is located at 1742 Emerald Cove Circle, Cape Coral ~~9295 Lake Park Drive, P203, Fort Myers,~~ Florida ~~33991,~~ and our telephone number is ~~(305) 402-4882~~ 33919. We only do business under our corporate name and our Proprietary Marks, including the mark Upgrade Labs.

~~Upgrade Lab Centers operate under the mark UPGRADE LABS® and any other proprietary marks we designate in the future (the “Proprietary Marks”), and also operate utilizing our proprietary business system (the “System”) described more fully below.~~

We first began offering franchises for the right to operate Upgrade Lab Centers as of July 29, 2021. We have never sold franchises in any other line of business and are not otherwise engaged in any other business activity. As of the issuance date of this Disclosure Document, there ~~are now~~ were 7 franchised Upgrade Labs Centers in operation ~~and our affiliates operate two Upgrade Labs Centers.~~

Our agents for service of process are listed in Exhibit A to this Disclosure Document.

Our Parent, Predecessors and Affiliates

~~We do not have any predecessors.~~

Our parent, Upgrade Labs Holdings, Inc. (“Holdings”), is a Delaware corporation formed on June 15, 2021 with an address at 5836 S 228th Street, Kent, Washington 98032. Holdings is our sole shareholder. Holdings does not own or operate any other businesses of the type being franchised and has never offered franchises in this or any other line of business.

~~Our affiliate Upgrade Labs, Inc. is a Delaware corporation incorporated on November 3, 2017 with a principal business address at 3110 Main Street, Suite 110, Santa Monica, California 90405-5353. Upgrade Labs, Inc. does business under the marks Upgrade Labs and Bullet Proof Labs. Upgrade Labs, Inc. operates two Upgrade Labs Centers. Upgrade Labs, Inc. has not offered franchises in this or any line of business nor offers products or services to our franchisees.~~

Our affiliate, Upgrade Labs Distribution, Inc. (“Distribution Co.”), is a Delaware corporation incorporated on June 17, 2021 with an address at 5836 S 228th Street, Kent, Washington 98032. Distribution Co. is a designated supplier of certain equipment items and other products that our franchisees are required to purchase for use in their Centers. Distribution Co. does not own or operate any Upgrade Lab Centers and has never offered franchises in this or any other line of business.

~~Our affiliate, Upgrade Labs Products, Inc. (“Products Co.”), is a Delaware corporation incorporated on June 17, 2021 with an address at 5836 S 228th Street, Kent, Washington 98032. Products Co. is a designated supplier of certain ongoing products and services that our franchisees are required to purchase for use in their Centers. Products Co. does not own or operate any Upgrade Lab Centers and has never offered franchises in this or any other line of business.~~

Our affiliate, Upgrade Labs IP, Inc. (“IP Holdings”), is a Delaware corporation with an address at 5836 S. 228th Street, Kent, Washington 98032. IP Holdings owns the Marks, confidential information, copyrights, and related intellectual property associated with the System, which it licenses to us for use in the System. IP Holdings does not own or operate any Upgrade Lab Centers and has never offered franchises in this or any other line of business.

Except as provided above in this Item, we do not have any affiliates or predecessors that must be disclosed in this Disclosure Document.

The Franchised Centers

Upgrade Lab Centers operate under the mark UPGRADE LABS® and our other trade names, service marks, trademarks, logos, emblems, and indicia of origin that we designate (the “Proprietary Marks”) and also operate utilizing our proprietary business system (the “System”) described more fully below. Upgrade Labs Centers feature certain products and non-invasive treatments such as artificial intelligence adaptive cardio, neurofeedback, pulsed electromagnetic field therapy (“PEMF”), cell trainer, legendary, and many other biohacking technologies intended to supercharge clients’ bodies, minds and spirits (the “Approved Products and Services”) provided to clients in a spa-like setting using the Upgrade Labs brand, operating system and standards. Clients have the option of purchasing a one-time visit or a multiple-visit package.

We grant franchises for the right to independently own and operate a franchised Upgrade Labs Center (a “Franchised Center”). ~~Clients have the option of purchasing a one time visit or a multiple visit package.~~

~~Franchised Centers will be authorized”) under our Upgrade Labs Franchise Agreement, which is attached as Exhibit B to provide state-of-the-art biohacking technology to the public, including but not limited to artificial intelligence adaptive cardio, cell trainer, legendary, and many other technologies. Franchised Centers are required to provide the foregoing services, along with any other services and products we authorize (collectively, the “Approved Products and Services”), with the highest level of customer service in a consistent, clean and friendly spa-like environment for your clients.~~

this Disclosure Document (the “Franchise Agreement”). Franchised Centers operate using our Proprietary Marks and in accordance with our System, which includes our valuable knowhow, information, trade secrets, methods, confidential operations manual (the “Operations Manual”) and other proprietary manuals (collectively, the “Manuals”), proprietary methodology and procedures for the establishment and operation of a Center; site selection guidance and criteria; specifications for the design, layout and construction of the interior of a Center; standards and specifications; for the furniture, fixtures and equipment located within a Center; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for sales techniques, merchandising, marketing, advertising, inventory management systems, marketing and advertising, bookkeeping, sales programs, fixture and furniture selection, staffing guidelines and other research and development connected with the establishment and operation aspects of operating a Center actively (collectively, the “System”), which we may modify from time to time as we deem appropriate in our sole discretion. Upgrade Labs Centers

operate pursuant to our standards and procedures (“System Standards”) and our confidential and proprietary operations manual (the “Manual”).

~~Franchised Centers will have between approximately 2,500,800 to 3,000,200 square feet of leased or owned space and will typically be located in retail shopping center or other high-traffic area. In order to own and operate a Franchised Center, you must enter into our current form of franchise agreement that is attached as Exhibit B to this Disclosure Document (the “Franchise Agreement”). If the franchisee is a business entity (for example, a corporation, partnership or limited liability company), then all of the individuals that have any type of ownership interest in the franchisee entity, as well as their spouses, must sign our form of personal guarantee (attached as an exhibit to the Franchise Agreement) where each owner agrees to be personally bound by, and personally guarantee the entity’s obligations under, all terms of the Franchise Agreement (the “Personal Guarantee”). If the franchisee is an individual, then the franchisee’s spouse will also be required to execute the Personal Guarantee.~~

Once we agree on the location of your Franchised Center (the “Premises Franchised Location”), we will designate a geographical area around the Premises Franchised Location where we will not own or operate, or license a third party the right to own or operate, an Upgrade Labs Center that utilizes the Proprietary Marks and System (your “Protected Territory”).

You must designate one of your owners that we have approved to serve as your “Principal Owner” who will be the person with whom we communicate and whom will have authority to bind you with respect to all financial, operational and legal matters related to your Franchised Center and your Franchise Agreement. You also must appoint an individual who will be responsible for the day-to-day management of your Franchised Center that we have approved (the “Designated Manager”).

Multi-Unit Offering

We also offer multi-unit development rights to qualified ~~parties the right to develop two or more Centers within a defined geographical area (each, a “Development Area”) under our~~franchisees who sign our Upgrade Labs Development Agreement, which is attached to this Disclosure Document as Exhibit C (the “Development Agreement”). The Development Agreement will outline a”) and agree to develop two or more Franchised Centers within a defined geographical area (“Development Area”) according to a mandatory development schedule or defined period of time in which you must sign a Franchise Agreement and open and commence operating each Center (a “Development Schedule”). You mustWhen you sign our Development Agreement, you will also sign the Franchise Agreement ~~(attached as Exhibit B)~~A for your first Franchised Center when you sign your Development Agreement. Thereafter, you will sign our then-current form of Franchise Agreement for each ~~of the Centers~~Franchised Center that you ~~open~~develop under ~~the~~that Development ~~Schedule. Our then-current Agreement, which might differ from the~~ form of Franchise Agreement ~~may differ from the version of Franchise Agreement~~ attached to this disclosure document.

Market and Competition

The market for biohacking technology services is new and developing. You will compete with other treatment centers and other businesses providing forms of recovery, fitness and health wellness.

Industry-Specific Regulations

Most states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of wellness centers, including those that: (1) establish general standards, specifications and requirements for the construction, design and maintenance of the business premises; (2) regulate matters affecting the health, safety and welfare of your customers, such as restrictions on

smoking and sanitation requirements; (3) set standards pertaining to employment matters, including discrimination and sexual harassment; (4) regulate matters affecting requirements for accommodating disabled persons, including the Americans with Disabilities Act; (5) set standards and requirements for fire safety and general emergency preparedness; and (6) data privacy.

~~The United States enacted the “Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001” (the “USA Patriot Act”). We are required to comply with the USA Patriot Act. To help us comply with the USA Patriot Act, we ask you in the Franchise Agreement to confirm for us that neither you nor your directors, officers, shareholders, partners, members, employees, or agents are suspected terrorists or persons associated with suspected terrorists or are under investigation by the U.S. government for criminal activity.~~

You must consult with your own attorney to ensure that the laws of the state where your Franchised Center is located ~~permits~~[permit](#) you to provide the Approved Products and Services from your Franchised Center.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer: David Asprey

David Asprey the founder of the Upgrade Labs system and serves as our Chief Executive Officer, a position he has held since ~~our incorporation.~~[April 2021](#). He also has served as the Chief Executive Officer of our parent Holdings, and our affiliates Distribution Co., ~~Products Co.~~ and IP Holdings since their incorporation, and as the Chief Executive Officer of our affiliate Upgrade Labs, Inc. of Santa Monica, California since November 2020. From December 2014 until March 2021, he served as the Chairman of the Board and Chief Executive Officer of Bulletproof 360, Inc. of Seattle, Washington. Since March 2014, he has served as the Chief Executive Officer of Homebiotic, Inc. of Kent, Washington. Since April 2015, he has served as the Chief Executive Officer of Bulletproof Media, Inc. of Kent, Washington. Since May 2016, he has served as the Chief Executive Officer of 40 years, Inc. of Kent, Washington. Since November 2016, he has served as the Chief Executive Officer of Biohacked, Inc. of Kent, Washington. Since May 2020, he has served as the Chief Executive Officer of Legendary Neurosciences, Inc., TrueLight, Inc. and Upgrade Events, Inc., all of Kent, Washington. Since March 2020, he has served as the Chief Executive Officer of BeProof, Inc. of Kent, Washington.

Chief Financial Officer: Ryan Kyle

[Ryan Kyle has served as our Chief Financial Officer since May 2022. Mr. Kyle served as the Director of Finance for Rudy’s Barbershop Holdings, LLC in Seattle, Washington from August 2017 until July 2020.](#)

President: Griff Long

[Griff Long has served as our President since September 2024. He served as the Chief Executive Officer of Elysian One, Inc. in Tacoma, Washington from March 2020 to September 2024.](#)

Senior Vice President of Operations: Miranda Cameron

Miranda Cameron ~~serves~~[has served](#) as our Vice President of Operations, ~~a position she has held~~ since ~~our incorporation.~~[Since April 2021. From](#) July 2018 [to June 2024](#), she has served as the Vice President of Operations for Upgrade Labs, Inc. of Santa Monica, California.

~~Vice President of Operations~~Senior Director of Design and Construction: Michael Moore

Michael Moore has served as ~~our~~ Senior Director of ~~Franchise for Upgrade Labs~~Design and Construction since October ~~2023~~2024. He served as ~~our Senior Director of Franchise from October 2023 to October 2024 and as our~~ Franchise Development Director ~~for Upgrade Labs~~ from August 2021 ~~until~~to October 2023. ~~Prior to Upgrade Labs Michael spent 14 years as a partner~~From September 2019 to June 2021, he served as Director of Franchise for Blue Triton Brands, Inc. in a multi-unit Papa John's Pizza franchise and the past 14 years serving in leadership roles for franchise brands in the food, retail, and distribution industries.Stamford, Connecticut.

Director of Operations: Brittany Romano

Brittany has served as ~~our~~ Director of Sales and Operations ~~at Upgrade Labs~~ since September ~~of~~2023. ~~Prior to joining Upgrade Labs Franchise, Brittany worked~~ From May ~~of~~2015 to March ~~of~~2021, ~~she served~~ as Division Franchise Director for GNC, Holdings, LLC in Pittsburgh, Pennsylvania. From July ~~of~~2020 to August of 2021, ~~she served~~ as Director of Training and Franchise Relations ~~at~~for Clean EatZ ~~Franchise and Franchising LLC in Wilmington, North Carolina.~~ From August 2021 to September 2023, she served as the Director of Operations from August of 2021 to September of 2023 at Deka Lash Franchise. Brittany has spent the past 10 years in Franchising and spent the previous 10 years in Corporate Field Management.

Director of Marketing: Mary Hromadka

~~Mary Hromadka serves as our Director of Marketing, a position she has held since December 2023. Prior to that position, Mary held the position of Brand Manager from May 2016 until July 2023 for Neighborly, a Dwyer of DL Franchising, LLC of Waco, Texas.~~in Canonsburg, Pennsylvania.

Chief Financial Officer: Ryan Kyle

~~Ryan Kyle serves as our Chief Financial Officer, a position he has held since May 2022. Mr. Kyle served as the Director of Finance for Rudy's Barbershop from August 2017 until July 2020.~~

ITEM 3

LITIGATION

No litigation must be disclosed in this Item.

ITEM 4

BANKRUPTCY

On August 24, 2020, our affiliate, Upgrade Labs, Inc. filed a bankruptcy petition under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Central District of California, Los Angeles Division captioned

In re: Upgrade Labs, Inc., Case No. 2:20-bk-15422-BB. On November 24, 2020, the bankruptcy court entered a discharge.

Except for the matter above, no bankruptcy information must be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us a \$65,000 initial franchise fee when you sign the Franchise Agreement for a Franchised Center (“Initial Franchise Fee”). ~~The~~

If you develop Franchised Centers under a Development Agreement, the Initial Franchise Fee is uniform will be \$65,000 for each of the first four Franchised Centers you agree to all franchisees develop and deemed fully earned and non-refundable upon payment. \$50,000 for each additional Franchised Center that you agree to develop. The Development Fees that you pay under the Development Agreement will be applied as a credit against these Initial Franchise Fees.

Initial Purchases

~~You must purchase from our affiliate Distribution Co. designated and required equipment, the cost of which we estimate ranges between \$194,900 and \$331,850.~~

~~Additionally, prior to opening your Center, you must purchase from our affiliate Product Co. an initial inventory of branded products and other supplies. We estimate the cost of these items to be approximately~~

~~\$10,000 to \$12,000.~~

Development Fee

If we grant you the right to open multiple Franchised Centers under a Development Agreement, when you sign your Development Agreement you must pay us a one-time Development Fee in the amount of \$65,000 for each of the first four Franchised Centers that you agree to develop, and \$50,000 for each additional Franchised Center that you agree to ~~open and operate~~ develop under the Development Agreement. We will apply a credit for the Development Fees that you pay against the Initial Franchise Fee due under the Franchise Agreement that you will sign for each Franchised Center. Your Development Fee will be deemed fully earned upon payment, and is not refundable under any circumstances. ~~We will apply a credit in the amount of the Development Fee paid for each Center against the Initial Franchise Fee that is due under the Franchise Agreement for each Center.~~

All Initial Purchases

Before opening your Franchised Center, you must purchase from our affiliate Distribution Co. certain designated and required equipment, the cost of which we estimate ranges between \$225,000 and \$479,200.

Unless otherwise specified above, all fees ~~stated~~ referenced in this Item 5 are fully earned when paid and are non-refundable. These fees are typically uniform for all new franchisees in the System, ~~are fully earned when paid and are non-refundable~~; however, in certain circumstances, we may reduce or waive a fee. In our last fiscal year, we did not waive or reduce the Initial Franchise Fee for any franchisees.

ITEM 6

OTHER FEES

Type of Fee ¹	Amount	Due Date <u>Date</u> ²	Remarks
Royalty ² <u>Royalty</u> Fee ³	6 <u>Greater of \$2,500 or</u> <u>7.5%</u> of Gross Sales	Weekly on Wednesday for the sales week ending the immediately preceding Sunday. <u>On or</u> <u>before the 10th day of</u> <u>each month</u>	Gross Sales are defined in Note <u>23</u> below.
National Brand Fund Contribution ³ <u>Contri</u> <u>bution</u> ⁴	2% of Gross Sales	Weekly on Wednesday for the sales week ending the immediately preceding Sunday. <u>On or</u> <u>before the 10th day of</u> <u>each month</u>	Contributions are paid directly to the <u>Brand</u> Fund. See Item 11 for additional information regarding the <u>Brand</u> Fund as well as your requirement to independently spend 5% of your monthly Gross Sales on local advertising and promotion.
<u>Training Fee</u> <u>(Replacement)</u>	<u>Currently, \$5,000</u>	<u>As incurred</u>	<u>You will pay this training fee for any replacement Principal Owner, Designated Manager that you hire, and for your personnel who attend but fail to complete our Franchise Training Program.</u>
Additional Training Fee ⁵ <u>Fee</u>	Currently \$500 per trainer per day or the current daily rate	As incurred prior to beginning of additional training	This fee is for additional people to attend the Franchise Training Program and any required additional and/or remedial training. See Item 11.

Type of Fee ¹	Amount	Due Date ²	Remarks
Audit Fee⁴	Underreported amount, plus interest and the costs and expenses of the audit	As incurred	Payable if an audit uncovers an understatement of Gross Sales by more than 2%.
Early Termination Damages Extension Fee	Average weekly royalty fees owed during one-year period prior to termination multiplied by the lesser of 104 weeks or the number of weeks remaining in the term of the Franchise Agreement \$1,000	Within 30 days of termination As incurred	Payable if we terminate you request a six month extension of the Franchise Agreement based on opening deadline for your default Franchised Center.
Equipment Subscription Fees	Then current fees, currently \$500 per month.	Monthly (we may shift to weekly payments in the future)	This fee is payable to us for subscriptions fees for your equipment.
Franchise Conference	\$500-\$1,000 per person	Within 60 days of the conference event	Attendance is required.

Type of Fee ¹	Amount	Due Date	Remarks
Indemnification	The amount of any claim, liability or loss we incur from your Franchised Center	As incurred	You must defend and indemnify us from all damages and claims relating to the operation of your Franchised Center.
Initial Training— Fee	\$0—\$5,000	As incurred	The \$5,000 training fee will be charged if the initial training attendee fails to pass the initial training and a second attendee must attend the initial training in place or if the franchisee must send another manager due to turnover reasons. This fee is based on a 5-day training.
Insufficient Funds Fee	\$250 per incident	As incurred	Payable in the event that there are insufficient funds available to pay any amounts due to us via electronic funds transfer.
Insurance	Our costs incurred to obtain the required insurance (including any premium amounts paid); and our then-current administrative fee for securing the required insurance)	On demand	Payable only if you fail to procure and maintain insurance coverage and we procure the coverage for your Franchised Center.
Interest	18% per annum or highest rate allowed by law	As incurred	Interest is due from the date of nonpayment or underpayment.
Legal fees and expenses	Costs and expenses, including but not limited to attorneys' fees	As incurred	Payable if you fail to pay amounts when due or fail to comply in any way with the Franchise Agreement or Development Agreement.
Mystery Shopper Fee	Up to \$250/month	As incurred	Then-current charge will be in the Manuals.
<u>Failed QA Evaluation</u>	<u>Our costs and expenses to evaluate and inspect the</u>	<u>As incurred</u>	<u>Payable if you receive an unsatisfactory or failing report in</u>

	<u>Franchised Center after it receives a failing report</u>		<u>connection with a quality control or evaluation program.</u>
<u>Inspections</u>	<u>Our costs and expenses if we correct any deficiencies</u>	<u>As incurred</u>	<u>Payable if you fail to correct any deficiencies that we identify in an inspection of the Franchised Center and we correct the deficiency.</u>
<u>Collection Costs and Expenses</u>	<u>Costs and expenses, including but not limited to attorneys' fees</u>	<u>As incurred</u>	<u>Payable if you fail to pay amounts when due or fail to comply in any way with the Franchise Agreement or Development Agreement.</u>
Reimbursement of Costs and Expenses ⁶	Costs and expenses	As incurred	Payable if we incur costs to enforce the Franchise Agreement or Development Agreement.
Relocation Fee	25% of then-current initial franchise-fee <u>\$15,000</u>	As incurred	Payable if you <u>we approve your</u> request authorization to relocate your Franchised Center.
Type of Fee¹	Amount	Due Date	Remarks
Renewal Fee	25% of the then-current initial franchise-fee <u>\$35,000</u>	Upon signing a then-current form of renewal franchise agreement	The Renewal Fee is paid to us, over and above any Royalties, Brand Fund or any other fees to which we are entitled.
Technology fee	Then-current fee, currently \$850 per month	Monthly (we may shift to weekly payments in the future)	You will start paying this fee when you activate your ClubReady reservation and scheduling system prior to the start of presales. This fee is paid to us one month in advance for access to certain required technology that we prescribe and require from time to time for use in the operation of Centers. We may change this fee and the included products and services from time to time.

Supplier Evaluation Fee	You must pay our then-current supplier or non-approved product evaluation fee when submitting your request, which is currently \$500, plus our actual costs and expenses incurred.	As incurred	You must provide us with the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, to the extent known.
Transfer Fee	\$1,500 (if transferring to an already approved transferee by us or if adding a new shareholder 75% of then current initial franchise fee transfer is for less than <u>50% of your ownership interests</u>); <u>\$50,000</u> if transferee is new to the Upgrade Labs brand; <u>and 50% of then current franchise fee if to an already existing franchise owner</u> <u>\$30,000</u> if transferee operates an Upgrade Labs Center	The transfer fee is paid upon application to transfer	The Transfer Fee is paid to us along with any third party broker fees that we incur in connection with your request to approve a transfer.
<u>Securities Offering</u>	<u>\$10,000 or greater amount to cover our legal fees and expenses</u>	<u>As incurred</u>	<u>Payable for us to review any public offering documents that you propose.</u>
<u>Audit Fee</u> ⁴	<u>Underreported amount, plus interest and the costs and expenses of the audit</u>	<u>As incurred</u>	<u>Payable if an audit uncovers an understatement of Gross Sales by more than 2%.</u>
<u>Management Fee</u>	<u>Our costs and overhead and a management fee of 20% of the Gross Sales of the Franchised Center</u>	<u>As incurred</u>	<u>Payable if we step in to operate the Franchised Center if you are in default.</u>
<u>Indemnification</u>	<u>The amount of any claim, liability or loss we incur from your Franchised Center</u>	<u>As incurred</u>	<u>You must defend and indemnify us from all damages and claims relating to the operation of your Franchised Center.</u>

<u>Insurance</u>	<u>Our costs incurred to obtain the required insurance (including any premium amounts paid); and our then- current administrative fee for securing the required insurance)</u>	<u>On demand</u>	<u>Payable only if you fail to procure and maintain insurance coverage and we procure the coverage for your Franchised Center.</u>
<u>Liquidated Damages</u>	<u>Average monthly Royalty Fees and Brand Fund Contributions owed by you (even if not paid) for the last 12 months before the termination, multiplied by the lesser of 60 months or the number of months (including any partial month) remaining in the term of the Franchise Agreement</u>	<u>Within 30 days of termination</u>	<u>Payable if we terminate the Franchise Agreement based on your default.</u>

Explanatory Notes:

1. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates, or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. Unless otherwise noted, all fees and expenses described in this Item 6 are payable to us, are fully earned upon receipt by us and are nonrefundable. In some instances, we will waive or reduce some or all of these fees for particular franchisees.

2. You must pay all fees and other amounts due to us and/or our affiliates under the Franchise Agreement through an electronic funds transfer program (the “EFT Program”), under which we automatically deduct all payments owed to us under the Franchise Agreement, or any other agreement between you and us or our affiliates, from the bank account you identify for use in connection with EFT Program (the “EFT Account”). You must deposit all revenues from operation of the Franchised Center into the EFT Account immediately upon receipt, including cash, checks, electronic and mobile payments, and credit card receipts.

3. “Gross Sales” is defined as ~~the total~~all revenue ~~generated by you~~from the operations of the Franchised Center, including but not limited to, all revenue ~~generated from the sale and provision of any and all Approved Products and Services at or paid under membership agreements as well as payment for any other services or products sold~~ through the Franchised Center, and all proceeds from ~~any~~ business interruption insurance ~~related to the non-operation of~~, all amounts that you collect or receive at or away from the Franchised ~~Center, Location, and~~ whether ~~such revenues are evidenced by~~from cash, check, ~~electronic or mobile payment~~, credit, ~~charge, account and debit card~~, barter ~~or~~ exchange. ~~“~~trade credit, or other credit transactions. Gross Sales” ~~does not include any sales tax and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid thereto, or~~ exclude: (1) refunds provided in the ordinary course of business; (2) the dollar value of any allowance issued or granted to any client of sales discounts given by the Franchised Center; and (3) sales taxes or other taxes that is credited in good faith by you in full or partial satisfaction of collect and pay directly to the price of the Approved Products or Services. appropriate taxing authority. We ~~have~~reserve the right to modify our policies consistent

with industry practices ~~and applicable laws~~ regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from “Gross Sales” as circumstances, business practices, and technology change.

4. We ~~reserve~~have the right to create a regional ~~advertising~~marketing cooperative and to require you to contribute ~~a portion of your Local Advertising Requirement~~ to this ~~advertising~~ cooperative ~~in our sole discretion. Any financial. Your Local Advertising Requirement will be reduced by the amount of your~~ contributions ~~made by you to the advertising cooperative may be credited against your Local Advertising Requirement, which is described in Item 11~~Cooperative. Company-owned units may be active members of any cooperative and may possess voting power in accordance with the rules of the cooperative as we may determine in our sole discretion.

~~1. We have the right to conduct an audit of the books and records of the Franchised Center. If we do so, with an independent auditor or otherwise, and it is determined that you underestimated your Gross Sales in any report by 2% or less, then you must pay, within 15 days of written notice, the underreported amount plus interest. If it is determined that you underestimated your Gross Sales in any report by more than 2%, then you must pay, within 15 days of written notice, the underreported amount along with the cost of conducting the audit, including without limitation travel, lodging, meals, wages, expenses, accountant fees, attorneys’ fees and interest. If you fail to provide any reports, supporting reports or other information as required and we conduct an audit of the books and records of the Franchised Center, you must pay within 15 days of written notice, the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, accountant fees, attorneys’ fees and interest.~~

~~2. Training for your Principal Owner and Designated Manager is included in the Initial Franchise Fee. In our discretion, additional training may be provided to for additional owners or designated managers of the Franchised Center (subject to the availability of Franchisor’s staff), if all are trained at the same time, or in conjunction with already scheduled training classes. We may require that you complete additional training as well. If we provide you with additional training, we reserve the right to charge you the training fees noted in the table. You are also responsible, at your own expense, to pay for all travel, room and board and wages for you and your employees during all training programs.~~

5. In addition to the requirement that you reimburse us for amounts of all other claims, liabilities or losses we incur from your Franchised Center, if we elect to enforce the terms of any Confidentiality and Non-Competition Agreement or the Franchise Agreement against any individual required to execute such agreement, you must reimburse us for our attorneys’ fees, expert fees, court costs and all other expenses of litigation in connection with that enforcement.

ITEM 7

ESTIMATED INITIAL INVESTMENT

TABLE NO. 1

**YOUR ESTIMATED INITIAL INVESTMENT
FOR AN UPGRADE LABS CENTER UNDER A FRANCHISE AGREEMENT**

FOR AN UPGRADE LABS CENTER UNDER A FRANCHISE AGREEMENT Type of Expenditure	Low Amount	High Amount	Method of payment	When Due	To whom payment is to be made
Initial Franchise Fee ¹	\$65,000	\$65,000	Lump sum	Upon execution of the Franchise Agreement	Us
Leasehold improvements and Construction Costs ²	\$225 <u>\$300,000</u>	\$545 <u>\$650,000</u>	Per contract terms	During construction and at completion	General contractor, landlord, suppliers
Furniture and Fixtures ³ <u>Architectural Drawings³</u>	\$25 <u>12,000</u>	\$45 <u>20,000</u>	As incurred <u>Per Contract terms</u>	Before opening <u>Upon completion</u>	Approved Suppliers <u>Supplier</u>
Equipment ⁴ <u>Furniture and Fixtures⁴</u>	\$225 <u>25,000</u>	\$479,200, <u>45,000</u>	Lump sum <u>As incurred</u>	Before opening	Our Affiliate <u>Approved Suppliers</u>
Signage (interior and exterior) ⁵ <u>Equipment⁵</u>	\$7,500 <u>225,000</u>	\$18 <u>520,000</u>	As incurred <u>Lump sum</u>	Before opening	Approved Suppliers <u>Our Affiliate</u>
Computer, Software <u>Signage (interior and POS⁶ exterior)⁶</u>	\$6 <u>12,000</u>	\$8 <u>25,000</u>	Lump sum <u>As incurred</u>	Before opening	Approved Suppliers
Opening Retail Inventory ⁷ <u>Computer, Software and POS⁷</u>	\$36, <u>000</u>	\$7,500 <u>8,000</u>	As incurred <u>Lump sum</u>	Before opening	Our Affiliate <u>Approved Suppliers</u>
Lease, Utility & Security Deposits ⁸ <u>Opening Retail Inventory⁸</u>	\$123, <u>000</u>	\$25,000 <u>7,500</u>	As incurred	Before opening	Landlord/ Utility companies <u>Approved Suppliers</u>

FOR AN UPGRADE- LABS CENTER- UNDER A- FRANCHISE- AGREEMENT Type of Expenditure	Low Amount	High Amount	Method of payment	When Due	To whom payment is to be made
Insurance ⁹ <u>Lease, Utility & Security Deposits</u> ⁹	\$3 <u>12</u> ,000	\$5 <u>25</u> ,000	As arranged <u>incurred</u>	Before opening	Approved Supplier <u>Landlord/Utility companies</u>
Pre-opening Travel Expense ¹⁰ <u>Insurance and Surety Bond</u> ¹⁰	\$5 <u>10</u> ,000	\$10 <u>15</u> ,000	As incurred <u>arranged</u>	Before opening	Airlines, hotels <u>Required Provider</u> and third-party suppliers <u>Vendor</u>
Presale <u>Pre</u> and Grand Opening Advertising ¹¹	\$30 <u>25</u> ,000	\$40 <u>50</u> ,000	As incurred	Before opening	Approved Supplier
Professional Fees (Legal/Accounting) ¹²	\$1,000 <u>2,500</u>	\$5 <u>7</u> ,500	As arranged	Before opening	Attorneys and Accountants
Business Permits, Licenses and Miscellaneous Opening Costs ¹³	\$1,000	\$5,000	As incurred	Before opening	Licensing authorities
Opening Supplies ¹⁴	\$3,000	\$7,500	As incurred	Before opening	Approved Suppliers
Additional Funds – 3 months ¹⁵ <u>months</u> ¹⁵	\$50,000	\$75,000	As incurred	Before opening	Various
Total ⁽¹⁶⁾ <u>Total</u> ¹⁶	\$661,500 <u>\$751,500</u>	\$1,340,700 <u>\$1,525,500</u>			

Explanatory Notes

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1. Initial Franchise Fee. Please see Item 5 for additional information about the Initial Franchise Fee.

2. Leasehold improvements and Construction Costs. This estimate is for the costs for the development of a Center with between ~~2,500~~800 to ~~3,000~~200 square feet of space. We have based our estimates on the historical experience of our affiliate. The difference in the low and the high improvement cost estimates is due to the difference in size of the location. These estimates do not include any financial contributions by a landlord. As in development of any business locations, there are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Your cost for developing your location may be higher or lower than the estimates provided.

3. Architectural Drawings. This estimate is for the cost to obtain architectural drawings for the Center.

3.4. Furniture and Fixtures. This estimate is for the purchase of required furniture and fixtures such as lounge area furniture, ~~TVs~~televisions, Automated External Defibrillator, first aid kit, trash cans and related items.

4.5. Equipment. This estimate is for the purchase of the necessary equipment from suppliers to provide the Approved Products and Services from the Franchised Center, which do not include any transportation or assembly costs. The equipment must be purchased from our affiliate Distribution Co.

5.6. Signage (interior and exterior). This estimate is for the costs to produce wall signage to be mounted to the outside of the Premises Franchised Location as well as all interior signage such as logo graphics for the windows of the Premises Franchised Location, where applicable, and various other elements of brand identification within the Premises Franchised Location, such as wall graphics. If your Premises Franchised Location requires an insert on any pylon, then you may incur higher costs.

6.7. Computer, Software and POS. This estimate is for the costs to obtain our required Computer System, as described in more detail in Item 11.

7.8. Opening Retail Inventory. This estimate includes cost of mandatory start up kit for initial inventory of branded merchandise, which includes items such as shirts, hats, glasses, supplements, water bottles, and related items as we determine. ~~These items must be purchased from our affiliate Products Co. See Items 5 and 8 for more details.~~

8.9. Lease, Utility & Security Deposits. This estimate represents a three month deposit of rent. This estimate represents the utility deposits you will be required to pay for the Premises Franchised Location. A credit check may be required by the issuing company prior to the initiation of services, or a higher deposit required for first time customers, both of which may increase your costs. These costs will vary depending on the type of services required for the Premises Franchised Location and the municipality from which they are being contracted.

9.10. Insurance and Surety Bond. This estimate is for the cost to obtain the minimum required insurance ~~and surety bond for the Franchised Center, which you must purchase from our required providers.~~ You should check with ~~your local carrier~~the insurance provider for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Center will be located, and your experience with the insurance carrier, ~~the loss experience of the carrier and other factors beyond our control.~~ You ~~should~~could also check with ~~your~~the insurance ~~agent or broker~~provider regarding any additional insurance that you may want to carry. ~~These figures are based on the average cost per year~~You will also need to insure our affiliate location, purchase and maintain in effect at all times during the term of the Franchise Agreement a surety bond for your business, which you must purchase from our designated surety bond vendor to secure your obligations to pre-paid members for membership fees and for pre-paid personal training revenue.

~~1.—This estimate is for the cost for your Principal Owner and Designated Manager to attend the initial training program held in or near Los Angeles, California or our then current headquarters. We do not charge tuition for us to train these two people, but you will be responsible for all costs associated with attending the initial training program for you and your staff. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). This estimate does not include cost of labor. See item 11 for description of initial training program.~~

~~2.—Grand Opening Advertising.~~ You must conduct a ~~Presale and Grand Opening~~grand opening

advertising program that we approve, with a minimum cost of \$ during the period between 30,000 to \$40,000, as determined by us, days prior to opening and 60 days after opening. See Item 11.

~~10.12. Professional Fees (Legal / Accounting).~~ These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Center. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Franchised Center.

~~11.13. Business Permits, Licenses and Miscellaneous Opening Costs.~~ You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Center.

~~12.14. Opening Supplies.~~ This figure is primarily for printing a start-up supplies, including order of stationery and business cards bearing the Proprietary Marks and a supply of office materials.

~~13.15. Additional Funds – 3 Months.~~ This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Center during the first three months after commencing operations. This estimate also includes such items as initial payroll and payroll taxes, ~~Royalties, Royalty Fees, Brand~~ Fund Contributions ~~(if any),~~ additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Franchised Center. ~~This total amount is based upon the historical experience of our affiliate in operate Centers.~~

~~14.16. Total. We relied on our affiliates' experience in building, starting up and operating Centers to generate these estimates.~~ Costs paid to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice in the area where your Franchised Center is located. You should inquire about the cancellation and refund policy prior to making a purchase. We do not provide any direct or indirect financing for the Initial Franchise Fee or other fees and costs paid to us or to third parties. If you meet the credit requirements determined by third party vendors, you may be able to obtain financing. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of the financial institutions from which you request a loan. We do not determine the terms and conditions of any financing and we do not provide any guarantees for any financing provided to you by third parties. ~~This total amount is based upon the historical experience of our affiliate and information we have obtained, relating to the construction of Centers that operate in a space between 2,000 to 3,000 square feet.~~

TABLE NO. 2

**YOUR ESTIMATED INITIAL INVESTMENT
UNDER A DEVELOPMENT AGREEMENT -FOR TWO TO FIVE CENTERS**

Type of Expenditure	Amount Low Estimate ¹	Amount High Estimate ¹	Method of Payment ¹	When Due	To whom payment is to be made
Development Fee ² Fee	\$125 \$130,000	\$295 \$310,000	\$20,000 deposit per	Upon signing Development Agreement	Us

			location after the first initial fee of \$65,000		
Total	\$130,000	\$325,310,000	Lump sum		

~~Amount and Method of Payment, Costs paid to us~~
Explanatory Note

1. ~~Development Fee. These amounts are not refundable, except as specifically described below. Whether any costs paid to third parties are refundable will vary based on the practice a Development Agreement where you agree to develop two to five Franchised Centers in the Development Area. Due at signing \$65,000 for location one (1) and a deposit of \$20,000 per location thereafter. The remaining amount owed on The Development Fee is not refundable but is credited against the initial franchise fee due under the Initial Franchise Fee will be due upon signing the Franchise Agreement required for each additional location purchased. Franchised Center. We do not provide any direct or indirect financing for the Development Fee or other fees and costs paid to us or to third parties. If you meet the credit requirements determined by third party vendors, you may be able to obtain financing. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of the financial institutions from which you request a loan. We do not determine the terms and conditions of any financing and we do not provide any guarantees for any financing provided to you by third parties.~~

~~1. Development Fee. You will sign a Development Agreement to reserve a Development Area in which you will develop multiple franchised Centers under a Development Schedule. These amounts estimate that you will develop two to five Centers in the Development Area. Your estimated initial investment under the Development Agreement will vary depending on the number of Centers you develop within the Development Area. No part of this initial investment is refundable, although we will apply your Development Fee for each Center towards the Initial Franchise Fees owed under the Franchise Agreements that the Development Agreement covers.~~

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Franchised Center in strict conformance with ~~the methods, standards and specifications of~~ our System Standards. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals Manual and other proprietary guidelines and writings that we prepare for your use in connection with the Franchised Center and System. We may periodically change our System Standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

Approved Products and Services

You may only market, offer, sell and provide the Approved Products and Services at your Franchised Center in a manner that meets our System standards and specifications. We will provide you with a list of our then-current Approved Products and Services, along with their standards and specifications, as part of the Manuals Manual or otherwise in writing (which may include digital communication) prior to the opening of your Franchised Center. We may update or modify this list

in writing at any time, which would require you to market, offer, sell and provide the Approved Products and Services from the modified list.

If you wish to offer any product or service in your Franchised Center other than our Approved Products and Services, or use any item in connection with your Franchised Center that does not meet our System Standards and specifications, then you must obtain our prior written approval as described more fully in this Item.

Approved Suppliers

You must purchase and maintain for your Franchised Center all furnishings, fixtures, décor items, inventory, equipment and signage that we designate as required items in the Manual or otherwise in writing. We have the right to require
~~you to purchase any items or~~that all current and future equipment, products, supplies, furnishings, promotional items, information technology services necessary to operate your Franchised Center, payment processing services, and other products and services that you purchase for use in operation of the Franchised Center: (1) meet specifications that we establish from time to time; and/or (2) be purchased only from suppliers that we have expressly approved; and/or (3) be purchased only from a supplier that we approve or designate (each, an “Approved Designated Supplier”), which may include us or our affiliate(s), and we reserve the right to change the Approved. “Designated Suppliers” include manufacturers, wholesalers, distributors, dealers, retailers, or other vendors or sources that we designate as the source for particular products or services. We and our affiliates may serve as an approved supplier and Designated Supplier at any time upon notice to you, for the System. We will provide you with a list of our approved suppliers and Designated Suppliers in writing as part of the Manuals Manual or otherwise in writing, and we may update or modify this list as we deem appropriate.

~~Our affiliate Distribution Co. is the exclusive supplier of all initial equipment items that our franchisees are required to purchase for use in their Franchised Centers. Our affiliate Products, Co. is the exclusive supplier of the initial inventory as well as certain ongoing products and services that our franchisees are required to purchase for use in their Franchised Centers, including dietary supplements and products and inventory bearing the Proprietary Marks. We reserve the right to require you to use Approved Suppliers for site selection and other assistance related to securing an approved Premises.~~

If we require you to use an approved supplier for a particular product or service, but you wish to purchase the product or service from a supplier that we have not approved, you may submit a written request for approval of the supplier, unless it is a product or service for which there is a Designated Supplier. We have no obligation to review or approve a greater number of suppliers for an item than the number we deem reasonable, and any proposed supplier relationship must not jeopardize the availability of any special pricing or other benefits offered by our existing suppliers based on system-wide purchases. We will provide our standards and specifications to you or to the proposed supplier, subject to the supplier’s execution of a confidentiality agreement in a form acceptable to us. We have the right to inspect the proposed supplier’s facilities and to require delivery of product samples or demonstration of services either to us or to an independent laboratory designated by us for testing. Upon completion of our analysis, we will notify you in writing of approval or rejection of the proposed supplier, which will typically take 30 days after receipt of all required information and completion any inspection of facilities, samples or demonstration. You agree to pay a charge not to exceed our reasonable costs incurred in evaluating the supplier, whether or not the supplier is approved. You may not purchase, sell, or offer for sale any products or services of the proposed supplier until you receive our written approval of the proposed supplier. We have the right to re-inspect the facilities, products and services of any approved supplier and to revoke approval upon the supplier’s failure to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing products or services from the disapproved supplier and, in the case of revocation based on failure of products to meet our standards, you agree to dispose of your remaining inventory of the disapproved supplier’s products as we direct.

We may develop proprietary products for use in your Franchised Center, including private-label products that bear our Proprietary Marks, and require you to purchase these items from us or our affiliates.

~~If you wish to purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source, then you must obtain our prior written approval as outlined more fully in this Item. We may provide our standards and specifications for our Approved Products and Services directly to our Approved Suppliers, and may provide these standards and specifications to an alternative supplier you propose if: (1) we approve the supplier in writing as outlined more fully in this Item; and (2) the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any confidential information we disclose.~~

~~Other than certain of our officers' interests in us, Distribution Co. and Products~~Our affiliate Distribution Co. is the Designated Supplier of all initial equipment items that our franchisees are required to purchase for use in their Franchised Centers. Other than certain of our officers' interests in us, Distribution Co., neither we nor our officers have an ownership interest in any approved or Designated Suppliers. ~~We reserve the right to designate us or any affiliate as an Approved Supplier with respect to any item you must purchase in connection with your Franchised Center in the future~~Distribution Co. earned \$2,298,155 in revenues from the sale of equipment and other products to our franchisees in 2024 based on its year-end financial statements.

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "Allowances") offered by suppliers to you or to us (or our affiliates) based upon your purchases of products, goods and services. These Allowances include those based on System-wide purchases of supplies, equipment, materials and other items. In our last fiscal year, we did not receive any Allowances based on franchisee purchases.

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from ~~an Approved Supplier~~approved suppliers, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your "Required Purchases." We estimate that your Required Purchases will account for approximately 70% to 90% of your total costs incurred in establishing your Franchised Center, and approximately 30% to 35% of your ongoing costs to operate the Franchised Center after the initial start-up phase. ~~Please be advised that these percentages do not include your lease payments you make in connection with your Premises.~~

~~We reserve the right to derive revenue from any of the purchases (items or services) that our System franchisees are required to make in connection with the Franchised Center. Neither we nor our parent or affiliates have generated any revenue from our franchisees' Required Purchases in the past fiscal year ending December 31, 2023.~~

Non-Approved Product/Service and Alternate Supplier Approval

~~We may, but are not obligated to, grant your request to: (1) offer any products or services in connection with your Franchised Center that are not Approved Products and Services; or (2) purchase any~~

~~item or service we require you to purchase from an Approved Supplier from an alternative supplier.~~

~~If you wish to undertake either of these actions, you must request and obtain our approval in writing before:~~

~~(1) using or offering the non-approved product or service in connection with your Franchised Center; or (2) purchasing from a non-approved supplier. You must pay our then-current supplier or non-approved product evaluation fee when submitting your request, which is currently \$500, plus our actual costs and expenses incurred. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier's production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any products you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products, and request that you reimburse our actual costs associated with the testing/inspection.~~

~~We will notify you in writing within 30 days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (but are not required to) make it available to you upon request. Each supplier that we approve of must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Proprietary Marks. The revocation of a previously approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier. If we do not approve your request within the 30 days, then the request is deemed unapproved.~~

Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Upgrade Lab Centers in our System. If we do establish those types of alliances or programs, we may: (1) limit the number of approved suppliers with whom you may deal; (2) designate sources that you must use for some or all products, equipment and services; and (3) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

~~We and/or our affiliates may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Centers in the System, such as rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.~~

We do not currently have a purchasing cooperative with any third-party vendors, but reserve the right to create purchasing cooperatives in the future.

Franchisee Compliance

~~When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.~~

Advertising

All advertising and promotional materials and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Manuals or otherwise. You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Franchised Center if we have not prepared or approved them during the 12 months prior to the date of your proposed use.

Approved Location and Lease

You must obtain our approval of the ~~Premises~~[Franchised Location](#) for your Franchised Center before you acquire the site. You must also obtain our approval of any contract of sale or lease for the ~~Premises~~[Franchised Location](#) before you execute the contract or lease, and we may condition our approval of any such lease on you and your landlord's execution of our prescribed form of ~~Lease~~[Addendum to Lease](#) (attached as an exhibit to our current form of Franchise Agreement). You must also ensure that you comply with all of our System Standards and specifications related to the build-out, remodeling and/or construction of your Franchised Center at the ~~Premises~~[Franchised Location](#).

Insurance

You must obtain and maintain, at your own expense, the insurance coverage that we periodically require and satisfy other insurance-related obligations. Our insurance obligations will be included in the ~~Operations~~ Manual and may be periodically updated. You must comply with any changed insurance requirements and are responsible for all premiums. ~~You currently must have: (1) commercial general liability insurance with minimum limits of \$1,000,000 per occurrence and \$3,000,000 in the aggregate, and \$1,000,000 in property rental insurance coverage on all furniture, fixtures, equipment, inventory and tenant improvements;~~[You currently must have the following insurance:](#)

~~(2) workers' compensation in the amounts required by state law; (3) employment practices liability coverage per claim and in the aggregate of \$1,000,000; (4) employee benefits liability per claim and in the aggregate of \$1,000,000; (5) product liability insurance of \$1,000,000 per claim and \$1,000,000 in the aggregate; (6) personal and advertising liability insurance of \$1,000,000 per claim and \$1,000,000 in the aggregate; (7) professional liability insurance in the amount of \$1,000,000; (8) participant legal liability insurance in the amount of \$1,000,000; (9) cyber liability coverage in the amount of \$1,000,000; and~~

~~(10) medical expense (for any one person) insurance in the amount of \$5,000. All insurance policies~~

~~must name us as an additional insured party and must contain a waiver of subrogation in our favor.~~

~~You must also carry the insurance required by your landlord and applicable law.~~

<u>Type of Coverage</u>	<u>Limits/Specifications</u>
<u>Commercial General Liability</u>	<u>\$1,000,000 per occurrence and \$3,000,000 in the aggregate</u>
<u>Property Rental Insurance Coverage on all furniture, fixtures, equipment, inventory and tenant improvements</u>	<u>\$1,000,000</u>
<u>Property Insurance</u>	<u>Full replacement cost of tenant improvements and all business personal property (including equipment).</u>
<u>Workers' Compensation</u>	<u>Amounts required by state law</u>
<u>Employment Practices Liability Coverage</u>	<u>\$1,000,000 per claim and \$1,000,000 in the aggregate</u>
<u>Employee Benefits Liability</u>	<u>\$1,000,000 per claim and \$1,000,000 in the aggregate</u>
<u>Product Liability Insurance</u>	<u>\$1,000,000 per claim and \$1,000,000 in the aggregate</u>
<u>Personal and Advertising Liability Insurance</u>	<u>\$1,000,000 per claim and \$1,000,000 in the aggregate</u>
<u>Professional Liability Insurance</u>	<u>\$1,000,000</u>
<u>Participant Legal Liability Insurance</u>	<u>\$1,000,000</u>
<u>Cyber Liability</u>	<u>\$1,000,000</u>
<u>Medical Expense (for any one person) Insurance</u>	<u>\$5,000</u>
<u>Umbrella</u>	<u>\$1,000,000</u>
<u>Surety Bond</u>	<u>Amount required based on your credit score</u>

We may designate specific brokers and/or carriers in the Manual from which you must purchase coverage in which case you may only purchase coverage from the designated brokers and/or carriers. You also must carry any additional insurance as required by your lease or applicable laws and regulations. All insurance policies shall be issued with no co-insurance provisions and without a deductible in excess of \$10,000. All insurance policies must name us and any party we designate as additional insureds and provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy has been issued to each insured. Depending on your geographic location, you should consider disaster insurance for hurricanes, earthquakes and flooding. ~~You should consult with an insurance advisor to decide the coverage that is best for you. We may change the amounts and types of coverage as we think best.~~

~~You must use an insurance company that is satisfactory to us and we may require you to use our designated insurance agency or insurer for this service. All insurance policies must be issued by an insurance company with a rating of A- VI or better as reported in the most recent edition of A.M. Best's Insurance reports. The cost of your insurance coverage will vary depending on the insurance carrier's charges, the terms of payment, and your insurance history. Your obligation to obtain and maintain~~

~~the policies that we require, in the amounts specified, will not be limited in any way by reason of any insurance maintained by us, nor will your performance of that obligation relieve you of your liability under the indemnity provisions in the Franchise Agreement.~~ If you fail to procure or maintain the insurance that we require, we may (but are not obligated to) obtain the required insurance and charge the cost of the insurance to you, plus a reasonable administrative fee.

Computer Hardware and Software

~~You must purchase any and all computer hardware, software and peripherals in accordance with our System standards and specifications. We may require you to purchase any of these items from one of our Approved Suppliers, and we currently have an Approved Supplier in connection with the software you must use at your Franchised Center (and maintenance/support associated with this software). See Item 11 for more information about our Computer System.~~

Technology System

You must, at your own expense, acquire and install in the Franchised Location the computer system, Wi-Fi, Internet service, software, computer and Internet security systems, and other technology equipment, communications devices, audio/visual equipment and software systems that we specify in writing from time to time (“Technology System”). We may develop or designate software programs and accounting system software that you must use in connection with your Technology System (“Required Software”), which you will install; (2) updates, supplements, modifications, or enhancements to the Required Software, which you will install; (3) the tangible and hosted media upon which such you will record data; and (4) the database file structure of your Technology System. We may require you to engage us or a hardware maintenance and/or help desk support provider approved by us to maintain your Technology System.

Franchisee Compliance

Other than as we describe above, we do not provide material benefits to you (for example, renewal or granting additional franchises) for your purchase of particular products or services or use of particular suppliers. When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8.

ITEM 9

FRANCHISEE’S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	1.B., 1.D., 4.E., and 5.A. <u>2.1, 6.1 - 6.3</u>	1, <u>3.2 - 3.3</u>	Items 7, 8, 11, and 12
b.	Pre-opening purchases/leases	5.A., 5.C., 5.D., 5.E., 5.H., and 5.L. <u>6.2, 7, 11.3, 11.8, 11.11, 11.17, and 11.21</u>	Not Applicable <u>3.3</u>	Items 7, 8, 11
c.	Site development and other pre-opening requirements	1.B., 5.D., 5.F., 5.H., and 5.L. <u>6.1, 7, 11.1, 11.3, 11.8, 11.11, and 11.17</u>	5	Items 6, 7, 11
d.	Initial and ongoing training	Sections 4.A.-C., 5.N., and 5.O. <u>9</u>	Not Applicable	Items 6, 11
e.	Opening	Section 5.D. <u>7</u>	5 3 and Exhibit A	Items 7, 11
f.	Fees	Section 3 <u>5</u>	2	Items 5, 6, 7, 11
g.	Compliance with standards and policies/Confidential Operations Manual	Sections 5, 7, 6.2, 7, 8.2, 9.4 - 9.5, 10, 11, 13.1. and 16	7 <u>4.6, 5</u> and 12	Items 6, 8, 11, 12, 16
h.	Trademarks and proprietary information	Section 6 <u>15</u>	7 <u>5</u>	Items 13, 14
i.	Restrictions on products/services offered	Sections 5.D., 5.F., 5.G., 5.H., 5.J., and 5.K. <u>7, 11.1, 11.3, 11.8, and 11.11</u>	Not Applicable	Items 8, 11, 16
j.	Warranty and customer service requirements	Section 5.S. <u>11.10, 11.16, and 11.24</u>	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Section 2.1.D.	1 and Exhibit A	Item 12
l.	Ongoing product/service purchases	Sections 5.F., 5.G., 5.H., 5.J., 11.1, 11.3, 11.8, and 5.K. <u>11.11</u>	Not Applicable	Items 8, 16
m.	Maintenance, appearance and remodeling requirements	Section 3.2.B., 11.3, 11.8, and 5.H. <u>11.11 - 11.12</u>	Not Applicable	Items 8, 11
n.	Insurance	Sections 10.A. and 10.B. <u>14</u>	Not Applicable	Items 6, 7, 11

	Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
o.	Advertising	Section 8.2.3 and 12	Not Applicable	Items -6, 8, 11
p.	Indemnification	Section 10.C.22.3	12	Item -6
q.	Owner's participation/management/staffing	Section 5.U.8.2	Not Applicable	Item -15
r.	Records and reports	Sections 3.D.5.5 and 9.13	Not Applicable	Items -6, 11
s.	Inspections and audits	Section 4.K., 5.B., 5.D., 5.T., 7, 11.9 - 11.10 and 10.B.14.3	Not Applicable	Items -6, 11
t.	Transfer	Section 12.18	97	Item -17
u.	Renewal	Section 3.2.B.	Not Applicable	Item -17
v.	Post-termination obligations	Sections 14.C.17.1 and 16.20	86	Item -17
w.	Non-competition covenants	Section 14.17	86	Item -17
x.	Dispute resolution	Sections 19 and 21.27	12	Item -17
y.	Personal Guaranty	Section 13.D.8.6	Not Applicable 4.5 and Exhibit C	Item -15

ITEM 10

FINANCING

Neither we, nor our affiliates, or agents offer direct or indirect financing to franchisees, nor do we guarantee your obligations.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Upgrade Labs Franchise, Inc. is not required to provide you with any assistance.

Pre-Opening Obligations

Prior to the opening of your Center, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. If you ~~have entered into~~~~sign~~ a Development Agreement, we will designate your Development Area where you

will have the right to sign Franchise Agreements ~~for and develop~~ each of your Franchised Centers at locations that we have approved. (Development Agreement, Section 1). ~~Our then-current site selection requirements will apply to each Franchised Center you open.~~

2. If you sign a Franchise Agreement and the site has not yet been designated, we will designate your Site Selection Area where you will look for sites for your Franchised Center. (Franchise Agreement, Section 6.1.A.)

3. We will provide you with a copy of our site selection guidelines and assistance (as described more fully below in this Item 11), as we deem appropriate in our discretion, in connection with selecting the Premises for your Franchised Center. You will purchase or lease minimum requirements for the Premises from independent third parties. location of an Upgrade Labs Center. Our requirements may include standards and specifications regarding accessibility, available parking, and minimum square footage for certain portions of an Upgrade Labs Center (such as customer reception areas, treatment areas, restrooms, and back-office areas). (Development Agreement, Section 3.2.A.; Franchise Agreement, Sections 4.1 and 6.1.B.)

2.4. We do not own or lease to you the Premises. We will also will review, and subsequently approve/reject, any proposed site and any proposed lease or purchase agreement for each location that you propose as the Premises for any Franchised Location for any Franchised Center. (Development Agreement, Section 3.2; Franchise Agreement, Sections 4.1.B. and 4.E.)6.1)

3.5. Once you secure the Premises Franchised Location that we approve for a Franchised Center, we will define your Protected Territory for that Franchised Center and include its boundaries in a Data Sheet attached as an exhibit to your Franchise Agreement. (Franchise Agreement, Section 4.D.);2)

6. We will provide our standard plans and specifications for the design and appearance of an Upgrade Labs Center and for fixtures, furnishings, equipment, and signs. (Franchise Agreement, Sections 4.2 and 7.1)

4.7. We will provide to you with online access to, or otherwise, on loan you, one (1) copy of our confidential and proprietary Manuals. You must operate your Franchised Center in accordance with the Manuals and all applicable laws and regulations. The Manual, which may be amended or modified by us to reflect changes in the System. You must keep the Manuals confidential and current, and you may not copy any part of the Manuals. You are required to keep a copy of the Manuals at your Premises, and if there is a dispute relating to the contents of the Manuals, then the master copy (that we maintain at our corporate headquarters) will control. We reserve the right to disclose updates to the Manuals in writing in any manner, including in an electronic means such as e-mail, our website and any intranet or extranet that we establish in connection with the System. format. (Franchise Agreement, Sections 4.3 and 10.1) The table of contents for our Operations of the Manual as of the issuance date of this Disclosure Document is attached to this Disclosure Document as Exhibit G and the Operations Manual is has a total of 230 pages. (Franchise Agreement, Section 4.D.)

5.8. We will provide you with a list and written specifications of our Required Items (including any specifications for equipment, signs furnishings, fixtures, opening inventory, décor items, computers and supplies) other technology systems, and signage that you must incorporate into your Franchised Center as well as any Approved lists of our approved and designated suppliers (to the extent we have designated them), either as part of the Manuals Manual or otherwise in writing. We do not deliver or install these items for you. (Franchise Agreement, Section 4.D.7.1);

1. We will provide you with a our sample layout plans and specifications for the proposed layout of your Premises as well as design and appearance of an Upgrade Labs Center and will review and approve the proposed layout and design your construction plans before you begin construction of your Premises, including the equipment, furniture and fixtures used in connection with your Franchised Center, as we deem appropriate and advisable in our discretion. (Franchise Agreement, Section 5.D.); and

~~2. We will provide your Principal Owner and Designated Manager with our initial Franchise Training Program and Pre-Opening Sales Training. The Franchise Training Program and Pre-Opening Sales Training are designed to provide instruction and education on our System methods and techniques related to establishing and operating your Franchised Center. Your payment of the Initial Franchise Fee will cover the tuition for your Principal Owner and Designated Manager to participate in the initial Franchise Training Program and Pre-Opening Sales Training. You are responsible for all costs and expenses your attendees incur in connection with attending or otherwise participating in training (including any travel, lodging, meals and other expenses associated with attending those portions of the program that are provided from our designated training facility in or near Los Angeles, California or other location we designate) (Franchise Agreement, Section 4.A).~~

TRAINING PROGRAM
INITIAL FRANCHISE TRAINING

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Introduction & Welcome	1	0	Virtual/Designated Location
Upgrade Labs: Upgrading Humanity (Who we are & Why we do it)	1	0	Virtual/Designated Location
Orientation: Getting Started	1	0	Virtual/Designated Location
Your role as an Upgrade Labs Owner	1	0	Virtual/Designated Location
Center Development Roadmap & Overview	1	0	Virtual/Designated Location
Modalities Overview	2	0	Virtual/Designated Location
Real Estate	1	0	Virtual/Designated Location
Design & Construction	1	0	Virtual/Designated Location
Marketing	2	0	Virtual/Designated Location
Retail	1	0	Virtual/Designated Location
Teaser, Presales & Sales	4	0	Virtual/Designated Location
Staff Recruiting, Hiring & Training	1	0	Virtual/Designated Location
Intro to Center Management Software	1	0	Virtual/Designated Location
Accounting & Royalties	1	0	Virtual/Designated Location
Wrap Up and Q&A	1	0	Virtual/Designated Location
TOTAL HOURS	20	0	

The initial Franchise Training Program is currently held in either Los Angeles, California or our then corporate headquarters. This initial training will last for approximately three days. In addition, you and attendees We may be required to complete up to three days of online training in advance of in-person initial training. A full pre-training checklist will be provided in the Manuals, which will be provided to you after you sign the Franchise Agreement. ~~We reserve the right, in our sole discretion, to conduct the initial Franchise Training Program virtually.~~

PRE-OPENING SALES TRAINING

In addition to our initial Franchise Training Program, we will provide your Principal Owner and Designated Manager with our Pre-Opening Sales Training, which consists of up to five days on-site/virtual training. Pre-Opening Sales Training is intended to assist you in marketing your Franchised Center in your local community to create brand awareness, drive traffic, leads and membership sales during the pre-opening period. Your Principal Owner and Designated Manager must successfully complete our initial Pre-Opening Training to our satisfaction before your Franchised Center begins selling memberships. The details of our Pre-Opening Sales Training are set forth in the Chart below.

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Introduction & Welcome	1	0	Onsite at your Franchised-Center location or Virtually
Review Responsibilities, Expectations & Goal Setting	3	0	Onsite at your Franchised Center location or Virtually
What is Upgrade Labs?	2	0	Onsite at your Franchised-Center location or Virtually
Presales Basics	5	0	Onsite at your Franchised-Center location or Virtually
Marketing, Lead Generation & Management	2	0	Onsite at your Franchised-Center location or Virtually
Center Management Software	2	1	Onsite at your Franchised-Center location or Virtually
Sales Training	5	2	Onsite at your Franchised-Center location or Virtually
Setting up your Center for Presales Success	1	0	Onsite at your Franchised-Center location or Virtually
Wrap Up and Q&A	1	0	Onsite at your Franchised-Center location or Virtually
TOTAL HOURS	22	3	

We typically schedule training on an as-needed basis. The initial Franchise Training Program and Pre-Opening Sales Training are subject to change without notice to reflect updates in the materials, methods and Manuals, as well changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the people being trained. The Manuals will be the basis of our instructional material reinforced during hands on training of both observation and visual instruction. Additional online training may be mandated prior to attending the initial Franchise Training Program and Pre-Opening Sales Training, which will be virtual/online and conducted from your home or office.

~~6.9. Your Principal Owner and Designated Manager must successfully complete the initial Franchise Training Program within two months of signing your Franchise Agreement and Pre-Opening Sales Training must be completed no later than two months prior to the opening of your Franchised Center, unless we agree otherwise in writing. Failure by your required attendees to complete these portions of the initial Franchise Training Program and Pre-Opening Sales Training within this time period is grounds for terminating your Franchise Agreement~~[inspect the Franchised Location while you are developing the Franchised Center.](#) (Franchise Agreement, Sections ~~4.A., 5.N.2, 7.1~~ and ~~15.C7.2~~.)

~~The Initial Franchise Training Program and Pre-Opening Sales Training will be supervised by Brittany Romano, whose has training experience with us and over ten years of training and field operations experience with other concepts. We reserve the right to appoint and substitute other individuals to assist in providing training, but all of our training personnel will have at least one year in the subject matters that they teach. We will loan you one copy of our proprietary instructional materials prior to or upon your attendance at our initial Franchise Training Program, which may include our Manuals and certain other instructional materials that we develop. You, or another person that successfully completes our initial Franchise Training Program, will be required to train all other personnel that work at your Franchised Center (Franchise Agreement, Section 5.N.)~~

~~If you wish to have more than two attendees attend the initial Franchise Training Program and Pre-Opening Sales Training, then we will train these individuals, subject to the availability of our training staff, at our corporate headquarters or any other location we may select, and we reserve the right to charge our then current additional training fee, which is currently \$500 per trainer per day. If your Principal Owner, Designated Manager, or other permitted trainee fails to complete the initial Franchise Training Program and Pre-Opening Sales Training to our satisfaction, that person may re-attend or you may send a replacement to our next available initial Franchise Training Program and Pre-Opening Sales Training session, provided there is availability. We may charge our then current additional training fee for these individuals to re-attend the initial Franchise Training Program and Pre-Opening Sales Training as well. In any event, you are solely responsible for all expenses incurred related to your and your employee's attendance at our Initial Training Program, including transportation to and from the training site, lodging, meals and employee wages (Franchise Agreement, Section 4.A.)~~

~~If you are developing multiple Franchised Centers under a Development Agreement, we will only provide the Initial Franchise Training Program and Pre-Opening Sales Training for your first Franchised Center. For your second Franchised Center, we will provide a prescribed training refresher course for your Principal Owner and Designated Manager at least 30 days before the opening of the Franchised Center. You will be responsible for all expenses incurred in connection with attending this refresher training. Thereafter, you will be responsible for training your personnel who will manage and operate your Franchised Centers.~~

Center Launch Assistance

~~Prior to the soft opening of your Franchised Center, we will provide you with up to five days of on-~~

~~site assistance at your Franchised Center following the completion of the initial Franchise Training Program and Pre-Opening Sales Training to our satisfaction. We expect to conduct the launch assistance prior to opening, which requires that you have completed the buildout and equipping of the Franchised Center, hired staff, and sell a minimum number of presale memberships which we determine for your Territory. At the conclusion of the on-site assistance, we will assess the following: (1) your pre-opening marketing and launch readiness; (2) your operations; (3) your initial staffing efforts; (4) merchandising/displays;~~

~~(5) scheduling capabilities; and (6) payment processing. If approved, then you may open your Franchised Center for business, but if not approved, then we may require that you attend additional training, for which we reserve the right to charge our then-current additional training fee. (Franchise Agreement, Section 4.A.)~~

~~B. Site Selection~~

~~You must assume all costs, liabilities, expenses and responsibility for: (1) locating, obtaining and developing the Premises for your Franchised Center; and (2) constructing, equipping, remodeling and/or building out the Premises for use as a Franchised Center, all in accordance with our System standards and specifications. We may provide you with our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling and assistance we believe is advisable. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location. We may then use these factors in determining the suitability of your proposed site for the Premises of your Franchised Center. We reserve the right to require you to use approved suppliers for site selection and other assistance related to securing an approved Premises (Franchise Agreement, Sections 4.E. and 5.A.).~~

~~If the site of the Premises has not been agreed at the time the Franchise Agreement is executed, we will designate a general marketing area (the "Site Selection Area") on the Data Sheet attached to the Franchise Agreement wherein you must locate and secure the Premises. You will acknowledge and agree that: (1) you do not have any territorial rights within the Site Selection Area; (2) we may permit other new franchisees to search for the location of their franchised center within the same Site Selection Area that is assigned to you if we determine in our discretion that the Site Selection Area is large enough to contain additional franchises; and (3) potential locations for each franchised center, and resulting Protected Territories (as defined below), within the Site Selection Area will be reviewed and rejected/granted on a first-to-propose basis.~~

10. We shall offer and make available an initial training program to your Principal Owner and Designated Manager at our designated training facility. The initial training program will consist of three (3) parts: (1) an initial Franchise Training Program; (2) a Pre-Opening Sales Training; and (3) on-site Center Launch Assistance. (Franchise Agreement, Section 9.1)

Post-Opening Obligations

After the opening of your Franchised Center, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. We will provide to you from time to time, as we deem appropriate, advice and guidance and written materials containing techniques for the operation of an Upgrade Labs Center. (Franchise Agreement, Section 4.7);

2. We will, if and when established, administer the Brand Fund for the enhancement, promotion and protection of the System and the Proprietary Marks, and for the development of advertising, marketing, and public relations programs and materials as we deem appropriate. (Franchise Agreement, Sections 4.4 and 12.5)

3. We may modify the Manual periodically to reflect changes in System Standards and you must comply with each new or changed standard upon reasonable notice from us (Franchise Agreement, Section 10.1)

4. We will periodically designate the Approved Products and Services that you must offer and sell at the Franchised Center. (Franchise Agreement, Section 11.1)

5. To the extent that we establish specifications, require approval of suppliers, or name Designated Suppliers for particular products or services, we will provide the requirements to you in writing. At your request, review any proposed supplier to determine whether the supplier and its products or services meet our standards. (Franchise Agreement, Section 11.3);

6. We may (1) inspect the Franchised Center; (2) observe, photograph, record and/or film the operations of the Franchised Center; (3) remove samples of any products, materials or supplies for testing and analysis; and (4) interview personnel and customers of the Franchised Center. (Franchise Agreement, Section 11.9)

7. We will approve or deny any advertising/marketing materials you wish to use in connection with your Franchised Center. (Franchise Agreement, Section 12.2);

8. We will display the contact information of your Franchised Center on the website that we or our designee maintains to advertise and promote Upgrade Lab Centers and our Proprietary Marks, provided you are in compliance with the terms of your Franchise Agreement. (Franchise Agreement, Section 12.6)

Site Selection and Construction

If the Franchised Location has not been designated when you sign the Franchise Agreement, then within five months thereafter you must obtain our acceptance of the site for Franchised Center from within the Site Selection Area and secure a lease or ownership interest in the site. You must submit a site application for one or more proposed sites for the Franchised Center, in the form specified by us, and a completed site evaluation package that includes a copy of the site plans, photographs, demographic information, financial information, and such other information and materials as we may reasonably require, together with option contracts, letters of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining ownership or leasehold interests in the sites. If we determine that an on-site evaluation is necessary, then you must reimburse us for the expenses incurred in connection with such an evaluation.

We will use reasonable efforts to review any proposed site within 30 days of receiving all reasonably requested information from you. If we do not provide our specific acceptance of a proposed site within this 30-day period, the proposed site will be deemed rejected. We may require you to use an approved supplier for site selection and other assistance related to securing an accepted site for the Franchised Center. You must obtain our written acceptance of a site before you make any binding commitments related to the site.

In deciding whether to approve a site, we may ~~also~~ consider, among other things: (1) demographic characteristics, traffic patterns, allowed design and building, parking, visibility, allowed signage, and the predominant character of the neighborhood surrounding the proposed site; (2) competition from other businesses selling similar products and services within the area and the proximity of the site to these businesses, as well as the nature of all other businesses in proximity to the proposed site; (3) zoning restrictions, soil and environmental issues, and other commercial characteristics; and (4) the size, appearance, and other physical characteristics of the proposed site.

~~We must also have~~ After we issue our acceptance of a site to serve as the opportunity to review and approve/reject any Franchised Location for the Franchised Center, you must lease, sublease or purchase agreement for the site. If you purchase the site for the Franchised Center, you must provide us with a copy of the deed within five days after its recordation or other evidence of ownership. If you lease the site for the Franchised Center, you must provide us with a copy of the proposed Premises before you enter into such an agreement. lease for our review within 15 days after we issue our site acceptance. We may condition our approval of your lease on a number of conditions, including our prescribed form of Lease Addendum under which we will have the option, but not the obligation, to assume or renew the lease for the ~~Premises~~ Franchised Location upon the expiration or termination of the Franchise Agreement. ~~(Franchise Agreement, Sections 4.E and 5.A.).~~

~~We will use reasonable efforts to approve or reject any proposed location (and corresponding lease/purchase agreement) within 30 days of the date you provide us with all requested materials and our then current site application form. If we determine that an on-site evaluation is necessary, then you must: (1) submit to us, in the form we specify, a description of the site prior to our representative conducting its on-site evaluation, including evidence that the site satisfies our site selection guidelines and any other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site; and (2) reimburse us for the expenses incurred in connection with such an evaluation. If we do not provide our specific approval of a proposed location within this 30-day period, the proposed location will be deemed rejected. Our approval only means that the site meets our minimum requirements for a Franchised Center (Franchise Agreement, Section 4.E.).~~

~~You must secure the Premises that we approve within five months of executing your Franchise Agreement for that Franchised Center or we may terminate that Franchise Agreement' (Franchise Agreement, Section 5.A.).~~

The procedure for securing a site for your Franchised Center is outlined in Section 6 of the Franchise Agreement and the Manual. You must secure a site and construct your Franchised Center at your own expense.

We will provide you with our sample plans and specifications for the design and appearance of an Upgrade Labs Center, including certain architectural elements that you must incorporate into the Franchised Center (together the "System Design Elements"). We will also provide you with our specifications for equipment, furnishings, fixtures, décor items, computers and other technology systems, and signage that you must incorporate into your Franchised Center (together, the "Operating Assets"). Our System Design Elements may include minimum standards for portions of a business (such as minimum requirements for customer reception areas, treatment areas, restrooms, and back-office areas), as well as specifications for the layout and look and feel of the overall Center. (Franchise Agreement, Section 7.1)

You must send us your development and construction plans and specifications for review and approval before you begin constructing the Franchised Center at the Franchised Location. After we have given our approval, you may not deviate

from such approved plans and drawings without obtaining our prior written approval. We may inspect the Franchised Location while you are developing the Franchised Center. You will purchase or lease, and install, all required fixtures, furniture, equipment (including computer and technology information systems), furnishings, and signs as needed, including complying with our requirements for Operating Assets for the Franchised Center. You must complete all construction and/or remodeling, furnishing, decorating, and equipping of the Franchised Center in accordance with the approved plans, and in doing so, you agree to use a licensed and bonded contractor for any construction and remodeling. (Franchise Agreement, Section 7.2)

Time to Open

~~Except as provided in this Item, you must open and commence operations of your Franchised Center within ten (10) months of the date you execute your Franchise Agreement.~~ We estimate that it will take approximately four to seven months to open your Franchised Center from the time you ~~execute~~sign your Franchise Agreement. Your total timeframe may be shorter or longer depending on the time necessary to obtain an acceptable ~~Premises~~Franchised Location, to obtain financing, to obtain the permits and licenses for the construction and operation of the Franchised Center, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Franchised Center, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Franchised Center, including purchasing any inventory or supplies needed prior to opening. ~~If you do not~~You must open ~~or operate~~and start operating your Franchised Center within ~~this (10) ten month period, then we may terminate~~months after you sign your Franchise Agreement ~~or we may terminate the Franchise Agreement. We may grant you an extension of this opening deadline for a period of up to six months if you pay the extension fee at least 30 days before this opening deadline.~~ (Franchise Agreement, Section ~~5.A.17.3.C~~)

If you have entered into a Development Agreement to open and operate multiple Franchised Centers, your Development Agreement will include a Development Schedule containing a deadline by which you must have each of your Franchised Centers open and operating. Your Development Schedule may depend on the number of Franchised Centers you are granted the right to open and operate. If you fail to open any Franchised Center within the appropriate time period outlined in the Development Agreement, we may terminate your Development Agreement. (Development Agreement, Section 5). You will not have any further development rights within the Development Area upon termination of your Development Agreement, except to continue operating the Franchised Centers that were already open and operating under a Franchise Agreement as of the termination date. We must approve ~~of the Premises you choose~~site for each Franchised Center you are required to open under the Development Agreement. (Development Agreement, Section 3)

~~C. —~~ Post-Opening Obligations

~~After the opening of your Franchised Center, we (or our designee) will or may, as applicable, provide you with the following assistance:~~

~~1. — We may offer, and require your Principal Operator and your Designated Manager to attend, additional training programs and/or refresher courses, as we deem necessary in our sole discretion. While you have the option to attend any additional training we offer, subject to the availability of our classes, we~~

may require that your Principal Owner and your Designated Manager attend up to five days of additional training each year at our headquarters or other location we designate. You will be required to pay our then-current additional training fee for any additional training you and your employees request to attend and any remedial training that we require. You will also be solely responsible for all expenses incurred in attending additional training (Franchise Agreement, Section 4.C.);

2. ~~We may provide you with continuing consultation and advice, as we deem necessary in our sole discretion, regarding the management and operation of the Franchised Center. We may provide this assistance by telephone, intranet communication, video conference or any other communication channel, as we deem advisable and subject to the availability of our personnel. Certain of this advice and consultation may be provided based on certain reports, guest satisfaction surveys and other brand quality measurements we impose in connection with the operation of your Franchised Center, and such advice/consultation will be subject to your timely provision of any reports we require you to submit (Franchise Agreement, Section 4.G.);~~

3. ~~We may also provide you with additional on-site assistance, subject to the availability of our field representatives and, upon our request, payment of our then-current additional training fee (Franchise Agreement, Section 4.G.);~~

4. ~~We will approve or deny any advertising/marketing materials you wish to use in connection with your Franchised Center as described more fully below in this Item 11 under the heading “Advertising and Marketing” (Franchise Agreement, Section 4.H.);~~

5. ~~We will approve or disapprove your requests to: (1) purchase and/or offer non-approved products or services in connection with the Franchised Center; and (2) make Required Purchases from suppliers other than our then-current Approved Suppliers (Franchise Agreement, Section 5.K.);~~

Training

Your Principal Owner and Designated Manager must attend and successfully complete our initial training program. The initial training program will consist of three (3) parts: (1) an initial Franchise Training Program; (2) a Pre-Opening Sales Training; and (3) on-site Center Launch Assistance.

Initial Franchise Training Program. The initial Franchise Training Program is designed to provide instruction and education on our System methods and techniques related to establishing and operating your Franchised Center. The initial Franchise Training Program will last for approximately three days and is currently held at virtually. Your Principal Owner and Designated Manager must successfully complete the initial Franchise Training Program within two months of signing your Franchise Agreement. The details of the initial Franchise Training Program are set forth in the table below. (Franchise Agreement, Section 9.1.A)

TRAINING PROGRAM

INITIAL FRANCHISE TRAINING PROGRAM

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM TRAINING</u>	<u>HOURS OF ON-THE-JOB TRAINING</u>	<u>LOCATION</u>
<u>Introduction & Welcome</u>	<u>1</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Upgrade Labs: Upgrading Humanity (Who we are & Why we do it)</u>	<u>1</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Orientation: Getting Started</u>	<u>1</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Your role as an Upgrade Labs Owner</u>	<u>1</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Center Development Roadmap & Overview</u>	<u>1</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Modalities Overview</u>	<u>2</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Real Estate</u>	<u>1</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Design & Construction</u>	<u>1</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Marketing</u>	<u>2</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Retail</u>	<u>1</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Teaser, Presales & Sales</u>	<u>4</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Staff Recruiting, Hiring & Training</u>	<u>1</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Intro to Center Management Software</u>	<u>1</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Accounting & Royalties</u>	<u>1</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>Wrap Up and Q&A</u>	<u>1</u>	<u>0</u>	<u>Virtual/Designated Location</u>
<u>TOTAL HOURS</u>	<u>20</u>	<u>0</u>	

Pre-Opening Sales Training. Pre-Opening Sales Training consists of up to five days on-site/virtual training and is intended to assist you in marketing the Franchised Center in the local community to create brand awareness, drive traffic, leads and membership sales during the pre-opening period. Your Principal Owner and Designated Manager must successfully complete the Pre-Opening Sales Training no later than two months prior to the opening of the Franchised and before your Franchised Center begins selling memberships. The details of our Pre-Opening Sales Training are set forth in the table below. (Franchise Agreement, Section 9.1.B)

PRE-OPENING SALES TRAINING

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM TRAINING</u>	<u>HOURS OF ON-THE-JOB TRAINING</u>	<u>LOCATION</u>
<u>Introduction & Welcome</u>	<u>1</u>	<u>0</u>	<u>Onsite at your Franchised Center location or Virtually</u>
<u>Review Responsibilities, Expectations & Goal Setting</u>	<u>3</u>	<u>0</u>	<u>Onsite at your Franchised Center location or Virtually</u>
<u>What is Upgrade Labs?</u>	<u>2</u>	<u>0</u>	<u>Onsite at your Franchised Center location or Virtually</u>
<u>Presales Basics</u>	<u>5</u>	<u>0</u>	<u>Onsite at your Franchised Center location or Virtually</u>
<u>Marketing, Lead Generation & Management</u>	<u>2</u>	<u>0</u>	<u>Onsite at your Franchised Center location or Virtually</u>
<u>Center Management Software</u>	<u>2</u>	<u>1</u>	<u>Onsite at your Franchised Center location or Virtually</u>
<u>Sales Training</u>	<u>5</u>	<u>2</u>	<u>Onsite at your Franchised Center location or Virtually</u>
<u>Setting up your Center for Presales Success</u>	<u>1</u>	<u>0</u>	<u>Onsite at your Franchised Center location or Virtually</u>
<u>Wrap Up and Q&A</u>	<u>1</u>	<u>0</u>	<u>Onsite at your Franchised Center location or Virtually</u>
<u>TOTAL HOURS</u>	<u>22</u>	<u>3</u>	

The Initial Franchise Training Program and Pre-Opening Sales Training will be supervised by Brittany Romano, whose has more than one year of training experience with us and over ten years of training and field operations experience with other concepts. We typically schedule training on an as-needed basis. The initial Franchise Training Program and Pre-Opening Sales Training are subject to change without notice to reflect updates in the materials, methods and Manuals, as well changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the people being trained. The Manual will be the basis of our instructional material reinforced during hands-on training of both observation and visual instruction. Additional online training may be mandated prior to attending the initial Franchise Training Program and Pre-Opening Sales Training. (Franchise Agreement, Section 9.1.B)

If you are developing multiple Franchised Centers under a Development Agreement, we will only provide the Initial Franchise Training Program and Pre-Opening Sales Training for your first Franchised Center. For your second Franchised Center, we will provide a prescribed training refresher course for your Principal Owner and Designated Manager at least 30 days before the opening of the Franchised Center. You will be responsible for all expenses incurred in connection with attending this refresher training. Thereafter, you will be responsible for training your personnel who will manage and operate your Franchised Centers. (Development Agreement, Section 3.1.C.)

On-site Center Launch Assistance The On-site Center Launch Assistance will consist of up to five days of on-site assistance at your Franchised Center and be provided prior to the soft opening of the Franchised Center and after you have completed the initial Franchise Training Program and Pre-Opening Sales Training, the buildout and equipping of the Franchised Center, hiring of staff, and selling a minimum number of presale memberships which we will determine for your Protected Territory. At the conclusion of the On-site Center Launch Assistance, we will assess the following: (1) your pre-

opening marketing and launch readiness; (2) your operations; (3) initial staffing efforts; (4) merchandising/displays; (5) scheduling capabilities; and (6) payment processing. If approved, you may open the Franchised Center, but if not approved, we may require that your Principal Owner and Designated Manager attend additional training, for which we reserve the right to charge our then-current additional training fee. (Franchise Agreement, Section 9.1.C)

If your Principal Owner or Designated Manager fail to complete the requisite training programs to our satisfaction, he/she may repeat the course at the next available scheduled training session; however, you must pay our then-current training fee, which is currently \$500 per trainer per day, and we will have no obligation to extend the Opening Deadline for this purpose. (Franchise Agreement, Section 9.1.D)

We will specify training programs related to the System that you must conduct for your employees and specify minimum levels of proficiency that your employees must satisfy. You must train all newly hired personnel when they start their position. If we train your personnel, we are not responsible for expenses incurred while they attend training, including salaries, benefits, travel, lodging, meals and other related expenses. We reserve the right to charge you our then-current training fees for training additional personnel. (Franchise Agreement, Section 9.5)

To reinforce brand standards and ensure a high-quality guest experience, we require your Principal Owner, Designated Manager and staff to successfully complete training modules on our designated learning management platform at regular intervals (e.g., quarterly updates or new course releases). We may develop additional and refresher training courses and require you and your management to attend such courses. We will not require you and your management to attend more than five days of in person additional/refresher training each year. If you are in default or not complying with the terms of your Franchise Agreement and the Manual, we can require you to attend and complete up to five days of remedial training. You shall pay us our then-current training fee in connection with attending these training programs and will be responsible for the costs and expenses that you and your trainees incur. (Franchise Agreement, Section 9.3)

We may schedule and hold a franchise conference, as we deem advisable in our sole discretion, to discuss the current state of the System, improvements to the System, hold discussion forums for System franchisees and recognize certain franchisees. In the event we schedule a conference, we may require ~~you~~ your Principal Owner and your Designated Manager to attend for up to five ~~consecutive or non-consecutive~~ days each year. You registration fee in connection with any annual conference, and you will be solely responsible for the costs and all expenses you incur incurred in connection with any franchise attending such conference. (Franchise Agreement, Section 9.4.P.);)

~~6. We will display the contact information of your Franchised Center on the website that we or our designee maintains to advertise and promote Upgrade Lab Centers and our Proprietary Marks, provided you are in compliance with the terms of your Franchise Agreement. Please see below in this Item 11 under the heading “Advertising and Marketing” for further information (Franchise Agreement, Sections 4.I. and 8.G.);~~

~~7. We will, if and when established, administer and maintain the Fund for the benefit of the System (Franchise Agreement, Sections 4.L. and 8.E.);~~

~~8. We may, as we deem appropriate in our discretion, establish and maintain a website portal that will be accessible by our franchisees, which may be used for purposes of (1) providing updates, supplements and supplemental information that will constitute part of one or more Manual, (2) providing webinars and other training, including portions of our Initial Training Program, (3) providing advertising~~

~~templates or other marketing/promotional materials, as well as information related thereto, and (4) otherwise communicate with our franchisees regarding the brand, System and/or specific operational/promotional aspects of a Franchised Center (collectively, the “Upgrade Labs Team Site”) (Franchise Agreement, Section 4.D.);~~

~~9. — We may conduct, as we deem advisable in our sole discretion, inspections of the Premises and audits of the Franchised Center and your operations generally to ensure compliance with our System standards and specifications. We may also prepare written reports outlining any recommended or required changes or improvements in the operations of your Franchised Center, as we deem appropriate in our sole discretion, and detail any deficiencies that become evident as a result of any inspection or audit (Franchise Agreement, Section 4.K.);~~

~~10. — We may supplement, revise or otherwise modify the Manuals and/or the Upgrade Labs Team Site (if and when created) as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas. We may provide you with these updates through various mediums, including mail, e mail and our System wide intranet (Franchise Agreement, Section 4.G.); and~~

~~11. — We may: (1) research new treatment services, products and equipment and methods of doing business and provide you with information we have developed as a result of this research, as we deem appropriate in our sole discretion; and (2) create and develop additional products and services to be offered or provided as Approved Products and Services at System Centers.~~

~~D. — Advertising~~

~~All advertising and promotion that you use in connection with your Franchised Center must be approved by us and conform to the standards and requirements that we specify. We reserve the right to designate an Approved Supplier from which you must purchase advertising materials and/or services that we designate. We may make available to you from time to time, at your expense, certain promotional materials, including newspaper mats, coupons, merchandising materials, point of purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in certain promotions and advertising programs that we establish as an integral part of our System, provided these activities do not contravene regulations and laws of appropriate governmental authorities. You will be required to purchase and display any signage in certain parts of your Franchised Center that have high visibility for purposes of notifying customers and prospective customers of seasonal specials/promotions regarding our Approved Products and Services (Franchise Agreement, Section 8.A.);~~

~~If you wish to use any advertising or promotional materials other than those that we have previously approved or designated within the preceding 12 months, then you must submit the materials you wish to use to us for our prior written approval at least 20 days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 15 days of the date we receive the materials from you. If you do not receive our written approval during that time~~

~~period, however, the proposed materials are deemed disapproved and you may not use such materials. Once approved, you may use the proposed materials for a period of 90 days, unless we: (1) prescribe a different time period for use; or (2) require you to discontinue using the previously approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time (Franchise Agreement, Section 8.B.). Except as otherwise provided in this Item, we are not required to spend any amount on advertising in your Protected Territory.~~

You are responsible for all expenses incurred related to your and your employee's attendance at our training program, including transportation, lodging, meals and employee wages. (Franchise Agreement, Section 9.7)

Advertising

Grand Opening Advertising. You must spend \$25,000 to \$50,000 on public relations, initial advertising and grand opening of the Franchised Center for the period between 30 days prior to opening and 60 days after opening. We may also require that you spend all or any portion of the Grand Opening Advertising Requirement on initial marketing, advertising and/or public relations materials or services that are purchased from an approved supplier. We must approve your plan for Grand Opening Advertising prior to its use. (Franchise Agreement, Section 12.3)

Local Advertising Requirement. Upgrade Lab Centers advertise primarily through local direct mail, community involvement, newspaper and magazine advertisements. We expect that you will follow the same pattern. ~~We require that franchisees~~You must spend at least five percent (5%) of ~~their monthly~~your Gross Sales ~~on each month for the purpose of~~ local advertising and ~~promotions~~promotion of the Franchised Center within the Protected Territory (the "Local Advertising Requirement"). ~~As another means of advertising, you must~~Upon our request, you must provide us with invoices or other proof of your monthly expenditures on local advertising and marketing. You must ensure that: (1) the Franchised Center has a dedicated phone line for use in connection with the Franchised Center only (and no other business, including any other Center); and (2) the Franchised Center is listed in the appropriate Internet-based telephone directories that we designate. You must ensure that your Franchised Center has a dedicated telephone line that is ~~You may not used for any other purpose.~~advertise and promote the Franchised Center outside of the Protected Territory unless we otherwise provide our prior written consent in writing. (Franchise Agreement, Section 8.D.) ~~We reserve the right to designate an Approved Supplier from which you must purchase advertising materials and/or services that we designate that you will use as part of your Local Advertising Requirement. We also reserve the right to request proof of such expenditures by providing you with notice of such request.~~12.4)

~~In addition to your Local Advertising Requirement,~~ You may wish to use Social Media Platforms (defined as web-based platforms such as Facebook, Instagram, ~~Twitter~~X, TikTok, LinkedIn, Pinterest, YouTube, blogs and other networking and sharing sites) or use "Social Media Materials" (defined as any material on any Social Media Platform that makes use of our Proprietary Marks, name, brand, products or your Franchised Center whether created by us, you or a third-party). You may not use a Social Media Platform or Social Media Materials without our prior written approval. Your expenditures toward Social Media Platforms and Social Media Materials will ~~not~~ count towards your required Local Advertising Requirement ~~unless when~~ the expenditure relates to the placement of advertisements. (Franchise Agreement, Section 8.H.)12.7)

~~Grand Opening Advertising. In addition to the Local Advertising Requirement, you will be required to expend a minimum of \$30,000 in connection with the opening of the Franchised Center for the period between 30 days prior to opening and 60 days after opening. We must approve your plan for Grand Opening Advertising prior to its use (Franchise Agreement, Section 8.C.).~~

~~*National Brand Fund.* We will establish the Fund for the benefit of the System and the Upgrade Labs brand generally when our first Franchise Center opens for business. All advertising and promotion that you use in connection with your Franchised Center must be approved by us and conform to the standards and requirements that we specify. We may develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all or some of the Upgrade Lab Centers operating under the System. You must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including without limitation, the type, quantity, timing, placement, and choice of media, and market areas and advertising agencies, the System Standards and specifications established by us shall be final and binding upon you. We may also request that you purchase and/or make copies of (at your expense) and subsequently use certain other advertising or promotional materials that we designate for use in connection with the Franchised Center. We are not required to spend any amount on advertising in your Protected Territory. (Franchise Agreement, Section 12.2)~~

Brand Fund. We have established the Brand Fund for the enhancement, promotion and protection of the System and the Proprietary Marks, and for the development of advertising, marketing, and public relations programs and materials as we deem appropriate. We currently require that you contribute to this Fund at the same time and same manner that we collect your Royalty Fee in an amount equal to 2% of the Gross Sales of your Franchised Center during the preceding Business Week/month. Upgrade Lab Centers operated by us and our affiliates will contribute to the Brand Fund on the same basis as comparable franchisees.

~~We will administer and use the Fund to meet certain costs related to maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System. We will designate all programs that the Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may also be used to cover the costs and fees associated with: preparing and producing video, audio, and written materials and electronic media; website maintenance and development, internet advertising, administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, website, radio and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The~~Among the programs, concepts, and expenditures for which we may utilize the Brand Fund monies are: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, free standing inserts, brochures, logo wear, labeling, video, audio, and written materials and electronic media, and other advertising and promotional materials; (2) media placement and buying, including all associated expenses and fees; (3) administering regional and multi-regional marketing and advertising programs; (4) market research and customer satisfaction surveys; (5) the creative development of, and actual production associated with, premium items, giveaways, promotions, sweepstakes, contests, public relation events, and charitable or nonprofit events; (6) creative development of signage, posters, and individual Center décor items including wall graphics; (7) recognition and awards events and programs including periodic national and regional conventions and meetings; (8) design, establishment, and maintenance of websites, extranets, intranets, search rankings, social media profiles, mobile application and other digital marketing; (9) retention and payment of personalities engaged as spokespersons, advertising and promotional agencies, endorsement contracts, and other outside advisors including retainer and management fees; (10) sponsorship of sporting, charitable, or similar events; (11) review of locally produced marketing materials; (12) list acquisition and development; and (13) public relations and community involvement activities and programs.

We may sell certain advertising materials, merchandise and premium items to you that are developed by the Brand Fund, and the earnings from such sales will be deposited in the Brand Fund. We will account for the Fund contributions separately from our other funds and not use the Fund for any of our general operating expenses; however the Brand Fund may be used to pay reasonable salaries and expenses of our and our affiliates' employees who work on advertising, marketing,

public relations materials, programs, activities or promotions prepared, planned or undertaken on behalf of the Brand Fund and professional fees and administrative costs and overhead that we or our affiliates incur in activities reasonably related to the administration and activities of the Brand Fund (including accounting fees, legal fees, and interest on monies borrowed by the Brand Fund). We will not use the Brand Fund for anything whose sole purpose is the marketing of franchises, however, the System website, public relations activities, community involvement activities and other activities supported by the Brand Fund may contain information about franchising opportunities. We do not have a franchisee advertising council; however, we may seek the advice of our franchisees by formal or informal means with respect to the creative concepts and media used for programs financed by the Brand Fund.

The Brand Fund may be used for advertising materials/campaigns in printed materials or on radio or television for local, regional or national circulation, internet regional or national advertising, as we deem appropriate in our discretion. We and/or a regional or national advertising agency may be used to produce all advertising and marketing (Franchise Agreement, Section 8.E.).

~~We will account for the Fund contributions separately from our other funds and not use the Fund for any of our general operating expenses, except to compensate us for the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting for Fund contributions. The Fund is not our asset or a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Fund or any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use interest earned on Fund contributions to pay costs before spending the Fund's other assets. We will not use Fund contributions for advertising that principally is a solicitation for the sale of franchises, except that we may use/display the phrase "Franchises Available" on any and all advertising/marketing that is covered by the Fund. We may incorporate the Fund or operate it through a separate entity if we deem appropriate. Our affiliate-owned Upgrade Lab Centers will contribute to the Fund a comparable manner that Franchised Centers are required to contribute. (Franchise Agreement, Section 8.E.).~~

~~We are not required to spend any of your Fund Contributions in the Protected Territory you are granted under your Franchise Agreement, and we will provide you with We will prepare an annual, unaudited accounting of the Fund report (in a format of our choosing) of Brand Fund collections and expenses within 120 days after our fiscal year end (upon your written request). We are not required to have the Fund audited, but we may do so and use the Fund Contributions to pay for such an audit. If we do not spend all Fund Contributions in a given year, we may rollover any excess contributions into the Fund for use during the following year. We will and will provide a copy of the report to all franchisees. We retain the final authority on all programs financed by the Brand Fund. We have the right to modify or discontinue the Fund, as we deem appropriate in our sole discretion (Franchise Agreement, Section 8.E.).implement, change or dissolve the Brand Fund at any time. If we disband the Brand Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to contributors in proportion to their respective Brand Fund Contributions during the preceding 1) month period.~~

We did not ~~collect or expend~~ spend any Fund contributions in our last fiscal year. (Franchise Agreement, Section 12.5)

~~*Advertising Council.* We have not established an advertising council (the "Advertising Council"); but we may do so in the future. If we establish an Advertising Council, it will serve in an advisory capacity to us with respect to certain advertising expenditures, including providing advice/guidance on how to~~

~~administer the Fund. At our discretion, the Advertising Council may be comprised of our management representatives, employees, you and/or other franchisees in the System. We will have the right to modify or dissolve the Advertising Council (if created) at any time (Franchise Agreement, Section 8.F.).~~

Regional Advertising Websites. We will establish an interior page on our corporate website to display your Franchised Location and contact information associated with the Franchised Center. You may not establish any separate website or other Internet presence in connection with the Franchised Center, System or Proprietary Marks without our prior written consent and subject to our policies, standards and specifications. (Franchise Agreement, Section 12.6)

Marketing Cooperatives. We reserve the right to establish regional advertising cooperatives (“Cooperatives”) that ~~are comprised pool funds of a geographical market area that contain two or more~~ franchised and affiliate-owned Upgrade Labs Centers ~~(whether a Franchised Center or affiliate owned)~~ on an ongoing basis to collectively promote the Proprietary Marks and the businesses of the Cooperative members (each a “Cooperative”). If we assign your Franchised Center to a Cooperative we establish, you must work with the other Upgrade Labs Center owners in your Cooperative and us to develop and implement regional advertising campaigns designed to benefit all the Centers within the geographical boundaries of the Cooperative. We have not established any Cooperatives as of the issuance date of this Disclosure Document. (Franchise Agreement, Section 12.8.I.)

Computer Technology System

~~We have the right to specify or require that you use certain brands, types, makes, and/or models of computer hardware and software in connection with the Franchised Center that meets our System specifications, including~~ You must, at your own expense, acquire and install in the Franchised Location the computer system, Wi-Fi, Internet service, software, computer and Internet security systems, and other technology equipment, communications devices, audio/visual equipment and software systems that we specify in writing from time to time (“Technology System”). The Technology System currently includes: (1) an all-in-one printer/scanner/copier/fax machine; (2) high-speed Internet connection; (3) two Apple iPad tablets; (4) two iMacs; (5) one laptop; (6) cloud-based management system for scheduling, marketing and credit card processing from our Approved Supplier; (7) accounting software from our approved supplier; (8) the Zenoti point of sale system; and (8) a credit card processing system ~~(collectively, the “Computer System”). We may also require you to use designated software in connection with the Computer System and Franchised Center (the “Required Software”).~~

~~We must approve of all of the hardware to be used as a part of your Computer System before it is used in connection with your Franchised Center, and none of the foregoing hardware may be used for any other purpose other than operating your Franchised Center. You will also need to maintain Internet access via DSL or cable broadband connection.~~

You must maintain an electronic connection between your Technology System and our systems; use the Technology System in accordance with all policies and operational procedures we issue from time to time; transmit data to us at the times we specify; maintain your Technology System in good working order at all times; promptly install upgrades, additions, changes, modifications, substitutions and/or replacements of hardware, software, data connectivity, electrical power, and other

computer-related facilities, as we direct; ensure that your employees are adequately trained in the use of the Technology System and our related policies and procedures; and (if we request and subject to applicable privacy laws) permit us access to your Technology System and provide us with any user names and passwords necessary for that purpose. You must bear all costs of installation, operation, maintenance and upgrade of your Technology System. We reserve the right to require you to engage us or a hardware maintenance and/or help desk support provider approved by us to maintain your Technology System. We may also require you to use designated software in connection with the Computer System and Franchised Center (the “Required Software”). (Franchise Agreement, Section 11.17)

If you already have computer hardware and/or software that meet our then-current standards ~~for a Computer System and/or Required Software~~, then you may use these items in connection with your Franchised Center provided you obtain our approval. Otherwise, we estimate the costs to purchase our current Computer Technology System to be approximately between \$6,000 and \$8,000. You must keep your Computer Technology System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer Technology System or Required Software as we direct from time to time in writing. We estimate that you will spend approximately \$3,000 annually on maintenance and support contracts for your Computer Technology System, which includes (1) the software license for any Required Software ~~(see Items 6 and 8 of this Disclosure Document)~~, and (2) any upgrades to the Computer System. Neither we nor any of our affiliates are required to provide ongoing maintenance, repairs, upgrades or updates to the computer hardware or software.

~~We may require that: (1) you comply with~~ You must use our standards designated email addresses and specifications other communication addresses for ~~Internet access and speed; and (2) the Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Center to us. We will also have the right to, at any time without notice, electronically and independently connect with your Computer System to monitor or retrieve data stored on the Computer System (or for any other purpose we deem necessary). There are no contractual limitations on our right to access the information and data on any component of your Computer System. We may also require you to use a Computer System and/or related software that is administered through us and provides us with automatic access to all data and reports that might be created by such Computer System and/or software.~~

~~You are also required to participate in any System-wide area computer network, intranet system, or extranet system that we implement, and may be required to use such networks or system to, among other things:~~

~~(1) submit your reports due under the Franchise Agreement to us online; (2) view and print portions of the Manuals; (3) download approved local advertising materials; (4) communicate with us and other System franchisees; and (5) complete certain components of any ongoing training we designate. (Franchise Agreement, Section 5.L.)~~

~~You must take all necessary steps, including but not limited to those related to visibility and management of the Franchised Center’s network, that are necessary to ensure that the Franchised Center is compliant with. You must use our approved credit card vendors and must comply with all Payment Card Industry Data Security Standards (PCI DSS) requirements, as such standards may be revised and modified by the PCI Security Standards Council (see www.pcisecuritystandards.org).~~ (Franchise Agreement, Sections ~~5.V.~~ 11.18 and 11.20)

E. Website and Internet Use

~~Except as approved in advance in writing by us and otherwise described in this Item, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Center, including any profile on Social Media Platform. Any such Internet website or presence is considered “advertising” and must be approved by us prior to use, as described in this Item. If we do permit you to establish one or more of the above presences on the Internet, you must: (1) establish and operate your World Wide Web or Internet site in accordance with System standards and any other policies we designate in the Manuals or otherwise in writing from time to time; and (2) utilize any templates that we provide to you to create and/or modify such site(s) (Franchise Agreement, Section 8.G.)~~

~~We have the right to establish and maintain a website, that may, without limitation, promote the Proprietary Marks and/or the System (the “Website”), including the contact information of your Franchised Center. We agree to establish an interior page on our corporate website to display the Premises and contact information associated with the Franchised Center for so long as (1) the Franchised Center is open and actively operating, and (2) the Franchise Agreement governing that Franchised Center is not subject to termination (Franchise Agreement, Section 4.I.). We have sole control over all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. We also have the right to discontinue operation of the Website at any time without notice to you. We have the right to modify our policies regarding your use of social media and Internet websites in connection with your Franchised Center as we deem necessary or appropriate in the best interest of the System (Franchise Agreement, Section 8.G.). We (or our affiliate) are the sole registrant of the Internet domain name www.upgradelabs.com, as well as any other Internet domain names that we or our affiliates register in the future. You must not register any Internet domain name that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.~~

~~ITEM 12~~ ~~TERRITORY~~

~~Premises~~ ~~ITEM 12~~

~~TERRITORY~~

FRANCHISE AGREEMENT

Site Selection Area

If you do not have a site for your Franchised Center when you sign the Franchise Agreement, then you must identify a site from a designated market area agreed to that we agree to and designate in your Franchise Agreement (“Site Selection Area”). You will not have any territorial rights within the Site Selection Area. We may permit ourselves, our affiliates and our franchisees to search for the location of their Upgrade Labs Centers within the same Site Selection Area that is assigned

to you if we determine that the Site Selection Area is large enough to contain additional Upgrade Labs Centers. We will review and reject or grant potential locations for each Upgrade Labs Center, and resulting Protected Territories, within the Site Selection Area on a first-to-propose basis.

Franchised Location and Relocation

You may only operate your Franchised Center from the ~~Premises~~Franchised Location we approve. ~~Once we agree on the Premises, we will designate it on the Data Sheet attached to your Franchise Agreement.~~

You may not relocate your Franchised Center without our written consent, ~~which we will not unreasonably withhold provided: (1) the new location is located within your Protected Territory and meets our then-current criteria for the Premises; and (2) you.~~ If we approve a relocation of the Franchised Center, you must pay a relocation fee in the amount of ~~twenty-five percent of our then-current initial franchise fee.~~\$15,000. You must open the relocated Franchised Center for business within 180 days of closing the Franchised Center at the previous location. You will bear all relocation costs and construction costs, including any costs of terminating the existing lease or occupancy agreement. When considering a request for relocation, we may take into account the desirability of the proposed new location, its distance from other and future-planned ~~franchised locations~~Upgrade Labs Centers, the traffic patterns, security, cost, and the demographics of the area, as well as any other related factors we deem appropriate.

~~Franchise Agreement: Protected Territory~~

~~Once you have secured the Premises of~~We will describe your Center, ~~we will define the~~ Protected Territory ~~on the Data Sheet attached to~~in your Franchise Agreement.

~~Your Protected Territory will typically be an area with a population of 100,000 individuals. The size of your Protected Territory may vary from other System franchisees based on the location and demographics surrounding your Premises.~~

when we approve the Franchised Location. The boundaries of your Protected Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, ~~or otherwise delineated on a map attached to the Data Sheet.~~ Your Protected Territory will typically be an area with a population of 100,000 individuals. The size of your Protected Territory may vary from other System franchisees based on the location and demographics surrounding your Franchised Location. The sources we use to determine the daytime population within your Protected Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

~~Subject to our reserved rights that are outlined below, during the term of your Franchise Agreement,~~

~~we will not open or operate, or license a third party the right to open or operate, any other Center utilizing the Proprietary Marks and System within your Protected Territory. Your Protected Territory cannot be modified except by mutual written agreement signed by both parties.~~

Limitations on Soliciting and Other Activities Outside of Your Protected Territory; Revenue Sharing

During the term of your Franchise Agreement, if you are in compliance with the terms of the Franchise Agreement, we will not establish an Upgrade Labs Center or franchise or license anyone other than you to establish an Upgrade Labs Center within your Protected Territory. Your Protected Territory cannot be modified except by mutual written agreement signed by both parties. We and our affiliates retain the right regardless of the proximity to or effect on your Franchised Center at the Franchised Location to: (1) establish and operate, and license any third party the right to establish and operate, other Upgrade Lab Centers using the Proprietary Marks and System at any location outside of the Protected Territory; (2) market, offer and sell products and services that are similar to the products and services offered by Upgrade Labs Centers under a different trademark or trademarks at any location, within or outside the Protected Territory; (3) use the Proprietary Marks and System and other such marks designated by us to distribute the Approved Products and/or Services in any alternative channel of distribution, within or outside the Protected Territory (including e-commerce, mail order, catalog sales, toll-free numbers, traditional retail outlets, wholesale stores, etc.); (4) acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside the Protected Territory; (6) establish and operate, and license any other party the right to establish and operate businesses using the Proprietary Marks and System in “Non-Traditional Sites” including, but not limited to, amusement parks, military bases, college campuses, hospitals, airports, sports arenas and stadia, any other kind of captive market venue, train stations, travel plazas, toll roads, and casinos, both within or outside the Protected Territory; and (7) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited by the Franchise Agreement.

Advertising and promotional materials created, placed, and/or distributed by us, other franchisees operating under the System, or other entities authorized by us, may appear in media distributed in, or may be directed to prospective customers of your Franchised Center located within your Protected Territory, including on our website or social media channels. You may not advertise or market the services of your Franchised Center outside of the Protected Territory or engage in direct solicitation of customers outside of your Protected Territory. The term “direct solicitation” includes solicitation in person, by telephone, by mail, by e-mail, the internet, or other electronic means, advertising, marketing, and by distribution of brochures, business cards or other materials. If any of your advertising within your Protected Territory is in media that will or may reach a significant number of persons outside of your Protected Territory, you must notify us in advance and obtain our prior written consent. We may periodically establish rules and policies regarding such advertising in the Manual including a requirement that you include a reference to any nearby Upgrade Labs Centers that may be impacted by your out-of-territory advertising. There are no territorial restrictions from accepting business from customers that reside/work or are otherwise based outside of your Protected Territory if these customers contact you and/or visit your Franchised Center. ~~You may solicit prospective customers outside of your Protected Territory, provided~~

~~(1) these prospective customers do~~You will not ~~reside within the~~receive an exclusive territory ~~granted to another franchisee or Center and (2) you obtain our prior written consent.~~under the Franchise Agreement. You may ~~not use~~

~~alternative face competition from other franchisees, from outlets that we own, or from other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make any sales inside competitive brands that we control. Unless you sign or outside have signed a Development Agreement, you have no options, rights of first refusal, or similar rights to acquire additional franchises. We will not modify the size of your Protected Territory except by mutual written agreement signed by both parties.~~

~~Development Agreement:~~ DEVELOPMENT AGREEMENT

Development Area

If you are granted the right to open multiple Franchised Centers under our form of Development Agreement, then we will provide you with a Development Area upon execution of the Development Agreement. The size of your Development Area will substantially vary from other System developers based on the number of Franchised Centers we grant you the right to open and operate and the location and demographics of the general area where we mutually agree you will be opening these Centers. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, ~~or otherwise delineated on a map attached to Exhibit A to your Development Agreement.~~

Each Franchised Center you timely open and commence operating under a Franchise Agreement will be operated from a distinct ~~Premises located~~ Franchised Location within the Development Area and within its own ~~Protected Territory~~ Protected Territory that we will define once the ~~Premises~~ Franchised Location for that Franchised Center has been approved.

~~Subject to our reserved rights that~~ Provided you your affiliates are ~~outlined below, in full compliance with the Development Agreement and all other agreements with us, then~~ we and our affiliates will not ~~own or~~ operate, or ~~license a third~~ authorize any other party ~~the right to own or~~ operate, ~~an Upgrade Labs Center, the physical premises of which are located within the Development Area during the term of; however, we reserve the same rights referenced above with respect to the Protected Territory within~~ the Development ~~Agreement.~~ Area.

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

Upon the expiration or termination of your Development Agreement, your territorial rights within the Development Area will be terminated, except that each Franchised Center that you have opened and are continuously operating as of the date of such occurrence will continue to retain the territorial rights within their respective Protected Territories that were granted under the Franchise Agreement(s) you entered into for those Franchised Center(s).

Reserved Rights

~~We and our affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement and/or Development Agreement as applicable: (1) establish and operate, and license any third party the right to establish and operate, other Centers using the Proprietary Marks and System at any location outside of the Protected Territory (and Development Area if applicable); (2) market, offer and~~

~~sell products and services that are similar to the products and services offered by your Franchised Center under a different trademark or trademarks at any location, within or outside the Protected Territory (and Development Area if applicable); (3) use the Proprietary Marks and System and other such marks designated by us to distribute the Approved Products and/or Services in any alternative channel of distribution, within or outside the Protected Territory (and Development Area if applicable) (including the Internet, mail order, catalog sales, toll free numbers, traditional retail outlets, wholesale stores, etc.);~~

~~(4) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside your Protected Territory (and Development Area if applicable); (5) establish and operate, and license any other party the right to establish and operate Centers in “Non-Traditional Sites” including, but not limited to, amusement parks, military bases, college campuses, hospitals, airports, sports arenas and stadia and any other kind of captive venue, train stations, travel plazas, toll roads and casinos, both within or outside your Protected Territory (and Development Area if applicable); and (6) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited by the Franchise Agreement (and Development Agreement if applicable).~~

~~The Franchise Agreement and Development Agreement do not grant you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our affiliates, our parent, or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders (via alternate channels of distribution) within your Protected Territory or Development Area.~~

~~You will not receive an exclusive territory.~~

[You will not receive an exclusive territory under the Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.](#)

Additional Disclosures

The Franchise Agreement does not provide you with any right or option to open and operate additional Franchised Centers. Regardless, each Franchised Center you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that sell our Approved Products and Services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

ITEM 13



TRADEMARKS

We grant you a limited, non-exclusive license to use our primary mark UPGRADE LABS® and certain other Proprietary Marks in connection with the operation of your Franchised Center only at your [Premises](#)[Franchised Location](#) and within your Protected Territory, provided you use these Proprietary Marks as outlined in your Franchise Agreement and our Manuals. You do not obtain any additional rights to use any of our Proprietary Marks under any Development Agreement you enter into.

Our affiliate, Upgrade Labs IP, Inc. is the current owner of a registration for the following Proprietary Mark on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Mark	Registration Number	Registration Date
UPGRADE LABS	5,866,259 5866259	September 24, 2019

[The registration for the following trademarks are pending. We do not have a federal registration for these marks. Therefore, the marks do not have as many legal benefits and rights as a federally registered trademark. If our right to use the marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.](#)

Mark	Serial Number	Application Date
	97380016	April 25, 2022
	97832906	March 10, 2023

We have entered into a license agreement with our affiliate Upgrade Labs IP, Inc. under which we were granted a perpetual, worldwide license to use, and sublicense third parties the right to use, the Proprietary Marks in connection with the System (the “License Agreement”). Other than this License Agreement, there are no agreements in effect that significantly limit our right to use, or license the use of, the Proprietary Marks that are material to the franchise. In the event this License Agreement is terminated, your rights to use the Proprietary Marks will not be materially altered.

~~You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Proprietary Marks. The goodwill associated with our Proprietary Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Franchised Center during the term of the Franchise Agreement. Any increase in the goodwill associated with our Proprietary Marks during the term of the Franchise Agreement will benefit us. All rights to use our Proprietary Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of your Franchise Agreement.~~

~~As of the issuance date of this Disclosure Document, there is no litigation pending arising out of our Proprietary Marks,~~

~~and we are not aware of any superior rights in, or infringing uses of, our Proprietary Marks that could materially affect your right to use these marks. Presently, there are not any effective material~~ There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, ~~province, territory, or region, or or~~ any court ~~adverse to our rights in~~ involving the ~~Proprietary Marks~~ principal mark, nor ~~are there~~ any pending infringement, opposition, or cancellation proceedings; or ~~any material litigation, involving~~ involving the Proprietary Marks. We are not aware of any infringing uses that could materially affect your use of the Proprietary Marks. There are no agreements that limit our rights to use or license the use of the Proprietary Marks and we are not aware of any superior rights that could affect your use of the Proprietary Marks.

~~You may not use all or any portion of our Proprietary Marks as part of your company name and, without our prior written consent, as part of your trade name or “d/b/a”. You may not modify the Proprietary Marks with words, designs or symbols, except those that we license to you. You may not use our Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your owners and managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Proprietary Marks, trade secrets, methods, procedures, and advertising techniques that are part of our System, or contest our sole right to register, use, or license others to use, our Proprietary Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the term “Upgrade Labs” or any similar phrase.~~

~~You must immediately notify us, in writing, if you become aware of any unauthorized use of our Proprietary Marks or other proprietary information, and you must permit us to participate in any litigation involving you and our Proprietary Marks. We will take the action we think appropriate. We will indemnify, defend and hold you harmless in connection with any third party claims that are brought against you that arise solely out of your authorized use of any Proprietary Marks in the manner we prescribe, provided you immediately notify us of the proceeding (within three days) and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel, unless we approve of your use of such counsel in writing prior to you engaging counsel. We will not reimburse you for disputes where we challenge your use of our Proprietary Marks.~~

~~You must modify or discontinue using any of the Proprietary Marks, and add new names, designs, logos or commercial symbols to the Proprietary Marks as we instruct. We may, at our sole discretion, impose changes whenever we believe the change is advisable. We do not have to compensate you for any costs you incur to make the changes we require. You will receive written notice of any change, and will be given a reasonable time to conform to our directions (including changing signage, marketing displays, trade dress and other advertising), at your sole expense.~~

You must notify us of any unauthorized use of the Proprietary Marks. You must also notify us of any challenge to the validity of, or the right to use, any of the Proprietary Marks. We have the right to control any administrative proceeding or litigation that involves the Proprietary Marks. This right includes the right to settle any of those disputes. We may, but are not

required to, try to stop other people from using the Proprietary Marks.

We will defend you against any infringement claims that arise from your use of the Proprietary Marks or the Proprietary Materials (as defined in Item 14) at our expense, including the cost of any judgment or settlement, if your use of the Proprietary Marks and the Proprietary Materials complied with the Franchise Agreement, but at your expense if your use of the Proprietary Marks and the Proprietary Materials did not comply with the Franchise Agreement. You must assist us in any action we take to protect the Proprietary Marks. Unless this action results from your inappropriate use of the Proprietary Marks, we will reimburse you for your out-of-pocket costs in assisting us.

You must follow our rules when you use the Proprietary Marks. You may not use any of the Proprietary Marks as part of your corporate name, Internet domain name, or e-mail address, or with modifying words, designs or symbols without our authorization. You may not use the Proprietary Marks for the sale of an unauthorized product or in any other manner not authorized by the Franchise Agreement.

We can modify the Proprietary Marks and/or substitute different marks for use in identifying our Schools and the System. You must promptly implement any modification or substitution at your own cost and expense. We will have no obligation or liability to you as a result of the modification or substitution.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

~~We do not own any registered Patents~~

~~No patents or copyrights or pending patent or copyright applications that are material to the franchise operation of your School.~~

Copyrights

~~We do, however, and our affiliates claim common law copyright and trade secret protection for several aspects of the System including our Manuals, training certain proprietary materials, advertising, and business (the “Proprietary Materials”), which include the Manual, advertisements, promotional materials, labels, posters, coupons, gift certificates, signs, social media sites, websites, and facility designs, plans and specifications that we have created and will create in the future. Neither we nor our affiliates have registered the copyrights in any of the Proprietary Materials but we are not required to do so. You can use the Proprietary Materials only for the purpose of developing and operating your Franchised Center. You must notify us of any unauthorized use of the Proprietary Materials. You must also notify us of any challenge to the validity of, or the right to use, any of the Proprietary Materials. We have the right to control any administrative proceeding or litigation that involves the Proprietary Materials. This right includes the right to settle any of those disputes. We may, but are not required to, try to stop other people from using the Proprietary Materials.~~

~~There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted~~

~~material. You will be responsible for printing any revised or new advertising, marketing or other business materials.~~

We will defend you against any infringement claims that arise from your use of the Proprietary Materials at our expense, including the cost of any judgment or settlement, if your use of the Proprietary Materials complied with the Franchise Agreement, but at your expense if your use of the Proprietary Materials did not comply with the Franchise Agreement. You must assist us in any action we take to protect the Proprietary Materials. Unless this action results from your inappropriate use of the Proprietary Materials, we will reimburse you for your out-of-pocket costs in assisting us.

We do not know of any currently effective adverse determinations of the USPTO, the United States Copyright Office, or any court regarding the Proprietary Materials. No agreement limits our right to use or allow others to use the Proprietary Materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the Proprietary Materials in any state.

The Manual and Confidential Information

We will loan you one copy of, or electronic access to, the Manual, which contains the System Standards that we periodically prescribe for operating an Upgrade Labs Center. We will permit you to have electronic access to our Manual only during the term of your Franchise Agreement and only for your use in connection with operating your Franchised Center. You must treat the Manual and all information contained in the Manual as confidential. You must not misuse, copy, duplicate, record, or otherwise reproduce the Manual or any other materials containing our confidential information, in whole or in part, or otherwise make them available to any unauthorized person. The Manual remains exclusively our property and you must limit electronic access to the Manual to authorized persons.

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or any time after that, communicate, ~~divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these~~ disclose any trade secrets, ~~copyrighted materials, methods and other techniques and~~ or confidential or proprietary information ~~or know-how concerning the operation of the Franchised Center (the “Confidential Information”). You may divulge such Confidential Information only~~ of the System ~~to your employees who must have access to it in order to~~ any unauthorized person, ~~or do or perform their employment obligations, directly or indirectly, any other acts injurious or prejudicial to any of the Proprietary Marks or the System.~~

~~You must adopt and implement all reasonable procedures as we may prescribe from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. You must ensure and~~ At our request, you must require that all of your officers, agents, directors, owners and their spouses or relationship partners, trustees, beneficiaries, partners, employees, and independent contractors who may obtain or who are likely to obtain knowledge concerning the Confidential Information your management personnel to sign our then current form of Confidentiality and Non-Competition Agreement that is attached to the Franchise Agreement as an exhibit. Under this agreement, these individuals agree agreements that they will maintain the confidentiality of our information that they will receive in connection with their ~~employment and restrict their right to work for a competitor while they are employed by you. This confidentiality agreement will~~ association with you. ~~The agreements must be in a form satisfactory to us and identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights~~ with the independent right to enforce the agreement. Our current form of Confidentiality Agreement is attached as an exhibit to the Franchise Agreement.

~~The Franchise Agreement provides that if you, your employees, or principals develop any new~~

~~inventions, discoveries, and improvements in the operation or promotion of any Franchised Center, you will promptly notify us and provide us with all necessary related information, without compensation. Any new concept, process or improvement will become our sole intellectual property. Whenever requested to do so by us, you must execute any and all applications, assignments, or other instruments that we may deem necessary to apply for and obtain intellectual property protection or to otherwise protect our interest therein.~~

~~You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney in fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that these provisions in the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.~~

~~We may revise any of our copyrighted materials at our discretion, and may require that you cease using any outdated item or portion of the Manuals.~~

Innovations

All products, services, concepts, methods, techniques, and/or new information relevant to your operation of your Franchised Center (together, “Innovations”), whether or not constituting protectable intellectual property, that you or your employees create, or that are created on your behalf, must be promptly disclosed to us. All such Innovations will be deemed to be our sole and exclusive property and works made-for-hire for us. You and each of your owners agree to: (1) sign the assignment and/or other documents we request in order to implement this in order to evidence our ownership; (2) cause your employees and contractors to sign such assignment documents as we may request for this purpose; and (3) assist us in securing intellectual property rights in such Innovations.

Data

We claim ownership of all data that you collect in connection with the Franchised Center including all customer data. You must (1) maintain a list of all current and former customers, as well as their purchase history, at the Franchised Location; and (2) make such lists and membership agreements available for our inspection upon request. You acknowledge that we may have automatic access to any or all of this information via the Technology System and related software that we require for use in connection with the Franchised Center. You have the right to use this data only in connection with operating the Franchised Center and only in accordance with the policies that we establish from time to time. You may not sell, transfer, or use this data for any purpose other than operating and marketing the Franchised Center.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

~~Your Principal Owner must personally participate and manage the day-to-day operations of your Franchised Center, but your Designated Manager that you hire may manage daily operations with our approval. Your Principal Owner and your Designated Manager must complete the Initial Training Program to our satisfaction (prior to undertaking any management responsibilities). We will not unreasonably withhold our approval of any Designated Manager you propose, provided the Designated Manager has completed our Initial Training Program and otherwise demonstrated that he/she has a good handle on our System standards and specifications for daily operations of an Upgrade Labs Center. If the franchisee is a business entity, we do not require the Designated Manager to own an interest in the entity, but the Designated Manager must sign our prescribed form of Confidentiality and Non-Competition Agreement.~~

You must designate one of your owners as your Principal Owner who will be the person with whom we communicate and who will have the authority to bind you with respect to all financial, operational and legal matters related to the Franchised Center and the Franchise Agreement. Your Principal Owner must personally participate in the direct management and operation of the Franchised Center on a full-time basis, unless you hire a manager (the “Designated Manager”) that we approve in writing to manage the day-to-day operations of the Franchised Center when your Principal Owner is not present. Your Principal Owner may, but is not required to, also serve as your Designated Manager. The individual who will act as your Designated Manager must successfully complete all required training sessions and must have signed and delivered to us a Confidentiality and Restrictive Covenant Agreement in a form we prescribe, the current form of which is attached to the Franchise Agreement. You may not change the Designated Manager without our prior written approval. .

Your Franchised Center must, at all times, be managed and staffed with at least one individual who has successfully completed our ~~Initial~~ training program. In the event that you operate more than one Franchised Center, you must have a properly trained Designated Manager at each Franchised Center that you own and operate. You must keep us informed at all times of the identity of any personnel acting as Designated Manager~~s~~, and obtain our approval before substituting a new Designated Manager at any of your ~~locations~~Franchised Centers.

It is important to note that we are not your employer and that you will have the right to control all decisions related to recruiting, hiring or firing any personnel, including any specialized/licensed personnel that must be independently licensed to perform certain of the Approved Services at your Centers. Please note that nothing in this Disclosure Document or any agreement you enter into with us will create any type of employer or joint employer relationship between ~~(1)~~-you and/or your personnel~~s~~, and ~~(2)~~-us or our affiliates.

Your owners and each of their spouses ~~will also be required to sign, if applicable, must execute a Personal Guarantee and Assumption of Obligations in the~~ form ~~of personal guaranty~~ we prescribe (“Guarantee”), undertaking to be bound jointly and severally by the terms of the Franchise Agreement and the Development Agreement. The current form of Guarantee is attached to the Franchise Agreement ~~as an Exhibit~~and the Development Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer the Approved Products and Services that we expressly authorize through your Franchised Center, and must only offer these products and services at the PremisesFranchised Location and in the manner prescribed in your Franchise Agreement and our ~~Manuals~~Manual. We may supplement, revise and/or modify our Approved Products and Services as we deem appropriate from time to time, as well as our System Standards and specifications associated with the provision of

these products/services. These changes will be outlined in our ~~Manuals~~Manual or otherwise in writing, and there are no contractual limitations on our right to make these types of changes. We may permit you to offer products and/or services in addition to the Approved Products and Services, provided that you have obtained our prior written approval.

If we discontinue any Approved Product or Service offered by the Franchised Center, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us). You may not use the ~~Premises~~Franchised Location of your Franchised Center for any other business purpose other than the operation of your Franchised Center.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

FRANCHISE AGREEMENT

	Provision	Section in Franchise Agreement	Summary
a.	Term <u>Length</u> of the franchise <u>term</u>	Section 2.A.3.1	The initial term is for 10 years commencing on the date we sign your Franchise Agreement.
b.	Renewal or extension of the term	Section 3.2.B.	You have the right to be considered for three additional, consecutive 5-year <u>renewal</u> terms.
c.	Requirements for franchisee to renew or extend	Section 3.B.2	In order to renew (which means renewing your franchise relationship with us), you must: (1) not provide notice of renewal; be in good standing under all agreements with us and our affiliates; have any uncured material defaults; (2) not have received more than 3 notices of material default within the 12-month period preceding right to remain in the renewal request date or renewal date; (3) execute <u>Franchised Location; renovate the Franchised Center; be in full compliance with all laws and regulations; attend refresher training; pay a renewal fee of \$35,000; sign a general release and</u> our then-current form of Franchise Agreement; the terms of which may materially differ from the terms of the <u>your</u> original franchise agreement; (4) pay a renewal fee of 25% of our then-current initial franchise fee; (5) attend prescribed refresher training courses; (6) execute a general release; (7) have participated in all of our procedures, promotions and other activities required by us; and (8) agree to refurbish the Premises as necessary <u>franchise agreement</u> .

	Provision	Section in Franchise Agreement	Summary
d.	Termination by franchisee	Not Applicable	Not Applicable <u>Subject to state law, you may not terminate the Franchise Agreement.</u>
e.	Termination by franchisor without cause	Not Applicable	Not Applicable <u>We may not terminate the Franchise Agreement without cause.</u>
f.	Termination by franchisor with “cause”	Section 15.19	We may terminate your Franchise Agreement with cause as described in (g) (h) <u>only if you or your owners commit one of this Item 17 Chart: several violations.</u> Termination of a Development Agreement will not result in a termination of your Franchise Agreement.
g.	<u>“Cause” defined defaults which can be cured</u>	<u>19.3 - 19.4</u>	<u>You have 10 days to cure non-payment of fees and 30 days to cure other defaults, except for those described in h. below.</u>
gh.	<u>“Cause” defined —curable— defaults which cannot be cured</u>	S e t io n s 1 5. B 1 1 0, 15.B.13, and 15.B.15.1 - 19.2	You must cure all monetary defaults under your Franchise Agreement within 10 days of being provided with notice by us, as well as the following defaults: failure to offer only those Approved Products and Services that we authorize; any purchase of any non-approved item or service for use in connection with the Franchised Center; failure to purchase any Required Item from the appropriate Approved Suppliers; failure to pay any amount owed to us, our affiliates and/or any Approved Supplier; and failure to obtain/maintain any required permits or licenses. <u>Non-curable defaults: insolvency, bankruptcy; failure to complete training; failure to timely open the Franchised Center; abandonment;; commission of felony; threat to public safety; unapproved transfers; violation of confidentiality and non-compete obligations; fraud or misrepresentation in franchise application; repeated defaults even if cured; default of any other agreements between you or your affiliates and us or our affiliates; and others.</u>
i.	<u>Franchisee’s obligations on termination/non-renewal</u>	Section 15.B.14 <u>20</u>	You must cure any failure to comply with any law or regulation applicable to the operation of the Franchised Center within 15 days’ notice. <u>Obligations include closing the Franchised Center, de-identifying Franchised Location; paying amounts due; turning over data; cease use of email addresses, websites and electronic identifiers; return of all of our materials; and payment of liquidated damages (also see o. and r. below).</u>
j.	<u>Assignment of contract by franchisor</u>	Section 15.B.12 <u>18.1</u>	You must cure any failure to provide us with access to the Computer System and/or registers at the Franchised Center within 24 hours’ notice. <u>There are no restrictions on our right to assign.</u>

	Provision	Section in Franchise Agreement	Summary
			agreement you have with us or our affiliates or any Approved Supplier within the appropriate cure period; (8) you default under your lease for the Premises and fail to timely cure; (9) you fail to open <u>fee</u> and commence operations within the required time period; (10) you abandon your Franchised Center; (11) you are convicted of a felony or any other crime of moral turpitude or offense that will adversely affect the System; (12) you take any property of the Franchised Center for personal use; (13) there are insufficient funds in your EFT Account on three or more occasions in any 12 month period; (14) or if you commit repeated violations of any applicable law. <u>third party broker fees.</u>
<u>n.</u>	<u>Franchisor’s right of first refusal to acquire franchisee’s business</u>	<u>18.3</u>	<u>We have the right to match any offer.</u>
<u>o.</u>	<u>Franchisor’s option to purchase franchisee’s business</u>	<u>20.2</u>	<u>Upon expiration or termination of the Franchise Agreement, we can take assignment of your lease and purchase the furnishings, equipment, signs, and fixtures of the Franchised Center as we may designate, at fair market value, and such of the inventory and supplies of the Franchised Center as we may designate, at fair market wholesale value.</u>
<u>p.</u>	<u>Death or disability of franchisee</u>	<u>18.6</u>	<u>Executor or personal representative must assign your interest to approved party within three months. If the deceased or incapacitated person is the Principal Owner who also serves as the Designated Manager, we have the right to manage operation of the Franchised Center until the transfer is completed. If we exercise this right, we can charge a reasonable management fee for our services.</u>
<u>q.</u>	<u>Non-competition covenants during the term of the franchise</u>	<u>17.1.B</u>	<u>No diverting customers to a Competing Business; no involvement in a “Competing Business” which is defined as any business that offers or provides adaptive cardio, neurofeedback, PEMF, other technologies intended to supercharge clients’ bodies, minds and spirits, and/or the other types of Approved Products and Services offered by Upgrade Labs Centers or whose method of operation or trade dress is similar to that employed in the System. During the term of the Franchise Agreement, there is no geographical limitation on this restriction.</u>
<u>r.</u>	<u>Non competition covenants after the franchise is terminated or expires</u>	<u>17.1.B</u>	<u>No involvement with any Competing Business for two years within a 25 mile radius of the Franchised Location and any Competing Business located within a 25 mile radius of any other Upgrade Labs Center that is open, under lease, or</u>

	Provision	Section in Franchise Agreement	Summary
			<u>otherwise under development as of the date the Franchise Agreement expires, transfers, or is terminated.</u>
<u>s.</u>	<u>Modification of the agreement</u>	<u>26</u>	<u>No modification generally without signed agreement, but we may modify the System and the Manual.</u>
<u>t.</u>	<u>Integration/merger clause</u>	<u>26</u>	<u>Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.</u>
<u>u.</u>	<u>Dispute resolution by arbitration or mediation</u>	<u>27.3 and 27.4</u>	<u>You must first submit all disputes and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally. All claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation at a location with the American Arbitration Association where our then-current headquarters are located.</u>
<u>v.</u>	<u>Choice of forum</u>	<u>27.2</u>	<u>Subject to state law, all claims brought by you must be filed in the jurisdiction where we have our principal place of business, which is currently in Fort Myers, Florida. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time of suit, in the jurisdiction where the Franchised Center is or was located, or where the claim arose</u>
<u>w.</u>	<u>Choice of law</u>	<u>27.1</u>	<u>Subject to state law, the Franchise Agreement is governed by the laws of Florida without reference to its conflict of laws principles.</u>

DEVELOPMENT AGREEMENT

	Provision	Section in Franchise Development Agreement	Summary
i.	Franchisee’s obligations on termination/non-renewal	Section 16	Upon termination or early expiration of the Franchise Agreement, your obligations include: (1) ceasing doing business in a form or manner that may give the general public the impression that you are operating a Franchised Center; (2) return of the Manuals of any other Confidential Information to us and pay us any outstanding amounts due to us; (3) cancel or, at our option, assigning us all telephone/facsimile numbers and domain names (if permitted) used in connection with the Franchised Center (as well as all related listings) to us or our designee and providing us with all customer information, lists and membership agreements; (4) immediately discontinuing the use of the Proprietary Marks and trade dress; (5) complying with all post-term restrictive covenants; and (6) providing us with written confirmation of compliance with these obligations within 30 days.
j.	Assignment of contract by franchisor	Section 12.G.	There are no restrictions on our right to assign.
k.	“Transfer” by franchisee — defined	Sections 12.A. and 12.C.	Includes any transfer of Franchise Agreement, assets of the Franchised Center, or ownership change in you (as the franchisee).
l.	Franchisor approval of transfer by franchisee	Section 12.A.	We must approve all transfers, but we will not unreasonably withhold our approval if you meet our conditions.

	Provision	Section in <u>Franchise Development Agreement</u>	Summary
ma .	Conditions for franchisor approval of transfer <u>Term of the Franchise</u>	<u>Section 12.E.8. Exhibit A</u>	We have the right to impose the following conditions on any transfer by you: (1) all of your obligations under the Franchise Agreement have been satisfied; (2) you must cure all existing defaults under the Franchise Agreement; (3) you must execute a general release in our favor (as well as related parties); (4) you or the transferee must provide us with the executed purchase agreement, and transferee must assume all of your obligations under the Franchise Agreement; (5) the new franchisee must meet our then current qualifications and criteria for a new franchisee; (6) transferee must execute our then current form of franchise agreement; (7) transferee must pay our Transfer Fee and successfully complete our Initial Training Program; (8) you must comply with all post term obligations; (9) transferee must obtain or maintain all necessary permits and licenses; (10) lessors, as necessary, must consent to the assignment of the lease; (11) transfer must be made in compliance with all laws; (12) the purchase price and other terms of the assignment must not be so burdensome as to impair the transferee's success; (13) you must request that we provide our then current Franchise Disclosure Document to the transferee; and (14) we have the right to disclose any information pertaining to you or the Franchised Center to a prospective transferee. <u>The Development Agreement will commence on the date it is fully executed and end on the earlier of (1) the date that the final Franchised Center is required to be opened and operating under the Development Schedule; or (2) the date that the final Franchised Center is opened.</u>
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 12.D.	Except in certain circumstances (death/disability or transfer from individual franchisee to business entity), you must provide us with a period of 30 days to match any third party <i>bona fide</i> offer to purchase any interest in the Franchise Agreement or Franchised Center. If we do not exercise this right, then you will have 60 days to effectuate the transfer to the third party that made the offer on those exact terms — if the transfer does not occur or the proposed terms of the offer change in any way, then we will have another 30 days to exercise our

	Provision	Section in <u>Franchise Development</u> Agreement	Summary
			right of first refusal.
o.	Franchisor's option to purchase franchisee's business	16.H.	We have the right, but not the obligation, to purchase all or any portion of the assets of your Franchised Center upon expiration/termination of your Franchise Agreement at the net depreciated book value.
p.	Death or disability of franchisee	Section 12.B.	You will have a period of 180 days to transfer ownership interests of a deceased or disabled owner to the surviving owners (or to a new owner if the deceased or disabled owner is the last or sole owner). During this 180-day period, we may step in and operate the Franchised Center on your behalf and pay ourselves a reasonable amount to reimburse our costs associated with this operation on your behalf. We are not under any obligation to step in and operate your business during this period.
q.	Non-competition covenants during the term of the franchise	Section 14.A.	Subject to applicable state law, neither you nor your owners, guarantors, Designated Managers, nor any spouse or immediate family member of you, your owners, guarantors, or Designated Managers, may: (1) own, operate, or otherwise be involved with, a Competing Business (as defined in the Franchise Agreement); or (2) divert, or attempt to divert, any prospective customer to a Competing Business.
r.	Non-competition covenants after the franchise is terminated or expires	Section 14.C.	Subject to applicable state law, for a period of two years after the termination, expiration, or transfer of your Franchise Agreement, neither you, your owners, guarantors, or Designated Managers, nor any immediate family member of you, your owners, guarantors, or Designated Managers, may own, operate or otherwise be involved with any Competing Business: (1) at the

	Provision	Section in Franchise <u>Development</u> Agreement	Summary
			<p>Premises; (2) within your Protected Territory; (3) within a 25-mile radius of (a) the Protected Territory or (b) any other System Center that is open, under lease or otherwise under development as of the date the Franchise Agreement expires or is terminated.</p> <p>During this two-year period, these parties are also prohibited from: (1) soliciting business from customers of your former Franchised Center and (2) contacting any of our suppliers/vendors for a competitive business purpose.</p>

	Provision	Section in Franchise Agreement	Summary
s.	Modification of the agreement	Section 18.D.	Your Franchise Agreement may not be modified, except by a writing signed by both parties. With that said, we may modify the System and Manuals as we deem appropriate in our discretion from time to time.
t.	Integration/merger clause	Section 18.D.	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.

u.	Dispute resolution by arbitration or mediation	<p>Section 21.B.</p> <p>Section 21.C.</p>	<p>You must first submit all disputes and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally.</p> <p>At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place at our then-current headquarters. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.</p>
v.	Choice of forum	Section 21.E.	Subject to Sections 21.B. D. of the Franchise Agreement, all claims and causes of action arising out of the Franchise Agreement must be brought in the state or federal court of general jurisdiction that is closest to our then-current headquarters (subject to state law).
w.	Choice of law	Section 21.A.	The Franchise Agreement is governed by the laws of Florida without reference to its conflict of laws principles (subject to state law).

	PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a.	Term of the Franchise	Section 10, Exhibit A	The Development Agreement will commence on the date it is fully executed and end on the earlier of (1) the date that the final Franchised Center is required to be opened and operating under the Development Schedule; or (2) the date that the final Franchised Center is opened.
b.	Renewal or Extension of the Term	Not Applicable	
c.	Requirements for Franchisee to Renew or Extend	Not Applicable	
d.	Termination by Franchisee	Not Applicable	Subject to state law, you may not terminate the Development Agreement.

e.	Termination by Franchisor Without Cause	Not Applicable	We may not terminate the Development Agreement without cause.
f.	Termination by Franchisor With “Cause”	Section 11.9	We may terminate your Development Agreement with cause. only if you or your owners commit one of several violations. Termination of the Development Agreement will not impact any Franchise Agreements you may have in effect at the time.
g.	“Cause” Defined – Curable Defaults	Not Applicable 9.3 - 9.4	You have 10 days to cure non-payment of fees and 30 days to cure other defaults, except for those described in h. below.
h.	“Cause” Defined - Defaults Which Cannot be Cured	Section 11.A and B.9.1 - 9.2	Your Development Agreement can be terminated by us, without an opportunity to cure, if: (1) you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; (2) you engage in an unauthorized transfer; (3) you fail to comply with the Development Schedule; (4) any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us; and (5) you cease to actively engage in development activities in the Development Area or otherwise abandon your development business for three consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Franchised Centers within the Development Area. Non-curable defaults: insolvency, bankruptcy; failure to meet development obligations; commission of felony; unapproved transfers; violation of confidentiality and non-compete obligations; fraud or misrepresentation in franchise application; termination of any Franchise Agreement with us; and others
i.	Franchisee’s Obligations on Termination/Non-Renewal	Section 8.C Not Applicable	Comply with post term non-competition covenants.
j.	Assignment of Contract by Franchisor	Section 9.C 7.1	We have the There are no restrictions on our right to assign our rights under the Development Agreement.
k.	“Transfer” by Franchisee – Defined	Section 9 7.2 - 7.3	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l.	Franchisor Approval of Transfer by Franchisee	Section 9 7.2	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.

	PROVISION	SECTION IN DEVELOPMENT-AGREEMENT	SUMMARY
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m.	Conditions for Franchisor Approval of Transfer	Not Applicable	
n.	Franchisor’s Right of First Refusal to Acquire Franchisee’s Business	Not Applicable	
o.	Franchisor’s Option to Purchase Franchisee’s Business	Not Applicable	
p.	Death or Disability of Franchisee	Not Applicable	
q.	Non-Competition Covenants During the Term of the Franchise	Section 8 <u>6.1.B</u>	Subject <u>No diverting customers</u> to applicable state law, neither you nor your owners, nor any spouse or immediate family member of you or your owners, may: (1) own, operate, or otherwise be involved with, a Competing Business (as defined; <u>no involvement</u> in the Development Agreement); or (2) divert, or attempt to divert, any prospective customer to a “Competing Business”. <u>During the term of the Franchise Agreement, there is no geographical limitation on this restriction.</u>
r.	Non-Competition Covenants After the Franchise is Terminated or Expires	Section 8.C <u>6.1.B</u>	Subject to applicable state law, for a period of two years after the expiration or termination of your Development Agreement, neither you, your owners, nor any immediate family member of you or your owners, may own, operate or otherwise be involved <u>No involvement</u> with any Competing Business: (1) for two years within <u>a 25 mile radius of the border of</u> the Development Area; (2) and any Competing Business located within a 25 -mile radius of (a) the Development Area or (b) any other Upgrade Labs Center that is open, under lease, or otherwise under development as of the date the Development Agreement expires, <u>transfers</u> , or is terminated. During this two year period, these parties are also prohibited from: (1) soliciting business from customers of your Franchised Centers and (2) contacting any of our suppliers/vendors for a competitive business purpose.
s.	Modification of the Agreement	Section 10 <u>13</u>	Your Development Agreement may not be modified, except by a writing signed by both parties. <u>No modification generally without signed agreement.</u>

t.	Integration/Merger Clause	Section 13	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises outside of the Development Agreement may not be enforceable. Nothing in the Development Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
<u>u.</u>	<u>Dispute Resolution by Arbitration or Mediation</u>	<u>Section 12</u>	<u>You must first submit all disputes and controversies arising under the Development Agreement to our management and make every effort to resolve the dispute internally. All claims or disputes arising out of the Development Agreement must be submitted to non-binding mediation at a location with the American Arbitration Association where our then-current headquarters are located.</u>
<u>v.</u>	<u>Choice of Forum</u>	<u>Section 12</u>	<u>Subject to state law, all claims brought by you must be filed in the jurisdiction where we have our principal place of business, which is currently in Fort Myers, Florida. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time of suit or where the claim arose</u>
<u>w.</u>	<u>Choice of Law</u>	<u>Section 12</u>	<u>Subject to state law, the Development Agreement is governed by the laws of Florida without reference to its conflict of laws principles.</u>

	PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
u.	Dispute Resolution by Arbitration or Mediation	Section 12	You must first submit all disputes and controversies arising under the Development Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Development Agreement must be submitted to non-binding mediation, which will take place at our then-current headquarters. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.
v.	Choice of Forum	Section 12	All claims and causes of action arising out of the Development Agreement must be brought in the state or federal court of general jurisdiction that is closest to our then-current headquarters (subject to state law).
w.	Choice of Law	Section 12	The Development Agreement is governed by the laws of Florida without reference to its conflict of laws principles (subject to state law).

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise, but we reserve the right to do so in the future.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michael Moore, Upgrade Labs Franchise, Inc.,

1742 Emerald Cove Circle, Cape Coral 9295 Lake Park Drive, P203, Fort Myers, Florida 33991-33919; telephone: (253) 338-2717.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years ~~2021~~2022 to ~~2023~~2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021 2022	0	0	0
	2022 2023	0	0 2	0 +2
	2023 2024	0 2	2 5	2 +3
Company-Owned	2021 2022	2	2	0
	2022 2023	2	2 1	0 -1
	2023 2024	2 1	1 0	-1
Total Outlets	2021 2022	2	2	0
	2022 2023	2	2 3	0 +1
	2023 2024	2 3	3 7	3 +2

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years ~~2021-2023~~2022-2024

State	Year	Number of Transfers
Total	2021 2022	0
	2022 2023	0
	2023 2024	0

Table No. 3
Status of Franchised Outlets
For years ~~2021-2023~~2022-2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Total	2021 2022	0	0	0	0	0	0	0
	2022 2023	0	0 1	0	0	0	0	0 1
	2024	1	1	0	0	0	1	1
TX	2023 2022	0	2 0	0	0	0	0	2 0
	2023	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
	<u>2024</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>UT</u>	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2024</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>WA</u>	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Total</u>	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2024</u>	<u>2</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>5</u>

Table No. 4
Status of Company-Owned Outlets
For years ~~2021-2023~~2022-2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA*	2021 <u>2022</u>	2	1 <u>0</u>	0	0	0	2
	2022 <u>2023</u>	2	0	0	1	0	1
	2023 <u>2024</u>	1	0	0	1	0	0
Total	2021 <u>2022</u>	2	1	0	0	0	2
	2022 <u>2023</u>	2	0	0	1	0	1
	2023 <u>2024</u>	1	0	0	1	0	0

**These outlets are owned and operated by our affiliate Upgrade Labs, Inc.*

Table No. No. 5
Projected Openings as of December 31, ~~2023~~2024

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
Florida	2	2	0 <u>2</u>
Idaho	1	1	0
North Carolina	1	1	0

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
South Carolina	1	1	0
Tennessee	1	1	0
Texas	1	1	0
Utah	1	1	0
Washington	1	1	0
TOTALS:	<u>94</u>	<u>94</u>	<u>02</u>

Exhibit F contains our list of current franchisees ~~is included in Exhibit F. We do not have any~~ and franchisees ~~that have left~~ who had an outlet terminated, transferred cancelled, not renewed, cease to operate or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the System in the past most recently completed fiscal year, or otherwise who have not communicated with us in the within 10 weeks prior to 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.

During ~~In some instances,~~ our ~~last three fiscal years, we have not had any~~ franchisees may sign ~~confidentiality~~ provisions ~~that would restrict~~ restricting their ability to speak openly about their experience with the ~~Upgrade Labs~~ System. ~~There~~ You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

We are ~~no-not aware of any~~ trademark-specific franchisee organizations ~~formed by our franchisees that are~~ associated with the System; and no independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Exhibit D of this Disclosure Document contains our audited financial statements ~~as of~~ for the years ending December 31, 2022, December 31, 2023, and December 31, 2024 and unaudited financial statements for the period ending March 31, 2025. Our fiscal year ends on December 31 each year.

The franchisor's first fiscal year selling franchises.	See Exhibit D
The franchisor's second fiscal year selling franchises.	See Exhibit D
The franchisor's third fiscal year selling franchises,	See Exhibit D

ITEM 22

CONTRACTS

The following agreements are attached as Exhibits to this Franchise Disclosure Document:

Franchise Agreement	Exhibit B
Development Agreement	Exhibit C
State Specific Addenda	Exhibit E
Sample Release Agreement	Exhibit H

ITEM 23

RECEIPTS

Exhibit ~~J~~K to this Franchise Disclosure Document contains, in duplicate, an acknowledgement of receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to us at ~~1742 Emerald Cove Circle, Cape Coral 33991~~9295 Lake Park Drive, P203, Fort Myers, FL 33919.

EXHIBIT A

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

LIST OF STATE ADMINISTRATORS

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

<p>CALIFORNIA Commissioner of Financial Protection and Innovation- Department of Financial Protection and Innovation- 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677</p>	<p>NEW YORK New York State Department of Law- Investor Protection Bureau 28 Liberty Street, 21st Floor- New York, New York 10005 (212) 416-8222</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs- Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Department- State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor- Bismarck, North Dakota 58505-0510- (701) 328-4712</p>
<p>ILLINOIS Illinois Office of the Attorney General- Franchise Bureau 500 South Second Street- Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Department of Business Regulation- Securities Division, Building 69, First Floor- John O. Pastore Center 1511 Pontiac Avenue- Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State- Franchise Section 302 West Washington, Room E-111- Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance- Securities Regulation 124 South Euclid Avenue, 2nd Floor- Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Office of the Attorney General- Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising- 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section- 525 West Ottawa Street G. Mennen Williams Building, 1st Floor- Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Department of Financial Institutions- Securities Division—3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>

MINNESOTA

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

WISCONSIN

~~Division of Securities
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139~~

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

<p>CALIFORNIA Commissioner of Financial Protection and Innovation- Department of Financial Protection and Innovation- 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677</p>	<p>NEW YORK New York Secretary of State- New York Department of State- One Commerce Plaza, 99 Washington Avenue, 6th Floor- Albany, New York 12231-0001 (518) 473-2492</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs- Business Registration Division Securities Compliance Branch- 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Commissioner- State Capitol 600 East Boulevard Avenue, Fifth Floor- Bismarek, North Dakota 58505-0510- (701) 328-4712</p>
<p>ILLINOIS Illinois Attorney General- 500 South Second Street- Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Director of Department of Business Regulation- Department of Business Regulation Securities Division, Building 69, First Floor- John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State- Franchise Section 302 West Washington, Room E-111- Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Director of the Securities Regulation- 124 South Euclid Avenue, 2nd Floor- Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Maryland Securities Commissioner- 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA Clerk of the State Corporation Commission- 1300 East Main Street, 1st Floor- Richmond, Virginia 23219 (804) 371-9733</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section- 525 West Ottawa Street G. Mennen Williams Building, 1st Floor- Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Director of Department of Financial Institutions- Securities Division—3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>

MINNESOTA

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

WISCONSIN

Division of Securities
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

EXHIBIT B

FRANCHISE AGREEMENT

EXHIBIT C

DEVELOPMENT AGREEMENT

EXHIBIT D
FINANCIAL STATEMENTS

EXHIBIT F

LIST OF FRANCHISEES

EXHIBIT E

STATE SPECIFIC ADDENDA

**~~Illinois~~
~~Maryland~~
~~Minnesota~~
~~New York~~
~~North Dakota~~
~~Rhode Island~~
~~Washington~~**

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

EXHIBIT G

OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT H
SAMPLE RELEASE
AGREEMENT

In consideration for the consent of Upgrade Labs Franchise, Inc. (the "Franchisor") to the assignment by

_____ ("Franchisee") of its interest in that certain franchise agreement entered into by and between Franchisor and Franchisee dated

_____ (the "Franchise Agreement"), Franchisee and its principals hereby remise, release, and forever discharge Franchisor, its affiliates, parents, subsidiaries, principals, officers, directors and employees and agents, and their respective successors, assigns, heirs and personal representatives, from all debts, covenants, liabilities, actions, and causes of action of every kind and nature through the date of this Release, including but not limited to those arising out of or existing under (a) the Franchise Agreement and the parties' respective rights and obligations thereunder, (b) the offer and sale of the Upgrade Labs Franchised Center described therein, and (c) the franchise relationship between the parties hereto, whether in law or in equity. Franchisee acknowledges that this Release is intended to release all claims held by any person against the parties to be released, arising out of any of the matters to be released.

This Release has been entered into and agreed to as of the _____ day of _____, 20____

FRANCHISEE:

By: _____

Print Name: _____

By: _____

Print Name: _____

STATE REQUIRED ADDITIONAL FDD DISCLOSURES

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF CALIFORNIA**

- 1.** 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.

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

SEE THE COVER PAGE OF THE DISCLOSURE DOCUMENT FOR OUR URL ADDRESS. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE OF FINANCIAL PROTECTION AND INNOVATION AT ~~WWW.DFPI.CA.GOV.~~ [WWW.DFPI.CA.GOV.](http://WWW.DFPI.CA.GOV)

- 2. Risk Factors, Cover Page.** The following risk factor shall be added to the Special Risks to Consider About This Franchise Page:

In registering a franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this states, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the Franchised Center in California. This may result in termination of your franchise and loss of your investment.

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.

- 3. Item 3, Additional Disclosure.** The following statement is added to Item 3:

Neither we nor any person listed in Item 2 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 parties from membership in such association or exchange.

- 4. Item 6, Additional Disclosure.** The following statement is added to Item 6:

The maximum interest rate permitted in California is 10% per annum.

5. Item 17, Additional Disclosures. The following statements are added to Item 17:

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

The franchise agreements provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.*).

The franchise agreements contain a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

The franchise agreements provide for the application of the laws of Florida. This provision may not be enforceable under California law.

The franchise agreements contain a choice of forum provision. This provision may not be enforceable under California law.

The Franchise Agreement requires binding mediation. The mediation will occur in Florida, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreements contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must sign a general release when you execute the franchise agreement and if you transfer your franchise or development rights (if applicable) or execute a renewal franchise agreement. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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.

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

ADDITIONAL ~~DISCLOSURE DOCUMENT~~FDD DISCLOSURES REQUIRED BY THE STATE OF ~~ILLINOIS~~HAWAII

~~1. — Risk Factors, Cover Page. The following statements are added at the end of the first risk factor on the State Cover Page:~~

~~SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT PROVIDES THAT ANY PROVISION IN A FRANCHISE AGREEMENT THAT DESIGNATES JURISDICTION OR VENUE IN A FORUM OUTSIDE OF ILLINOIS IS VOID WITH RESPECT TO ANY CAUSE OF ACTION WHICH OTHERWISE IS ENFORCEABLE IN ILLINOIS.~~

~~NOTWITHSTANDING THE FOREGOING, ILLINOIS LAW SHALL GOVERN THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT.~~

~~2. Item 17, Additional Disclosures. The following statements are added to Item 17:~~

~~Any provision in the~~

~~In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Upgrade Labs Franchise Disclosure Document for use in the State of Hawaii is amended to include the following:~~

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

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

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

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

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

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF ILLINOIS**

Illinois law governs the Agreements.

Payment of Initial Franchise 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.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction ~~or~~and venue in a forum outside of the State of Illinois is void ~~with respect to any action that is otherwise enforceable in Illinois. In addition, Illinois law will govern the Franchise Agreement.~~ However, 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.

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.

~~Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures.~~

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

**ADDITIONAL DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND**

1. Item 5. Initial Fees. The following statements are added to Item 5:

Fee Deferral

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees including payments for goods and services paid to the franchisor by the franchisee shall be deferred until we complete our pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments owed by developers shall be deferred until the first Franchised Center under the Development Agreement opens.

2. Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring you to sign a general release of claims against us as a condition of renewal or transfer, does not apply to any liability 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.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

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

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MICHIGAN**

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

(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 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 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~~ franchisor's then current reasonable qualifications or standards.

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

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

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

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

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

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

Any questions regarding these Additional Disclosures shall be directed to the Department of the Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7717.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF MINNESOTA

1. Insufficient Funds Fee. The following statement is added to Item 6:

Insufficient Funds Fees are governed by Minnesota Statute 604.113 and will not exceed Thirty Dollars (\$30).

2. Notice of Termination. The following statement is added to Item 17:

With respect to licenses governed by Minnesota law, we will comply with Minnesota Statute

~~§ 80C.14~~, subdivisions 3, 4, and 5 which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreements.

3. Choice of Forum and Law. The following statement is added to the cover page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. General Release. The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute [§§ 80C.01 - 80C.22](#).

~~§§ 80C.01—80C.22.~~

5. Waiver of Right to Jury Trial or Termination Penalties: The following statement is added to Item 17:

Minnesota Rule 2860.4400J, among other things, prohibits us from requiring you to waive your rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes; provided, that this part will not bar an exclusive arbitration clause.

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

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE

FEDERAL TRADE COMMISSION, AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. 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. **Item 3, Additional Disclosure.** The following is added to the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent..

3. **Item 4, Additional Disclosure.** 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.

4. Item 5: Initial Fees. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. Item 17: Renewal, Termination, Transfer and Dispute Resolution

A. 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.

B. 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.

C. 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.

D. 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.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently without reference to these Additional Disclosures.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF NORTH DAKOTA**

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

Due to our financial condition, the North Dakota Securities Department requires us to defer the payment of the Development Fee until the first Franchised Center that you develop under the Development Agreement opens for business. Upon the opening of the first Franchised Center, you will pay to us the Development Fee. We also will defer the collection of all initial fees and

payments due under the Franchise Agreement until we have completed our initial obligations under the Franchise Agreement and your Franchised Center has commenced doing business. Upon the opening of the Franchised Center, you shall pay the initial fees and payments to us.

2. Item 17: Renewal, Termination, Transfer and Dispute Resolution.

A. The following language is added to the “Summary” section of Item 17(c) titled “Requirements for the franchisee to renew or extend”:

The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

B. The following language is added to the “Summary” section of Item 17(r) titled “Non-competition covenants after the franchise is terminated or expires”:

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

C. The following language is added to the “Summary” section of Item 17(u) titled “Dispute Resolution by Arbitration or Mediation”:

To the extent required by North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

D. The following language is added to the “Summary” section of Item 17(v) titled “Choice of Forum”:

However, to the extent allowed by the North Dakota Franchise Investment Law, you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of North Dakota.

E. The “Summary” section of Item 17(w) titled “Choice of Law” is deleted and replaced with the following: ~~North Dakota law applies.~~

[North Dakota law applies.](#)

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURE
REQUIRED BY THE STATE OF RHODE ISLAND**

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to this Additional Disclosure.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF VIRGINIA**

In recognition of the requirements of the Virginia Retail Franchising Act § 13.1-564, the Disclosure Document for Upgrade Labs Franchise Inc. in connection with the offer and sale of franchises for use in the Commonwealth of Virginia shall be amended to include the following:

~~**Item 17: Renewal, Termination, Transfer and Dispute Resolution.** The following statement is added to Item 17(h):~~

~~Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement 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.~~

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

Due to our financial condition, the Virginia Division of Securities and Retail Franchising requires us to defer the payment of the Development Fee until the first Franchised Center that you develop under the Development Agreement opens for business. Upon the opening of the first Franchised Center, you will pay to us the Development Fee. We also will defer the collection of all initial fees and payments due under the Franchise Agreement until we have completed our initial obligations under the Franchise Agreement and your Franchised Center has commenced doing business. Upon the opening of the Franchised Center, you shall pay the initial fees and payments to us.

~~**Item 17: Renewal, Termination, Transfer and Dispute Resolution.** The following statement is added to Item 17(h):~~

~~Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement 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.~~

The Special Risk Factor Page shall be amended to include the following Risk Factor:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from ~~\$661,751,500~~ to ~~\$1,340,700,525,500~~. This amount exceeds the franchisor’s stockholders’ equity as of December 31, ~~2023~~2024, which is ~~\$(2,142,161)~~(\$3,340,869).

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF WASHINGTON**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the

Franchise Disclosure Document regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a ~~conflict~~conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement ~~and Development Agreement in or related agreements concerning~~ your relationship with ~~us~~the franchisor, including in the areas of termination and renewal of your franchise. There ~~may~~ also ~~may~~ be court decisions that ~~may~~ supersede ~~these~~the franchise agreement or related agreements ~~in~~concerning your relationship with ~~us~~the franchisor. Franchise agreement provisions, including ~~in the areas of termination and renewal~~those summarized in Item 17 of ~~your franchise~~the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** 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 ~~or Development Agreement~~, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights ~~executed by a~~in the franchise agreement or related agreements purporting to bind the franchisee ~~may not include rights to waive compliance with any provision~~ under the Washington Franchise Investment Protection Act or any ~~rule~~rules or ~~order~~orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

~~4.~~10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, 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., in accordance with RCW 19.100.220(2).~~

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

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

~~5.~~14. Noncompetition Covenants. 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~~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~~inflation). As a result, any ~~provisions~~provision contained in the franchise agreement, ~~Development Agreement~~, or elsewhere that ~~conflict~~conflicts with these limitations ~~are~~is void and unenforceable in Washington.

~~6.~~15. Nonsolicitation Agreements. 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, Development~~ agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

~~7.~~19. **Fee Deferral.** The State of Washington has imposed a financial condition under which the initial fees and payments due will be deferred until we have fulfilled our initial pre-opening obligations under the Franchise Agreement and the Franchised Center is open for business. Because we have material pre-opening obligations with respect to each Franchised Center the franchisee opens under the Development Agreement, the State of Washington will require that the development fees be released proportionally with respect to each Franchised Center.

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

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

<p><u>CALIFORNIA</u> <u>Commissioner of Financial Protection and Innovation</u> <u>Department of Financial Protection and Innovation</u> <u>320 West Fourth Street, Suite 750</u> <u>Los Angeles, California 90013-2344</u> <u>(213) 576-7500</u> <u>Toll Free: (866) 275-2677</u></p>	<p><u>NEW YORK</u> <u>New York State Department of Law</u> <u>Investor Protection Bureau</u> <u>28 Liberty Street, 21st Floor</u> <u>New York, New York 10005</u> <u>(212) 416-8222</u></p>
<p><u>HAWAII</u> <u>Commissioner of Securities</u> <u>Department of Commerce & Consumer Affairs</u> <u>Business Registration Division</u> <u>Securities Compliance Branch</u> <u>335 Merchant Street, Room 203</u> <u>Honolulu, Hawaii 96813</u> <u>(808) 586-2722</u></p>	<p><u>NORTH DAKOTA</u> <u>North Dakota Securities Department</u> <u>State Capitol</u> <u>Department 414</u> <u>600 East Boulevard Avenue, Fifth Floor</u> <u>Bismarck, North Dakota 58505-0510</u> <u>(701) 328-4712</u></p>
<p><u>ILLINOIS</u> <u>Illinois Office of the Attorney General</u> <u>Franchise Bureau</u> <u>500 South Second Street</u> <u>Springfield, Illinois 62706</u> <u>(217) 782-4465</u></p>	<p><u>RHODE ISLAND</u> <u>Department of Business Regulation</u> <u>Securities Division, Building 69, First Floor</u> <u>John O. Pastore Center</u> <u>1511 Pontiac Avenue</u> <u>Cranston, Rhode Island 02920</u> <u>(401) 462-9527</u></p>
<p><u>INDIANA</u> <u>Secretary of State</u> <u>Franchise Section</u> <u>302 West Washington, Room E-111</u> <u>Indianapolis, Indiana 46204</u> <u>(317) 232-6681</u></p>	<p><u>SOUTH DAKOTA</u> <u>Division of Insurance</u> <u>Securities Regulation</u> <u>124 South Euclid Avenue, 2nd Floor</u> <u>Pierre, South Dakota 57501</u> <u>(605) 773-3563</u></p>
<p><u>MARYLAND</u> <u>Office of the Attorney General</u> <u>Securities Division</u> <u>200 St. Paul Place</u> <u>Baltimore, Maryland 21202-2020</u> <u>(410) 576-6360</u></p>	<p><u>VIRGINIA</u> <u>State Corporation Commission</u> <u>Division of Securities and Retail Franchising</u> <u>1300 East Main Street, 9th Floor</u> <u>Richmond, Virginia 23219</u> <u>(804) 371-9051</u></p>
<p><u>MICHIGAN</u> <u>Michigan Attorney General’s Office</u> <u>Corporate Oversight Division, Franchise Section</u> <u>525 West Ottawa Street</u> <u>G. Mennen Williams Building, 1st Floor</u> <u>Lansing, Michigan 48913</u> <u>(517) 335-7567</u></p>	<p><u>WASHINGTON</u> <u>Department of Financial Institutions</u> <u>Securities Division – 3rd Floor</u> <u>150 Israel Road, Southwest</u> <u>Tumwater, Washington 98501</u> <u>(360) 902-8760</u></p>
<p><u>MINNESOTA</u> <u>Minnesota Department of Commerce</u> <u>85 7th Place East, Suite 280</u> <u>St. Paul, Minnesota 55101</u> <u>(651) 539-1600</u></p>	<p><u>WISCONSIN</u> <u>Division of Securities</u> <u>4822 Madison Yards Way, North Tower</u> <u>Madison, Wisconsin 53705</u> <u>(608) 266-2139</u></p>

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

<p><u>CALIFORNIA</u> <u>Commissioner of Financial Protection and Innovation</u> <u>Department of Financial Protection and Innovation</u> <u>320 West Fourth Street, Suite 750</u> <u>Los Angeles, California 90013-2344</u> <u>(213) 576-7500</u> <u>Toll Free: (866) 275-2677</u></p>	<p><u>NEW YORK</u> <u>New York Secretary of State</u> <u>New York Department of State</u> <u>One Commerce Plaza,</u> <u>99 Washington Avenue, 6th Floor</u> <u>Albany, New York 12231-0001</u> <u>(518) 473-2492</u></p>
<p><u>HAWAII</u> <u>Commissioner of Securities</u> <u>Department of Commerce & Consumer Affairs</u> <u>Business Registration Division</u> <u>Securities Compliance Branch</u> <u>335 Merchant Street, Room 203</u> <u>Honolulu, Hawaii 96813</u> <u>(808) 586-2722</u></p>	<p><u>NORTH DAKOTA</u> <u>North Dakota Securities Commissioner</u> <u>State Capitol</u> <u>600 East Boulevard Avenue, Fifth Floor</u> <u>Bismarck, North Dakota 58505-0510</u> <u>(701) 328-4712</u></p>
<p><u>ILLINOIS</u> <u>Illinois Attorney General</u> <u>500 South Second Street</u> <u>Springfield, Illinois 62706</u> <u>(217) 782-4465</u></p>	<p><u>RHODE ISLAND</u> <u>Director of Department of Business Regulation</u> <u>Department of Business Regulation</u> <u>Securities Division, Building 69, First Floor</u> <u>John O. Pastore Center</u> <u>1511 Pontiac Avenue</u> <u>Cranston, Rhode Island 02920</u> <u>(401) 462-9527</u></p>
<p><u>INDIANA</u> <u>Secretary of State</u> <u>Franchise Section</u> <u>302 West Washington, Room E-111</u> <u>Indianapolis, Indiana 46204</u> <u>(317) 232-6681</u></p>	<p><u>SOUTH DAKOTA</u> <u>Division of Insurance</u> <u>Director of the Securities Regulation</u> <u>124 South Euclid Avenue, 2nd Floor</u> <u>Pierre, South Dakota 57501</u> <u>(605) 773-3563</u></p>
<p><u>MARYLAND</u> <u>Maryland Securities Commissioner</u> <u>200 St. Paul Place</u> <u>Baltimore, Maryland 21202-2020</u> <u>(410) 576-6360</u></p>	<p><u>VIRGINIA</u> <u>Clerk of the State Corporation Commission</u> <u>1300 East Main Street, 1st Floor</u> <u>Richmond, Virginia 23219</u> <u>(804) 371-9733</u></p>
<p><u>MICHIGAN</u> <u>Michigan Attorney General’s Office</u> <u>Corporate Oversight Division, Franchise Section</u> <u>525 West Ottawa Street</u> <u>G. Mennen Williams Building, 1st Floor</u> <u>Lansing, Michigan 48913</u> <u>(517) 335-7567</u></p>	<p><u>WASHINGTON</u> <u>Director of Department of Financial Institutions</u> <u>Securities Division – 3rd Floor</u> <u>150 Israel Road, Southwest</u> <u>Tumwater, Washington 98501</u> <u>(360) 902-8760</u></p>
<p><u>MINNESOTA</u> <u>Commissioner of Commerce</u> <u>Minnesota Department of Commerce</u> <u>85 7th Place East, Suite 280</u> <u>St. Paul, Minnesota 55101</u> <u>(651) 539-1600</u></p>	<p><u>WISCONSIN</u> <u>Division of Securities</u> <u>4822 Madison Yards Way, North Tower</u> <u>Madison, Wisconsin 53705</u> <u>(608) 266-2139</u></p>

EXHIBIT B

FRANCHISE AGREEMENT



UPGRADE LABS FRANCHISE AGREEMENT

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FRANCHISEE:

Upgrade Labs FDD—January 2024

##UL-05/25 Franchise Agreement

UPGRADE LABS FRANCHISE AGREEMENT

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EXHIBITS

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EXHIBIT E – FORM OF ADDENDUM TO LEASE

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appreciates and acknowledges the distinctive and valuable significance to the public of the System and the Proprietary Marks, and understands and acknowledges the importance of Franchisor's high and uniform standards of quality, appearance, and service to the value of the System.

~~Franchisee desires to acquire a non-exclusive franchise for the~~ NOW, THEREFORE, in recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this Agreement, and they agree as follows:

1 GRANT

~~B. Grant. We grant you the nonexclusive right to operate a single Center from an approved location, and has submitted a franchise application to obtain such a franchise from Franchisor.~~

~~C. Franchisor is willing to grant Franchisee the right to operate a Center based, in part you undertake the obligation, on the representations contained in the franchise application and subject to the terms and conditions set forth in this Agreement.~~

AGREEMENT

~~NOW THEREFORE, in consideration of the foregoing recitals and other good, to establish and operate a franchised Upgrade Labs Center (“Franchised Center”) at the location approved by us under this Agreement and identified in Exhibit A (the “Franchised Location”) and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:~~

~~1. GRANT OF FRANCHISE~~

~~A. Grant of Franchise. Franchisor hereby grants to Franchisee, subject to the terms, conditions, and obligations of this Agreement, a non-exclusive right and license to use the Proprietary Marks and the System in connection with the establishment and operation of a single franchised Upgrade Labs Center at solely in connection with its operation. In agreeing to this grant of rights, we have relied on the representations that you made in your franchise application and in this Agreement. If, at the time of execution of this Agreement, you have not secured a location approved by Franchisor (the “Franchised Center”). Franchisee must designate one of its owners whom Franchisor has that we have approved to serve as Franchisee’s “Principal Owner” who will be the person with whom Franchisor communicates and whom will have the authority to bind Franchisee with respect to all financial, operational and legal matters related to the Franchised Center and this Agreement.~~

~~B. Approved Premises; Site Selection Area. the Franchised Center Location, you must be operated from select a single location that Franchisor reviews and approves (“Premises”). If the parties have not agreed on a Premises as of the Effective Date, Franchisor will designate a non-exclusive, general market area (“Site Selection Area”) on the data sheet attached to this Agreement as Exhibit A (“Data Sheet”) wherein Franchisee must locate and secure the Premises as detailed more fully in Section 5.A of this Agreement. Franchisee acknowledges and agrees that: (i) it does not have any territorial rights within the Site Selection Area; (ii) Franchisor may permit itself, its affiliates and its franchisees to search for the location of their Centers within the same Site Selection Area that is assigned to Franchisee under this Agreement if Franchisor determines in its sole discretion that the Site Selection Area is large enough to contain additional Centers; and (iii) potential locations for each Center, and resulting Protected Territories (as defined below), within the Site Selection Area will be reviewed and rejected or granted on a first-to-propose basis.~~

~~1.1 Relocation of Premises. Once Franchisor approves the Premises of the Franchised Center, the location will be set forth in the Data Sheet. Franchisee may only use the Premises to operate the Franchised Center. Franchisee may not relocate the Franchised Center to any location other than the Premises without Franchisor’s prior written consent, which Franchisor will not unreasonably withhold, provided: (i) Franchisee secures an alternate location for the Franchised Center within the Protected Territory (as defined below) that meets Franchisor’s then-current in accordance with the site selection criteria for the premises of a Center; and (ii) Franchisee pays Franchisor a relocation fee in the amount of twenty-five percent of Franchisor’s then-current initial franchise fee procedures set forth in Section 6 below.~~

~~C. Protected Territory. Upon locating and securing a Premises, Franchisor will designate a geographical area surrounding the Premises wherein Franchisor will not open or operate, or license a third party the right to open or operate, another Center utilizing the System and Proprietary Marks (the “Protected Territory”), for so long as Franchisee is in compliance with this Agreement. The boundaries of the Protected Territory, once determined by Franchisor, will be described in the Data Sheet. Franchisee acknowledges that it does not have any other territorial rights within the Protected Territory.~~

~~1. There are no territorial restrictions related to Franchisee's right to accept business from customers that reside, work or are otherwise based outside of the Protected Territory if these customers contact Franchisee and/or visit the Franchised Center.~~

2. ~~Franchisee may solicit prospective customers outside of the Protected Territory, provided that (a) these prospective customers do not reside within the territory granted to another franchisee or other Center, and (b) Franchisee obtains Franchisor's prior written consent.~~

1.2 Rights Not Granted. ~~Franchisee acknowledges~~ You acknowledge and ~~agrees~~ agree that this Agreement does not afford ~~Franchisee~~ you any rights or options to open any additional Upgrade Lab Centers and that ~~Franchisee does~~ you do not have any right to sub-license or sub-franchise any of the rights granted ~~hereunder.~~ Franchisee under this Agreement. You may not use the Proprietary Marks or System for any purpose other than promoting and operating the Franchised Center at the ~~Premises and within the Protected Territory.~~ Franchisor will have sole discretion to determine whether it will grant to Franchisee the right to open any additional Centers, each of which will be governed by a separate form of Franchisor's then-current franchise agreement. Franchised Location and within the Protected Territory (as defined in Section 2.1 below).

~~D. **Reservation of Rights.** Notwithstanding anything contained in this Agreement, Franchisor and its affiliates hereby reserve the exclusive right to: (i) establish and operate, and license any third party the right to establish and operate, other Centers using the Proprietary Marks and System at any location outside of the Protected Territory; (ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Center under a different trademark or trademarks at any location, within or outside the Protected Territory; (iii) use the Proprietary Marks and System and other such marks designated by Franchisor to distribute the Approved Products and/or Services in any alternative channel of distribution, within or outside the Protected Territory (including the Internet, mail order, catalog sales, toll-free numbers, traditional retail outlets, wholesale stores, etc.); (iv) acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside the Protected Territory; (v) establish and operate, and license any other party the right to establish and operate businesses using the Proprietary Marks and System in "Non-Traditional Sites" including, but not limited to, amusement parks, military bases, college campuses, hospitals, airports, sports arenas and stadia and any other kind of captive venue, train stations, travel plazas, toll roads and casinos, both within or outside the Protected Territory; and (vi) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited by this Agreement.~~

~~E. **Modification of System.** Franchisor reserves the right to supplement, revise or otherwise modify the System or any aspect/component thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and make such reasonable expenditures as may be necessary to comply with any change that Franchisor makes to the System. Moreover, Franchisor will provide Franchisee with a reasonable amount of time to comply with any change or modification to the System once Franchisee has been notified of such change/modification in writing (via the Manuals, as defined in Section 4.D or otherwise).~~

1.3 Forms of Agreement. ~~Franchisee acknowledges that,~~ Over time, ~~Franchisor has~~ we have entered, and or will ~~continue to enter,~~ into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that ~~Franchisor and its affiliates~~ we and other franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

1.4 Best Efforts. ~~Franchisee agrees~~ You agree that ~~it~~ you will at all times faithfully, honestly and diligently perform ~~its~~ your obligations under this Agreement, that ~~it~~ you will continuously exert ~~its~~ your good faith and best efforts to promote and enhance the ~~business of the~~ Franchised Center, and that ~~it~~ you will not engage in any other business or activity that may conflict with your obligations under this Agreement, except the operation of other Upgrade Labs Centers authorized by us.

~~that may conflict with its obligations under this Agreement, except the operation of other Upgrade Lab Centers.~~

~~2. TERM AND RENEWAL~~

2. TERM, UNLESS PREVIOUSLY TERMINATED PURSUANT TO THIS AGREEMENT, THE TERM OF TERRITORIAL PROTECTION AND RIGHTS RESERVED TO US

2.1 Protected Territory. While this Agreement is in effect, as long as you are not in default beyond any applicable cure period, we will not establish an Upgrade Labs Center or franchise or license anyone other than you to establish an Upgrade Labs Center within the geographic area set forth on Exhibit A (the “Protected Territory”), subject to the rights we reserve in Sections 2.2 and 2.3 below. You acknowledge that the rights granted under this Agreement are not exclusive and that, except as expressly provided in this Section 2.1, you have no exclusive territorial rights, protected territory or other right to exclude, control or impose conditions on the location or development of Upgrade Labs Centers under the Proprietary Marks, on any sales or distribution of products under the Proprietary Marks, or on our (and our affiliates’) business activities.

2.2 Rights Reserved To Us. We and our affiliates retain the right, despite anything to the contrary in Section 2.1 and regardless of the proximity to or effect on the Franchised Center at the Franchised Location to:

A. establish and operate, and license any third party the right to establish and operate, other Upgrade Lab Centers using the Proprietary Marks and System at any location outside of the Protected Territory;

B. market, offer and sell products and services that are similar to the products and services offered by Upgrade Labs Centers under a different trademark or trademarks at any location, within or outside the Protected Territory;

C. use the Proprietary Marks and System and other such marks designated by us to distribute the Approved Products and/or Services in any alternative channel of distribution, within or outside the Protected Territory (including e-commerce, mail order, catalog sales, toll-free numbers, traditional retail outlets, wholesale stores, etc.)

D. acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside the Protected Territory;

E. establish and operate, and license any other party the right to establish and operate businesses using the Proprietary Marks and System in “Non-Traditional Sites” including, but not limited to, amusement parks, military bases, college campuses, hospitals, airports, sports arenas and stadia, any other kind of captive market venue, train stations, travel plazas, toll roads, and casinos, both within or outside the Protected Territory; and

F. use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited by this Agreement ~~shall be for a period of ten (10) years (“~~

2.3 Advertising Within the Protected Territory

A. Your rights under this Agreement are limited to operating the Franchised Center at the Franchised Location. You may not, without our prior written approval, engage in any other type of business or in the sale or distribution of services or products including selling, distributing or otherwise providing any services or products through catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., e-commerce). Additionally, you agree not to, without prior written approval: (1) advertise or market the services of the Franchised Center outside of the Protected Territory; and/or (2) engage in direct solicitation of customers outside of the Protected Territory. The term “direct solicitation” includes, but is not limited to, solicitation in person, by telephone, by mail, by e-mail, the internet, or other electronic means, advertising, marketing, and by distribution of brochures, business cards or other materials. If any of your advertising within the Protected

Upgrade Labs FDD – January 2024

Territory is in media that will or may reach a significant number of persons outside of the Protected Territory, you must notify us in advance and obtain our prior written consent. We may periodically establish rules and policies regarding such advertising in the Manual including a requirement that you include a reference to any nearby Upgrade Labs Centers that may be impacted by your out-of-territory advertising.

B. Notwithstanding these advertising restrictions, you acknowledge that customers have total freedom to select where and from whom to obtain the Approved Products and Services. Neither your Franchised Center nor any other Upgrade Labs Center is restricted from providing services to any customers regardless of where they reside, and accordingly you will have no protection from other Upgrade Labs Centers located outside the Protected Territory that provide products and services to customers who reside in your Protected Territory.

C. The parties acknowledge that advertising and promotional materials created, placed, and/or distributed by us, other franchisees operating under the System, or other entities authorized by us, may appear in media distributed in, or may be directed to prospective customers of the Franchised Center located within the Protected Territory, including on our website or social media channels.

3 TERM

1.53.1 Initial Term. The term of this Agreement (the “Initial Term”) ~~commencing as of~~ expires ten (10) years from the Effective Date, ~~unless terminated sooner as provided in this Agreement.~~

3.2 Renewal. ~~Franchisee may submit a request to renew this Agreement~~ Term. When this Agreement expires, you will have the option to remain a franchisee and continue to operate the Franchised Center at the Franchised Location for three (3) ~~five (5) year renewal terms (each a “Renewal Term”) if you are in substantial compliance with the terms of this Agreement. The qualifications and conditions for the first Renewal Term are described below. The qualifications and conditions for the additional, successive term of five (5) years, and must provide each request to renew no less than~~ Renewal Terms will be set forth in your renewal franchise agreements.

A. You must give us written notice of your election to remain a franchisee and continue to operate the Franchised Center at the Franchised Location for the Renewal Term at least six (6) months ~~and no~~ before the end of the Initial Term (but not more than twelve (12) months ~~prior to the end of the then current term~~ before the Initial Term expires). Failure to provide such notice to Franchisor ~~us~~ will be deemed an indication that ~~Franchisee does~~ you do not wish to renew the franchise relationship. ~~Franchisor shall not unreasonably withhold its approval of such requests for renewal, provided Franchisee complies with the following conditions:~~

~~1. Franchisee~~ You must not have: (i) any uncured material defaults ~~be in default~~ under this Agreement (including any monetary defaults) or any other ~~agreement between Franchisee and Franchisor, its~~ agreements with us and/or our affiliates, ~~or the landlord of the Premises, either at time of Franchisee’s renewal request or at the time of renewal;~~ and (ii) received more than three (3) separate, written notices of material default from Franchisor with respect to this Agreement in the 12-month period preceding the renewal request date or renewal date.

~~2. Franchisee; you~~ must execute ~~Franchisor’s then current form of franchise agreement, which may contain materially different terms and conditions from those contained in this Agreement, within thirty (30) days of the date Franchisee is provided with Franchisor’s then current form of franchise agreement.~~

B. Franchisee pays Franchisor a renewal fee amounting to twenty five percent (25%) of the then current Initial Franchise Fee at least ninety (90) days prior to ~~not be in default beyond the applicable cure period under any real estate~~

lease, equipment lease or financing instrument relating to the Franchised Center; you must not be in default beyond the applicable cure period with any vendor or supplier to the Franchised Center; and, for the twelve (12) months before the date of your renewal notice and the twelve (12) months before the expiration of the ~~then-current term when Franchisee signs~~ Initial Term, you must not have been in default beyond the ~~renewal franchise agreement. Franchisee will not be required to pay an additional Initial Franchise Fee (as defined in Section 3) upon renewal~~ applicable cure period under this Agreement or any other agreements with us and/or our affiliates.

C. ~~Franchisee's~~ You must present satisfactory evidence to us that you have the right to remain in possession of the Franchised Location, or alternate premises acceptable to us, for the Renewal Term and all monetary obligations owed to your landlord, if any, must be current. You also must ensure that our then-current form of Addendum to Lease (the current form of which is attached as Exhibit E) is signed by you and the landlord of the Franchised Location or otherwise incorporated into the lease that will govern the Franchised Location during such Renewal Term.

D. You agree to start the renovation and modernization of the Franchised Center as we may reasonably require and complete that process to our reasonable satisfaction. The renovation and modernization will include, among other things, refurbishing and remodeling the premises, replacing signs, furnishings, fixtures, and décor to reflect the then-current standards and image of the System, and replacing or installing new equipment relating to the System requirements.

E. You must be operating the Franchised Center in full compliance with all federal, state and local laws and regulations and you must demonstrate that you are able to maintain all licenses and permits necessary to continue to operate the Franchised Center for the Renewal Term.

~~C.F. Your~~ Principal Owner ~~and the individual that Franchisee appoints who will be responsible for the day-to-day management of the Franchised Center and that Franchisor approves (the~~ “(as defined in Section 8.1) and Designated Manager²) (as defined in Section 8.2) ~~must~~ attend a prescribed training refresher course at least thirty (30) days ~~before~~ prior to the expiration of the ~~then-current term of this Agreement. Franchisee~~ Initial Term. You will ~~also~~ be responsible for all expenses incurred in connection with attending this refresher training.

G. ~~Franchisee~~ You must pay us a renewal fee of Thirty-Five Thousand Dollars (\$35,000). You will not be required to pay an additional initial franchise fee.

H. You and ~~its~~ your owners ~~and personal guarantors execute~~ must sign a general release ~~under seal~~, in a form ~~satisfactory to Franchisor~~ we prescribe, of any and all claims ~~it may have~~ against ~~Franchisor~~ us, our affiliates, and their ~~respective past and its present~~ officers, directors, shareholders, and employees, in their corporate and individual capacities, ~~including without limitation, ; and~~

~~D.I. You must sign our then-current form of renewal franchise agreement (modified as necessary to reflect the fact that it is a renewal franchise agreement), which will supersede this Agreement in all ~~claims arising under any federal, state,~~ respects and which may provide for higher fees, fees not included in this Agreement, other terms and conditions materially different from the terms of this Agreement, and/or ~~local law, rule,~~ a different or ~~ordinance~~ modified Protected Territory. Your failure to sign the renewal franchise agreement and general release and return these documents to us with the renewal fee prior to the expiration of the Initial Term will be deemed an election by you not to exercise your right to remain a franchisee for the Renewal Term and will result in the expiration of this Agreement and the franchise granted by this Agreement at the end of the Initial Term.~~

~~3. Franchisee must have participated in and supported the training procedures, purchasing, marketing, advertising, promotional, and other operational and training programs recommended or provided by Franchisor to the satisfaction of Franchisor.~~

~~4. Franchisee shall have the right to remain in possession of the Premises (or other premises approved by Franchisor) for such renewal term, and must ensure that Franchisor's then current Form of Addendum to Lease (the current form of which is attached as Exhibit C) is signed by the landlord of the Premises and Franchisee or otherwise incorporated into the lease that will govern the Premises during such renewal term.~~

~~5. Franchisee or transferee agrees, at its sole cost and expense, to re-image, renovate, refurbish, and modernize the Premises and Center within the time frame required by Franchisor, including the design, equipment, signs, interior and exterior décor items, displays, inventory assortment and depth, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, as necessary to meet Franchisor's then current System standards, specifications, and design criteria for a newly opened Center.~~

4 FRANCHISOR'S DUTIES

4.1 Site Selection and Lease Review. We will provide the site selection and lease review assistance called for under Sections 6.1 and 6.2 below.

4.2 Standard Layout. We will provide our standard plans and specifications for the design and appearance of an Upgrade Labs Center and for fixtures, furnishings, equipment, and signs.

4.3 Manual. We will provide to you, on loan, one copy of the Manual, which may be in an electronic format.

4.4 Brand Fund. We will administer the Brand Fund.

4.5 Suppliers. We will name approved suppliers and Designated Suppliers as we deem appropriate and review suppliers that you nominate, subject to the limitations in Section 11.3.

4.6 Marketing Materials. We will review and approve or reject all marketing and promotional materials that you propose to use.

4.7 Operational Advice. We will provide to you from time to time, as we deem appropriate, advice and guidance and written materials containing techniques for the operation of an Upgrade Labs Center.

4.8 Services Performed. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

25 FEES AND PAYMENTS

~~B. Fees. Initial Franchise Fee. In consideration of the rights and license granted herein, Franchisee shall pay the following amounts:~~

~~2.15.1 Upon execution of in this Agreement, Franchisee when you sign this Agreement you must pay Franchisor an us a non-refundable initial franchise fee (in the amount set forth on Exhibit A of this Agreement, which fee shall be deemed fully earned and non-refundable under any circumstances upon payment), of Sixty Five Thousand Dollars (\$65,00.00) (the "Initial Franchise Fee") unless; by us when paid.~~

~~A. the Franchise Agreement is signed as part of an on-going Development Agreement, then the initial Franchise Fee would be paid, minus the required \$20,000 down payment paid at the signing of the Development Agreement; or~~

~~B. the Franchise Agreement is signed as a renewal, then the renewal fee would be due upon signing as outlined in Section 2.B.3 of this Agreement.~~

~~2.2.5.2~~ Royalty Fee. On or before the ~~Wednesday (or other)~~^{tenth (10th)} day ~~Franchisor designates) of~~ each ~~week~~^{month} following the ~~Franchised Center is open~~^{month of opening} and ~~operating (and/or required to be open and operating~~^{under} continuing thereafter throughout the Initial Term of this Agreement), ~~Franchisee, you~~ must pay ~~Franchisor an ongoing~~^{us} a non-refundable monthly royalty fee ~~amounting to six~~^{in an amount equal to the greater of: (1) Two Thousand Five Hundred Dollars (\$2,500), or (2) seven and a half percent (67.5%) of the Gross Sales (as defined in Section 3.D) generated by} of the Franchised Center ~~in~~^{for} the preceding ~~week~~^{month} (the “**Royalty Fee**”) ~~beginning Monday when the Franchised Center opens and ending Sunday when the Franchised Center closes (the “Business Week”).~~^{).}

~~2.3.5.3~~ At the same time and in the same manner ~~Franchisee is required to pay the Royalty Fee, Franchisee will be required to contribute to a national brand fund (the “Brand Fund”) that Franchisor will administer to promote the brand, Proprietary Marks and System, with such Contributions. On or before the tenth (10th) day of each month following the month of opening and continuing thereafter throughout the Initial Term of this Agreement, you must make a monthly contribution being to the Brand Fund in the amount of two percent (2%) of the Gross Sales of the Franchised Center (“Fund Contribution”) during for the preceding Business Week and month. Required contributions to the Brand Fund are referred to as “Brand Fund Contributions.” Additionally, as described more fully in Section 8.E.12 of this Agreement, we require that you spend certain amounts (which will be determined as described in Section 12 below) for cooperative marketing and/or local marketing and advertising initiatives within your Protected Territory.~~

~~2.4.5.4~~ Other Fees. You must pay all other training/tuition fees, evaluation fees, software fees, as well as all amounts necessary to purchase marketing materials, inventory or other supplies from ~~Franchisor or its~~^{us and our} affiliates ~~must be paid~~ on an ongoing basis, as described more fully in this Agreement. You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any monies that we have paid, or that we have become obligated to pay, on your behalf, by consent or otherwise under this Agreement.

5.5 Gross Sales Reports

A. “Gross Sales” means all revenue from the operations of the Franchised Center, including but not limited to, all revenue paid under membership agreements as well as payment for any other services or products sold through the Franchised Center, and proceeds from business interruption insurance, all amounts that you collect or receive at or away from the Franchised Location, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Gross Sales exclude: (1) refunds provided in the ordinary course of business; (2) the dollar value of sales discounts given by the Franchised Center; and (3) sales taxes or other taxes that you collect and pay directly to the appropriate taxing authority. We reserve the right to modify our policies consistent with industry practices regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from “Gross Sales” as circumstances, business practices, and technology change.

B. On or before the tenth (10th) day of each month following the month of opening, we will generate a Gross Sales report (a “Gross Sales Report”) from your computer system detailing the following information: (1) Gross Sales of the Franchised Center from the preceding month; and (2) your calculated Royalty Fee and Brand Fund Contribution based on the Gross Sales from the preceding month. We may require you to provide additional reports to us for the reporting period. We may, as we deem necessary in our sole discretion, change the form and content of the Gross Sales Reports from time to time. We may designate a different reporting period in the Manual.

~~2.5.5.6~~ Method of Payment-

A. With the exception of the initial franchise fee, Franchisee you shall pay all fees and other amounts due to Franchisor us and/or its our affiliates under this Agreement through an electronic funds transfer program (the “EFT Program”), under which Franchisor we automatically deducts deduct all payments owed to Franchisor us under this Agreement,

or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the “EFT Account”).

~~A.B.~~ You shall deposit all revenues from operation of the Franchised Center into the EFT Account immediately upon receipt, including cash, checks, electronic and mobile payments, and credit card receipts. At least ~~ten~~ (10) ~~ninety~~ (90) days prior to opening the Franchised Center, Franchisee shall provide Franchisor with: ~~(i) Franchisee’s~~ (1) your EFT Account bank name, address and account number; ~~and (ii)~~ (2) a voided check from such EFT Account. ~~Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee’s bank, all documents, including Franchisor’s; and (3) our~~ form of EFT Authorization Form, which is attached as Exhibit ~~D~~ to this Agreement, necessary to effectuate the EFT Program and Franchisor’s ability to withdraw funds from such bank account via electronic funds transfer. Franchisee ~~F~~ to this Agreement. You shall immediately notify Franchisor of any change in Franchisee’s your banking relationship, including any change to the EFT Account.

~~1. If there are insufficient funds in Franchisee’s EFT Account to cover a check or EFT payment due to Franchisor or its affiliates under this Agreement, then Franchisee shall pay an insufficient funds fee in the amount of Two Hundred Fifty Dollars (\$250) per incident. If any amounts are overdue, Franchisee shall pay to Franchisor or its affiliates, in addition to the overdue amounts, interest on such amounts from the date it was due until paid in full and received by Franchisor, at the rate of eighteen (18%) per annum, or the maximum rate permitted by applicable law, whichever is higher. The acceptance of any interest payment shall not be construed as a waiver by Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to Franchisor’s right to terminate this Agreement with respect to such default.~~

~~C. **Gross Sales.** “Gross Sales” means the total revenue generated by the Franchised Center, including all revenue generated from the sale and provision of any and all Approved Products and Services at or through the Franchised Center and all proceeds from any business interruption insurance related to the non-operation of the Franchised Center, whether such revenues are evidenced by cash, check, electronic or mobile payment, credit, charge, account, barter or exchange. “Gross Sales” does not include any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, or the value of any allowance issued or granted to any client of the Franchised Center that is credited in good faith by Franchisee in full or partial satisfaction of the price of the Approved Products or Services. Franchisor reserves the right to modify its policies consistent with industry practices and applicable laws regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from “Gross Sales” as circumstances, business practices, and technology change.~~

~~D. **Gross Sales Reports; Right to Modify Payment Interval.** On or before Monday of each week, Franchisee must send Franchisor a signed Gross Sales report (a “Gross Sales Report”) detailing the following information: (i) Gross Sales of the Franchised Center from the preceding Business Week; (ii) Franchisee’s calculated Royalty Fee and Fund Contribution (if appropriate) based on the Gross Sales from the preceding Business Week; and (iii) any other information Franchisor may require for that reporting period. Franchisor may, as it deems necessary in its sole discretion, change the form and content of the Gross Sales Reports from time to time.~~

~~1. The parties agree and acknowledge that Franchisor may require Franchisee to use a designated computer and point of sale system and related software in connection with the Franchised Center (“Computer System”) that records all transactions and Gross Sales of the Franchised Center. The Computer System must contain software that allows Franchisee to record accumulated sales without turning back, resetting or erasing such sales. Franchisor shall have automatic access to Gross Sales Reports and any other data/reports generated by such Computer System and/or software, but in no event shall such access by Franchisor affect Franchisee’s obligation to provide all reports required under this Franchise Agreement unless Franchisor agrees otherwise in writing.~~

~~2. The parties agree and acknowledge that Franchisor may modify the interval at which it collects Franchisee's Royalty Fee, Fund Contribution and other recurring fees under this Agreement upon written notice (i.e., Franchisor may provide Franchisee with notice that it will be collecting these fees on a monthly rather than weekly basis). In such event, Franchisee's reporting obligations may also be modified by Franchisor accordingly.~~

~~E. **No Setoff.** No payments to be made to Franchisor or its affiliates by Franchisee, whether for royalties, advertising, merchandise, special programs, or otherwise, may be reduced on account of the imposition by any federal, state, or local authority of any tax, charge, or assessment, or on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of its affiliates allegedly may owe Franchisee under this Agreement or any related agreements.~~

~~F. **Inability to Operate Franchised Center.** If Franchisee is unable to operate the Franchised Center due to damage or loss to the Premises caused or created by a casualty, act of nature, condemnation, or other condition over which Franchisee has no control, then Franchisor will waive the Royalty Fee due under this Agreement for a period of time that Franchisor reasonably determines is necessary for the Franchised Center to repair the damage/loss to the Premises and resume operations (or relocate the Franchised Center to a different approved location within the Protected Territory), with said waiver period not to exceed ninety (90) days commencing from the date Franchisee gives Franchisor notice of the damage or loss.~~

~~3. **DUTIES OF FRANCHISOR**~~

~~A. **Initial Training.** Franchisor shall offer and make available a tuition free initial franchise training program (“Franchise Training Program”) and Pre-Opening Sales Training to Franchisee’s Principal Owner and Designated Manager. The initial Franchise Training Program and Pre-Opening Sales Training will be provided by Franchisor and its training personnel through training that will be provided at Franchisor’s designated training facility.~~

~~1. The initial training program will consist of three (3) parts: (i) initial Franchise Training Program; (ii) Pre-Opening Sales Training; and (iii) the on-site Center Launch Assistance. The initial Franchise Training Program will last for approximately three (3) days and is currently held in either Los Angeles, California or Franchisor’s then corporate headquarters. Franchisor reserves the right, in its sole discretion, to conduct the initial Franchise Training Program virtually. Franchisee must complete the initial Franchise Training Program within two (2) months of signing this Agreement. Pre-Opening Sales Training consists of up to five (5) days on-site/virtual training and is intended to assist Franchisee in marketing the Franchised Center in the local community to create brand awareness, drive traffic, leads and membership sales during the pre-opening period. Pre-Opening Sales Training must be completed no later than two (2) months prior to the opening of the Franchised Center, unless Franchisor agrees otherwise in writing. The On-site Center Launch Assistance will be provided prior to the soft opening of the Franchised Center, which requires that Franchisee have completed the initial Franchise Training Program and Pre-Opening Sales Training, the buildout and equipping of the Franchised Center, hiring of staff, and selling a minimum number of presale memberships which Franchisor will determine for the Territory. On-site Center Launch Assistance will consist of up to five (5) days of on-site assistance at the Franchised Center. At the conclusion of the On-site Center Launch Assistance, Franchisor will assess the following: (i) Franchisee’s pre-opening marketing and launch readiness; (ii) Franchisee’s operations; (iii) initial staffing efforts; (iv) merchandising/displays; (v) scheduling capabilities; and (vii) payment processing. If approved, Franchisee may open the Franchised Center, but if not approved, Franchisor may require that Franchisee’s Principal Owner and Designated Manager attend additional training, for which Franchisor reserves the right to charge its then current additional training fee.~~

~~2. The initial training will be provided subject to the schedule and availability of Franchisor’s training personnel and any portion of the above training may be offered virtually in Franchisor’s sole discretion. Franchisee is responsible for all costs and expenses incurred by Franchisee’s attendees in connection with attending or otherwise participating in training (including any travel, lodging, meals and other expenses associated with attending those portions of the program that are provided from Franchisor’s designated training facility in or near Los Angeles, California or other location Franchisor designates).~~

~~3. Franchisor will provide the initial Franchise Training Program to additional owners of Franchisee or designated managers of the Franchised Center (subject to the availability of Franchisor’s staff), provided Franchisee pays Franchisor its then current training fee for each individual that attends in~~

| ~~addition to the Principal Owner and Designated Manager (as well as any expenses incurred).~~

~~B. — **Replacement Personnel Training.** Franchisor will also provide the Franchise Training Program to any replacement personnel or those who attend but fail to complete the program as well, provided Franchisee pays Franchisor's then current initial training fee (as well as any expenses incurred).~~

~~C. — **Additional and Refresher Training; Remedial Training.**~~

~~1. — Franchisor may, as it deems appropriate in its discretion, develop additional and refresher training courses, and require Franchisee and its management to attend such courses. Franchisee shall pay Franchisor its then current training fee (the "Training Fee") in connection with attending additional/refresher training and will be responsible for the costs and expenses that it and its trainees incur in connection with attending any additional/refresher training under this Agreement. Franchisor will not require Franchisee and its management to attend more than five (5) days of additional/refresher training each year.~~

~~2. — If Franchisor determines that Franchisee is operating the Franchised Center in a manner that is not consistent with the terms of this Agreement or the Manuals, or if Franchisee is otherwise in material default of this Agreement, Franchisor may also require that Franchisee's Principal Owner, Designated Manager and/or other management personnel of the Franchised Center attend and complete up to five (5) additional days of training at (a) Franchisor's designated training facility, (b) the Franchised Center, or (c) other location Franchisor designates, that is designed to address the default or other non-compliance issue (the "Remedial Training"). Franchisor may require Franchisee and its designated trainees to pay Franchisor its then current training fee in connection with attending Remedial Training, and Franchisee will be responsible for the costs and expenses associated with Franchisee and any personnel attending such training.~~

~~D. — **Manuals.** Franchisor will provided access to, or otherwise loan, Franchisee one (1) copy of its proprietary and confidential operations manual prior to the opening of the Franchised Center, as well as any other instructional manuals as Franchisor deems appropriate (collectively, the "Manuals"). Franchisor will also loan Franchisee a list of: (i) all furniture, fixtures, equipment, the Computer System, parts and materials, inventory, products, supplies and other items that Franchisee is required to purchase or lease in connection with the establishment and ongoing operation of the Franchised Center (collectively, the "Required Items"); (ii) a list of all suppliers from which Franchisee must purchase or lease any Required Items, which may be Franchisor or its affiliates (collectively, the "Approved Suppliers"); and (iii) a list of the Approved Products and Services that Franchisee is authorized to offer, sell or provide at and from the Franchised Center. The foregoing lists may be provided as part of the Manuals or otherwise in writing prior to opening, and Franchisor has the right to revise, supplement or otherwise modify these lists and the Manuals at any time upon written notice to Franchisee. Franchisor may also establish and maintain a website portal (the "Portal"), wherein Franchisor may post content that will automatically become part of, and constitute a supplement to, the Manuals, all of which Franchisee must strictly comply with promptly after such content is posted or otherwise listed on the Portal. In the event Franchisee or its personnel saves or prints out a hard copy of any Manual, then such electronic/hard versions of said Manual must be immediately returned upon expiration or termination of this Agreement for any reason (and never used for any competitive purpose). The provisions of this Section shall survive the term of this Agreement. If Franchisee's copy of the Manual is lost, destroyed or significantly damaged, then Franchisee will be required to obtain a replacement copy and pay Franchisor its then current replacement fee.~~

~~E. — **Site Selection Assistance.** Franchisor will provide Franchisee with site selection assistance and guidance with regards to Franchisee's selection of a Premises for the Franchised Center, including Franchisor's then current site selection criteria, as it deems appropriate in its sole discretion. Franchisor~~

| ~~will review and approve of any location Franchisee proposes for the Franchised Center upon receipt of~~

Franchisor's then current form of site application. If Franchisor determines that an on-site evaluation is necessary, then Franchisee must: (i) submit to Franchisor, in the form specified by Franchisor, a description of the site prior to Franchisor's representative conducting its on-site evaluation, including evidence that the site satisfies Franchisor's site selection guidelines and any other information and materials that Franchisor may reasonably require, including a letter of intent or other evidence that confirms Franchisee's favorable prospects for obtaining the site; and (ii) reimburse Franchisor for the expenses incurred in connection with such an evaluation. Franchisor must approve of Franchisee's proposed location, as well as the lease for the Premises (the "Lease") or purchase agreement for the location, prior to Franchisee entering into any such agreement for that location to serve as the Premises of the Franchised Center. Franchisor may condition its approval of any Lease for the proposed Premises on the landlord's execution of Franchisor's then current Form of Addendum to Lease (the current form of which is attached as Exhibit C). Franchisor will use reasonable efforts to review and approve of any proposed Premises location and corresponding Lease within thirty (30) days of receiving all reasonably requested information from Franchisee. If Franchisor does not provide its specific approval of a proposed location within this thirty (30) day period, the proposed location will be deemed rejected. Franchisor may require Franchisee to use one (1) or more of its Approved Suppliers for site selection and other assistance related to securing an approved Premises.

F. — ~~**Grand Opening Advertising Assistance.**~~ Franchisor may assist Franchisee, as it deems appropriate in its discretion, in developing and conducting the Grand Opening Advertising program (as defined and described more fully in Section 8.C of this Agreement), which program shall be conducted at Franchisee's expense.

G. — ~~**Continuing Assistance.**~~ Franchisor may, as it deems appropriate and advisable in its sole discretion, provide continuing advisory assistance in the operation of the Franchised Center. Franchisor's determination not to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement. Franchisor may provide such assistance via video conference, telephone, intranet communication, or any other communication channel Franchisor deems appropriate, subject to the availability and schedules of Franchisor's personnel. In the event Franchisee requests that Franchisor provide any type of assistance or training on-site at the Franchised Center, then Franchisee may be required to pay Franchisor's then current training tuition fee in connection with such training (in addition to reimbursing Franchisor for any costs and expenses that Franchisor's personnel incur in connection with providing such assistance).

H. — ~~**Review of Advertising Materials.**~~ Franchisor will review and approve or reject any advertising or marketing materials proposed by Franchisee in connection with the Franchised Center as described more fully in Section 8 of this Agreement.

I. — ~~**Website.**~~ For so long as Franchisor has an active website containing content designed to promote the brand, System and Proprietary Marks (collectively, the "Website"), Franchisor will list the contact information of the Franchised Center on this Website, provided Franchisee is not in material default under this Agreement. Franchisor may also provide Franchisee with one or more email address(es), as it deems appropriate in its discretion, which Franchisee must use only in connection with the Franchised Center.

J. — ~~**Private Label Products.**~~ Franchisor may directly, or indirectly through Franchisor's affiliates or designated vendors, develop and provide Franchisee with private label products or other merchandise bearing the Proprietary Marks to be sold at the Franchised Center. Franchisee may be required to purchase these items from Franchisor or any other Approved Supplier Franchisor designates.

K. — ~~**Inspections of the Franchised Center and Premises.**~~ Franchisor will, as it deems

| ~~appropriate in its sole discretion, conduct inspections and/or audits of the Franchised Center and Premises~~

~~to ensure that Franchisee is operating its Franchised Center in compliance with the terms of this Agreement, the Manuals and the System standards and specifications. Such inspections may include inspections of the Premises, taking photographs and/or videos of the Premises, taking samples of any Approved Products for sale at the Franchised Center, interviewing and surveying Franchisee's personnel and customers, inspecting any and all books and records, and conducting mystery shop services. Franchisor is not responsible for ensuring that the Franchised Center is being operated in compliance with all applicable laws and regulations. Franchisee must reimburse Franchisor for the costs of the mystery shopper program, the costs of which will be set forth in the Manuals and will not exceed Two Hundred Fifty Dollars (\$250) per month.~~

~~L. Administration of Fund. Franchisor will administer the Fund as it deems advisable to the System in its sole discretion as described more fully in Section 8 of this Agreement.~~

~~M. No Assumption of Liability. Franchisor shall not, by virtue of any approvals or advice provided to Franchisee under this Agreement, including site selection or other approval provided under this Section 4, assume any responsibility or liability to Franchisee or to any third party to which it would not otherwise be responsible or liable. Franchisee acknowledges that any assistance (including site selection and project oversight) provided by Franchisor or its nominee in relation to the selection or development of the Premises is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the choice and location of the Premises, that the development of the Premises is free of error, nor that the Franchised Center is likely to achieve any level of volume, profit or success.~~

~~N. Delegation of Duties. Franchisee acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by this Agreement, as Franchisor may direct.~~

C. We have the right to modify the methods that we require for payments of amounts due to us. You agree to comply with the payment and reporting procedures that we may specify in the Manual or otherwise in writing.

5.7 Application of Payments. We have the right to apply payments from you in any way we choose, to any amounts you owe us.

5.8 Late Payment. Any payment that we do not receive on or before the due date will be deemed overdue. Any report that we do not receive on or before the due date will also be deemed overdue. If any payment is overdue, then you agree to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month (but not more than the maximum rate permitted by applicable law, if any). Our entitlement to such interest will be in addition to any other remedies we may have.

5.9 Insufficient Funds Fee. In addition to the interest charges under Section 5.8, we have the right to charge a fee equal to Two Hundred and Fifty Dollars (\$250) for each time you deliver a check to us which does not clear your bank account, or where we are not able to do an electronic funds transfer because of insufficient funds in your EFT Account ("NSF Fee"). If you incur three (3) or more NSF Fees within any twelve (12) month period, we may terminate this Agreement without providing any opportunity to cure the default.

5.10 No Subordination. You agree not to subordinate to any other obligation your obligation to pay us the Royalty Fee, Brand Fund Contributions, and/or any other amount payable to us, whether under this Agreement or otherwise, and that any such subordination commitment that you may give without our prior written consent shall be null and void.

5.11 Collection Costs and Expenses. You must pay to us on demand any and all collection costs and expenses (including, without limitation, costs and commissions due a collection agency, costs incurred in creating or replicating reports

demonstrating Gross Sales of the Franchised Center, reasonable attorneys' fees, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing) incurred by us in enforcing the terms of this Agreement, including, without limitation, in collecting any monies owed by you to us.

5.12 No Offset. You shall not withhold or off-set any portion of any payment due under this Agreement due to our alleged non-performance under this Agreement or any other agreement by and between you and us or our respective affiliates.

6 SITE SELECTION

6.1 Site Selection

A. If the Franchised Location has not been designated as of the Effective Date of this Agreement, then within five (5) months after the Effective Date you must obtain our acceptance of the site for Franchised Center from a designated market area agreed to by the parties and set forth on Exhibit A ("Site Selection Area") and secure a lease or ownership interest in the site. The Site Selection Area is described solely for the purpose of selecting a site for the Franchised Center. You acknowledge and agree that: (1) you do not have any territorial rights within the Site Selection Area; (2) we may permit ourselves, our affiliates and our franchisees to search for the location of their Upgrade Labs Centers within the same Site Selection Area that is assigned to you under this Agreement if we determine in our sole discretion that the Site Selection Area is large enough to contain additional Upgrade Labs Centers; and (3) potential locations for each Upgrade Labs Center, and resulting Protected Territories, within the Site Selection Area will be reviewed and rejected or granted on a first-to-propose basis.

B. We will provide you with a copy of our site selection guidelines and minimum requirements for the location of an Upgrade Labs Center in the Manual. Our requirements may include standards and specifications regarding accessibility, available parking, and minimum square footage for certain portions of an Upgrade Labs Center (such as customer reception areas, treatment areas, restrooms, and back-office areas).

C. You must submit a site application for one or more proposed sites for the Franchised Center, in the form specified by us, and a completed site evaluation package that includes a copy of the site plans, photographs, demographic information, financial information, and such other information and materials as we may reasonably require, together with option contracts, letters of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining ownership or leasehold interests in the sites. If we determine that an on-site evaluation is necessary, then you must reimburse us for the expenses incurred in connection with such an evaluation.

D. We will use reasonable efforts to review any proposed site within thirty (30) days of receiving all reasonably requested information from you. If we do not provide our specific acceptance of a proposed site within this thirty (30)-day period, the proposed site will be deemed rejected. We may require you to use an approved supplier for site selection and other assistance related to securing an accepted site for the Franchised Center. You must obtain our written acceptance of a site before you make any binding commitments related to the site. Our acceptance or rejection of a site may be subject to reasonable conditions as we determine in our sole discretion.

E. You agree that our acceptance of a site for the Franchised Center and any information communicated to you regarding our site selection criteria for an Upgrade Labs Center does not constitute a warranty or representation of any kind, express or implied, as to the suitability of any site for the Franchised Center or for any other purpose. Our acceptance of a site is not a representation or a promise by us that the Franchised Center at the site will achieve certain revenues or a certain level of profitability. Similarly, our acceptance of one or more sites and our rejection of other sites is not a representation or a promise that the accepted site will have higher revenues or be more profitable than a site that we rejected.

F. You agree that the decision to develop and operate the Franchised Center at a site that we accept is based solely on your own independent investigation of the suitability of that site for a Franchised Center. We assume no

liability or responsibility for: (1) evaluation of the soil of the site for hazardous substances; (2) inspection of any structure at the site for asbestos or other toxic or hazardous materials; (3) compliance with the Americans with Disabilities Act (“ADA”); or (4) compliance with any other applicable law. It is your sole responsibility to obtain satisfactory evidence and/or assurances that the site and any structures on the site are free from environmental contamination and in compliance with the requirements of the ADA.

6.2 Site Acquisition

A. After we issue our acceptance of a site to serve as the Franchised Location for the Franchised Center, you must lease, sublease or purchase the site. If you purchase the site for the Franchised Center, you must provide us with a copy of the deed within five (5) days after its recordation or other evidence of ownership.

B. If you lease the site for the Franchised Center, you must provide us with a copy of the proposed lease for our review within fifteen (15) days after we issue our site acceptance. You agree that any lease for the Franchised Location must: (1) in form and substance, be satisfactory to us; (2) include provisions such as those set forth described below in Section 6.3 and our form of Lease Addendum (the current form of which is attached as Exhibit E), as modified from time to time; (3) be for an aggregate term of (at least) ten (10) years in a combination of initial term and renewals; (4) contain terms and conditions and payments that are commercially reasonable in our opinion; and (5) include any other provisions as we may require from time to time. The lease may not contain any covenants or other obligations that would prevent you from performing your obligations under this Agreement or any other agreement with us or our affiliates. You understand and agree that our review of the lease is solely for the purpose of protecting our interests and ensuring compliance with this Agreement. Our approval of the lease does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to your ability to comply with its terms, and we do not assume any liability or responsibility to you or to any third parties due to such approval. You must deliver to us a copy of the fully signed lease within five (5) days after its execution.

C. Upon our approval of a site, and after you secure an ownership or leasehold interest in the site, we will insert its address on Exhibit A of this Agreement and it will be the Franchised Location. You hereby authorize us to deliver to you replacements for Exhibit A identifying the Franchised Location and its Protected Territory, and upon our delivery to you of a revised Exhibit A, that Exhibit A shall be binding upon us and you as if we and you had signed that Exhibit A. You may not begin construction or remodeling at the Franchised Location until you have delivered to us a copy of the fully signed Lease or deed.

6.3 Lease Conditions. We have the right to require you and the landlord for the Franchised Location to sign our then-current form of Lease Addendum (our current form of which is attached to this Agreement as Exhibit E) as a condition to giving our approval to your lease.

6.4 Relocation. You may not operate the Franchised Center at any site other than the Franchised Location and may not relocate the Franchised Center without our prior written consent, which may be withheld by us in our sole discretion. The same requirements set out in Section 6.1 for an initial site will apply to any potential new site. If we approve a relocation of the Franchised Center, you must pay a relocation fee in the amount of Fifteen Thousand Dollars (\$15,000). You must open the relocated Franchised Center for business within one hundred eighty (180) days of closing the Franchised Center at the previous location. You will bear all relocation costs and construction costs, including any costs of terminating the existing lease or occupancy agreement. You must de-identify the former location as provided in Section 20 at your expense within the time period that we specify.

7 DEVELOPMENT OF THE FRANCHISED CENTER

7.1 System Design & Equipment Standards. We will provide you with our sample plans and specifications for the design and appearance of an Upgrade Labs Center, including certain architectural elements that you must incorporate into the Franchised Center (together the “System Design Elements”). We will also provide you with our specifications for equipment,

furnishings, fixtures, décor items, computers and other technology systems, and signage that you must incorporate into your Franchised Center (together, the “Operating Assets”). Our System Design Elements may include minimum standards for portions of a business (such as minimum requirements for customer reception areas, treatment areas, restrooms, and back-office areas), as well as specifications for the layout and look and feel of the overall Center.

7.2 Development and Preparation of the Franchised Location. You are responsible for developing, at your own expense, the Franchised Center at the Franchised Location. Among other things, you agree to all of the following:

A. You agree to secure all financing required to develop and operate the Franchised Center (we will not provide you with any financing for the Franchised Center).

B. You agree to obtain all required zoning permits, all required building, utility, sign permits, and licenses, and any other required permits, licenses and certifications.

C. You agree to retain, at your expense, a qualified licensed architect to produce any architectural and working drawings necessary to complete the development of the Franchised Center at the Franchised Location, which plans and drawings will incorporate our standards and specifications for the System Design Elements.

D. You must send us your development and construction plans and specifications for review and approval before you begin constructing the Franchised Center at the Franchised Location. After we have given our approval, you may not deviate from such approved plans and drawings without obtaining our prior written approval. We may inspect the Franchised Location while you are developing the Franchised Center.

E. You agree to purchase or lease, and install, all required fixtures, furniture, equipment (including computer and technology information systems), furnishings, and signs as needed, including complying with our requirements for Operating Assets for the Franchised Center.

F. You must complete all construction and/or remodeling, furnishing, decorating, and equipping of the Franchised Center in accordance with the approved plans, and in doing so, you agree to use a licensed and bonded contractor for any construction and remodeling.

G. In connection with the System Design Elements and any layout and equipment plans that we provide to you, you acknowledge and agree that those specifications do not meet and are not meant to address the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the ADA and/or similar rules governing public accommodations and commercial facilities for persons with disabilities), nor will such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Upgrade Labs Center. You will be solely responsible for complying with all federal, state and local laws, codes and regulations regarding the construction, design and operation of the Franchised Center. If you receive any complaint, claim, or other notice alleging a failure to comply with any such requirements, you agree to provide us with a copy of that notice within five (5) days after you receive the notice.

7.3 Approval to Open and Opening Deadline

A. During the entire period of construction of the Franchised Center, you must permit us and our agents to inspect the site at all reasonable times. We may require that you use an approved supplier for pre-opening project and construction management services. You must complete construction or remodeling, and install all furniture, fixtures, equipment, and signs in accordance with the final plans and specifications approved by us. You must notify us of the anticipated construction completion date and provide us with a copy of a certificate of occupancy for the Franchised Center. Our inspections may take place in person, via video platform, or over an internet connection.

B. You may not begin offering Approved Products and Services to customers in connection with the Franchised Center until we notify you that: (1) all of your obligations under this Section 7 have been fulfilled; (2) pre-opening training of your personnel has been completed as required by Section 9; and (3) we have been furnished with copies of all certificates of insurance required by Section 14.

C. You must open your Franchised Center within ten (10) months after the Effective Date or we may terminate this Agreement (“Opening Deadline”). We may grant you an extension of the Opening Deadline for a period of up to six (6) months. You must request the extension at least thirty (30) days before the Opening Deadline and pay us an extension fee in the amount of One Thousand Dollars (\$1,000). The parties agree that time is of the essence.

D. Within ninety (90) days after you open the Franchised Center, you must give us a full written breakdown of all costs associated with the development and construction of the Franchised Center in the form that we may reasonably find acceptable or that we may otherwise require.

2.67.4 Pre-Opening Obligations Acknowledgement. If Franchisee believes Franchisor has failed to provide adequate pre-opening services as provided in this Agreement, Franchisee shall notify Franchisor in writing within thirty (30) days following the opening of the Franchised Center. Absent such notice to Franchisor, Franchisee acknowledges, agrees, you acknowledge, agree and grants grant that Franchisor we fully complied with all of its our pre-opening and opening obligations set forth in this Agreement.

~~O. — **Annual Conference.** Franchisor may establish and conduct an annual conference for all Center owners and operators, and may require Franchisee’s Principal Owner and its Designated Manager to attend this conference for no more than five (5) days each year. Franchisor reserves the right to charge Franchisee its then current registration fee in connection with any conference conducted pursuant to this Section, and Franchisee will be solely responsible for all expenses incurred in attending such conferences.~~

~~4. — **DUTIES OF FRANCHISEE**~~

~~A. — **Secure a Premises and Opening.** Franchisee must secure a Premises within the Protected Territory within five (5) months of executing this Agreement, unless Franchisor agrees to an extension of time in writing. If Franchisee is entering into a Lease for the proposed Premises, the form of Lease must be approved by Franchisor and Franchisee must ensure that both Franchisee and the party leasing the Premises to Franchisee under the Lease execute Franchisor’s then current Form of Addendum to Lease (the current form of which is attached as Exhibit C) prior to, or at the same time, the Lease is executed. Franchisee may be required to use Franchisor’s designated supplier for site selection and other assistance related to securing a Premises.~~

~~1). Franchisee, unless otherwise agreed in writing by us, must have your Upgrade Labs Center open to the public, on or before the Required Opening Date, which is ten (10) months from the Effective Date of this Agreement.~~

~~B. — **Access to Franchisor for Inspection of Premises.** Prior to opening the Franchised Center, Franchisee must conduct a physical inventory so that there is an accurate accounting of inventory, fixtures, furniture, supplies and equipment on hand, and shall provide a signed copy of this physical inventory to Franchisor. Franchisor shall have the right to enter the Premises at its convenience and conduct said physical inventory on its own.~~

~~C. — **Compliance with Lease.** Franchisee must comply with both the Lease and any additional leasehold covenants and regulations of the building in which the Premises is located. In the event the landlord of the Premises terminates the Lease due to Franchisee’s default thereunder, this termination will~~

~~also constitute a material breach of this Agreement by Franchisee. In the event Franchisor provides appropriate notice as described in Section 5.A above and assumes control of the Premises and the operation of the former Franchised Center upon the termination or expiration of the Lease, the future operation of that Center by Franchisor shall not be as an agent of Franchisee and Franchisor shall not be required to account to Franchisee as a result thereof.~~

~~D. — **Construction and Build Out.** Franchisor will provide Franchisee with a sample layout and specifications for the proposed layout of the Premises and will review and approve the proposed layout and design of the Premises, including the equipment, furniture and fixtures used in connection with the Franchised Center, as Franchisor deems appropriate and advisable in its sole discretion. Franchisee must complete all construction and build out of the Premises in a manner consistent with Franchisor's System standards, specifications and any agreed upon plans and open the Franchised Center to the public no later than ten (10) months after the date this Agreement is executed. Franchisor may require that Franchisee use an Approved Supplier for pre-opening project and construction management services. Franchisor must provide its prior written consent before Franchisee may open the Franchised Center, and Franchisor reserves the right to inspect the construction and/or build out of the Franchised Center at any reasonable time prior to the opening date. Should Franchisee fail to open the Franchised Center for operation within the prescribed period (or, if applicable, within any extended period of time Franchisor approves in writing), this Agreement will be deemed terminated upon written notice from Franchisor to Franchisee without the necessity of further action or documentation by either party.~~

~~E. — **Required Licenses and Permits.** Prior to opening, Franchisee must obtain and maintain (throughout the term of this Agreement) all required licenses, permits and approvals to establish, open and operate the Franchised Center at the Premises, including all required licenses and permits related to the offer and sale of the Approved Products and Services that Franchisor authorizes Franchisee to provide at the Franchised Center.~~

~~F. — **Approved Products and Services.** Franchisee must only offer and sell only the Approved Products and Services at the Franchised Center. Franchisee may not offer or provide any other products or services and must not deviate from Franchisor's System standards and specification related to the manner in which the Approved Products and Services are offered and sold, unless Franchisor provides its prior written consent. Franchisor has the right to add additional, delete, or otherwise modify certain of the Approved Products and Services from time to time in the Manuals and otherwise in writing, as it deems appropriate in its sole discretion. In the event of a dispute between Franchisee and Franchisor concerning Franchisee's right to carry any particular product or to offer any specific service, Franchisee will immediately remove the disputed products from inventory, cease offering the disputed service at the Premises, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute.~~

~~G. — **Other Devices Prohibited at Premises.** Franchisee is specifically prohibited from installing, displaying, or maintaining any vending machines, gaming machines, automatic teller machines, internet kiosks, public telephones (or payphones), merchant service machines, credit card payment machines or any other electrical or mechanical device in the Franchised Center other than those Franchisor prescribes or approves.~~

~~H. — **Fixtures, Furniture, Equipment, Signs and Inventory**. Franchisee must maintain at all times during the term of this Agreement and any renewals hereof, at Franchisee's expense, all fixtures, furnishings, equipment, signs, artwork, décor items and inventory used in the Franchised Center as necessary to comply with Franchisor's standards and specifications as prescribed in the Manuals or otherwise in writing. Franchisee must also make such additions, alterations, repairs, and replacements to the foregoing as Franchisor requires. Franchisee shall maintain the image of the Franchised Center at all times in accordance with Franchisor's standards and specifications, including ensuring that the Premises are maintained in a clean and orderly manner. Franchisor may require Franchisee to refurbish, renovate and/or otherwise substantively modify the interior of the Franchised Center, including the furniture, fixtures and equipment used at the Premises so that the Premises and Franchised Center conform with Franchisor's then current System standards and specifications for a new Center. Franchisor will not require Franchisee to make material renovations or refurbishments to the Premises of the Franchised Center, unless such renovation/refurbishment is in connection with a renewal or transfer of this Agreement. The parties agree and acknowledge, however, that the limitation set forth in the preceding sentence will not apply to any request to modify the Proprietary Marks as provided for in this Agreement.~~

~~I. — **Compliance with Applicable Laws**. Franchisee must at all times conduct and operate the Franchised Center in accordance with all federal, state, and local laws, ordinances, and regulations applicable thereto, including any laws and regulations related to providing any Approved Products and Services. Franchisee will have sole authority and control over the day to day operations of the Franchised Center and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Center, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record keeping, supervision, and discipline of employees, paid or unpaid, full or part time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.~~

~~J. — **Required Items**. Franchisee must: (i) purchase any and all Required Items that Franchisor designates for use in connection with the Franchised Center;; (ii) ensure that all Required Items meet Franchisor's standards and specifications; and (iii) purchase all items Franchisor specifies from the Approved Suppliers that Franchise designates, which may include Franchisor or its affiliates. Franchisee agrees and acknowledges that Franchisor and/or its affiliates may derive revenue from the offer and sale of Required Items. Franchisor and/or its affiliates may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with Franchisor, its affiliates, Franchisee, or other Franchised Centers in the System, such as rebates, commissions or other forms of compensation. Franchisor may use any amounts that it receives from suppliers for any purpose that Franchisor deem appropriate.~~

~~K. — **Alternative Supplier Approval**.~~

~~1. — If Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, to the extent known. Franchisee must then follow Franchisor's then current procedure for evaluating and approving such request and pay Franchisor's then current product/supplier evaluation fee. At Franchisor's request, Franchisee must also provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Franchisor will use commercially reasonable efforts~~

to notify Franchisee in writing whether or not Franchisee's request is approved or denied within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied.

2. ——— Franchisor may, but is not obligated to, provide Franchisee's proposed supplier with its specifications for the item that Franchisee wishes the third party to supply, provided that third party executes Franchisor's prescribed form of non-disclosure agreement. Each supplier that Franchisor approves must comply with Franchisor's usual and customary requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract. Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other Center franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate.

L. ——— Technology.

1. ——— Franchisee must acquire and install in the Franchised Center, at its own expense, the Computer System and other computer equipment, communications devices, audio/visual equipment and software systems that Franchisor specifies in writing from time to time. Franchisor may require Franchisee to use a Computer System and/or related software that is administered through Franchisor and that provides Franchisor with automatic access to all data and reports that might be created by such Computer System and/or software. Franchisee must: (1) maintain an electronic connection between its systems and Franchisor's systems and provide Franchisor with all user IDs and passwords necessary for Franchisor to independently access files and other information stored on Franchisee's systems; (2) use the systems in accordance with all policies and operational procedures Franchisor issues from time to time; (3) transmit data to Franchisor at the times Franchisor specifies; (4) maintain its systems in good working order at all times; (5) promptly install upgrades, additions, changes, modifications, substitutions and/or replacements of hardware, software, data connectivity, electrical power, and other computer-related facilities as Franchisor directs; (6) ensure that its employees are adequately trained in the use of such systems and Franchisor's related policies and procedures; (7) utilize and participate in any intranet/extranet that Franchisor establishes in connection with the System; and (8) implement at all times appropriate physical and electronic security as is necessary to secure its systems and to comply any standards and policies that Franchisor may issue (without obligation to do so) in this regard. Franchisee must bear all costs of installation, operation, maintenance and upgrade of its systems. Franchisor reserves the right to require Franchisee to engage Franchisor or a hardware maintenance and/or help desk support provider approved by Franchisor to maintain Franchisee's Computer System.

2. ——— Franchisor has the right, but not the obligation, to develop or have developed for Franchisor, or to designate, software programs that Franchisee must use in connection with its Computer System. Franchisee must install all such software, including any updates, supplements, modifications, or enhancements that Franchisor requires. Franchisor and its Approved Suppliers may charge a reasonable software license fee for any software that Franchisee is required to use. Each party to this Agreement

acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees to comply with those reasonable new standards that Franchisor establishes as if Franchisor periodically revised this section for that purpose.

3. ~~Franchisee will not install or load any computer software on the hard disks of the Computer System used in connection with the Franchised Center without Franchisor's prior written consent. All computer and file passwords associated with the Computer System must be supplied as a list to Franchisor by Franchisee, along with any modifications or changes to that list. The passwords to access the Computer System located at the Premises or used by the Franchised Center, as well as all computer files and records related to the Franchised Center, are the exclusive property of Franchisor and Franchisee must provide Franchisor with these files and information upon the termination or expiration of this Agreement. Franchisor may, without notice to Franchisee, have the right to independently and remotely access and view Franchisee's Computer System via the Internet, other electronic means or by visiting the and other available information that Franchisor reasonably requests about the Franchised Center. Franchisee hereby consents to Franchisor using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by Franchisor or disclosed to Franchisor in accordance with this Agreement.~~

4. ~~Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from 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.~~

~~M. **Promotional Materials Display (Seasonal and Otherwise).** Franchisee must openly and prominently display promotional materials provided or designated by Franchisor and participate in any ongoing System wide sales, specials or other promotions that Franchisor designates, including without limitation, participating in any seasonal sales/promotions and displaying all designated signage in connection therewith. Franchisee may not display or use any signage at the Premises unless previously approved by Franchisor in writing.~~

~~N. **Franchise Training Program and Other Training/Conference Attendance.** Franchisee and designated personnel must attend and successfully complete all training and annual conferences, including the Franchise Training Program and any additional training or Remedial Training that Franchisor requires during the term of this Agreement, as noted in Sections 4.A, B and C. Any failure to attend and complete Franchisor's initial and ongoing training requirements, including any Remedial Training or additional training, described in this Section will be a material default of this Agreement and grounds for termination if not cured within the appropriate cure period set forth in this Agreement (if any).~~

~~O. **Training of Employees.** Franchisee or at least one (1) of Franchisee's personnel that has successfully completed the entire Franchise Training Program must conduct training classes for, and properly train, all of Franchisee's employees on sales, advertising, maintenance of the Premises, the Computer System, as well as any other information that is relevant to each employee's role with the Franchised Center, including Franchisor's standards and specifications for operating the Franchised Center, as Franchisor may set forth in the Manuals or otherwise in writing. Further, at least one (1) person that has completed the Franchise Training Program must manage the Franchised Center at all times. It is the responsibility of the Franchise Owner to maintain training requirements for new hires.~~

~~P. — **Hours of Operation.** Franchisee shall keep the Franchised Center open and in normal operation for such minimum hours and days as Franchisor may prescribe in the Manuals or otherwise in writing, and must ensure that the Franchised Center is sufficiently staffed.~~

~~Q. — **Customer Lists and Data/Agreements.** Franchisee must (i) maintain a list of all of its current and former customers, as well as their purchase history, at the Premises; and (ii) make such lists and contracts available for Franchisor’s inspection upon request. Franchisee must promptly return this information, which is deemed “Confidential Information” as defined in Section 7.D and Franchisor’s exclusive property hereunder, to Franchisor upon expiration or termination of this Agreement for any reason. Franchisee acknowledges that Franchisor may have automatic access to any or all of this information via the Computer System and related software that Franchisor requires for use in connection with the Franchised Center.~~

~~R. — **Promotional/Minimum Prices; Pricing Guidelines.** To the extent permitted under applicable law, Franchisee must follow Franchisor’s general pricing guidelines, including any promotional, minimum or maximum prices set by Franchisor for a particular Approved Product or Service. As an independent contractor, however, Franchisee may exercise flexibility in meeting competition with respect to the pricing of certain Approved Products and Services offered at the Franchised Center. Franchisor may request information from Franchisee that has been used to substantiate any reduction or increase in pricing made by Franchisee to meet market conditions.~~

~~S. — **Operation of Franchised Center and Customer Service.** Franchisee shall manage and operate the Franchised Center in an ethical and honorable manner, and must ensure that all those working at the Franchised Center provide courteous and professional services to customers and always keep its customers’ interests in mind while protecting the goodwill of the Proprietary Marks, System and the Franchised Center. Franchisee must handle all customer complaints and requests for returns and adjustments in a manner consistent with Franchisor’s standards and specifications, and in a manner that will not detract from the name and goodwill enjoyed by Franchisor. Franchisee must consider and act promptly with respect to handling of customer complaints, and implement complaint response procedures that Franchisor outlines in the Manuals or otherwise in writing.~~

~~T. — **Access to Center.** To determine whether Franchisee is complying with this Agreement, Manuals and the System, Franchisor and its designated agents or representatives may at all times and without prior written notice to Franchisee: (i) inspect the Premises; (ii) observe and monitor the operation of the Franchised Center for consecutive or intermittent periods as Franchisor deems necessary; (iii) interview or survey personnel and customers of the Franchised Center; and (iv) inspect, audit and/or copy any books, records, and agreements relating to the operation of the Franchised Center, including all financial information. Franchisee agrees to cooperate with Franchisor fully in connection with these undertakings by Franchisor (if taken). If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the operation of the Franchised Center.~~

~~8 PERSONAL PARTICIPATION BY FRANCHISEE, FRANCHISEE’S~~ **YOUR MANAGEMENT AND ORGANIZATION**

8.1 **Principal Owner.** If you are an entity or a group of individuals, you must appoint one of your owners who is an individual to serve as your “Principal Owner.” If you are an individual, you will serve as the Principal Owner. To serve as a Principal Owner, the individual must be an owner of yours who: is authorized to initiate and receive communications between us and you; has authority over all business decisions related to the Franchised Center; has the power to bind you in all dealings with us in our relationship under this Agreement; and must have signed and delivered to us the Personal Guarantee and Assumption of Obligations attached to this Agreement as Exhibit C. You further acknowledge and agree that Principal

Owner will be the single liaison for all matters between the parties to this Agreement; will be solely responsible for communicating all relevant information to your other owners; and will be considered by us as the only owner authorized to make decisions on your behalf. Any decision made by the Principal Owner will be deemed to have the full force and effect as if all of your owners made the decision. As of the Effective Date, the individual who will serve as the Principal Owner is specified in Exhibit A of this Agreement. You may not change the Principal Owner without our prior written approval.

2.78.2 Designated Manager. Your Principal Owner must personally participate in the direct management and operation of the Franchised Center on a full-time basis, unless ~~Franchisee engages~~you hire a manager (the “Designated Manager”) that ~~Franchisor approves~~we approve in writing to manage the day-to-day operations of the Franchised Center when ~~Franchisee’s~~your Principal Owner is not present. ~~If Franchisee engages a~~ Your Principal Owner may, but is not required to, also serve as your Designated Manager ~~at any time, that.~~ The individual who will act as your Designated Manager must successfully complete ~~the Franchise Training Program prior to assuming any management responsibilities in connection with the Franchised Center. Regardless, Franchisee is~~all required training sessions as provided in Section 9 and must have signed and delivered to us a Confidentiality and Restrictive Covenant Agreement in a form we prescribe, the current form of which is attached to this Agreement as Exhibit D. You may not change the Designated Manager without our prior written approval. Notwithstanding the foregoing, you are solely responsible for all aspects of the operation of the Franchised Center and ensuring that all the terms, conditions, and requirements contained in this Agreement and in the ~~Manuals~~Manual are met and kept.

~~U. Non-Cash Payment Systems and PCI Compliance.~~

~~1. Franchisee shall accept debit cards, credit cards, stored value gift cards or other non-cash payment systems, including participation in loyalty programs, specified by Franchisor to enable customers to purchase authorized products and services and shall obtain all necessary hardware and/or software used in connection with these non-cash systems. Franchisee shall comply with all policies and procedures set forth by Franchisor in the Manuals with respect to these non-cash payment systems.~~

~~8.3 Franchisee shall maintain, at all times, credit card relationships with the credit and debit card issuers or sponsors, check or credit verification services, financial center services, merchant service providers, and electronic fund-transfer systems (together, “Credit Card Vendors”) that Franchisor may periodically designate as mandatory. Franchisee shall not to use any Credit Card Vendor for which Franchisor has not given its prior written approval or as to which Franchisor has revoked its earlier approval. The term “Credit Card Vendors” includes, among other things, companies that provide services for electronic payment, [Your Organizational Structure](#)~~

~~2. If you are a legal entity such as near field communication vendors (e.g., “Apple Pay” and “Google Wallet”). Franchisor has the right to modify its requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke its approval of any service provider.~~

~~3. Franchisee shall comply with the then current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that Franchisor may reasonably specify. Among other things, Franchisee agrees to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.~~

~~V. Payments to Franchisor. Franchisee agrees to promptly pay Franchisor all payment and contributions that are due to Franchisor, its affiliates or any Approved Supplier.~~

~~W. Employment Decisions. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Center, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee’s personnel must be competent, conscientious, and properly trained. Nothing in this Agreement is intended or may be construed to create any type of employer or joint employer relationship between (i) Franchisee and/or its personnel (including any licensed personnel), and (ii) Franchisor.~~

~~X. Bookkeeping Software. Franchisor may require Franchisee to use a third-party provider for bookkeeping services if Franchisee (i) fails to timely and accurately provide any and all required reports under this Agreement, or (ii) underreports the Gross Sales of the Franchised Center at any time.~~

~~5. PROPRIETARY MARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS~~

~~A. Ownership of Proprietary Marks. Franchisee acknowledges the exclusive ownership and/or right to use the Proprietary Marks by Franchisor, and Franchisee agrees that during the term of this Agreement and after its expiration or termination Franchisee will not directly or indirectly contest or aid in contesting the validity of the Proprietary Marks or the ownership or rights of the Proprietary Marks by Franchisor. Furthermore, Franchisee intends and hereby concedes that any commercial use Franchisee may make of the Proprietary Marks shall contribute and inure to the commercial use and benefit of Franchisor, which Franchisor may claim to strengthen and further secure ownership of the Proprietary Marks.~~

~~B. — **Permitted Use.** It is understood and agreed that the use by Franchisee of the Proprietary Marks applies only in connection with the operation of the Franchised Center at the Premises, and includes only such Proprietary Marks as are now designated, or which may hereafter be designated in the Manuals or otherwise in writing as part of the System (which might or might not be all of the Proprietary Marks pertaining to the System owned by Franchisor), and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor.~~

~~C. — **Use of Proprietary Marks in Advertising and Signage.** To develop and maintain high, uniform standards of quality and service and thereby protect Franchisor's reputation and goodwill, as well as that of the System, Franchisee agrees to:~~

~~1. — Operate and advertise the Franchised Center only under the Proprietary Marks authorized by Franchisor as specified in this Agreement or the Manuals;~~

~~2. — Maintain and display signage and advertising bearing the Proprietary Marks that reflects the current commercial image of the System and, upon notice from Franchisor, to immediately discard and cease use of Proprietary Marks or other imagery that has become obsolete and no longer authorized by Franchisor.~~

~~3. — Upon Franchisor's request, Franchisee hereby covenants and agrees that it will affix in corporation, a conspicuous location in or upon the Premises, a sign bearing a notice in the format required by Franchisor in the Manuals to indicate that the Franchised Center is independently owned and operated by Franchisee pursuant to the franchise granted in this Agreement.~~

~~D. — **Proprietary Marks and Intellectual Property are Sole Property of Franchisor.** Franchisee acknowledges that the Proprietary Marks, and intellectual property including the System, the Manuals, copyrighted materials, and all other information and items delivered to Franchisee by Franchisor pursuant to this Agreement or in furtherance of the System, including without limitation, video and audio files, information communicated by electronic means, ("Intellectual Property") are the sole and exclusive property of Franchisor and its affiliates, and Franchisee's right to use the same are contingent upon Franchisee's continued full and timely performance under this Agreement. Franchisee acknowledges it acquires no rights, interests, or claims to any of said property, except for Franchisee's rights to use the same under this Agreement for the term hereof and strictly in the manner prescribed. Franchisee agrees that it will not, during the term of this Agreement or any time thereafter, contest or challenge the sole and exclusive proprietary rights of Franchisor (and, if appropriate, Franchisor's affiliates) to the Proprietary Marks, System, Manuals, and other information, intellectual property, and items delivered or provided or to which Franchisee obtains access under this Agreement, nor shall Franchisee claim any proprietary interest in such property. Franchisee agrees that it will not adopt, display, attempt to register or otherwise use any names, marks, insignias, or symbols in any business that are or may be confusingly similar to the Proprietary Marks licensed under this Agreement.~~

~~E. — **Legal Action Involving Proprietary Marks and Intellectual Property.** Franchisee agrees to cooperate with and assist Franchisor in connection with any legal action brought by or against either of them regarding the protection and preservation of the Proprietary Marks and Intellectual Property delivered to Franchisee or used by Franchisee under this Agreement.~~

~~F. — **Confidential Information.** Franchisee agrees that all documents, papers, notes, and other materials, as well as work products containing or derived from the proprietary information or from the knowledge of, or in connection with, the operation of the Franchised Center, will be Confidential Information (as defined in this Agreement) that is the exclusive property of Franchisor. Franchisee agrees~~

| ~~that it will have no proprietary interest in any work product developed or used by it that arises out of the~~

operation of the Franchised Center. Franchisee will, from time to time as may be requested by Franchisor, do all things that may be necessary to establish or document Franchisor's ownership of any such work product, including without limitation, the execution of assignments.

~~G. — **Improvements.** Franchisee agrees to disclose promptly to Franchisor any and all inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents that are in any way related to the establishment or operation of the Franchised Center (collectively, the "Improvements"), all of which shall be automatically and without further action owned by Franchisor without compensation to Franchisee (including all intellectual property rights therein). Whenever requested to do so by Franchisor, Franchisee will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor's interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Franchisor cannot automatically own certain of the Improvements that may be developed, then Franchisee hereby agrees to grant Franchisor a perpetual, royalty free worldwide license to use and sublicense others to use such Improvements.~~

~~H. — **No Representations/Warranties.** No representation or warranty, express or implied, is made by Franchisor to the effect that the use of the System does not constitute an infringement upon the patent, copyright, or other proprietary rights of other persons. Franchisee hereby agrees that Franchisor shall have no limited liability to Franchisee in the event the System is held not to be secret or confidential or in the event that any infringement of others' proprietary rights occurs because of Franchisee's use of the System.~~

~~I. — **Modification or Substitution of Marks by Franchisor.** If in Franchisor's reasonable determination, the use of Proprietary Marks in connection with the System will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's rights in the Proprietary Marks, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify, discontinue, or to use one (1) or more additional or substitute trade or service Proprietary Marks then upon notice from Franchisor, Franchisee will terminate or modify, within a reasonable time, such use in the manner prescribed by Franchisor. If Franchisor changes the Proprietary Marks in any manner, Franchisor will not reimburse Franchisee for any out of pocket expenses that Franchisee incurs to implement such modifications or substitutions. Franchisor is not obligated to reimburse Franchisee for any loss of goodwill or revenue associated with any modified or discontinued Proprietary Mark, nor is Franchisor responsible for reimbursing Franchisee for any other costs or damages~~

~~J. — **Modification or Substitution of Proprietary Marks by Franchisee.** Franchisee agrees not to make any changes or amendments whatsoever in or to the use of the Proprietary Marks unless directed by Franchisor in writing.~~

~~K. — **Cease Use of Proprietary Marks on Termination/Non-Renewal.** Upon termination or expiration and non-renewal of this Agreement, Franchisee agrees to immediately cease use, in any manner whatsoever, of any of the Proprietary Marks or any other trademarks or trade names that may be confusingly similar to the Proprietary Marks.~~

~~L. — **Disconnection of Telephone Number on Termination/Renewal.** Franchisee acknowledges that there will be substantial confusion among the public if, after the termination or expiration and non-renewal of this Agreement, Franchisee continues to use advertisements and/or the telephone number listed in the telephone or online directories under the name UPGRADE LABS or any name similar to it. Thus, effective upon the termination or expiration and non-renewal of this Agreement, Franchisee~~

~~agrees to direct the telephone company servicing Franchisee, per Franchisor's request, to disconnect the telephone number used in connection with the Franchised Center or transfer such number to~~

~~Franchisor or to any person or location of Franchisor's choosing. If Franchisee fails to take these steps, Franchisee shall be deemed to have hereby irrevocably appointed Franchisor as Franchisee's attorney-in-fact for purposes of directing and accomplishing such transfer. Franchisee understands and agrees that, notwithstanding any billing arrangements with any telephone company or directory company, Franchisor will be deemed for purposes hereof to be the subscriber of such telephone numbers, with full authority to instruct the applicable telephone or directory company as to the use and disposition of telephone listings and numbers. Franchisee hereby agrees to release, indemnify, and hold such companies harmless from any damages or loss as a result of following Franchisor's instructions.~~

~~M. — **Non-Exclusive Use of Proprietary Marks.** Franchisee understands and agrees that its right to use the Proprietary Marks is non-exclusive, that Franchisor in its sole discretion has the right to grant licenses to others to use the Proprietary Marks and obtain the benefits of the System in addition to the licenses and rights granted to Franchisee under this Agreement, and that Franchisor may develop and license other trademarks or service marks in conjunction with systems other than the System on any terms and conditions as Franchisor may deem advisable where Franchisee will have no right or interest in any such other trademarks, licenses, or systems.~~

~~N. — **Acknowledgements.** With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:~~

~~1. — Franchisee shall not use the Proprietary Marks as part of Franchisee's corporate or any other business name, domain name, e-mail address or any social media or social networking profile/page;~~

~~2. — Franchisee shall not hold out or otherwise use the Proprietary Marks to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make Franchisor liable therefor without Franchisor's prior written consent; and~~

~~3. — Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for Proprietary Marks or to maintain the continued validity of such Proprietary Marks.~~

~~O. — **Use Outside Scope.** Franchisee acknowledges that the use of the Proprietary Marks outside the scope of this Agreement without Franchisor's prior written consent is an infringement of Franchisor's exclusive right to use the Proprietary Marks and, during the term of this Agreement and after the expiration or termination hereof, Franchisee covenants not to directly or indirectly commit an act of infringement, contest or aid in contesting the validity or ownership of Franchisor's Proprietary Marks, or take any other action in derogation thereof.~~

~~P. — **Notification of Infringement.** Franchisee shall notify Franchisor within three (3) calendar days of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's right to use, the Proprietary Marks licensed hereunder. Franchisee will not communicate with any persons other than Franchisor or Franchisor's legal counsel in connection with any such infringement, challenge, or claim. Franchisee acknowledges that Franchisor has the right to control any administrative proceeding or litigation involving the Proprietary Marks. In the event Franchisor undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may be necessary in the opinion of counsel for Franchisor to carry out such defense or prosecution.~~

~~Q. — **Indemnification Regarding Marks.** Franchisor will indemnify and defend Franchisee~~

| ~~against any third-party claim brought against Franchisee that arises solely out of Franchisee's authorized~~

~~use of the Proprietary Marks licensed under this Agreement in connection with the Franchised Center, on the condition that: (i) such use is in full compliance with Franchisor's standards and specifications; and (ii) Franchisee notifies Franchisor in writing of this third party claim within three (3) calendar days of receiving notice or otherwise learning of the claim. Franchisor will have complete control over the defense and, if appropriate, settlement negotiations and resolution regarding the claims described in this Section, including the right to select legal counsel Franchisor deems appropriate. Franchisee must fully cooperate with Franchisor in connection with Franchisor's defense or settlement of any third party claim that Franchisor determines to take control of under this Section. Notwithstanding anything in this Section to the contrary, Franchisor's liability under this Section shall be limited to no more than the Initial Franchise Fee paid under this Agreement.~~

~~R. **Other Obligations of Franchisee.** In addition to all other obligations of Franchisee with respect to the Proprietary Marks licensed herein, Franchisee agrees:~~

~~1. To feature and use the Proprietary Marks solely in the manner prescribed by Franchisor and not use the Proprietary Marks on the Internet or otherwise online, except as approved in writing by Franchisor; and~~

~~2. To observe all such requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Franchisor may direct in writing from time to time.~~

~~6. **MANUALS AND CONFIDENTIAL/CONFIDENTIAL INFORMATION**~~

~~A. **Compliance with Manuals.** In order to protect the reputation and goodwill of Franchisor and the System, and to maintain uniform standards of operation under Franchisor's Proprietary Marks, Franchisee shall operate the Franchised Center in strict accordance with the Manuals.~~

~~B. **Control of Center.** Franchisee acknowledges the Manuals provided by Franchisor to Franchisee are intended to protect Franchisor's standards, systems, names, and marks, but that such Manuals are not intended to control the day to day operation of the Franchised Center. Franchisee further acknowledges and agrees that the Franchised Center will be under the control of Franchisee at all times. Franchisee will be responsible for the day to day operation of the business.~~

~~C. **Confidential Information.** In connection with the operation of the Franchised Center, Franchisee will from time to time become acquainted with, work with, and even generate certain information, procedures, techniques, data, and materials that are and, by this Agreement, will become proprietary to Franchisor. Franchisee and all persons signing this Agreement agree to keep confidential any of Franchisor's trade secrets or proprietary information as defined below and will not use such for its or their own purpose or supply or divulge same to any person, firm, association, or corporation except as reasonably necessary to operate the Franchised Center.~~

~~D. **Trade Secrets and Confidential Information.** The confidentiality requirements set forth in the preceding paragraph will remain in full force and effect during the term of this Agreement and in perpetuity after its termination or expiration and non-renewal. Franchisor's trade secrets and proprietary/confidential information include the following:~~

~~1. The Manuals;~~

~~2. Any information or materials, whether technical or non-technical, that is used in~~

| ~~connection with or otherwise related to the establishment and operation of a Center or the System that is~~

~~not commonly known by, or available to, the public, including without limitation: (a) information and materials related to the architectural plans, design, layout, equipping, build-out and/or construction of a Center; (b) methodology, protocol and System standards/specifications for the promotion, offer and sale of any Approved Product or Service; (c) information related to Franchisor's relationship with existing or prospective Approved Suppliers or other third party vendors (whether or not Franchisee is required to use such vendors); (d) the reservations and scheduling system, as well as Computer System and related software generally, that has been customized in any manner for use by Franchisor and/or a Center; (v) marketing and advertising materials, as well as any other items that display the Proprietary Marks in any manner, as well as Franchisor's designated marketing, advertising, and promotional campaigns; and (vi) any passwords, logins or other keys necessary to access Franchisee's reservation system, Computer System or related software used in connection with the Franchised Center; and~~

~~3. All information and data Franchisee collects regarding the customers and clientele of the Franchised Center at any time during the term of this Agreement; and~~

~~4. Any other information that may be imparted to Franchisee from time to time and designated by Franchisor as confidential (collectively, the types of information described in this Section 7.D will be referred to as "Confidential Information").~~

~~**E. Confidential Information as Property of Franchisor.** Franchisee acknowledges and agrees that the Confidential Information and any business goodwill of the System are Franchisor's sole and exclusive property and that Franchisee will preserve the confidentiality thereof. Franchisee hereby acknowledges and agrees that: (i) while the System and Franchisor's related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential. Upon the termination or expiration and non-renewal of this Agreement, all items, records, documentation, and recordings incorporating any Confidential Information will be immediately turned over by Franchisee, at Franchisee's sole expense, to Franchisor or to Franchisor's authorized representative.~~

~~**F. Information Not Proprietary.** Excepted from Confidential Information for purposes of non-disclosure to any third parties by Franchisee and/or its Restricted Persons (as defined in Section 7.H below) is information that:~~

~~1. Becomes publicly known through no wrongful act of Franchisee or any Restricted Person; or~~

~~2. Is known by Franchisee or Restricted Persons without any confidential restriction at the time of the receipt of such information from Franchisor or becomes rightfully known to them without confidential restriction from a source other than Franchisor.~~

~~**G. Reasonable Efforts to Maintain Confidentiality.** Franchisee shall at all times treat the Confidential Information as confidential and shall use all reasonable efforts to keep such information secret and confidential, including without limitation, all logins, passwords, and keys necessary to access any component of the Computer System or related software used in connection with the Franchised Center including the Manuals. Franchisee shall not, at any time without Franchisor's prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the Manuals available to any unauthorized person or entity, in whole or in part.~~

~~H. — **Prevention of Unauthorized Use or Disclosure.** Franchisee shall adopt and implement all reasonable procedures as Franchisor may prescribe from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. Franchisee must ensure and require that all of its officers, agents, directors, owners and their spouses or relationship partners, trustees, beneficiaries, partners, employees, and independent contractors who may obtain or who are likely to obtain knowledge concerning the Confidential Information (“Restricted Persons”) execute Franchisor’s prescribed form of Confidentiality and Non-Competition Agreement in the form prescribed by Franchisor in the Manuals. Franchisee must obtain a signed copy of the Confidentiality and Non-Competition Agreement from any such person prior to, or at the same time of, that person undertaking its role and/or employment or association with Franchisee or the Franchised Center. Franchisee must provide Franchisor with a copy of each signed Confidentiality and Non-Competition Agreement within ten (10) days of Franchisor’s request.~~

~~I. — **Loan of Manuals.** Franchisor will loan or provide online access to one (1) copy of the Manuals to Franchisee. The Manuals shall at all times remain the sole property of Franchisor and any and all copies (hard copies or electronic files) of the Manuals must be returned to Franchisor upon termination or expiration and non-renewal of this Agreement.~~

~~J. — **Modification of Manuals.** In order for Franchisee to benefit from new knowledge, information, methods, and technology adopted and used by Franchisor in the operation of the System, Franchisor may from time to time revise the Manuals, and Franchisee agrees to adhere to and abide by all such revisions (at its expense). Franchisee agrees at all times to keep its copy of the Manuals current and up-to-date. In the event of any dispute as to the contents of Franchisee’s Manual, the terms of the master copy of the Manuals maintained by Franchisor at its home office shall be controlling. Franchisor may provide any supplements, updates or revisions to the Manuals via the Internet, email, the System-wide intranet/extranet or any other electronic or traditional mediums it deems appropriate.~~

~~7. — **ADVERTISING**~~

~~A. — **Designated or Pre-Approved Advertising Materials and Campaigns.** Franchisor may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all or some of the Centers operating under the System. Franchisee must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. In all aspects of these programs, including without limitation, the type, quantity, timing, placement, and choice of media, and market areas and advertising agencies, the System standards and specifications established by Franchisor shall be final and binding upon Franchisee. Franchisor may also request that Franchisee purchase and/or make copies of (at Franchisee’s expense) and subsequently use certain other advertising or promotional materials that Franchisor designates for use in connection with the Franchised Center.~~

~~B. — **Approval for all Other Advertising/Promotional Materials.** All advertising and promotion by Franchisee in any medium must be conducted in a professional manner and shall conform to Franchisor’s standards and requirements as set forth in the Manuals or otherwise. Franchisee shall obtain Franchisor’s approval of all advertising and promotional plans and materials twenty (20) days prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee must submit unapproved plans and materials to Franchisor, and Franchisor will have fifteen (15) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within this fifteen (15) day period, the proposed materials will be deemed rejected. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor’s property and there will be no restriction on Franchisor’s use or dissemination of such materials. Once approved, Franchisee may use the~~

proposed materials for a period of ninety (90) days, unless Franchisor prescribes a different time period for

use or requires Franchisee to discontinue using the previously approved materials in writing. Franchisor may revoke its approval of any previously approved advertising materials upon notice to Franchisee. Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, as defined in Section 8.I, including, but not limited to, the phrase “Franchises Available” and references to Franchisor’s telephone number and/or Website.

~~C. — **Grand Opening Advertising.** Franchisee must spend Thirty Thousand Dollars (\$30,000) on the initial advertising and grand opening of the Franchised Center during the period between thirty (30) days prior to opening and sixty (60) days after opening (the “Grand Opening Advertising Requirement”). Franchisor may also require that Franchisee expend all or any portion of the Grand Opening Advertising Requirement on initial marketing, advertising and/or public relations materials or services that are purchased from an Approved Supplier.~~

~~D. — **Local Advertising Requirement.** Franchisee must expend at least five percent (5%) of Franchisee’s monthly Gross Sales per month for the purpose of local advertising and promotion of the Franchised Center within the Protected Territory (the “Local Advertising Requirement”).~~

~~1. — Upon Franchisor’s request, Franchisee must provide Franchisor with invoices or other proof of its monthly expenditures on local advertising and marketing.~~

~~2. — Franchisee must ensure that: (i) the Franchised Center has a dedicated phone line for use in connection with the Franchised Center only (and no other business, including any other Center); and (ii) the Franchised Center is listed in the appropriate Internet based directories that Franchisor designates.~~

~~3. — Franchisee may not advertise and promote the Franchised Center outside of the Protected Territory, unless (a) the geographic area wherein Franchisee wishes to advertise is contiguous to the Protected Territory and that area has not been assigned to any other Center, or (b) Franchisor otherwise provides its prior written consent in writing.~~

~~E. — **National Brand Fund.** Franchisor may establish the Fund designed to promote the System, Proprietary Marks and the brand generally. When established, Franchisee shall contribute to this Fund on a weekly basis in an amount equal to two percent (2%) of the Gross Sales of the Franchised Center. All payments by Franchisee to the Fund are non-refundable upon payment, and Franchisor will account separately for all sums paid to the Fund. The Fund will be maintained and administered by Franchisor or Franchisor’s designee as follows:~~

~~1. — Franchisor will use the Fund and all contributions to it and any earnings on it, exclusively for preparing, directing, conducting, placing, and administering advertising, marketing, public relations, and/or promotional programs and materials, and any other activities, that Franchisor believes would enhance the image of the System, Proprietary Marks, and Approved Products or Services.~~

~~2. — Franchisor is not obligated to spend monies from the Fund in any particular franchisee’s market in proportion to the payments to the Fund made by the franchisee in that market. Franchisor does not represent that it will spend any particular amount of advertising funds locally, regionally, or nationally.~~

~~3. — The Fund may be used to meet any and all costs of maintaining, administering, directing, and preparing advertising. This includes, among other things, direct mail advertising, marketing surveys and other public relations activities, developing and maintaining Franchisor’s Website, employing~~

| ~~advertising and public relations agencies, purchasing promotional items, and providing other marketing~~

materials and services to the Centers operating under the System. These costs may include the proportionate salary share of Franchisor's employees that devote time and render services for advertising and promotion or the administration of the Fund, including administrative costs, salaries, and overhead expenses related to administering the Fund and its programs. No part of the Fund shall be used by Franchisor to defray any of its general operating expenses, other than those reasonably allocable to the advertising described in this Section or other activities reasonably related to the administration or direction of the Fund.

4. ~~Franchisor shall administratively segregate all contributions to the Fund on its books and records. All such payments to the Fund may be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds, and may be deemed an asset of Franchisor, subject to Franchisor's obligation to expend the monies in the Fund in accordance with the terms hereof. Franchisor may, in its sole discretion, elect to accumulate monies in the Fund for such periods of time, as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. In the event Franchisor's expenditures for the Fund in any one (1) fiscal year shall exceed the total amount contributed to the Fund during such fiscal year, Franchisor shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust.~~

5. ~~Franchisor will, on an annual basis, account for the operation of the Fund and prepare an unaudited financial statement evidencing such accounting that will be available to Franchisee, upon Franchisee's written request, one hundred and twenty (120) days after Franchisor's fiscal year end.~~

6. ~~Franchisor may dissolve, suspend, modify and/or reinstate the Fund at any time after it is established.~~

F. ~~**Advertising Council.** Franchisor may establish, if and when it deems appropriate in its sole discretion, a council to provide advice and guidance regarding the administration of the Fund and various other advertising/marketing matters (an "Advertising Council"). If Franchisor establishes an Advertising Council, it may serve in only an advisory capacity and may consist of franchisees, personnel from Franchisor's affiliate owned Centers, or other management personnel or employees that Franchisor designates. If an Advertising Council is established, the membership of such Advertising Council, along with the policies and procedures by which it operates, will be determined by Franchisor. The recommendations of the Advertising Council shall not be binding on Franchisor.~~

G. ~~**Website.** Franchisor agrees that it will establish an interior page on its corporate website to display the Premises and contact information associated with the Franchised Center for so long as (i) the Franchised Center is open and actively operating, and (ii) this Agreement is not subject to termination. Franchisee may not establish any separate website or other Internet presence in connection with the Franchised Center, System or Proprietary Marks except as provided in Section 8.H of this Agreement or otherwise without Franchisor's prior written consent. If approved to establish a separate website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such website. Franchisee specifically acknowledges and agrees that any website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval as described in this Section 8. Franchisor shall have the right to modify the provisions of this Section relating to Franchisee's use of separate websites and social media, as Franchisor determines necessary or appropriate.~~

H. ~~**Social Media Platforms.** In addition to the Local Advertising Requirement, with authorization from Franchisor, Franchisee may place advertisements on "Social Media Platforms" (defined~~

as web-based platforms such as Facebook, Instagram, Twitter, TikTok, LinkedIn, Pinterest, YouTube, blogs

and other networking and sharing sites) or use “Social Media Materials” (defined as any material on any Social Media Platform that makes use of the Proprietary Marks, name, brand, products or the Franchised Center whether created by Franchisor, Franchisee or a third party). Franchisee may not use a Social Media Platform or Social Media Materials without Franchisor’s prior written approval. Franchisee’s expenditures toward Social Media Platforms and Social Media Materials will not count towards Franchisee’s required Local Advertising Requirement unless the expenditure relates to the placement of advertisements.

I. ~~_____~~ **Cooperatives.** Franchisor may establish regional advertising cooperatives that are comprised of multiple Center owners located within a geographical region that Franchisor designates (each, a “Cooperative”). If Franchisor establishes a Cooperative and designates Franchisee as a member thereof, Franchisee may be required to contribute to the Cooperative in an amount not to exceed Franchisee’s then-current Local Advertising Requirement. All amounts paid to a Cooperative will be credited towards Franchisee’s Local Advertising Requirement (if any). Franchisor shall have the right to specify the governing rules, terms and operating procedures of any Cooperative.

~~8. _____~~ **ACCOUNTING AND RECORDS**

A. ~~_____~~ **Maintenance of Records.** Franchisee must, in a manner satisfactory to Franchisor and in accordance with generally accepted accounting principles, maintain original, full, and complete computer files, back up files, other records, accounts, books, data, licenses, contracts, and product vendor invoices which shall accurately reflect all particulars relating to the Franchised Center, as well as other statistical and financial information and records Franchisor may require. All of this information must be kept for at least three (3) years, even if this Agreement is no longer in effect. Upon Franchisor’s request, Franchisee must furnish Franchisor with copies of any or all product or equipment supply invoices reflecting purchases by or on behalf of the Franchised Center. In addition, Franchisee shall compile and provide to Franchisor any statistical or financial information regarding the operation of the Franchised Center, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that Franchisor believes that it needs to compile or disclose in connection with the sale of franchises or that Franchisor may elect to disclose in connection with the sale of franchises. All data provided to Franchisor under this Section 9 shall belong to Franchisor and may be used and published by Franchisor in connection with the System (including in Franchisor’s disclosure documents).

B. ~~_____~~ **Examination and Audit of Records.** Franchisor and its designated agents shall have the right to examine and audit Franchisee’s records, accounts, books, computer files, and data at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If Franchisor does so, with an independent auditor or otherwise, and it is determined that Franchisee understated its Gross Sales in any report by two percent (2%) or less, then Franchisee must pay, within fifteen (15) days of written notice, the underreported amount plus interest. If it is determined that Franchisee understated its Gross Sales in any report by more than two percent (2%), then Franchisee must pay, within fifteen (15) days of written notice, the underreported amount along with the cost of conducting the audit, including without limitation travel, lodging, meals, wages, expenses, accountant fees, attorneys’ fees and interest. If Franchisee fails to provide any reports, supporting reports or other information as required and Franchisor conducts an audit of the books and records of the Franchised Center, then Franchisee must pay within fifteen (15) days of written notice, Franchisor’s costs of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, accountant fees, attorneys’ fees and interest.

C. ~~_____~~ **Tax Returns.** Upon Franchisor’s request, Franchisee shall furnish Franchisor with a copy of each of its reports, returns of sales, use and gross receipt taxes, and complete copies of any state or federal income tax returns covering the operation of the Franchised Center, all of which Franchisee shall certify as true and correct.

~~**D. — Required Reports.** Franchisee must provide Franchisor with the following reports and information, all of which must be certified as true and correct by Franchisee and in the form and manner prescribed by Franchisor: (i) a signed Gross Sales Report as described more fully in Section 3.D of this Agreement on or before Monday of each week; (ii) on or before the twentieth (20th) of each month, an unaudited profit and loss statement for the Franchised Center for the preceding calendar month; (iii) within ninety (90) days after the close of each fiscal year of Franchisee, financial statements which shall include a statement of income and retained earnings, a statement of changes in financial position, and a balance sheet of the Franchised Center, all as of the end of such fiscal year; and (iv) any other financial information or performance metrics of the Franchised Center that Franchisor may reasonably request.~~

~~**E. — Right to Require Audit if Franchisee Underreports.** In the event a prior audit or inspection conducted by Franchisor (or its designee) has revealed that Franchisee has underreported the Gross Sales of the Franchised Center by two percent (2%) or more for any reporting period as described in Section 9.B, then Franchisor may require Franchisee to provide, at Franchisee's expense, audited financial statements that comply with generally accepted accounting principles and generally accepted auditing standards for Franchisee's fiscal year within one hundred and twenty (120) days of Franchisee's fiscal year end.~~

~~**F. — Change to Ownership of Franchisee.** In addition to the foregoing statements, Franchisee must provide Franchisor with written reports regarding any authorized change to: (i) the listing of all owners and other holders of any type of interest (legal or beneficial) in Franchisee or the Franchised Center; and (ii) Franchisee's partners, officers, directors, as well as any of the Designated Manager(s) that manage the day to day operations of the Franchised Center. Franchisee will notify Franchisor in writing within ten (10) days after any such change, unless Franchisor is required to first notify Franchisor and obtain its approval prior to making any such change.~~

~~9. — INSURANCE AND INDEMNIFICATION~~

~~**A. — Required Insurance.** Franchisee must obtain and maintain for the Franchised Center the types and amounts of insurance Franchisor prescribes in the Manuals. All insurance policies must be issued by an insurance company with a rating of A-VI or better as reported in the most recent edition of A.M. Best's Insurance reports. Franchisor's acceptance of an insurance carrier does not constitute our representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such additional insurance as required by Franchisee's Lease or applicable laws and regulations. All insurance policies must name Franchisor and any party Franchisor designates as additional insureds and provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy has been issued to each insured. All insurance policies must contain a waiver of subrogation in Franchisor's favor. Franchisor's current insurance requirements are as follows:~~

- ~~1. — commercial general liability insurance with minimum limits of \$1,000,000 per occurrence and \$3,000,000 in the aggregate, and \$1,000,000 in property rental insurance coverage on all furniture, fixtures, equipment, inventory and tenant improvements;~~
- ~~2. — workers' compensation in the amounts required by state law;~~
- ~~3. — employment practices liability coverage per claim and in the aggregate of \$1,000,000;~~
- ~~4. — employee benefits liability per claim and in the aggregate of \$1,000,000;~~

- ~~5. product liability insurance of \$1,000,000 per claim and \$1,000,000 in the aggregate;~~
- ~~6. personal and advertising liability insurance of \$1,000,000 per claim and \$1,000,000 in the aggregate;~~
- ~~7. professional liability insurance in the amount of \$1,000,000;~~
- ~~8. participant legal liability insurance in the amount of \$1,000,000;~~
- ~~9. cyber liability coverage in the amount of \$1,000,000 and~~
- ~~10. medical expense (for any one person) insurance in the amount of \$5,000.~~

~~Franchisor may designate specific carriers from which Franchisee must purchase coverage (in which case Franchisee may only purchase from the designated carrier(s)). Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. The cost of Franchisee's premiums will depend on the insurance carrier's charges, terms of payment, and Franchisee's insurance and payment histories. Franchisee shall make timely delivery of certificates of all required insurance to Franchisor, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days' prior written notice to Franchisor. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement.~~

~~**B. Failure to Procure and Maintain Insurance.** If Franchisee fails for any reason to procure and maintain the required insurance coverage, Franchisor has the right and authority (without having any obligation to do so) to immediately procure such insurance coverage, in which case Franchisee must: (i) reimburse Franchisor for the costs incurred to obtain the required insurance (including any premium amounts paid); and (ii) pay Franchisor its then current administrative fee, as may be reasonably charged by Franchisor as consideration for securing the required insurance on Franchisee's behalf.~~

~~**C. Indemnification.** Franchisee, as a material part of the consideration to be rendered to Franchisor, agrees to indemnify, defend and hold Franchisor, as well as Franchisor's directors, officers, owners, managers, shareholders, affiliates, subsidiaries, employees, servants, agents, successors and assignees (collectively, the "Indemnitees"), harmless from and against any and all losses, damages, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Franchisee's (a) breach or attempted breach of, or misrepresentation under, this Agreement, and/or (b) ownership, construction, development, management, or operation of the Franchised Center in any manner. Notwithstanding the foregoing, at Franchisor's option, Franchisor may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from Franchisee of all expenses and fees incurred in connection with such defense. Notwithstanding the foregoing, Franchisee's indemnification obligations shall not extend to liabilities caused by Franchisor's acts or omissions amounting to gross negligence or willful misconduct. The obligations of this Section 10.C shall expressly survive the expiration, termination, or transfer of this Agreement.~~

~~10. INDEPENDENT CONTRACTOR~~

~~A. **No Fiduciary Relationship.** In all dealings with third parties, including without limitation, employees, suppliers, and customers, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto either to create a fiduciary relationship between them or to constitute Franchisee an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of Franchisor for any purpose whatsoever.~~

~~B. **Independent Contractor Relationship.** It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation or to create any obligation on behalf of Franchisor. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Center pursuant to a franchise agreement with Franchisor, including but not limited to, exhibiting a notice of that fact in a conspicuous place at the Premises and elsewhere, as specified by Franchisor, the content of which Franchisor reserves the right to specify or approve. Franchisee shall use its own name in obtaining or executing contracts or making purchases so that the transactions shall clearly indicate that Franchisee is acting on its own behalf and not on behalf of Franchisor. Notwithstanding any other provision of this Agreement, Franchisee acknowledges and agrees that Franchisee has the sole authority, and that it is Franchisee's sole obligation under this Agreement, to make all personnel and employment decisions for the Franchised Center, including, without limitation, decisions related to hiring, training, firing, discharging and disciplining employees, and to supervising Franchisee's employees, setting their wages, hours of employment, record keeping, and any benefits, and that Franchisor shall have no direct or indirect authority or control over any employment-related matters for Franchisee's employees. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors, nor vice versa.~~

~~11. TRANSFER AND ASSIGNMENT~~

~~A. **No Transfer by Franchisee Without Franchisor's Approval.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in this Agreement or the Franchised Center (or undertake any of the actions identified in Section 12.C of this Agreement) without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.~~

~~B. **Death or Disability.**~~

~~1. In the event of the death or permanent disability of an owner of Franchisee (the "Disabled Party"), except the last owner to die or become permanently disabled, the Disabled Party or his/her estate or legal representative shall, within one hundred and eighty (180) days of the occurrence of such death or permanent disability (the "180 Day Period"), sell to the surviving owners all of the Disabled Party's ownership interests in Franchisee, for such price and upon such other terms and conditions as may be agreed upon by parties. In the event of the death or permanent disability of the last of Franchisee's owners to die or become so disabled, or where there is only one owner, then upon his/her death or permanent disability, Franchisee shall, within the 180 Day Period, assign all of its right, title and interest in and to this Agreement, the Lease and the property and assets used in connection with the operation of the Franchised Center to another person acceptable to Franchisor. Such transfer shall be effected in compliance with the terms and conditions of Section 12.E of this Agreement. If the disposition to a person acceptable to~~

| ~~Franchisor has not taken place within the 180 Day Period, Franchisor shall thereafter have the continuing~~

option, exercisable upon ten (10) days' notice to Franchisee of terminating this Agreement. If Franchisor so elects, the provisions of Section 16 shall thereupon become applicable. For the purposes of this Section, a person shall be deemed to be permanently disabled if their normal participation in the Franchised Center is for any reason curtailed by reason of mental or physical disability for a cumulative period of ninety (90) days in any twelve (12) month period during the term of this Agreement.

2. ——— Franchisor is under no obligation to operate the Franchised Center, or incur any obligation on behalf of Franchisee or the Disabled Party, during or after the 180 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Center during the 180 Day Period. Franchisor may (but is not required to) operate the Franchised Center on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Center to cover any or all past, current and/or future obligations of the Franchised Center (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines in Franchisor's sole discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Center. Franchisee will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Center.

3. ——— Franchisor will not collect any transfer fee if there is a transfer under this Section 12.B to an immediate family member of the Disabled Party that Franchisor approves pursuant to Section 12.E.

C. ——— **Ownership.** In addition to those acts described in Section 12.A, a transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is or a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager owning having an ownership interest in the surviving entity after the proposed transfer will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to this Section shall not be subject to Franchisor's right of first refusal as set forth in Section 12. D.

D. ——— **Right of First Refusal.** If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Center or any interest in Franchisee's Lease to any third party (other than a corporation or limited liability company as set forth in Section 12.C of this Agreement or in the event of the death or disability of one of Franchisee's owners as set forth in Section 12.B, Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 12.E of this Agreement. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer will be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death,

disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

E. ~~Conditions for Approval.~~ Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchised Center or of Franchisee's interest in this Agreement or any other acts of transfer described in Section 12.C upon satisfaction of the following occurrences:

1. ~~All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's Approved Suppliers, are satisfied;~~

2. ~~Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's Approved Suppliers, within the period permitted for cure and have substantially complied with such agreements during their respective terms;~~

3. ~~Franchisee and Franchisee's owners and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities;~~

4. ~~Franchisee or the transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;~~

5. ~~The transferee and its owners must meet Franchisor's educational, managerial and business standards; possess a good moral character, business reputation and credit rating; have the aptitude and ability to conduct the business to be transferred; and have adequate financial resources and capital to meet the performance obligations under this Agreement; however, the transferee shall not be in the same business as Franchisor either as the licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of Franchisor;~~

6. ~~The transferee shall execute Franchisor's then current franchise agreement (which may contain materially different terms than this Agreement) for the remaining balance of Franchisee's term under this Agreement, with the transferee's term commencing on the date the transferee executes the then-current franchise agreement;~~

7. ~~Franchisee or the transferee shall pay Franchisor any third party broker fees that are due in connection with the proposed transfer and a transfer fee in the following amounts: (i) One Thousand Five Hundred Dollars (\$1,500) if adding a new shareholder, member or partner; (ii) seventy five percent (75%) of Franchisor's then current initial franchise fee if the transferee is not an existing System franchisee; and (iii) fifty percent (50%) of Franchisor's then current initial franchise fee if the transfer is to an existing System franchisee;~~

8. ~~The transferee shall have agreed to complete all such maintenance, refurbishing, renovating and remodeling of the Premises as Franchisor reasonably requires to meet the System standards then in effect;~~

~~9. The transferee shall satisfactorily complete Franchisor's Franchise Training Program at the transferee's expense within the time frame Franchisor sets forth, and the transferee will be responsible for all costs and expenses associated with attending the Franchise Training Program;~~

~~10. The transferee must demonstrate that is has obtained or maintained, within the time limits set by Franchisor, all permits and licenses required for the continued operation of the Franchised Center;~~

~~11. To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;~~

~~12. The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;~~

~~13. The purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Center and performance under its franchise agreement;~~

~~14. Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document; and~~

~~15. Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchised Center as Franchisee has supplied Franchisor hereunder.~~

~~Franchisor will not unreasonably withhold its consent to a proposed transfer or assignment requested by Franchisee, provided the foregoing conditions are met. Franchisor's approval of a transfer shall not operate as a release of any liability of the transferring party nor shall such approval constitute a waiver of any claims Franchisor may have against the transferring party. Furthermore, Franchisor agrees that Franchisee will not be required to pay any transfer fee in the event: (i) Franchisee wishes to transfer its rights under the Franchise Agreement to a newly established legal business entity that is wholly owned by Franchisee and established solely for purposes of operating the Franchised Center under the Franchise Agreement; or (ii) Franchisee is required to encumber certain assets of the Franchised Center (or subordinate Franchisor's security interest thereto) in order to receive Small Business Association or other traditional bank financing, provided Franchisor otherwise approves of the transfer.~~

~~**F. Transfer for Convenience of Ownership.** If Franchisee is an individual or group of individuals and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee or training tuition fees set forth in Section 12.E.7 and 8, and such assignment will not be subject to Franchisor's right of first refusal in Section 12.D: (i) the corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Center; (ii) Franchisee must own all of the outstanding shares of the corporation or membership interests in the limited liability company or, if Franchisee is owned by more than one individual, each person shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the transfer; (iii) the corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and (iv) all stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this~~

~~Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and execute the Guarantee, Indemnification and Acknowledgement attached to this Agreement as Exhibit B.~~

~~G. — **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.~~

~~12. — FRANCHISEE'S ORGANIZATION AND MANAGEMENT~~

~~A. — Franchisee's Organization~~

~~A. If Franchisee is a legal entity such as a corporation, a limited liability company or a partnership, Franchisee makes you make the following representations and warranties: (a) Franchisee is 1) you are duly organized and validly existing under the laws of the state of its your formation; (b) Franchisee is you are qualified to do business in the state or states in which the Franchised Center is located; (c) execution of this Agreement and the development and operation of the Franchised Center is permitted by Franchisee's your governing documents; and (d) unless waived in writing by Franchisor, Franchisee's us, your articles of incorporation, articles of organization or written partnership agreement shall at all times provide that Franchisee's your activities are limited exclusively to the development and operation of Upgrade Lab Centers.~~

~~1. — If Franchisee is you are an individual, or a partnership comprised solely of individuals, Franchisee makes you make the following additional representations and warranties: (a) 1) each individual has executed this Agreement; (b) 2) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and~~

~~B. (c) 3) notwithstanding any transfer to a business entity, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement.~~

~~2.8.4 Ownership Interests. If Franchisee Information. You and each of your owners represent and warrant that the ownership information on Exhibit B to this Agreement is a business entity, all interests in Franchisee are owned correct and complete as set forth in of the Data Sheet. Franchisee Effective Date. You must comply with the transfer requirements of Section 4218 prior to any change in your ownership interests and. You must sign addenda to the Data Sheet maintain a current list of all stockholders, general partners, limited partners, members, or other direct or indirect beneficial owners (as changes occur in order to ensure the information contained in applicable) and furnish the Data Sheet is true, accurate and complete at all times. list to us upon request.~~

~~2.98.5 Governing Documents. Upon our request by Franchisor, Franchisee shall, you must promptly deliver to Franchisor us, as applicable, true and complete copies of the articles or certificate of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to Franchisee's your ownership, organization, capitalization, management and control and all amendments thereto. When any of these governing documents are modified or changed, Franchisee you promptly shall provide copies to Franchisor us. If Franchisee your entity is a corporation, Franchisee you shall maintain stop transfer instructions against the transfer on the records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Upgrade Labs Franchise Agreement(s) to which the corporation is a party." If Franchisee your entity is a limited liability company, each membership or management certificate shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Upgrade Labs Franchise Agreement(s) to which the limited liability company is a party." If Franchisee is you are a partnership, Franchisee's your written partnership agreement shall provide that ownership of an interest in the~~

partnership is held, and that further assignment or transfer thereof, is subject to all restrictions imposed on assignment by this Agreement.

~~2.108.6 Personal Guarantee of Performance. Franchisee's, Your~~ owners, and each of their spouses, if applicable, ~~shall~~ must execute a Personal Guarantee and Assumption of Obligations in the form we prescribe ("Guarantee"), undertaking to be bound jointly and severally ~~personally guarantee Franchisee's payment and performance under this Agreement and personally bind themselves to by~~ the terms of this Agreement ~~pursuant to the. The current form of~~ Guarantee, Indemnification and Acknowledgement ("Guarantee") is attached to this Agreement as Exhibit B. ~~Unless Franchisee is a publicly held entity, all of its officers, directors, limited liability company managers and their spouses, if applicable, also shall jointly and severally guarantee Franchisee's payment and performance under this Agreement and bind themselves to the terms of this Agreement pursuant to the Guarantee.~~ C. Notwithstanding the foregoing, ~~Franchisor reserves~~ we reserve the right, in ~~its~~ our sole discretion, to waive the requirement that some or all of the previously described individuals sign the Guarantee. ~~Franchisor~~ We also ~~reserves~~ reserve the right to require any guarantor to provide personal financial statements to ~~Franchisor~~ us from time to time. With respect to ~~Franchisee's~~ your owners, ~~Franchisee~~ you acknowledge that, unless otherwise agreed to in writing by ~~Franchisor~~ us, it is ~~Franchisor's~~ our intent to have individuals (and not corporations, limited liability companies or other entities) sign the Guarantee. Accordingly, if any owner is not an individual, ~~Franchisor~~ we shall have the right to require individuals who have only an indirect ownership interest in ~~Franchisee~~ your entity to sign the Guarantee. (By way of example, if an owner is a corporation, ~~Franchisor has~~ we have the right to require individuals who have an ownership interest in that corporation to sign the Guarantee.)

~~13. COVENANTS AND NON-COMPETE~~

~~8.7 Acknowledgements Confidentiality Agreements. Each person who is, or becomes, one of Franchisee. Franchisee acknowledges that, as your executive officers must execute a participant Confidentiality Agreement in the System, Franchisee will receive proprietary~~ a form we prescribe, the current form of which is attached to this Agreement as Exhibit D.

9 TRAINING

9.1 Initial Training. We shall offer and confidential information make available an initial training program to your Principal Owner and materials, trade secrets, Designated Manager. The initial training program will consist of three (3) parts: (1) an initial Franchise Training Program; (2) a Pre-Opening Sales Training; and (3) on-site Center Launch Assistance.

A. The initial Franchise Training Program will last for approximately three (3) days and is currently held virtually or another location that we designate. You must successfully complete the unique methods, procedures and techniques that Franchisor has developed. As such, Franchisee agrees to the covenants initial Franchise Training Program within two (2) months of signing this Agreement.

B. Pre-Opening Sales Training consists of up to five (5) days on-site/virtual training and is intended to assist you in marketing the Franchised Center in the local community to create brand awareness, drive traffic, leads and membership sales during the pre-opening period. You must successfully complete the Pre-Opening Sales Training no later than two (2) months prior to the opening of the Franchised Center and before your Franchised Center begins selling memberships, unless we agree otherwise in writing.

C. The On-site Center Launch Assistance will consist of up to five (5) days of on-site assistance at the Franchised Center and be provided prior to the soft opening of the Franchised Center and after you have completed the initial Franchise Training Program and Pre-Opening Sales Training, the buildout and equipping of the Franchised Center, hiring of staff, and selling a minimum number of presale memberships which we will determine for the Protected Territory. At the conclusion of the On-site Center Launch Assistance, we will assess the following: (1) your pre-opening marketing and launch readiness; (2) your operations; (3) initial staffing efforts; (4) merchandising/displays; (5) scheduling capabilities; and (6) payment processing. If approved, you may open the Franchised Center, but if not approved, we may require that your

Principal Owner and Designated Manager attend additional training, for which we reserve the right to charge our then-current additional training fee.

D. We alone have the right to judge whether a person has successfully completed any training program. If your Principal Owner or Designated Manager fail to complete the requisite training programs to our satisfaction, he/she may repeat the course at the next available scheduled training session; however, you must pay our then-current training fee and we will have no obligation to extend the Opening Deadline for this purpose.

E. The training programs will be provided subject to the schedule and availability of our training personnel and any portion of the above training may be offered virtually in our sole discretion. You may bring additional owners or managers to the initial Franchise Training Program (subject to the availability of our staff), provided you pay our then-current training fee for each individual that attends in addition to the Principal Owner and Designated Manager.

9.2 Replacement Personnel Training. After the opening of the Franchised Center to the public, any employee of yours whom you intend to serve in the positions of your Principal Owner and Designated Manager must, within thirty (30) days after assuming such position, attend and successfully complete the portion of our initial training program that we require for such positions. We will also provide the Franchise Training Program to any replacement personnel or those who attend but fail to complete the program provided you pay our then-current initial training fee.

9.3 Additional and Refresher Training; Remedial Training

A. To reinforce brand standards and ensure a high-quality guest experience, we require your Principal Owner, Designated Manager and staff to successfully complete training modules on our designated learning management platform at regular intervals (e.g., quarterly updates or new course releases).

B. We may, as we deem appropriate in our discretion, develop additional and refresher training courses, and require you and your management to attend such courses. You shall pay us our then-current training fee in connection with attending additional/refresher training and will be responsible for the costs and expenses that you and your trainees incur in connection with attending any additional/refresher training under this Agreement. We will not require you and your management to attend more than five (5) days of in person additional/refresher training each year.

C. If we determine that you are operating the Franchised Center in a manner that is not consistent with the terms of this Agreement or the Manual, or if you are otherwise in material default of this Agreement, we may also require that your Principal Owner, Designated Manager and/or other management personnel of the Franchised Center attend and complete up to five (5) additional days of training at (1) our designated training facility, (2) the Franchised Center, or (3) another location that we designate, that is designed to address the default or other non-compliance issue (the “**Remedial Training**”). We may require you and your designated trainees to pay our then-current training fee in connection with attending Remedial Training.

9.4 Annual Conference. We may establish and conduct an annual conference for all Upgrade Labs Center owners and operators and may require your Principal Owner and your Designated Manager to attend this conference for no more than five (5) days each year. We reserve the right to charge you our then-current registration fee in connection with any annual conference, and you will be solely responsible for all expenses incurred in attending such conference.

9.5 Training by You

A. We have the right to specify training programs related to the System that you must conduct for your employees and to specify minimum levels of proficiency that your employees must satisfy. You must train all newly hired personnel when they start their position. If we train your personnel, we are not responsible for expenses incurred while they

attend training, including salaries, benefits, travel, lodging, meals and other related expenses. We reserve the right to charge you our then-current training fees for training additional personnel.

B. Your personnel who have successfully completed the entire Franchise Training Program must conduct training classes for, and properly train, all of your employees on sales, advertising, maintenance of the Franchised Location, the computer and technology systems, as well as any other information that is relevant to each employee's role with the Franchised Center, including our standards and specifications for operating the Franchised Center as set forth in the Manual or otherwise in writing. At least one (1) person that has completed the Franchise Training Program must manage the Franchised Center at all times.

9.6 Training Materials and Methods. All training materials that we provide to you remain our property. We have the right to provide training programs in person, via video conference or the Internet, in printed or electronic format, or by other means, as we determine. We may periodically upgrade our training programs, content, and training materials. If we do so, you must use our revised training programs and materials when training your employees.

9.7 Expenses. You are responsible for all costs and expenses incurred by your attendees in connection with attending or otherwise participating in training including any travel, lodging, meals and other expenses associated with attending those portions of the program that are provided from our designated training facility or other location that we designate.

9.8 Control by Us. Notwithstanding anything to the contrary in this Section 9, you and we recognize and agree that we do not exercise any day-to-day control over the operation of the Franchised Center, including control of the security at the Franchised Center, the hiring and firing of your managers or employees, or other forms of day-to-day control.

10 MANUAL AND SYSTEM STANDARDS

10.1 The Manual

A. In order to protect ~~Franchisor, the System,~~ our reputation and goodwill and to maintain high standards of operation under the Proprietary Marks ~~and Franchisor's other franchisees,~~ you agree to conduct the operations of the Franchised Center in accordance with the written instructions that we provide, including the Manual. The Manual contains the System Standards that we periodically prescribe for operating an Upgrade Labs Center and information on your other obligations under this Agreement. We will have the right to provide the Manual in any format we determine is appropriate including in a paper or electronic form including through an internet website, portal, or extranet. The Manual could include audio/video recordings, other electronic media, and/or written materials. We may modify the Manual periodically to reflect changes in System Standards and you must comply with each new or changed standard upon reasonable notice from us. In the event of a dispute about the contents of the Manual, the master versions and/or copies maintained by us at our principal offices will be controlling.

B. ~~During the Term of this Agreement,~~ We will permit you to have electronic access to our Manual only during the Initial Term and only for your use in connection with operating the Franchised Center during the Initial Term. You must treat the Manual and all information contained in the Manual as confidential. You must not misuse, copy, duplicate, record, or otherwise reproduce the Manual or any other materials containing our confidential information, in whole or in part, or otherwise make them available to any unauthorized person. The Manual remains exclusively our property and you must limit electronic access to the Manual to authorized persons. In the event you or your personnel save or print out a hard copy of any Manual, then such electronic/hard versions of said Manual must be immediately destroyed or returned to us upon expiration or termination of this Agreement for any reason and never used for any competitive purpose. The provisions of this Section 10.1 shall survive the expiration and/or earlier termination of this Agreement.

10.2 Modifications to the System. You recognize and agree that we may periodically change or modify the System and the System Standards and you agree to accept and use for the purpose of this Agreement any such change in the System and the System Standards, which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, products, equipment, computer and point of sale hardware and software, and techniques, as if they were part of this Agreement as of the Effective Date. You agree to make such expenditures and such changes or modifications as we may reasonably require pursuant to this Section 10.2 and otherwise in this Agreement.

10.3 Test Marketing. We may, from time to time, authorize you to test market equipment, products and/or services in connection with the operation of the Franchised Center. You shall cooperate with us in connection with the conduct of such test marketing programs and shall comply with our procedures established from time to time in connection with such programs as set forth in the Manual.

10.4 Innovations. You may not implement any change in the System without our prior written consent. All products, services, concepts, methods, techniques, inventions, discoveries, and/or new information relevant to your operation of the Franchised Center (together, “Innovations”), whether or not constituting protectable intellectual property, that you or your employees create, or that are created on your behalf, must be promptly disclosed to us. All such Innovations will be deemed to be our sole and exclusive property and works made-for-hire for us. You and each of your owners agree to: (1) sign the assignment and/or other documents we request in order to implement this clause in order to evidence our ownership; (2) cause your employees and contractors to sign such assignment documents as we may request for this purpose; and (3) assist us in securing intellectual property rights in such Innovations. These obligations shall continue beyond the termination or expiration of this Agreement.

10.5 Variances. We have the right, in our sole discretion, to waive, defer or permit variations from the standards of the System or any applicable agreement for any franchisee or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population or any other condition or circumstance. We have the right, in our sole discretion, to deny any such request we believe would not be in the best interests of the System.

11 OPERATION OF THE FRANCHISED CENTER

11.1 Approved Products and Services. We will periodically designate the Approved Products and Services that you must offer and sell at the Franchised Center. You may not offer or provide any other products or services and must not deviate from our System Standards and specifications related to the manner in which the Approved Products and Services are offered and sold, unless we provide our prior written consent. We have the right to add additional, delete, or otherwise modify certain of the Approved Products and Services from time to time in the Manual and otherwise in writing, as we deem appropriate in our sole discretion. In the event of a dispute between you and us with respect to your obligation to carry any particular product or to offer any specific service, you will immediately remove the disputed products from inventory, cease offering the disputed service, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute.

11.2 Compliance with System Standards. You agree that in order to protect our reputation and goodwill and to maintain high standards of operation under the System, you will operate the Franchised Center in strict conformance with our System Standards. You acknowledge that the System Standards may relate to any aspect of the appearance, function, cleanliness, and methods of operating the Franchised Center. Any material failure to comply with our System Standards will constitute a material breach of this Agreement.

11.3 Sourcing of Products and Services

A. You must purchase and maintain for the Franchised Center all furnishings, fixtures, décor items, inventory, equipment and signage that we designate as required items in the Manual or otherwise in writing. We have the right

to require that all current and future equipment, products, supplies, furnishings, promotional items, information technology services, payment processing services, and other products and services that you purchase for use in operation of the Franchised Center: (1) meet specifications that we establish from time to time; and/or (2) be purchased only from suppliers that we have expressly approved; and/or (3) be purchased only from a Designated Supplier. “Designated Suppliers” include manufacturers, wholesalers, distributors, dealers, retailers, or other vendors or sources that we designate as the source for particular products or services. You acknowledge and agree that we and our affiliates may serve as an approved supplier and Designated Supplier for the System.

B. To the extent that we establish specifications, require approval of suppliers, or name Designated Suppliers for particular products or services, we will provide the requirements to you in writing. If we elect to name ourselves or an affiliate as the Designated Supplier for a particular item or service, you must purchase all your requirements of the item from us or the affiliate. You must submit orders in accordance with the terms and procedures we specify from time to time.

C. If we require you to use an approved supplier for a particular product or service, but you wish to purchase the product or service from a supplier that we have not approved, you may submit a written request for approval of the supplier, unless it is a product or service for which there is a Designated Supplier. We have no obligation to review or approve a greater number of suppliers for an item than the number we deem reasonable, and any proposed supplier relationship must not jeopardize the availability of any special pricing or other benefits offered by our existing suppliers based on system-wide purchases. We will provide our standards and specifications to you or to the proposed supplier, subject to the supplier’s execution of a confidentiality agreement in a form acceptable to us. We have the right to inspect the proposed supplier’s facilities and to require delivery of product samples or demonstration of services either to us or to an independent laboratory designated by us for testing. Upon completion of our analysis, we will notify you in writing of approval or rejection of the proposed supplier, which will typically take thirty (30) days after receipt of all required information and completion any inspection of facilities, samples or demonstration. You agree to pay a charge not to exceed our reasonable costs incurred in evaluating the supplier, whether or not the supplier is approved. You may not purchase, sell, or offer for sale any products or services of the proposed supplier until you receive our written approval of the proposed supplier. We have the right to re-inspect the facilities, products and services of any approved supplier and to revoke approval upon the supplier’s failure to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing products or services from the disapproved supplier and, in the case of revocation based on failure of products to meet our standards, you agree to dispose of your remaining inventory of the disapproved supplier’s products as we direct.

11.4 Private Label Products. We may directly, or indirectly through our affiliates or designated vendors, develop and provide you with private label products or other merchandise bearing the Proprietary Marks to be sold at the Franchised Center.

11.5 Allowances. You agree that we have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, “Allowances”) offered by suppliers to you or to us (or our affiliates) based upon your purchases of products, goods and services. These Allowances include those based on System-wide purchases of supplies, equipment, materials and other items. You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us (or our designee) to collect and retain any or all such Allowances.

11.6 Pricing Activities. You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for services and products (subject to applicable law) offered and sold at the Franchised Center under this Agreement. With respect to the sale of all such services and products, you will have sole discretion as to the prices to be charged to customers; provided, however, that we will have the right to set maximum or minimum prices with respect to such services and products (subject to applicable law), to promote inter-brand competition. If we impose a maximum price on a particular service or product, then (subject to applicable law) you may charge any price for that service and product, up to and including the maximum price we have set. If we impose a minimum price on a particular service or product, then you may

charge any price for that service or product (subject to applicable law), down to and including the minimum price that we have set.

11.7 Promotional Materials Display (Seasonal and Otherwise). We may require you to prominently display promotional materials provided or designated by us and participate in any ongoing System-wide sales, specials or other promotions that we designate, including without limitation, participating in any seasonal sales/promotions and displaying all designated signage in connection therewith. You may not display or use any signage at the Franchised Location unless previously approved by us in writing.

11.8 Furnishings and Equipment. You must acquire and install in the Franchised Center at your expense, such fixtures, furnishings, equipment, décor, and signs as we may reasonably direct from time to time. You must not install or permit to be installed on or about the Franchised Location, without our prior written consent, any fixtures, furnishings, equipment, décor, signs, or other items not previously approved by us. You are specifically prohibited from installing, displaying, or maintaining any vending machines, gaming machines, automatic teller machines, internet kiosks, merchant service machines, credit card and/or payment machines or any other electrical or mechanical device in the Franchised Center other than those we prescribe or approve. You will maintain the condition and appearance of the Franchised Center, including its Operating Assets and the Franchised Location and facilities in accordance with System Standards and consistent with the image of an Upgrade Labs Center as an efficiently operated business offering high quality and professional services and products and observing high standards of customer service.

11.9 Access for Inspections. We and our designees have the right at any reasonable time and without prior notice to: (1) inspect the Franchised Center; (2) observe, photograph, record and/or film the operations of the Franchised Center; (3) remove samples of any products, materials or supplies for testing and analysis; and (4) interview personnel and customers of the Franchised Center. You agree to cooperate fully with such activities. Upon notice from us or our agents and without limiting our other rights under this Agreement, you shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, we shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and to charge you a reasonable fee for our expenses in so acting, payable by you immediately upon demand.

11.10 Quality Assurance Program. You acknowledge that providing superior customer service is a vital component of the System. You agree to participate in customer service programs, which we have the right to specify from time to time in the Manual. Such programs may include the use of independent evaluation service to conduct “mystery shopper” quality control inspections, customer satisfaction surveys, or any other quality control or evaluation programs. If the Franchised Center receives an unsatisfactory or failing report in connection with any such program, according to the standards that we establish in the Manual, you must immediately implement any remedial actions we require and pay us all expenses we incurred to have the evaluation service evaluate the services provided at the Franchised Center and all expenses we may have incurred to inspect the Franchised Center thereafter.

11.11 Repair and Maintenance

A. You will maintain and refurbish the condition and appearance of the Franchised Center, its Operating Assets and the Franchised Location in accordance with System Standards and consistent with the image of an Upgrade Labs Center as an efficiently operated business offering high quality products and services and observing the highest standards of professionalism, cleanliness, sanitation, efficiency, courteous service and pleasant ambiance. Additionally, you will take, without limitation, the following actions during the term of this Agreement, ~~neither Franchisee nor its owners, guarantors, or Designated Manager(s), nor any spouse or immediate family member of Franchisee, its owners, guarantors or Designated Manager(s), shall, directly or indirectly, for themselves or through, on behalf of, or~~ as often as we prescribe and at least every three (3) years: (1) thorough cleaning, repainting, redecorating of the interior and exterior of the Franchised Center or installing

new color schemes, flooring, seating, signage or other visual elements within the Franchised Center as we prescribe; (2) interior and exterior repair of the Franchised Center; and (3) repair or replacement of damaged, worn out or obsolete Operating Assets.

B. If you are not permitted to make certain repairs because such repairs are reserved to the landlord of the Franchised Location as common area maintenance, you agree to use diligent efforts to cause the landlord to make such repairs timely and in a workmanlike manner. Except for repairs required to maintain the Franchised Location in a first class manner and condition, all other repairs, replacements, additions, and modifications to the Franchised Location shall require our prior written consent. You may not make any alterations to the Franchised Location that would be different than the original accepted plans, nor replace any furnishings, fixtures, equipment and signs with items that are not in accordance with our standards and specifications or are inconsistent with or have caused variation in the accepted plans or the approved furnishings, fixtures, equipment and signs, without our prior written approval. We have the right, at your expense, to rectify any replacements, relocations or alterations not previously approved by us in writing.

C. If, at any time, the general state of repair, appearance or cleanliness of the Franchised Location or its furnishings, fixtures, equipment and signs does not meet our standards, we may notify you and specify the action you must take to correct such deficiency. If, within fourteen (14) days after receiving such notice, you fail or refuse to initiate in good faith and with due diligence a bona fide program to complete such required maintenance, in addition to our rights to place you in default of this Agreement, we have the right, but not the obligation, to enter the Franchised Location and perform such maintenance on your behalf and at your expense. You must promptly reimburse us for such expenses and the cost of coordinating such repairs.

D. If the Franchised Center is damaged or destroyed by fire or other casualty, you must initiate within thirty (30) days (and diligently continue until completion, which shall be accomplished in no more than one hundred and twenty (120) days) all repairs or reconstruction to restore the Franchised Center to its original condition (and all remodeling performed or required to be performed to date), unless your landlord fails to rebuild the premises. If, in our reasonable judgment, the damage or destruction is of such a nature that it is feasible, without incurring substantial additional costs, to repair or reconstruct the Franchised Center in accordance with our then-standard layout and décor specifications for Upgrade Labs Centers, we may require you to repair or reconstruct the Franchised Center in accordance with those specifications.

11.12 Remodeling. You agree to refurbish the Franchised Center at your expense to conform to our then-current building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Upgrade Labs Centers, including but not limited to remodeling, redecoration, and modifications to existing improvements, all of which we may require in writing (collectively, “Facilities Remodeling”). In this regard, the parties agree that: (1) you will not have to engage in Facilities Remodeling more than once every five (5) years during the term of this Agreement (and not in an economically unreasonable amount); provided, however, that we may require Facilities Remodeling more often if Facilities Remodeling is required as a pre-condition to obtaining a Renewal Term (as described in Section 3.2 above); and (2) you will have six (6) months after you receive our written notice within which to complete Facilities Remodeling.

11.13 Memberships. You must comply with any membership programs that we establish for customers of Upgrade Labs Centers from time to time as set forth in the Manual, including any reciprocity programs between Upgrade Labs Centers.

11.14 Use of Franchised Location. You may use the Franchised Location only for the purpose of operating the Franchised Center and for no other purpose. You agree not to permit any other business to operate at the Franchised Location (whether as a tenant or otherwise), and not to use or permit the use of the Franchised Location for any purpose other than operating an Upgrade Labs Center, without our prior written approval.

11.15 Hours of Operation. You shall keep the Franchised Center open and in normal operation for such minimum hours and days as we may prescribe in the Manual or otherwise in writing and must ensure that the Franchised Center is sufficiently staffed.

11.16 Employer Responsibilities. You have sole responsibility for all employment decisions and functions of the Franchised Center, including those related to hiring, firing, training, wage and hour requirements, recordkeeping, supervision, and discipline of employees, despite any information or advice we may provide. You must maintain a competent, conscientious, trained staff with enough workers to operate the Franchised Center to satisfy our standards for customer service. You must take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as we may establish from time to time in the Manual. Nothing in this Agreement is intended or may be construed to create any type of employer or joint employer relationship between us and you and/or your personnel.

11.17 Technology System

A. You must, at your own expense, acquire and install in the Franchised Location the computer system, Wi-Fi, Internet service, software, computer and Internet security systems, and other technology equipment, communications devices, audio/visual equipment and software systems that we specify in writing from time to time (“Technology System”). You must maintain an electronic connection between your Technology System and our systems; use the Technology System in accordance with all policies and operational procedures we issue from time to time; transmit data to us at the times we specify; maintain your Technology System in good working order at all times; promptly install upgrades, additions, changes, modifications, substitutions and/or replacements of hardware, software, data connectivity, electrical power, and other computer-related facilities, as we direct; ensure that your employees are adequately trained in the use of the Technology System and our related policies and procedures; and (if we request and subject to applicable privacy laws) permit us access to your Technology System and provide us with any user names and passwords necessary for that purpose. You must bear all costs of installation, operation, maintenance and upgrade of your Technology System. We reserve the right to require you to engage us or a hardware maintenance and/or help desk support provider approved by us to maintain your Technology System.

B. We will have the right, but not the obligation, to develop or have developed for our needs, or to designate: (1) software programs and accounting system software that you must use in connection with your Technology System (“Required Software”), which you will install; (2) updates, supplements, modifications, or enhancements to the Required Software, which you will install; (3) the tangible and hosted media upon which such you will record data; and (4) the database file structure of your Technology System.

C. You agree to install and use the Technology System and Required Software at your sole expense. You agree to sign any required agreements and pay us, our affiliates or our vendors any initial and ongoing fees in order to install and continue to use the Required Software, hardware, and other elements of the Technology System. You agree to implement and periodically make upgrades and other changes at your expense to the Technology System and Required Software as we may reasonably request in writing (collectively, “Technology Upgrades”). We will not require you to make Technology Upgrades more than once per year. You agree to comply with all specifications that we issue with respect to the Technology System and the Required Software, and with respect to Technology Upgrades, at your expense. We will have the right, subject to compliance with applicable privacy laws, to require that you grant us independent access to your Technology System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.

D. You may not hire third party or outside vendors to perform any services or obligations in connection with the Technology System, Required Software, or any other of your obligations without our prior written approval. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor’s entry into a confidentiality agreement with us and you in a form that we may reasonably provide and the third party or outside vendor’s agreement to pay for all initial and ongoing costs related to interfaces with our computer systems. The provisions of this section are in addition to and not instead of any other provision of this Agreement. You must not install, or remove any software from, the Technology System without our prior written consent.

E. Each party to this Agreement acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to comply with those reasonable new standards that we establish as if we periodically revised this Section 11.17 for that purpose. You acknowledge and agree that you are solely responsible for protecting yourself from 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.

11.18 Electronic Communication

A. We may require you, at any time and from time to time, to use specific telephone numbers, email addresses, domain names and other methods for sending communication electronically, whether or not currently invented or used, including app- and/or internet-based communication (“**Designated Communication Addresses**”) for the Franchised Center, in which case you shall only use the Designated Communication Addresses for the Franchised Center. In the absence of Designated Communication Addresses, you shall use for the Franchised Center only telephone numbers, email addresses, domain names and other methods for sending communication electronically, whether or not currently invented or used, including app- and/or internet-based communication approved by us (“**Approved Communication Addresses**”) (Designated Communication Addresses and Approved Communication Addresses are collectively referred to as “**Communication Addresses**”). You shall not use the Communication Addresses for any purpose other than the operation of the Franchised Center.

B. You will be solely responsible (and agree that neither we nor our affiliates shall have any responsibility) for timely payment of all fees and charges associated with the Communication Addresses and the use thereof. Where Communication Addresses and associated services are held in our name but for the benefit of the Franchised Center, you shall, on demand, reimburse us for all charges for the use of the Communication Addresses. You must use the Communication Addresses in strict compliance with applicable contractual and legal obligations and rules. We own all rights, title and interest in and to the Communication Addresses and you agree, at your sole cost and expense, to promptly execute upon our request such documents and take such actions as we may require in order to implement this provision. We hereby license use of such Communication Addresses back to you, at no additional cost, solely for the Initial Term and only for your use in connection with operating the Franchised Center.

11.19 Electronic Money Programs and Loyalty Programs. You must participate in programs relating to gift cards, gift certificates, stored value cards, online or mobile coupons or credits, online or mobile ordering systems, and other electronic money programs as we may prescribe from time to time. Participation includes both issuing program benefits or credits and accepting them for payment by customers and may require you to purchase additional equipment. We will coordinate the crediting and debiting of funds among Upgrade Labs Centers based on customer purchases and redemption of stored value. You must also participate in any membership or customer loyalty programs that we prescribe from time to time. You may not offer your own gift card, electronic money, or loyalty program for the Franchised Center without our prior approval.

11.20 Payment Systems. You agree to honor all credit, charge, courtesy or cash cards or other credit devices and mobile payment application systems that we specify. You shall maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, “**Credit Card Vendors**”) that we may periodically designate as mandatory. You shall not to use any Credit Card Vendor for which we have not given our prior written approval or as to which we have revoked our earlier approval. The term “Credit Card Vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (e.g., “Apple Pay” and “Google Wallet”). We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. You hereby authorize your Credit Card Vendors to release information to us regarding the Franchised Center. You must comply with the then-current Payment Card Industry Data Security Standards (PCI/DSS) as those standards may be revised by the PCI Security Standards Council, LLC (see

www.pcisecuritystandards.org) or successor organization. Among other things, you agree to implement the security requirements that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. You must demonstrate compliance on reasonable request, which may include having an independent third party conduct a PCI/DSS audit.

11.21 Compliance with Lease. If you will occupy the Franchised Location under a lease, you must comply with all terms of the lease for the Franchised Location and all other agreements affecting the operation of the Franchised Center at the Franchised Location. You must undertake best efforts to maintain a good working relationship with your landlord and must refrain from any activity that may jeopardize your right to remain in possession of, or to renew the lease for, the Franchised Location.

11.22 Compliance with Laws.

A. You must secure and maintain all required licenses, permits and certificates relating to the operation of the Franchised Center. You must operate the Franchised Center in full compliance with all applicable municipal, county, state and federal laws, rules, regulations and ordinances. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. You have sole responsibility for compliance despite any information or advice that we may provide.

B. You are prohibited from taking any actions that would jeopardize our ability to comply with the United States Foreign Corrupt Practices Act and the International Money Laundering Abatement and Anti-Terrorist Financing Act, otherwise known as the Patriot Act.

C. You must meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Center, and furnish to us, within two days after receipt thereof, a copy of each and every health department, or similar agency, health inspection report and fire department inspection report. You must notify us by telephone within twenty-four (24) hours and confirm in writing within two (2) days, after receiving notice of any investigation or violation concerning any zoning, health, or narcotics laws or fire department regulations.

11.23 Public And Media Relations. You agree that you will not issue any press or other media releases or other communications without our prior written approval. This includes television, newspaper and trade publication interviews. As a franchisee of the System, you may only participate in internal and external communications activities that create goodwill, enhance our public image and build the Upgrade Labs brand.

11.24 Complaints. You must immediately resolve any customer complaints regarding the condition of the Franchised Location, quality of service or any similar complaints. When any complaints cannot be immediately resolved, you must use reasonable efforts to resolve the complaints as soon as practical.

11.25 Crisis Management. To further ensure quality, safety, overall customer experience, and brand integrity, you must advise us immediately of any crisis so that we may assist you in handling the after effects of such matter, or if we mutually agree, or we deem it necessary, we may take the lead in managing the after effects of such matter. The following circumstances should be reported immediately: (1) fire or other building casualty for which individuals are evacuated; (2) robbery; (3) any violence at the Franchised Center; (4) any other circumstances that have the potential to result in any significant adverse publicity or impact on the System.

11.26 Franchisee Advisory Committee. We reserve the right to create a franchisee advisory committee (“FAC”). You will be required to participate in any communication programs developed by the FAC. You must participate, at your sole cost, in the FAC if you or one of your owners or employees is elected or appointed as a committee member. You may be required to pay a fee for, or contribute to, the FAC in an amount determined by the FAC.

12 ADVERTISING AND PROMOTION

12.1 Designated or Pre-Approved Advertising Materials and Campaigns. We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all or some of the Upgrade Lab Centers operating under the System. You must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including without limitation, the type, quantity, timing, placement, and choice of media, and market areas and advertising agencies, the System Standards and specifications established by us shall be final and binding upon you. We may also request that you purchase and/or make copies of (at your expense) and subsequently use certain other advertising or promotional materials that we designate for use in connection with the Franchised Center.

12.2 Approval for all Other Advertising/Promotional Materials. All advertising and promotion by you in any medium must be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manual or otherwise. You shall obtain our approval of all advertising and promotional plans and materials twenty (20) days prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use. You must submit unapproved plans and materials to us, and we will have fifteen (15) days to notify you of our approval or disapproval of such materials. If we do not provide our specific approval of the proposed materials within this fifteen (15) day period, the proposed materials will be deemed rejected. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. Once approved, you may use the proposed materials for a period of ninety (90) days, unless we prescribe a different time period for use or require you to discontinue using the previously-approved materials in writing. We may revoke our approval of any previously-approved advertising materials upon notice to you. We reserve the right to require you to include certain language on all advertising to be used locally by you or to be used by a Cooperative, as defined in Section 12.8, including, but not limited to, the phrase “Franchises Available” and references to our telephone number and/or website.

12.3 Grand Opening Advertising. You must spend Twenty-Five Thousand Dollars (\$25,000) to Fifty Thousand Dollars (\$30,000) on public relations, initial advertising and grand opening of the Franchised Center during the period between thirty (30) days prior to opening and sixty (60) days after opening (the “Grand Opening Advertising Requirement”). We may also require that you spend all or any portion of the Grand Opening Advertising Requirement on initial marketing, advertising and/or public relations materials or services that are purchased from an approved supplier. We must approve your plan for Grand Opening Advertising prior to its use.

12.4 Local Advertising Requirement. You must spend at least five percent (5%) of your Gross Sales each month for the purpose of local advertising and promotion of the Franchised Center within the Protected Territory (the “Local Advertising Requirement”). Upon our request, you must provide us with invoices or other proof of your monthly expenditures on local advertising and marketing. You must ensure that: (1) the Franchised Center has a dedicated phone line for use in connection with the Franchised Center only (and no other business, including any other Center); and (2) the Franchised Center is listed in the appropriate Internet-based directories that we designate. You may not advertise and promote the Franchised Center outside of the Protected Territory unless we otherwise provide our prior written consent in writing.

12.5 Brand Fund.

A. We have established the Brand Fund for the enhancement, promotion and protection of the System and the Proprietary Marks, and for the development of advertising, marketing, and public relations programs and materials as we deem appropriate. We have the right to direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Fund, with final discretion over the strategic direction, creative concepts, materials and endorsements used and the geographic, market and media placement and allocation. You agree to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Fund. You must contribute to the Brand Fund as required by Section 5.3 above. All payments by you to the Brand Fund are non-refundable upon payment. Upgrade Lab Centers operated by us and our affiliates will contribute to the Brand Fund on the same basis as comparable franchisees.

B. _____ Among the programs, concepts, and expenditures for which we may utilize the Brand Fund monies are: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, free standing inserts, brochures, logo wear, labeling, video, audio, and written materials and electronic media, and other advertising and promotional materials; (2) media placement and buying, including all associated expenses and fees; (3) administering regional and multi-regional marketing and advertising programs; (4) market research and customer satisfaction surveys; (5) the creative development of, and actual production associated with, premium items, giveaways, promotions, sweepstakes, contests, public relation events, and charitable or nonprofit events; (6) creative development of signage, posters, and individual Center décor items including wall graphics; (7) recognition and awards events and programs including periodic national and regional conventions and meetings; (8) design, establishment, and maintenance of websites, extranets, intranets, search rankings, social media profiles, mobile application and other digital marketing; (9) retention and payment of personalities engaged as spokespersons, advertising and promotional agencies, endorsement contracts, and other outside advisors including retainer and management fees; (10) sponsorship of sporting, charitable, or similar events; (11) review of locally produced marketing materials; (12) list acquisition and development; and (13) public relations and community involvement activities and programs.

C. _____ We may sell certain advertising materials, merchandise and premium items to you that are developed by the Brand Fund, and the earnings from such sales will be deposited in the Brand Fund. We will account for the Fund contributions separately from our other funds and not use the Fund for any of our general operating expenses; however, the Brand Fund may be used to pay reasonable salaries and expenses of our and our affiliates' employees who work on advertising, marketing, public relations materials, programs, activities or promotions prepared, planned or undertaken on behalf of the Brand Fund and professional fees and administrative costs and overhead that we or our affiliates incur in activities reasonably related to the administration and activities of the Brand Fund (including accounting fees, legal fees, and interest on monies borrowed by the Brand Fund). We will not use the Brand Fund for anything whose sole purpose is the marketing of franchises, however, the System website, public relations activities, community involvement activities and other activities supported by the Brand Fund may contain information about franchising opportunities. We may seek the advice of Upgrade Labs Center franchisees by formal or informal means with respect to the creative concepts and media used for programs financed by the Brand Fund.

D. _____ You acknowledge that the Brand Fund and any earnings thereon will be used to maximize general public recognition, acceptance, and patronage of Upgrade Labs Centers, and that we are not obligated, in administering the Brand Fund, to make expenditures for you which are equivalent or proportional to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Fund. Your failure to derive any such benefit will not serve as a basis for a reduction or elimination of your obligation to contribute to the Brand Fund. The failure (whether with or without our permission) of any other franchisee to make the appropriate amount of contributions to the Brand Fund will not release you from or reduce your obligation.

E. _____ Nothing in this Agreement will be construed to create a trust or fiduciary relationship of any kind or nature whatsoever among the parties as it relates to the Brand Fund or our actions with respect thereto, including collection of payments, maintenance of any bank account for the Brand Fund, bookkeeping, and disbursement of monies from the Brand Fund. Except as expressly provided in this Section 12.5, we assume no direct or indirect liability or obligation to you with respect to maintenance, direction, or administration of the Brand Fund. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will prepare an annual, unaudited report (in a format of our choosing) of Brand Fund collections and expenses within one hundred twenty (120) days after our fiscal year end and will provide a copy of the report to all franchisees. We retain the final authority on all programs financed by the Brand Fund. We have the right to implement, change or dissolve the Brand Fund at any time. If we disband the Brand Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to contributors in proportion to their respective Brand Fund Contributions during the preceding twelve (12) month period.

12.6 Websites. We agree that we will establish an interior page on our corporate website to display the Franchised Location and contact information associated with the Franchised Center for so long as (1) the Franchised Center is open and actively operating, and (2) this Agreement is not subject to termination. You may not establish any separate website or other Internet presence in connection with the Franchised Center, System or Proprietary Marks except as provided in Section 12.7 of this Agreement or otherwise without our prior written consent. If approved to establish a separate website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such website. You specifically acknowledge and agree that any website owned or maintained by or for your benefit shall be deemed “advertising” under this Agreement and will be subject to (among other things) our approval as described in this Section 12. We shall have the right to modify our policies relating to your use of separate websites and social media, as we determine necessary or appropriate.

12.7 Social Media Platforms. In addition to the Local Advertising Requirement, with authorization from us, you may place advertisements on “Social Media Platforms” (defined as web-based platforms such as Facebook, Instagram, X, TikTok, LinkedIn, Pinterest, YouTube, blogs and other networking and sharing sites) or use “Social Media Materials” (defined as any material on any Social Media Platform that makes use of the Proprietary Marks, name, brand, products or the Franchised Center whether created by us, you or a third-party). You may not use a Social Media Platform or Social Media Materials without our prior written approval. Your expenditures toward Social Media Platforms and Social Media Materials will not count towards your required Local Advertising Requirement unless the expenditure relates to the placement of advertisements.

12.8 Marketing Cooperatives. We have the right at any time and from time to time to establish local or regional marketing co-operatives (“Cooperatives”) that pool funds of franchised and affiliate-owned Upgrade Labs Centers on an ongoing basis to collectively promote the Proprietary Marks and the businesses of the Cooperative members. You must participate in each applicable Cooperative marketing program and comply with the rules of the program. The following provisions apply to Cooperatives:

A. We have the right to designate any geographic area or set of common characteristics for purposes of establishing a Cooperative. If a Cooperative is applicable to your Franchised Center when it opens, you must join the Cooperative at that time. If a Cooperative applicable to the Franchised Center is established during the term of this Agreement, you must become a member and begin contributing no later than thirty (30) days after we approve the Cooperative to begin operation. You will not have to contribute to more than one Cooperative for the same Franchised Center at the same time. We (or our affiliates, as the case may be) will become a member of any Cooperative that is applicable to an Upgrade Labs Center owned by us or our affiliates.

B. Each Cooperative will adopt a Cooperative agreement governing the organization and operation of the Cooperative, subject to our approval. If the members of the Cooperative do not sign an agreement within a reasonable time, you agree to sign our recommended form of Cooperative Agreement. We reserve the right to change the form of organization, governing documents, and manner of operation of any Cooperative, and you and the other members agree to implement any such change promptly after notice from us. No changes in the bylaws or other governing documents of a Cooperative may be made without our prior written consent.

C. Each Cooperative will be organized for the exclusive purpose of developing, administering and executing advertising programs for the members of the Cooperative.

D. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval pursuant to Section 12.2 above.

E. You and each other member of the Cooperative must contribute monthly to the Cooperative all or any portion of the Local Advertising Requirement required under Section 12.4 above, as determined by the membership. The required contribution will not exceed your Local Advertising Requirement unless approved by a unanimous vote of eligible

members of the Cooperative. Your Local Advertising Requirement will be reduced by the amount of your contributions to the Cooperative.

F. We may grant to any franchisee an exemption for any length of time from the requirement of membership in a Cooperative and/or from the obligation to contribute (including a reduction, deferral or waiver of the contribution), upon written request of the franchisee stating reasons that we deem sufficient to support the exemption. Our decision concerning any request for an exemption will be final. If we grant an exemption to a franchisee, the franchisee will be required to spend on local advertising the amount the franchisee otherwise would have been required to contribute to the Cooperative.

G. We and our designated agents will have the right to examine and copy, at our expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative. We will also have the right, at any time, to have an independent audit made of the books of any Cooperative.

13 ACCOUNTING AND RECORDS

13.1 Business Records. You must keep complete and accurate books, records and accounts of all business conducted under this Agreement, in the form and manner prescribed in the Manual, which may include a prescribed chart of accounts and/or use of a designated accounting program or platform. You must consult an accountant to assist you in setting up your system to follow our chart of accounts, if any, and to produce the financial statements and reports required by this Section 13. You must preserve all of your books and records, (including, but not limited to, lease agreements, state and federal income tax returns, sales checks, purchase orders, invoices, payroll records, customer records, check stubs, sales tax records and returns, cash receipts and disbursement journals, general ledgers, corporate, limited liability or partnership records and meeting minutes) in at least electronic form for seven (7) years from the date of preparation and make those books and records available and provide duplicate copies to us within ten (10) days after our written request. We may require you to use a third-party provider for bookkeeping services if you (1) fail to timely and accurately provide any and all required reports under this Agreement, or (2) underreport the Gross Sales of the Franchised Center at any time.

13.2 Periodic Reports. You must prepare and submit to us the following reports in the format specified by us:

A. On or before the tenth (10th) day of each month, a signed Gross Sales Report for the preceding month.

B. On or before the twentieth (20th) day of each month, an unaudited profit and loss statement for the Franchised Center for the preceding calendar month.

C. At the time of filing with taxing authorities, copies of all sales tax returns for the Franchised Center.

D. Within ninety (90) days after the expiration of each fiscal year, a year-end balance sheet and income statement and statement of cash flow of the Franchised Center for such year, reflecting all year-end adjustments and accruals signed by one of your officers or owners. In the event a prior audit or inspection conducted by us (or our designee) has revealed that you have underreported the Gross Sales of the Franchised Center by two percent (2%) or more for any reporting period, then we may require you to provide, at your expense, audited financial statements that comply with generally accepted accounting principles and generally accepted auditing standards for your fiscal year within one hundred and twenty (120) days of your fiscal year end.

E. Within thirty (30) days of our request, such other forms, reports, records, information and data as we may reasonably designate, including customer reports, labor cost reports, and sales and income tax statements and returns in the form and at the times and places reasonably required by us.

F. All reports shall use our then-current standard chart of accounts. The information in each report and financial statement must be complete and accurate and signed by your Principal Owner. We reserve the right to publish or

disclose information that we obtain under this section in any data compilations, collections, or aggregations that we deem appropriate, in our sole discretion, so long as we do not disclose information relating to performance of your individual Franchised Center, unless such disclosure is required by law or court order. We strongly encourage you to use the reporting periods and fiscal year that we use.

G. You acknowledge and agree that we may share information from reports that you provide to us with other prospective and existing franchisees of Upgrade Labs Centers.

13.3 Extranet. We have the right (but no obligation) to establish a secure website for our franchisees and to require you to use the extranet for reporting, training, or other purposes as we direct from time to time.

13.4 Right to Examine or Audit. We and our designated agents will have the right to examine and copy, at our expense, on reasonable notice and during normal business hours, your books, records, accounts, and sales tax returns. We will also have the right, at any time, to have an independent audit made of your books. If an inspection or audit reveals that any payment to us has been understated, you must immediately pay to us the amount owed, together with applicable interest and late fees as provided in Section 5.8. If an inspection or audit reveals an understatement of the Gross Sales of the Franchised Center of two percent (2%) or more, you must, in addition to the payment of all monies owed with interest, reimburse us for all costs connected with the inspection or audit (including expenses for travel, lodging and wages, and reasonable accounting and legal costs). If our examination reveals an understatement of the Gross Sales of the Franchised Center for any period by two percent (2%) or more three (3) or more times during any thirty-six (36) month period, or by more than five percent (5%) on any one occasion, then in addition to your obligations to pay the amounts owed as referenced above, we may immediately terminate this Agreement. The foregoing remedies are in addition to any other remedies we may have.

13.5 Data. You agree that, subject to applicable privacy laws, all data that you collect in connection with the Franchised Center during the term of this Agreement including all customer data (“Data”) is our proprietary information and property and you also agree to provide the Data to us at any time that we request. You must (1) maintain a list of all current and former customers, as well as their purchase history, at the Franchised Location; and (2) make such lists and membership agreements available for our inspection upon request. You acknowledge that we may have automatic access to any or all of this information via the Technology System and related software that we require for use in connection with the Franchised Center. You have the right to use Data during the term of this Agreement, but only in connection with operating the Franchised Center and only in accordance with the policies that we establish from time to time. You may not sell, transfer, or use Data for any purpose other than operating and marketing the Franchised Center. However, if you transfer the Franchised Center (as provided in Section 18 below), as part of the transfer, you must also transfer use of the Data to the buyer as part of the total purchase price paid for the Franchised Center (subject to applicable privacy laws and any other laws regulating the ownership and protection of patient health records). At the expiration or termination of this Agreement for any reason, you will promptly turn over to us the Data and you will make no further use of that Data (or any related information) for any purpose whatsoever.

13.6 Privacy Laws. You agree to abide by our standards and policies and all applicable laws pertaining to the privacy of customers, employee, and transactional information (“Privacy Laws”). If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you must: (1) comply with the requirements of applicable law; (2) immediately give us written notice of said conflict; and (3) promptly and fully cooperate with us and our counsel in determining the most effective way, if possible, to meet all standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

13.7 Public Filings. If you are or become a publicly-held entity in accordance with other provisions of this Agreement, you must send to us copies of all reports (including responses to comment letters) or schedules that you may file with the U.S. Securities and Exchange Commission (certified by your chief executive officer to be true, correct, complete and accurate) and copies of any press releases you may issue within three (3) days of the filing of those reports or schedules or the

issuance of those releases. If you request information from us to compile your reports, you must reimburse us for our costs and expenses in preparing such reports.

14 INSURANCE

14.1 Basic Requirements.

A. You must obtain and maintain for the Franchised Center the types and amounts of insurance we prescribe in the Manual. We may designate specific brokers and/or carriers in the Manual from which you must purchase coverage in which case you may only purchase coverage from the designated brokers and/or carriers. Our designation or acceptance of an insurance carrier does not constitute our representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. You agree to carry such additional insurance as required by your lease or applicable laws and regulations. All insurance policies shall be issued with no co-insurance provisions and without a deductible in excess of Ten Thousand Dollars (\$10,000). All insurance policies must name us and any party we designate as additional insureds and provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy has been issued to each insured. You will also need to purchase and maintain in effect at all times during the term of this Agreement a surety bond for the Franchised Center, which you must purchase from our designated surety bond vendor to secure your obligations to pre-paid members for membership fees. The insurance coverage that we require as of the Effective Date is identified below:

<u>Type of Coverage</u>	<u>Limits/Specifications</u>
<u>Commercial General Liability</u>	<u>\$1,000,000 per occurrence and \$3,000,000 in the aggregate</u>
<u>Property Rental Insurance Coverage on all furniture, fixtures, equipment, inventory and tenant improvements</u>	<u>\$1,000,000</u>
<u>Property Insurance</u>	<u>Full replacement cost of tenant improvements and all business personal property (including equipment).</u>
<u>Workers' Compensation</u>	<u>Amounts required by state law</u>
<u>Employment Practices Liability Coverage</u>	<u>\$1,000,000 per claim and \$1,000,000 in the aggregate</u>
<u>Employee Benefits Liability</u>	<u>\$1,000,000 per claim and \$1,000,000 in the aggregate</u>
<u>Product Liability Insurance</u>	<u>\$1,000,000 per claim and \$1,000,000 in the aggregate</u>
<u>Personal and Advertising Liability Insurance</u>	<u>\$1,000,000 per claim and \$1,000,000 in the aggregate</u>
<u>Professional Liability Insurance</u>	<u>\$1,000,000</u>
<u>Participant Legal Liability Insurance</u>	<u>\$1,000,000</u>
<u>Cyber Liability</u>	<u>\$1,000,000</u>
<u>Medical Expense (for any one person) Insurance</u>	<u>\$5,000</u>
<u>Umbrella</u>	<u>\$1,000,000</u>
<u>Surety Bond</u>	<u>Amount required based on your credit score</u>

B. You must provide us with evidence of all required insurance coverage and payment of premiums before beginning construction of the Franchised Center. At least thirty (30) days before each insurance policy expires, you must furnish a copy of the renewal or replacement insurance policy and evidence of payment of the premium. The policy must contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days'

prior written notice to us. The procurement and maintenance of such insurance shall not relieve you of any liability to us under any indemnity requirement of this Agreement.

14.2 Our Rights. We have the right to increase the amounts of coverage required and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, new risks, changes in the law or standards of liability, higher damage awards or other relevant changes in circumstances. All public liability and property damage policies must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors and assigns.

14.3 Failure to Procure and Maintain Insurance. If you fail for any reason to procure and maintain the required insurance coverage, we have the right and authority (without having any obligation to do so) to immediately procure such insurance coverage, in which case you must: (1) reimburse us for the costs incurred to obtain the required insurance (including any premium amounts paid); and (2) pay to us our then-current administrative fee, as may be reasonably charged by us as consideration for securing the required insurance on your behalf.

15 PROPRIETARY MARKS AND MATERIALS

15.1 Identification of the Franchised Center. You must operate, advertise, and promote the Franchised Center only under the Proprietary Marks. In conjunction with any ~~other person, partnership, corporation, limited liability company, or other business entity: (i) own a interest in, maintain, operate, engage in, be employed or serve as an officer, director, manager, employee, consultant, representative, or agent for, lend money or extend credit to, lease or sublease space to, or have any interest in or involvement with, any other business that~~ (a) use of the Proprietary Marks, you must identify yourself to the public as an independent franchisee operating under the authority of this Agreement.

15.2 Proprietary Materials. You acknowledge and agree that we and/or our affiliates are the owners of certain copyrighted or copyrightable works (the “Proprietary Materials”) and that the copyrights in the Proprietary Materials are valuable property. We authorize you to use the Proprietary Materials on the condition that you comply with all of the terms and conditions of this Section 15.2. You acknowledge and agree that we may create, acquire or obtain licenses for certain additional copyrights in various works of authorship used in connection with the operation of an Upgrade Labs Center, including, but not limited to, all categories of works eligible for protection under the United States copyright law, all of which will be deemed to be part of the Proprietary Materials. The Proprietary Materials include, but are not limited to, the Manual, advertisements, promotional materials, labels, posters, coupons, gift certificates, signs, social media sites, websites, and facility designs, plans and specifications. The Proprietary Materials may incorporate all or part of the Proprietary Marks or other trade dress used as part of the System. You acknowledge that this Agreement does not confer any interest in the Proprietary Materials on you, other than the right to use them in the operation of the Franchised Center in compliance with the terms of this Agreement. If you prepare any adaptation, translation or work derived from the Proprietary Materials, including, but not limited to, advertisements, promotional materials, labels, posters, or websites, whether or not such adaptation was authorized by us, you agree that such material will be our property and you hereby assign all your right, title and interest therein to us (or a person designated by us). You agree to execute any documents, in recordable form, which we deem necessary to reflect or perfect such ownership. You must submit all such adaptation, translation or derivative works to us for approval prior to use.

15.3 Limitations on Use. Your right to use the Proprietary Marks and the Proprietary Materials is limited to the uses we authorize under this Agreement and any unauthorized use will constitute an infringement of our rights. Therefore, you agree to:

A. Use only the Proprietary Marks that we designate and use them only in the manner we authorize;

B. Use the Proprietary Marks and Proprietary Materials only for the operation of the Franchised Center and only at the Franchised Location or in advertising for the Franchised Center and the services offered at or through the Franchised Center;

C. Operate and advertise the Franchised Center only under the name “Upgrade Labs” or such other Proprietary Marks as we specify, and use all Proprietary Marks without prefix or suffix, and not use the Proprietary Marks as part of your corporate or legal name;

D. Ensure that all advertising and promotional materials, packaging, signs, decorations, websites, and other items that we may specify, bear the Proprietary Marks in the form, color, size, and location we prescribe;

E. Identify yourself as the owner of the Franchised Center in conjunction with any use of the Proprietary Marks, including but not limited to on invoices, order forms, receipts, check stock, payroll forms, business stationery, websites (if approved by us), email auto-signatures, and other electronic media, as well as at such conspicuous locations on the Franchised Location as we may designate in writing;

F. Not use the Proprietary Marks to incur any obligation or indebtedness on behalf of us or our affiliates;

G. Comply with our instructions in filing and maintaining any requisite trade name or fictitious name registrations, and execute any documents we deem necessary to obtain protection for the Proprietary Marks and the Proprietary Materials or to maintain their continued validity and enforceability;

H. Not directly or indirectly contest the validity of, or take any other action which tends to jeopardize our or our affiliates’ rights to the ownership of or right to use and to license others to use the Proprietary Marks; and

I. Ensure that the Proprietary Marks and the Proprietary Materials bear the “®”, “™”, “SM” or copyright notice, respectively, as we may prescribe from time to time.

15.4 Your Acknowledgments. You acknowledge that:

A. The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

B. Your use of the Proprietary Marks and Proprietary Materials pursuant to this Agreement does not give you any ownership interest or other interest in the Proprietary Marks or the Proprietary Materials;

C. Any and all goodwill arising from your use of the Proprietary Marks and the Proprietary Materials will inure exclusively to the benefit of us and our affiliates, and upon expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System, the Proprietary Marks, or the Proprietary Materials; and

D. The license granted under this Agreement to use the Proprietary Marks and the Proprietary Materials is nonexclusive.

15.5 Third Party Challenges. You must promptly notify us of any unauthorized use or reproduction of the Proprietary Marks or the Proprietary Materials, any challenge to the validity of the Proprietary Marks or the Proprietary Materials, the ownership by us and our affiliates of the Proprietary Marks and the Proprietary Materials, our right to use and to license others to use the Proprietary Marks and the Proprietary Materials, or your right to use the Proprietary Marks or Proprietary Materials. You acknowledge that we and our affiliates have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks or Proprietary Materials, including any settlement thereof. We and our affiliates have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks or Proprietary Materials. We will defend you against any third-party claim that your use of the Proprietary Marks or the Proprietary Materials infringes the rights of the third party. We will bear the cost of defense (including the cost of any judgment or settlement) if you have used the Proprietary Marks and the Proprietary Materials in accordance with the terms of this Agreement, but otherwise you must bear the cost of the defense (including the cost of any judgment or settlement).

You must execute any and all documents and do such acts as we deem necessary to carry out the defense or prosecution of any litigation involving the Proprietary Marks or the Proprietary Materials, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks or the Proprietary Materials in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out of pocket litigation costs in doing such acts and things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement.

15.6 Changes to the Proprietary Marks. We reserve the right to modify or require you to discontinue use of any of the Proprietary Marks and/or to substitute different service marks, trademarks for use in identifying the System and the businesses operating thereunder. When required by us, you must promptly discontinue use of designated Proprietary Marks or implement any modification or substitution at your own cost and expense. We will have no obligation or liability to you as a result of such modification or substitution.

15.7 Electronic Identifiers and Websites. You may not use the Proprietary Marks or any variations of the Proprietary Marks or marks or names confusingly similar to the Proprietary Marks in any manner not authorized by us in writing as part of any Electronic Identifier. “Electronic Identifier” means any URL, domain name, website, meta-tag, download, application, posting, social networking profile, directory listing, screen name, anonymous name, blog, vlog, e-mail account, instant messaging account, texting identity, user generated content, or any other identification of you, the Franchised Center, or other Upgrade Labs Centers in any electronic medium. We may grant or withhold our consent in our sole discretion and may condition our consent on such requirements as we deem appropriate.

16 CONFIDENTIAL INFORMATION

16.1 Confidentiality

A. You acknowledge and agree that: (1) we own all right, title and interest in and to the System; (2) the System includes trade secrets and confidential and proprietary information and know-how that gives us a competitive advantage; (3) we have taken all measures appropriate to protect the trade secrets and the confidentiality of the proprietary information and know-how of the System; (4) all material or other information now or hereafter provided or disclosed to you regarding the System is disclosed in confidence; (5) you have no right to disclose any part of the System to anyone who is not your employee; (6) you will disclose to your employees only those parts of the System that an employee needs to know; (7) you will have a system in place to ensure that your employees keep confidential our trade secrets and confidential and proprietary information, and, if requested by us, you shall obtain from those of your employees designated by us an executed confidentiality and non-disclosure agreement in the form prescribed by us; (8) by entering into this Agreement, you do not acquire any ownership interest in the System; and (9) your use or duplication of the System or any part of the System in any other business, or disclosure of any part of the System to others for use or duplication in any other business, would constitute an unfair method of competition, for which we would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

B. You shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Proprietary Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, techniques and other data that we or our affiliates designate as confidential shall be deemed confidential for purposes of this Agreement.

16.2 Employees. At our request, you must require your management personnel to sign agreements that they will maintain the confidentiality of our information that they will receive in connection with their association with you. The agreements must be in a form satisfactory to us and identify us as a third-party beneficiary with the independent right to enforce

the agreement. Our current form of Confidentiality Agreement is attached as Exhibit D. You must provide us with a copy of each executed agreement.

16.3 Consequences of Breach. You acknowledge that any failure to comply with the requirements of this Section 16 will cause us irreparable injury, and you agree to pay all costs (including, without limitation, reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 16.

17 COVENANTS

17.1 Restrictions On Competition

A. You acknowledge and agree that: (1) pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and other confidential information from us and/or our affiliates regarding the development, operation, product preparation and sale, market and operations research, advertising and marketing plans and strategies, purchasing, sales and marketing methods and techniques owned by us and our affiliates; (2) the know-how regarding the System and the opportunities, associations and experience acquired by you pursuant to this Agreement are of substantial value; (3) in developing the System, we and our affiliates have made substantial investments of time, effort, and money; (4) we would be unable adequately to protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable adequately to encourage a free exchange of ideas and information among operators of Upgrade Labs Centers if our franchisees were permitted to engage in the activities described in this Section 17.1 or to hold interests in the businesses described in this Section 17.1; and (5) the restrictions on your right to hold interests in, or perform services for, the businesses described in this Section 17.1 will not unduly limit your activities.

B. You covenant and agree that, except as we otherwise approve in writing, during the term of this Agreement, and for a continuous period of two (2) years following the expiration, transfer or termination of this Agreement, you will not, either directly or indirectly, for yourself or through, on behalf of, or in conjunction with any person or legal entity:

(1) Own, maintain, operate, engage in, grant a franchise to, advise, help, make loans to, lease property to, or have any interest in, either directly or indirectly, any "Competing Business", which is defined as any business (a) that offers or provides adaptive cardio, neurofeedback, PEMF, ~~and many~~ other technologies intended to supercharge clients' bodies, minds and spirits, and/or the other types of Approved Products and Services offered by a Center (each, a "Competing Business"); Upgrade Labs Centers; or (b) ~~offers or grants licenses or franchises, or establishes joint ventures, for the ownership or whose method of operation of a~~ or trade dress is similar to that employed in the System. During the term of this Agreement, there is no geographical limitation on this restriction. Following the expiration, transfer or termination of this Agreement, this restriction shall apply to any Competing Business located within a twenty-five (25) mile radius of the Franchised Location and any Competing Business located within a twenty-five (25) mile radius of any other Upgrade Labs Center that is open, under lease, or otherwise under development as of the date this Agreement expires, transfers, or is terminated; or ~~(ii) divert,~~

(2) Divert or attempt to divert; any present or prospective business or customer to any Competing Business 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 Proprietary Marks and the System.

C. You acknowledge that the Franchised Location will itself acquire goodwill associated with the System and that it would be difficult for us to ascertain that you have no interest in the operation by a third party of a Competing Business ~~in any~~ at that location that would, if operated by you, violate the restrictions of this Section 17.1. Accordingly, you further covenant and agree that, during the term of this Agreement and for a period of two (2) years following the transfer, expiration or earlier termination of this Agreement, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease or transfer the Franchised Location to any person, firm, partnership, corporation, or other entity which you know, or have reason to know,

intends to operate a Competing Business at the Franchised Location that would violate Section 17.1.B.(1) if operated by you. You, by the terms of any conveyance selling, assigning, leasing or transferring your interest in the Franchised Location, shall include such restrictive covenants as are necessary to ensure that a Competing Businesses that would violate Section 17.1.B.(1) if operated by you is not operated at the Franchised Location for this two (2) year period, and you shall take all steps necessary to ensure that these restrictive covenants become a matter of public record.

17.2 Exception for Publicly Traded Stock. The restrictions contained in Section 17.1 will not apply to ownership by you of less than a five percent (5%) beneficial interest in the equity securities of any publicly-held corporation.

17.3 Owners and Employees. Your owner(s) identified in Exhibit B that sign the Personal Guarantee and Assumption of Obligations attached to this Agreement as Exhibit C will agree to be bound personally by the provisions of Section 17, provided that, as to them, the time period in Section 17.1.B will run from the expiration, termination, or transfer of this Agreement or from the termination of the individual's relationship with you, whichever occurs first. At our request, you must obtain signed agreements similar in substance to this Section 17 (including agreements applicable upon termination of a person's relationship with you) from any: (1) Principal Owner; (2) Designated Manager; and (3) your officers, directors, and owners. Each agreement required by this Section 17.3 must be in a form we approve and specifically identify us as a third party beneficiary with the independent right to enforce the agreement.

17.4 Enforcement

A. We have the right, in our sole discretion, to reduce the scope of any restriction in Section 17.1 by giving you written notice and you agree to comply with any covenant so modified, which shall be fully enforceable notwithstanding the provisions of Section 25.

B. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of this Section 17.

C. You acknowledge that your violation of the terms of this Section 17 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of this Section 17. Injunctive relief will be in addition to any other remedies we may have.

D. If you or any other person bound by this Section 17 fails or refuses to abide by any of the foregoing restrictions on competition, and we obtain enforcement in a legal proceeding, the obligations under the breached restriction will continue in effect for a period ending two (2) years after the date the person begins to comply with the order enforcing the restriction.

18 TRANSFER

18.1 By Us. We have the right to transfer or assign this Agreement or any part of our rights or obligations under this Agreement to any person or legal entity. You agree that we will have no liability after the effective date of the transfer or assignment for the performance of any obligations under this Agreement. You acknowledge that we can sell our assets; sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company; or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

18.2 By You. You acknowledge that the rights and duties set forth in this Agreement are personal to you and that we have granted these rights in reliance on your business skill, financial capacity, and personal character (or, if you are a business entity, on the business skill, financial capacity, and personal character of your owners and management). Accordingly, neither you nor any immediate or remote successor to any interest in this Agreement, nor any individual, partnership,

corporation, or other legal entity which directly or indirectly owns any interest in you, will sell, assign, transfer, convey, pledge, encumber or give away any direct or indirect interest in this Agreement, in you, or in substantially all of the assets of the Franchised Center, without our prior written consent as provided in Sections 18.4 and 18.6, which will not be unreasonably withheld. You must notify us in writing of any proposed transfer at least thirty (30) days before the transfer is to take place and must provide all information and documentation relating to the proposed transfer that we reasonably request.

18.3 Our Right of First Refusal. We have the right, exercisable within thirty (30) days after receipt of a written request for our approval of a proposed transfer pursuant to this Section 18, to purchase the interest proposed to be transferred. The request for approval of transfer must include a true and complete copy of the term sheet, letter of intent, proposed purchase agreement, assignment document, or any other document necessary to implement the transfer, and not be subject to financing or any other contingencies. Our thirty (30) day period for determining whether or not to exercise our right of first refusal will not begin until the transferor has provided all information and documentation required under this Section 18 in a form and substance satisfactory to us. If we desire to exercise our right of first refusal, we will do so by providing written notice (the “Purchase Notice”) to the transferor, as follows:

A. If the transfer is proposed to be made pursuant to a sale, we may purchase the interest proposed to be transferred on the same financial terms and conditions offered by the third party. Closing on our purchase will occur within sixty (60) days after the date of the transferor’s receipt of the Purchase Notice. If the consideration, terms, and/or conditions offered by the third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If, within thirty (30) days of the transferor’s receipt of the Purchase Notice, the parties cannot agree as to the reasonable equivalent in cash consideration, an independent appraiser will be appointed by mutual agreement and the determination of the appraiser will be binding. Any material change in the terms of the offer from a third party after we have elected not to purchase the interest sought to be transferred will constitute a new offer subject to the same rights of first refusal by us as in the case of the third party’s initial offer.

B. If the transfer is proposed to be made by gift, you and we will jointly designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within forty-five (45) days after our notice to the transferor of the appraiser’s determination of fair market value.

18.4 Conditions of Our Consent. If we elect not to exercise our right of first refusal under Section 18.3, the proposed transferor may complete the transfer after obtaining our written consent as required under Section 18.2. We may withhold our consent on any reasonable grounds, or may give our consent subject to reasonable conditions, which may include, but are not limited to, the following:

A. That all of your accrued monetary obligations and all other outstanding obligations to us and our affiliates have been satisfied;

B. That you are not in default of any provision of this Agreement, any amendment or successor to this Agreement, or any other agreement between you and us, our affiliates, or any approved suppliers or Designated Suppliers;

C. That the transferor executes a general release, in a form satisfactory to us, of any and all claims against us, our affiliates and their respective past, present, and future officers, directors, shareholders, and employees, in their corporate and individual capacities;

D. That the transferee sign our then-current form of Franchise Agreement (which may contain materially different terms than this Agreement) for a ten-year term and the transferee’s owners agree to personally guarantee the transferee’s obligations under the new Franchise Agreement;

E. If the transferee is one of our or our affiliates' existing franchisees, that the transferee is not in default under its agreements with us or our affiliate and the location it manages has a record of patient service and compliance with our operating standards;

F. That the transferee, whether or not an existing Upgrade Labs Center franchisee, demonstrates to our satisfaction that he or she meets (or, if the transferee is a business entity, that its owners and management team meet) our educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business contemplated hereunder (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to fulfill your obligations hereunder in a timely manner; however, the transferee shall not be in the same business as us either as the licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Upgrade Labs Centers, except that the transferee may be an existing Upgrade Labs Center franchisee;

G. The transferee shall have agreed to complete all such maintenance, refurbishing, renovating and remodeling of the Franchised Location as we reasonably require to meet the System Standards then in effect;

H. You must provide us a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of your obligations under this Agreement;

I. The transferee (including its Principal Owner and Designated Manager) shall satisfactorily complete our training program at the transferee's expense within the time frame we require, and the transferee will be responsible for all costs and expenses associated with attending the training program;

J. The transferee must demonstrate that it has obtained or maintained, within the time limits set by us, all permits and licenses required for the continued operation of the Franchised Center;

K. To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

L. The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

M. The purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Center and performance under its franchise agreement; and

N. That you pay us any third-party broker fees that are due in connection with the proposed transfer and a transfer fee in the following amounts: (i) One Thousand Five Hundred Dollars (\$1,500) if transferring less than fifty percent (50%) of your ownership interests; (ii) Fifty Thousand Dollars (\$50,000) if the transferee is not an existing System franchisee; and (iii) Thirty Thousand Dollars (\$30,000) if the transfer is to an existing System franchisee. If the transaction involves one or more Upgrade Labs Centers other than the Franchised Center, you also must pay the transfer fee specified in the franchise agreement for each other Upgrade Labs Center in the transaction.

18.5 Transfer for Convenience of Ownership. If you are an individual or group of individuals and desire to assign your rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, we will consent to the transfer without assessing the transfer fee and such assignment will not be subject to our right of first refusal in Section 18.3: (i) the corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Center; (ii) you must own all of the outstanding shares of the corporation or membership interests in the limited liability company or, if you are owned by more than one individual, each person shall have the same proportionate

ownership interest in the corporation (or the limited liability company) as prior to the transfer; (iii) the corporation or limited liability company agrees in writing to assume all of your obligations hereunder; and (iv) all stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to us and our affiliates, under this Agreement and any other agreement between you and us and/or our affiliates, and execute the Personal Guarantee and Assumption of Obligations attached to this Agreement as Exhibit C.

~~2.11~~18.6 Death, Incapacity or Bankruptcy. If you or any owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 18, as applicable. In addition, if the deceased or incapacitated person is the Principal Owner who also serves as the Designated Manager, we will have the right (but no obligation) to take over operation of the Franchised Center upon giving notice to the executor, administrator, personal representative, or trustee and to manage the Franchised Center until the transfer is completed. If we exercise this right, we can charge a reasonable management fee for our services. For purposes of this Agreement, ~~a Competing Business does not include: (i) any business operated by Franchisee under a Franchise Agreement with Franchisor; or (ii) any business operated by a publicly traded entity in which a person or entity owns less than two percent (2%) legal or beneficial interest. During the term of this Agreement, there is no geographical restriction on the covenants contained in this Section~~ "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (1) for a period of thirty (30) or more consecutive days, or (2) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of transfer set forth in Section 18.4, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement. If an interest is not disposed of under this Section 18.6 within one (1) year after the event (death, declaration of incapacity, or filing of a bankruptcy petition), we can terminate this Agreement under Section 19.2.

~~A. — After the Term of this Agreement. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee nor any nor its owners or guarantors, nor any spouse or immediate family member of Franchisee, its owners or guarantors shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, corporation, limited liability company, or other business entity: (a) own a interest in, maintain, operate, engage in, be employed or serve as an officer, director, manager, employee, consultant, representative, or agent for, lend money or extend credit to, lease or sublease space to, or have any interest in or involvement with, any Competing Business located (i) at the Premises; (ii) within the Protected Territory; and (iii) within a twenty five (25) mile radius of: (x) the Protected Territory; or~~

~~(y) any other Upgrade Labs Center that is open, under lease or otherwise under development as of the date this Agreement expires, is transferred, or is terminated; or (b) solicit business from customers of Franchisee's former Franchised Center or contact any of Franchisor's suppliers or vendors for any competitive business purpose.~~

~~B. — **Intent and Enforcement.** It is the parties' intent that the provisions of this Section 14 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 14, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Center, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 14 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 14, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 14 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 14 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation on the restrictive covenants set forth in Section 14.C shall be tolled during any default under this Section 14.~~

~~C. — **Contracts and Activity.** To verify compliance with this Section 14, at any time and upon request of Franchisor, Franchisee shall provide Franchisor with a copy or summary listing, at Franchisor's discretion, of all current contracts, listings, agreements, and projects that Franchisee is involved in or working with.~~

~~D. — **Confidentiality and Non-Competition Agreement.** Franchisee must ensure that all management personnel of the Franchised Center, as well as any officers and directors of Franchisee, execute Franchisor's then current form of Confidentiality and Non-Competition Agreement (which will be in substantially the same form as the document attached to this Agreement as Exhibit E). Franchisee must furnish Franchisor a copy of each executed agreement.~~

~~E. — **No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 14. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 14.~~

18.7 Securities Offering. All materials for a public offering of stock or partnership interests in you or any of your affiliates that are required by federal or state law shall be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to us for such review before their use. You agree that: (1) no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; (2) our review of any offering shall be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and (3) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above. You (and the offeror if you are not the offering party), your owners, and all other participants in the offering must fully indemnify us, our subsidiaries, affiliates, successor, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in connection with the offering. For each proposed offering, you agree to pay us a non-refundable fee of Ten Thousand Dollars (\$10,000) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting

fees) for reviewing the proposed offering as well as any subsequent or periodic documents needed in connection with your securities offering (e.g., quarterly or annual filings). You agree to give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 18.7 commences. Any such offering shall be subject to all of the other provisions of this Section 18; and further, without limiting the foregoing, it is agreed that any such offering shall be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

18.8 Nonconforming Transfers Void. Any purported assignment or transfer that is not in compliance with this Section 18 will be null and void and will constitute a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure pursuant to Section 19.2 below. Our consent to a transfer will not constitute a waiver of any claims we may have against the transferor, nor will it be deemed a waiver of our right to demand exact compliance by the transferor, transferee or you with any of the terms of this Agreement.

319 **DEFAULT AND TERMINATION**

~~F. **Acknowledgements of Franchisee.** Franchisor may terminate this Agreement as described in this Section, and Franchisee agrees and acknowledges that the defaults, or failure to cure such defaults within the appropriate time period prescribed below (if any), shall constitute “good cause” and “reasonable cause” for termination under any state franchise laws or regulations that might apply to the operation of the Franchised Center.~~

~~G. **Automatic Termination.** This Agreement without Notice. You will be deemed to be in default under this Agreement, and all rights granted to you herein will automatically terminate without notice ~~or an opportunity to cure upon the occurrence of any of the following:~~~~

~~1. **Franchisee becomes** to you, if you become insolvent or ~~makes~~make a general assignment for the benefit of creditors, ~~unless otherwise prohibited by law;~~~~

~~2. _____; if a petition in bankruptcy is filed by Franchisee you or such a petition is filed against and consented to by Franchisee and not dismissed within thirty (30) days;~~

~~3. _____ you and not opposed by you; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian in connection with Franchisee or the Franchised Center (or the for your business or assets of the Franchised Center) is filed and consented to by Franchisee;~~

~~4. _____ you; if a receiver or other custodian (permanent or temporary) of Franchisee's your assets or property, or any part thereof, is appointed;~~

~~5. _____ by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law are instituted by or against you; if a final judgment in excess of One Hundred Thousand Dollars (\$100,000.00) against Franchisee against you remains unsatisfied or of record for sixty (60) thirty (30) days or longer (unless a supersedeas bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction), except that Franchisor may provide Franchisee with additional time to satisfy the judgment if Franchisee demonstrates that it); if you are dissolved; if execution is using commercially reasonable efforts to resolve the issues related to the judgment; levied against your business or property; if suit to foreclose any lien or mortgage against the Franchised Location or~~

~~3.19.1 Franchisee attempts to sell, transfer, encumber equipment of the Franchised Center is instituted against you and not dismissed within thirty (30) days; or otherwise dispose of if the real or personal property of the Franchised Center is sold after levy thereupon by any interest in Franchisee, this Agreement or the Franchised Center in violation of Section 12 of this Agreement; sheriff, marshal, or constable.~~

~~19.2 Termination upon Notice. Franchisor has the right to without Cure Period. If any of the following events of default occurs, we may terminate this Agreement upon written notice to Franchisee without providing Franchisee you any opportunity to cure with respect the default, effective immediately upon receipt of written notice by you:~~

~~A. _____ If you fail to secure a Franchised Location approved by us as required by Sections 6.1 through 6.3;~~

~~B. _____ If you fail to construct the Franchised Center and open the Franchised Center before the Opening Deadline as set forth in Section 7.3.C;~~

~~A.C. _____ If you and/or your personnel fail to any of the following breaches or defaults: complete all required training under Section 9 to our satisfaction prior to opening the Franchised Center;~~

~~D. _____ If Franchisee or Franchisee's You cease to operate the Franchised Center during the days and hours specified in the Manual for a period in excess of three (3) consecutive business days or for five (5) individual business days within a twelve (12) month period, unless the closing is due to an event of Force Majeure or other similar causes beyond your control or is approved in writing in advance by us;~~

~~E. _____ If you or any or your owners or principal officers are convicted of or pleads guilty or no contest to a felony or other crime or offense that we believe is reasonably likely to have an adverse effect on the operation of the Franchised Center, the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;~~

~~F. _____ Any transfer that requires our prior written consent occurs without your having obtained that prior written consent;~~

G. If you fail to comply with the confidentiality obligations and/or covenants in Sections 16 and/or 17;

~~B.H.~~ If you or your owners commit any fraud or misrepresentation in the establishment or operation of the Franchised Center, including without limitation, any misrepresentation made in ~~Franchisee's~~ your franchise application;

~~6. If Franchisee and any other required attendees fail to attend and complete the Franchise Training Program within the time period prescribed in this Agreement;~~

~~7. If Franchisee receives from Franchisor three (3) or more notices to cure the same or similar defaults or violations set forth in Section 15.C of this Agreement during any twelve (12) month period, whether or not these breaches were timely cured;~~

~~8. If Franchisee or Franchisee's owners violate any in-term covenant not to compete or any of the other restrictive covenants set forth in Section 14 of this Agreement;~~

~~9. If Franchisee misuses the Proprietary Marks or Confidential Information in any manner, or otherwise violates any provision of this Agreement related to the use of the Proprietary Marks, Confidential Information and any other confidential materials provided by Franchisor (including those provisions related to non-disclosure of the Manuals and other confidential materials that Franchisor loans to Franchisee);~~

~~C.I.~~ If Franchisee misuses you misuse any proprietary software that Franchisor designates we designate for use in connection with the Franchised Center;

~~10. If Franchisee or any of Franchisee's owners default on any other agreement with Franchisor or any affiliate or Approved Supplier of Franchisor, and such default is not cured within the prescribed time period set forth in that other agreement;~~

~~11. — If Franchisee defaults under the Lease for the Premises and does not cure within the prescribed period of time thereunder, or if Franchisee otherwise loses its right to possess and control the Premises to operate the Franchised Center at any time during the term of this Agreement (except in cases of Force Majeure (as defined in Section 22.G) and cases where Franchisor has previously approved Franchisee’s relocation request and Franchisee timely relocates);~~

~~12. — If Franchisee fails to open and commence operations of the Franchised Center within the time period prescribed in Section 5.D of this Agreement;~~

~~13. — If Franchisee fails to cure any of the following violations under this Agreement within ten (10) days of being notified by Franchisor: (i) failure to offer only those Approved Products and Services that Franchisor authorizes at the Franchised Center; (ii) any purchase of any non-approved item or service for use in connection with the Franchised Center; (iii) failure to purchase any Required Item that Franchisor designates as necessary for the establishment or operation of the Franchised Center from the appropriate Approved Supplier(s) that Franchisor designates;~~

~~14. — If Franchisee voluntarily or otherwise abandons the Franchised Center. For purposes of this Agreement, the term “abandon” means: (i) failure to actively operate the Franchised Center for more than two (2) business days without Franchisor’s prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Franchisor determines indicates a desire or intent to discontinue operating the Franchised Center in accordance with this Agreement or the Manuals;~~

~~15. — If Franchisee fails to provide Franchisor with access, or otherwise blocks Franchisor’s access, to Franchisee’s Computer System as required under this Agreement, and fails to remedy this default within twenty four (24) hours of being notified by Franchisor;~~

~~16. — If Franchisee fails to pay Franchisor, its affiliates or any of its Approved Suppliers any amount that is due and owing Franchisor within ten (10) days of the date that Franchisor (or other party owed the money) notifies Franchisee of the outstanding amount that is due and owed;~~

~~17. — If Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Center;~~

~~18. — If Franchisee fails, for a period of ten (10) days after notification of non-compliance, to obtain any other licenses, certificates, permits or approvals necessary to operate the Franchised Center at the Premises;~~

~~19. — If Franchisee, any person controlling, controlled by, or under common control with Franchisee, any principal officer or employee of Franchisee, or any person owning an interest in Franchisee is convicted of a felony or any other crime or offense (even if not a crime) that is reasonably likely in the sole opinion of Franchisor to adversely affect the System, any System unit, the Proprietary Marks, or the goodwill associated therewith;~~

~~20. — If Franchisee takes for Franchisee’s own personal use any assets or property of the Franchised Center, including inventory, employee payroll taxes, insurance or benefits;~~

~~21. — If there are insufficient funds in Franchisee’s EFT Account to cover a check or EFT payment due to Franchisor or its affiliates under this Agreement three (3) or more times within any~~

| ~~twelve (12) month period; or~~

J. ~~If Franchisee commits~~ If you knowingly maintain false books or records or knowingly submit any false reports to us;

K. If you refuse to permit us to inspect the Franchised Location, books, records, or accounts of the Franchised Center, as provided herein;

~~D-L. If you commit~~ repeated violations of any health, zoning, sanitation, or other regulatory law, standard, or practice; ~~operates~~ operate the Franchised Center in a manner that presents a health or safety hazard to its employees or customers; or if ~~Franchisee loses its~~ lose your approval from any city, state, or other regulatory agency to operate a business that provides cryogenic temperature treatments;

M. If you have insufficient funds in your Account on three (3) or more occasions in any twelve (12) month period;

N. If after curing a default pursuant to Section 19.3 or Section 19.4, you commit the same default again within one (1) year, whether or not cured after notice;

O. If you are in default under Section 19.3 and/or Section 19.4 three (3) times within any twelve (12)-month period, whether such defaults are of a similar or different nature and whether or not any of them is cured after notice;

P. You or your affiliates (1) remain in default beyond the applicable cure period under any other agreement with us or our affiliates (provided that, if the default is not by you, we shall provide to you written notice of the default and a fifteen (15) day period to cure the default); (2) remain in default beyond the applicable cure period under any real estate lease, equipment lease, financing instrument or supplier contract relating to the Franchised Center; (3) fail to pay when due any taxes or assessments relating to the Franchised Center or its employees, unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization.

19.3 Termination ~~upon Notice and 30 Days~~ for Non-Payment. If you fail, refuse, or neglect to pay any monies owing to us or our affiliates or fail to submit financial or other information as required under this Agreement, within ten (10) days after receipt of notice of default from us, this Agreement will terminate at the end of the ten (10) day period without further notice from us.

19.4 Termination Following Expiration of Cure Period. Except ~~for those defaults set forth~~ as provided in Sections ~~15.B and C of this Agreement, Franchisor 19.1 through 19.3 above and Sections 19.5 and 19.6 below, we~~ may terminate this Agreement ~~upon notice to Franchisee only~~ in the event ~~Franchisee: (i) breaches or violates any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including Franchisee's~~ of your default and only by giving you written notice of termination stating the nature of the default at least thirty (30) days before the effective date of termination. If the default is not cured to our reasonable satisfaction within the thirty (30) day period (or such longer period as applicable law may require) this Agreement will terminate without further notice to you, effective at the end of the cure period. Any material failure to comply with ~~any of Franchisor's other~~ the requirements imposed by this Agreement (as it may from time to time reasonably be supplemented by the Manual) will be a default under this Section 19.4.

19.5 Emergency Closing. If we, in good faith, believe that you are utilizing procedures at the Franchised Center that are unsafe, we have the right, without prior notice, to immediately close the Franchised Center until such time as the unsafe procedures are no longer used. You will have twenty-four (24) hours after the closing of the Franchised Center to prepare a written plan detailing the procedures that you will put in place to ensure that the unsafe practice has been fully remedied and will not recur. If you and we cannot agree on a plan, or if you intentionally fail to follow the plan agreed upon, then we will have the right to terminate this Agreement by written notice, with no further opportunity for you to cure the default.

~~3.2~~19.6 Termination Following Inspection. We will have the right to periodically conduct inspections of the Franchised Center to evaluate your compliance with the System standards and specifications in the operation of the Franchised Center as set forth in the Manuals; and (ii) fails to cure such breach or violation within thirty (30) days of the date Franchisee is provided with notice thereof by Franchisor and this Agreement. Following each inspection, we will provide you an inspection report listing your score on the inspection and those conditions at the Franchised Center that must be rectified. If you fail to achieve a passing score on an inspection, the inspection report shall constitute a notice of default. If you fail to achieve a passing score on the next inspection (which shall be conducted at least thirty (30) days after your receipt of the inspection report for the prior inspection), we may terminate this Agreement, without opportunity to cure, by providing you written notice of termination along with the inspection report.

~~3.3~~19.7 Step-In Rights. In addition to Franchisor's ~~our~~ right to terminate this Agreement, and not in lieu of such right or any other rights hereunder, if this Agreement is subject to termination due to Franchisee's ~~your~~ failure to cure any default within the applicable time period (if any), then Franchisor ~~has~~ we have the right, but not the ~~obligations~~ obligation, to enter the ~~Premises~~ Franchised Location and exercise complete authority with respect to the operation of the Franchised Center until such time that Franchisor ~~determines~~ we determine, in ~~its~~ our reasonable discretion, that the default(s) at issue have been cured and that Franchisee ~~is~~ you are otherwise in compliance with the terms of this Agreement. In the event Franchisor ~~exercises~~ we exercise these "step-in rights," Franchisee ~~you~~ must (i) pay Franchisor ~~us~~ a management fee amounting to twenty percent (20%) of the Gross Sales of the Franchised Center during the time period that Franchisor's ~~our~~ representatives are operating the Franchised Center, and (ii) reimburse Franchisor ~~us~~ for all reasonable costs and overhead that Franchisor ~~incurs~~ we incur in connection with its operation of the Franchised Center, including without limitation, costs of personnel supervising and staffing the Franchised Center and any travel, lodging and meal expenses. If Franchisor ~~undertakes~~ we undertake to operate the Franchised Center pursuant to this Section, ~~Franchisee~~ 19.7, you must indemnify, defend and hold Franchisor ~~us~~ (and ~~its~~ our representatives and employees) harmless from and against any claims that may arise out of Franchisor's ~~our~~ operation of the Franchised Center.

19.8 POST-TERM Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section 19, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

420 OBLIGATIONS UPON TERMINATION OR EXPIRATION

~~4.1~~20.1 Upon the expiration or Obligations. Except as provided in Section 20.2 below, upon termination or expiration of this Agreement, Franchisee ~~shall immediately~~ you must:

H. ~~— Cease Ownership and Operation of Center; Cease Affiliation with Franchisor and the Brand.~~ Cease to be a franchise owner of Franchised Center under this Agreement and cease to operate the former Franchised Center under the System. Franchisee shall not thereafter directly or indirectly represent to the public that the former Franchised Center is or was operated or in any way connected with the System or hold itself out as a present or former franchise owner of an Upgrade Labs Center franchise at or with respect to the Premises (unless Franchisor agrees otherwise in writing).

I. ~~— Return Manuals and Confidential Information.~~ Return to Franchisor the Manuals and all trade secrets, Confidential Information (including customer lists and information) and other confidential materials, equipment, software and property owned by Franchisor and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided, however, that Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law.

J. ~~**Pay Outstanding Amounts Due**~~ Pay any outstanding amounts due to Franchisor, its affiliates or any Approved Supplier within thirty (30) days of the date this Agreement is terminated or expires.

~~K. **Assignment of Customer Lists, Telephone/Facsimile Numbers and Domain Names.** Take such action as may be necessary to provide and assign to Franchisor the then-current and up-to-date customer list to Franchisor; and (ii) transfer, disconnect, forward, or assign all telephone/facsimile numbers and domain names used in connection with the Franchised Center, as well as any directory listings, advertisements, and all trade and similar name registrations and business licenses to Franchisor or its designee and cancel any interest which Franchisee may have in the same (as Franchisor directs in its sole discretion). Franchisee agrees to execute all documents necessary to comply with the obligations of this Section, including the form Conditional Assignment of Telephone and Facsimile Numbers and Domain Names attached to this Agreement as Exhibit F.~~

~~A. **Cease Using Proprietary Marks.** Franchisee must promptly make such alterations and modifications to the Premises as may be necessary to clearly distinguish to the public the Premises from its former appearance as a Center and also make those specific additional changes as Franchisor may request for that purpose. Franchisee must cease to use in advertising or in any manner whatsoever any methods, procedures, or Cease to operate the Franchised Center;~~

~~A.B. Cease to use the confidential methods, procedures, and techniques associated with the System in which Franchisor has a proprietary right, title, or interest; cease to use the Proprietary Marks and any other marks and indicia of operation, any associated with the System; and names and marks, all other Proprietary Marks, the Proprietary Materials, and all other distinctive forms, slogans, signs, symbols and devices associated with the Franchised Center or the System; withdraw all advertising matter (including electronic marketing); remove all our trade dress, physical characteristics, color combinations, and other indications of operation under the System from the Premises. Without limiting the generality of the foregoing, Franchisee agrees that, in the event of any termination or expiration and non-renewal of this Agreement, it will remove all signage bearing the Proprietary Marks, deliver the fascia for such signs to Franchisor upon Franchisor's request, and remove any items that are characteristic of the System "trade dress" from the Premises. Franchisee agrees that Franchisor features from the Franchised Location including all signs, letterhead, and other articles which display the Proprietary Marks; and except as provided in Section 20.2 below not thereafter, directly or indirectly, represent yourself to the public or hold yourself out as a present or former franchisee of ours. You agree that we or a designated agent may enter upon the Premises Franchised Location at any time to make such changes at Franchisee's your sole risk and expense and without liability for trespass. Upon Franchisor's our request, Franchisee you must provide all materials bearing the Proprietary Marks to Franchisor us upon expiration or termination of this Agreement for any reason, without cost to Franchisor us; and;~~

~~L. **Compliance with Post-Term Covenants.** Comply with the post-term covenants not to compete and other restrictive covenants set forth in Section 14 of this Agreement;~~

~~C. **Written Evidence of Compliance.** Provide Franchisor Deliver to us any physical copies of the Manual and all other records (including but not limited to Membership Agreements), correspondence, and instructions in your possession or control, in any medium, that contain confidential information, trade secrets, or know-how relating to the System or the operation of an Upgrade Labs Center all of which are acknowledged to be our property;~~

~~D. Take such action as may be necessary to cancel or transfer to us, at our option, any assumed name registration or equivalent registration, any Communication Addresses, or social media accounts (including any login information to access such social media accounts) obtained by you which contains "Upgrade Labs" or any portion of any Proprietary Mark, and furnish evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement. You hereby appoint us your attorney-in-fact to carry out the requirements of this Section 20.1.D, if you fail to do so within such five (5) day period;~~

~~E. Notify your telephone companies and all listing agencies of the termination of your right to use any telephone numbers and listings used or advertised with the Proprietary Marks, and transfer those number(s) and listings (including all Communication Addresses) to us or our designee; if you do not voluntarily transfer these items, the telephone companies and all listing agencies may accept this Agreement as evidence of your authorization to do so, and of our exclusive~~

rights in the telephone numbers and directory listings, and of our authority to direct their transfer on your behalf. You agree to execute all documents necessary to comply with the obligations of this Section 20.1.E, including the form Conditional Assignment and Power of Attorney attached to this Agreement as Exhibit F;

F. Cease use of, and at our request transfer to us any websites and Electronic Identifiers, whether or not authorized by us, used by you while operating the Franchised Center; if you do not voluntarily transfer these websites and Electronic Identifiers, the registrars and hosts of any such websites and Electronic Identifiers may accept this Agreement as evidence of your authorization to do so, and of our exclusive rights in the websites and Electronic Identifiers, and of our authority to direct their transfer on your behalf. You acknowledge that when the websites and Electronic Identifiers are transferred, all content hosted on the websites will also be transferred to us including all data housed on the websites as well as all members, friends, contacts, and others who are linked to the websites;

G. Turn over to us all Data, including all customer lists, and make no further use of that Data (or any related information) for any purpose whatsoever; and

H. Not use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks or the Proprietary Materials in connection with any other business which, in our sole discretion, is likely to cause confusion, mistake, or deception or to dilute our and our affiliates' rights in and to the Proprietary Marks and the Proprietary Materials. You must not use any designation of origin or description or representation which, in our sole discretion, falsely suggests or represents an association or connection with us;

I. Promptly pay all sums owing under this Agreement or any other agreement with our affiliates or us to us, our affiliates, any lender that has provided financing to you, and your suppliers. Such sums include, but are not limited to, any outstanding balance due of the initial franchise fee, Royalties, Brand Fund contributions and other fees, damages, expenses, and attorneys' fees incurred as a result of your default; and

J. Comply with all obligations that expressly or by their nature survive termination of this Agreement, including the restrictions on competition contained in Section 17.

~~B-K.~~ You must provide us with written evidence that ~~it has~~you have complied with the post-term obligations, within thirty (30) days' of the termination or expiration of this Agreement; ~~and~~.

~~M. Purchase of Our Rights to Acquire the Franchised Location and the Franchised Center Assets.~~

~~Franchisor shall have the option, but not the obligation, within thirty~~

~~4.220.2 (30) days after the date of termination, Upon expiration, and non renewal of this Agreement to purchase any and all of Franchisee's assets from the Franchised Center at a purchase price equal to net depreciated book value. Such purchase price shall not, however, contain any factor or increment for goodwill or other intangibles. If Franchisor elects to exercise this or termination of this Agreement, at our option, it shall be entitled to set off against the purchase price all amounts owing by Franchisee to Franchisor or any of its affiliates under this or any other agreement. If Franchisor elects this option, Franchisor will deliver written notice to Franchisee. Franchisor will have the right to inspect equipment at any time during this thirty (30) day period. If Franchisor elects to purchase equipment as part of the asset purchase, Franchisor will be entitled to, and Franchisee must provide, all customary warranties and representations as to compliance with law, the maintenance, function, and condition of the equipment and Franchisee's good title to the equipment (including, but not limited to, that Franchisee owns the equipment free and clear of any liens and encumbrances); you must:~~

~~A. Assignment of Lease (at Franchisor's Option). If Franchisee is the tenant under the Lease, Franchisee shall, at the option and request of Franchisor, Assign to Franchisor all of Franchisee's right, title, and us your interest in and to the Lease. If Franchisor elects the lease or sublease for the Franchised Location (or provide us with a commercially reasonable lease in the event you own the Franchised Location). If we elect not to exercise itsour option to acquire the lease for the Premises, Franchisee or sublease, you must make such modifications or alterations to the~~

~~Premises~~ Franchised Location (including, without limitation, changing the telephone number) as may be necessary to comply with Section ~~16.E~~, 20.1 and to distinguish the Franchised Location from those of an Upgrade Labs Center. If you fail or refuse to comply with the requirements of this Section 20.2.A, we will have the right to enter the Franchised Location without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you agree to pay on demand.

~~B. Early Termination Damages. If Franchisee default on its obligations and Franchisor terminates this Agreement prior to~~ Sell to us such of the furnishings, equipment, signs, and fixtures of the Franchised Center as we may designate, at fair market value, and such of the inventory and supplies of the Franchised Center as we may designate, at fair market wholesale value. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraiser will be appointed by us at our expense, and the appraiser's determination will be binding on both parties. If we exercise our option to purchase any items, we will have the right to set off all amounts due from you against any payment for such items.

C. We may exercise either or both of our options under Sections 20.2.A and 20.2.B: (1) at any time before the expiration of the term of this Agreement, in the case of expiration of this Agreement; and (2) at any time between the date of delivery of written notice of termination and ninety (90) days after the effective date of termination, in the case of termination of this Agreement. If we deem such action desirable in order to preserve the value of such options, we may issue to you, and you must comply with, written instructions to refrain from, delay, or reverse any of the actions required of you under Section 20.1.

20.3 Continuing Obligations. After termination, or expiration, of this Agreement under any circumstances, you will remain liable to us for certain obligations. Among other things, you must:

A. Promptly pay all sums owing to us and our affiliates;

B. Permit access to, and examination of, books and records as provided in Section 13 to determine any amounts due;

C. Protect our confidential information as provided in Section 16;

D. Comply with the post-term restrictions on competition in Section 17;

E. Comply with your indemnification obligations in Section 22.3; and

F. Pay us all damages, costs, and expenses (including, but not limited to, reasonable attorneys' fees) we incur in obtaining injunctive, declaratory, or other relief to enforce this Section 20.

~~4.3~~20.4 Liquidated Damages. If you default on your obligations and we terminate this Agreement prior to the expiration of the Initial Term of this Agreement, it is hereby agreed by the parties that the amount of damages which Franchisor~~we~~would incur for any such termination of this Agreement would be difficult, if not impossible, to accurately ascertain. Accordingly, within thirty (30) days following such termination, Franchisee and its owners shall~~you must~~pay to Franchisor~~us~~a lump sum payment (as damages and not as a penalty) for breaching this Agreement in an amount equal to: (1) the average~~weekly~~monthly~~Royalty Fees that Franchisee owed during the one (1) year period prior to~~and Brand Fund Contributions owed by you (even if not paid) for the last twelve (12) months before the~~termination~~(or, if the Franchised Center was open for less than one (1) year, the average Royalty Fees owed by Franchisee for the number of weeks that the Franchised Center was in operation, (2) multiplied by the lesser of one hundred and four (104) weeks~~sixty (60) months~~or the number of~~weeks~~months~~(including any partial week~~month~~) remaining in the term of this Agreement. These early termination damages shall constitute liquidated damages, are not to be construed as a penalty, and shall be the joint and several liability of Franchisee and its owners.~~Initial Term.~~ The parties acknowledge and agree that: (i) the early termination liquidated damages are a reasonable estimation of the damages that would be incurred by Franchisor resulting from or arising out of the premature termination of this Agreement; and (ii) Franchisee's~~your~~ payment of such early termination liquidated damages is intended to fully compensate Franchisor only for any and all damages related to or arising out of the premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of Franchisor's~~sour~~ claim for other damages and/or equitable relief arising out of Franchisee's~~your~~ breach of this Agreement.~~

521 TAXES AND INDEBTEDNESS; NOTICE OF SUIT

5.1.21.1 Taxes. ~~Franchisee~~ You must promptly pay when due ~~any and all federal, state, and local~~ taxes levied or assessed, including, without limitation, unemployment, ~~workers' compensation,~~ and sales taxes ~~which are levied or assessed,~~ and all accounts and other indebtedness incurred in the operation of the Franchised Center. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on us with respect to any ~~services or products furnished, used, or licensed pursuant to~~ payments that you make to us as required under this Agreement ~~and all accounts,~~ unless the tax is credited against income tax that we otherwise pay to a state or federal authority. In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness ~~of every kind incurred,~~ you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event will you permit a tax sale or seizure by ~~Franchisee in the operation of~~ levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Franchised Center.

5.2.21.2 Debts and Obligations. ~~Franchisee~~ You hereby expressly ~~covenants~~ covenant and ~~agrees~~ agree to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Center.

21.3 WRITTEN Notice of Suit. You must immediately notify us in writing of the commencement of any action, suit, or proceeding and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality with claims in excess of \$50,000 or that may adversely affect the operation or financial condition of the Franchised Center.

22 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

22.1 Nature of the Relationship. The parties acknowledge and agree that: (1) this Agreement does not create a fiduciary relationship between them; (2) that you will be an independent contractor; (3) you are the only party that is in day-to-day control of the Franchised Center, and neither this Agreement nor any of the systems, guidance, processes, or requirements under which you operate alter that basic fact; (4) nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever; and (5) neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa. This Agreement does not authorize you to make any contract, agreement, warranty, or representation on our behalf or to incur any debt or other obligation in our name. We will not be deemed liable as a result of any such action, nor will we be liable by reason of your act or omission in the operation of the Franchised Center, or for any claim or judgment arising therefrom against you or us.

22.2 Notice of Status. At all times during the term of this Agreement and any extensions hereof, you will hold yourself out to the public as an independent contractor operating the Franchised Center pursuant to a franchise agreement from us. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Franchised Location, the content of which we reserve the right to specify.

22.3 Indemnification

A. You and your owners will defend, indemnify and hold harmless, us and our parent, affiliates, subsidiaries and their successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, "**Indemnified Parties**") from and against all Losses (as defined below) which any of the Indemnified Parties may suffer, sustain or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought by a third party and directly or indirectly arising out of your development and operation of the Franchised Center, your conduct of business under this Agreement, your breach of this Agreement or any other agreement with us or any third party, or your noncompliance or alleged

noncompliance with any law, ordinance, rule or regulation including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. We will promptly notify you of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice will not release you from your indemnification obligations under this section except to the extent you are actually and materially prejudiced by such failure.

B. You will have the right, upon written notice delivered to the Indemnified Party within fifteen (15) days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (1) the Indemnified Party will have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to you and, in the reasonable opinion of the Indemnified Party, your counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with your interests, or (2) you do not assume responsibility for such Losses in a timely manner or you fail to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party will have the right to employ counsel of its own choosing, and you will pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or you, whichever is not assuming the defense of such claim, will have the right to participate in such claim and to retain its own counsel at such party's own expense.

C. You or the Indemnified Party (as the case may be) will keep you or the Indemnified Party (as the case may be) reasonably apprised of, and will respond to any reasonable requests concerning, the status of the defense of any claim and will cooperate in good faith with each other with respect to the defense of any such claim. You will not, without the prior written consent of the Indemnified Party, (1) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives, or (2) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by you. No claim that is being defended in good faith by you in accordance with the terms of this section will be settled by the Indemnified Party without your prior written consent. Notwithstanding anything to the contrary herein, if a claim involves the Proprietary Marks, you agree that we will have the exclusive right to assume the defense of such claim, at your expense with counsel selected by us, but reasonably satisfactory to you.

D. You have no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions.

E. For purposes of this Section 22.3, "Losses" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, and alternative dispute resolution.

F. Your obligations in this Section 22.3 will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you under this Section 22.3. You agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 22.3.

23 FORCE MAJEURE

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure that cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective

obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration. As used in this Agreement, the term “Force Majeure” means any act of nature, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, pandemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Your inability to obtain financing (regardless of the reason) shall not constitute Force Majeure.

624 APPROVALS; AND WAIVERS ; FORMS OF AGREEMENT; AMENDMENT

~~24.1 Franchisor’s Approval.~~ Approvals. Whenever this Agreement requires ~~or Franchisee desires to obtain Franchisor’s~~ our prior approval, ~~Franchisee shall or consent, you must~~ make a timely written request. ~~Unless a different period is specified in this Agreement, Franchisor shall respond with its to us, and our approval or disapproval within fifteen (15) days of receipt of such consent must be obtained in writing and signed by one of our officers.~~

~~6.1~~ 24.2 No Warranty. We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request. ~~If Franchisor has not specifically approved a request within such fifteen therefor.~~

~~(15) day period, such failure to respond shall be deemed as a disapproval of any such request.~~

~~6.2~~ 24.3 No Implied Waiver. No delay or failure ~~of Franchisor~~ by us to exercise any power right reserved to ~~it by this Agreement~~ us under this Agreement or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof ~~shall, will~~ constitute a waiver of ~~Franchisor’s~~ our right to exercise such right or to demand exact compliance by you with any of the terms herein. ~~No waiver or approval by Franchisor hereof. Waiver by us of any particular breach or default by Franchisee; no delay, forbearance, or omission by Franchisor to act or give notice of you will not affect or impair our rights with respect to any subsequent default or to exercise any power or right arising by reason of such default hereunder; and no acceptance by Franchisor of the same, similar, or a different nature. Acceptance by us of any payments due to us hereunder shall will not be considered deemed to be a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement breach by you.~~

~~N. Terms of Other Franchise Agreements.~~ No warranty or representation is made by Franchisor that all franchise agreements for Centers issued by Franchisor prior to or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee

~~recognizes and agrees that Franchisor may, in its reasonable business judgment due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements by Franchisor prior to or after the Effective Date to other System franchise owners in a non-uniform manner.~~

25 ENTIRE AGREEMENT, THE PARTIES NOTICES

All notices pursuant to this Agreement must be in writing and delivered in person or sent by personal delivery, by next day delivery service, by e-mail or electronic means, or by certified mail, return receipt requested, to the respective parties at the addresses listed on the signature page of this Agreement. Any notices sent by personal delivery, next day delivery service, e-mail or electronic means shall be deemed given on the next business day after transmittal. Any notices sent by certified mail shall be deemed given on the third business day after the date of mailing. Any change in the foregoing addresses shall be made effective by giving fifteen (15) days written notice of such change to the other party. We may provide you with routine information, invoices, updates to the Manual, System Standards and other System requirements and programs, including any modifications thereto, by regular mail or by e-mail, or by making such information available to you on the Internet, an extranet, or other electronic means.

26 ENTIRE AGREEMENT

We and you acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the ~~Manuals, Manual, the documents referred to in this Agreement~~ and the attachments to this Agreement, constitute the entire, full and complete agreement between the parties concerning ~~Franchisee's rights~~ the matters covered in this Agreement, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement ~~and in the attachments, our Franchise Disclosure Document, the Manual, the documents referred to in this Agreement and the attachments to this Agreement. Nothing in this Agreement requires you to waive reliance on the representations made in our Franchise Disclosure Document.~~ No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. ~~Subject to Franchisor's rights to modify the Manuals, the System standards and the System, and the Data Sheet to reflect the Premises, Protected Territory, or Except~~ as expressly set forth in this Agreement, no amendment, change or variance from this Agreement shall be binding on either party, unless mutually agreed to by the parties and ~~executed~~ signed in writing. ~~Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representation made in our Franchise Disclosure Document that we provided to you.~~

14. — ENFORCEMENT

27 FULL ACCESS TO PREMISES FOR INSPECTION, IN ORDER TO ENSURE COMPLIANCE WITH APPLICABLE LAW AND DISPUTE RESOLUTION

A. — Choice of Law. This Agreement takes effect when we accept and ~~enable Franchisor to carry out its obligation under sign this document.~~ This Agreement, ~~Franchisee agrees that Franchisor and its designated agents shall be permitted, with or~~ interpreted and construed exclusively under the laws of the state of Florida, which laws shall prevail in the event of any conflict of law (without notice, full regard to, and complete access during business hours to inspect the Premises and all records thereof, including but not limited to, records relating to Franchisee's customers, suppliers, employees, and agents. Franchisee shall cooperate fully with Franchisor and its designated agents requesting such access.

~~6.327.1 Injunctive Relief.~~ Franchisor or its designee shall be entitled to obtain without bond, declarations, temporary and permanent injunctions, and orders of specific performance in order to enforce the provisions of giving effect to, the application of Florida choice-of-law rules). Nothing in this Section 27.1 is intended by the parties to subject this Agreement

~~relating to Franchisee's use of the Proprietary Marks and Intellectual Property, the obligations of Franchisee upon termination or expiration of to any franchise or similar law, rule, or regulation of the state of Florida to which this Agreement, and assignment of the franchise and ownership interests in Franchisee or in order to prohibit any act or omission by Franchisee or its employees which constitutes a violation of any applicable law or regulation, which is dishonest or misleading to prospective or current customers of the Centers operating under the System, which constitutes a danger to other franchise owners, employees, customers, or the public or which may impair the goodwill associated with the Proprietary Marks. would not otherwise be subject.~~

~~B. No Withholding of Payments. Franchisee agrees and acknowledges that it may not withhold payments or amounts of any kind due to Franchisor on the premise of alleged nonperformance by Franchisor of any of its obligations hereunder.~~

~~C. Costs and Attorneys' Fees. If Franchisee is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must reimburse Franchisor for all costs/expenses incurred in connection with enforcing its rights under this Agreement including all reasonable attorneys' fees, court costs and litigation expenses. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other~~

reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

15. — NOTICES

~~Any notice required to be given hereunder shall be in writing and shall be either delivered personally, mailed by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged. Notices must be provided to each party at the respective addresses set forth below:~~

~~To Franchisor: _____ Upgrade Labs Franchise, Inc.
Attn: Legal Department
1742 Emerald Cove Circle
Cape Coral, Florida 33991~~

~~To Franchisee: _____ The address set forth in the Data Sheet.~~

~~Any notice complying with the provisions hereof will be deemed delivered at the earlier of: (i) three (3) days after mailing; (ii) the actual date of delivery in person; or (iii) the actual day of delivery or receipt (as evidenced by the courier). Each party shall have the right to designate any other address for such notices by providing the other party with written notice thereof at the addresses above, and in such event, all notices to be mailed after receipt of such notice shall be sent to such other address.~~

16. — GOVERNING LAW AND DISPUTE RESOLUTION

~~A. — **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without reference to this state's conflict of laws principles.~~

27.2 Choice of Venue. Subject to Section 27.3 below, the parties agree that any action that you bring against us, in any court, whether federal or state, must be brought only within such state and in the judicial district in which we have our principal place of business. Any action brought by us against you in any court, whether federal or state, may be brought within the state and judicial district in which we maintain our principal place of business, in the jurisdiction where the Franchised Center is or was located, or where the claim arose. The parties agree that this Section 27.2 will not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue will be as set forth above. The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action.

~~B. — **Internal Dispute Resolution.** FranchiseeYou must first bring any claim or dispute between Franchiseeyou and Franchisorus to Franchisor'sour management, after providing notice as set forth in Section 21.G25 of this Agreement, and make every effort to resolve the dispute internally. FranchiseeYou must exhaust this internal dispute resolution procedure before Franchiseeyou may bring Franchisee'syour dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.~~

~~C. — **Mediation.** At Franchisor's option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 21.B above, will be submitted first to mediation to take place at Franchisor's then current corporate headquarters under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal~~

~~action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and~~

~~Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 21.C if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the Intellectual Property, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee's payment obligations under this Agreement.~~

~~D. — **Injunctive Relief.** Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Proprietary Marks, Intellectual Property, and Confidential Information (including any proprietary software used in connection with the Franchised Center); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Proprietary Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.~~

~~E. — **Venue.** Subject to Sections 21.B—D of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state or federal court of general jurisdiction closest to Franchisor's then-current corporate headquarters. Franchisee acknowledges that this Agreement has been entered into from and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Franchisor's then-current corporate headquarters as set forth in this Section.~~

~~F. — **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee.~~

6.427.3 Notice Requirement. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

~~G. — **Limitation of Actions.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless Franchisee brings an action/suit against Franchisor before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner. Any action/suit that Franchisee does not bring this period shall be barred as a~~

~~claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on~~

~~alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement.~~

~~H. **Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.~~

~~I. **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.~~

27.4 Mediation. Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 27.6 below or if the claims at issue related to a non-curable default set forth in Sections 19.1 or 19.2). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of the American Arbitration Association at its location nearest to our principal place of business. Notwithstanding anything to the contrary, this Section 27.4 will not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation.

27.5 Parties Rights Are Cumulative. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy provided under this Agreement or provided or permitted under law or equity; rather, each remedy shall be cumulative of every other right or remedy.

27.6 Injunctions. Nothing in this Agreement will bar our right to obtain injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions (without the need to post a supersedeas bond or other security).

27.7 **WAIVER OF JURY TRIALS. EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES 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.**

27.8 **MUST BRING CLAIMS WITHIN ONE YEAR. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PARTIES' RELATIONSHIP, OR YOUR OPERATION OF THE FRANCHISED CENTER, BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER, MUST BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION WILL BE BARRED; PROVIDED, HOWEVER, THAT THE**

PARTIES AGREE THAT THIS SECTION 27.8 WILL NOT APPLY TO A CLAIM BY EITHER PARTY SEEKING INDEMNIFICATION UNDER THIS AGREEMENT.

27.9 WAIVER OF PUNITIVE DAMAGES. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES IT HAS SUSTAINED.

~~6.5~~**27.10 WAIVER OF CLASS ACTIONS. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISE, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES, OFFICERS, AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR.****THE PARTIES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN US AND ANY OTHER THIRD PARTY.**

27.11 Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, during, in preparation for, or in contemplation of the filing of, the proceeding. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

27.12 No Right of Set-Off. You have no right to withhold or set-off any amount owed to us under this Agreement based on any claim that you may have or purport to have against us.

728 SEVERABILITY AND CONSTRUCTION

~~J. — **Severability.** Should any provision of this Agreement for any reason be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to make the provisions of this Agreement fully enforceable.~~

~~K. — **Reduction in Scope of Covenants.** Franchisee understands and acknowledges that Franchisor shall have the right in its sole discretion on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.~~

28.1 Severability. If any provision of this Agreement is determined to be invalid or in conflict with any existing or future law or regulation by a court or agency having valid jurisdiction, the invalidity will not impair the operation of any other provisions which remain otherwise intelligible. The latter will continue to be given full force and effect, and the invalid provisions will be deemed not to be a part of this Agreement.

~~7.1~~28.2 Counterparts. This Agreement may be ~~executed~~signed in multiple counterparts, each of which when ~~executed~~signed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of ~~an executed~~a signed counterpart of a signature page to this Agreement by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually ~~executed~~signed counterpart of this Agreement.

~~28.3 Construction. The terms “includes”~~Gender and ~~“including” in this Agreement means “including (or includes), but not limited to,” “including (or includes) without limitation,” and similar constructions. The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement.~~Number. All ~~terms~~references to gender and ~~words used herein~~number shall be construed to include ~~the such other gender and~~ number and gender as the context ~~of this Agreement~~ may require.

~~7.2~~28.4 Captions. All captions in this Agreement are intended solely for the convenience of the parties ~~agree that each Section of this Agreement shall be construed independently, and none shall be deemed to affect the meaning or construction of any other Section or~~ provision of this Agreement.

28.5 Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically shall be extended to the next day that is not a Saturday, Sunday or national holiday.

~~7.3~~28.6 Survival of Obligations. All obligations that expressly or by reasonable implication are to be performed, in whole or in part, after the expiration, termination, or assignment of this Agreement will survive expiration, termination, or assignment.

28.7 No Implied Third Party Beneficiaries. Except as explicitly provided to the contrary herein, nothing in this Agreement is intended or will be deemed to confer any rights or remedies on any person or legal entity other than you, your owner(s), us, and our affiliates.

28.8 References. Each reference in this Agreement to a corporation or partnership also shall be deemed to refer to a limited liability company and any other entity or organization similar thereto if applicable. Each reference to the organizational documents, owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto if applicable.

28.9 Lesser Included Obligations. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from (1) striking any portion of a provision that a court or agency may hold to be unreasonable and unenforceable; or (2) reducing the scope of any promise or covenant to the extent required to comply with a court or agency order.

~~L.~~Best Interests of System. Whenever ~~Franchisor exercises~~we exercise a right and/or discretion to take or withhold an action, or to grant or decline to grant ~~Franchisee~~you a right to take or withhold an action, except as otherwise expressly provided in this Agreement, ~~Franchisor~~we can make ~~its~~our decision or exercise ~~its~~our discretion on the basis of ~~its~~our judgment of what is in ~~its~~our best interests.

“Best interests” includes what ~~Franchisor believes~~we believe to be the best interests of the System at the time the decision is made or the right or discretion is exercised, even though (i) there may have been other alternative decisions or actions that could have been taken; (ii) ~~Franchisor’s~~our decision or the action taken promotes ~~its~~our own financial interest; or

~~7.428.10 (iii) Franchisor’s~~ (3) our decision or the action may apply differently to different franchisees and/or to any ~~Centers~~Upgrade Labs Center that ~~Franchisor~~we or ~~its~~our affiliates operate. In the absence of an applicable statute, ~~Franchisor~~we will have no liability to ~~Franchisee~~you for any such decision or action. If applicable law implies a covenant of good faith and fair dealing in this Agreement, ~~Franchisor~~we and ~~Franchisee~~you agree that the covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

~~M. **Force Majeure.** Neither party shall be responsible to the other for non performance or delay in performance occasioned by any causes beyond its control, including without limitation, acts or omissions of the other party, acts of civil or military authority, strikes, lockouts, embargoes, insurrections, pandemics and epidemics, acts of God or inability to obtain supplies. The inability of a party to obtain funds shall be deemed to be a matter within the control of a party. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable effort to correct the reason for the delay and gives the other party prompt notice of such delay.~~

829 REPRESENTATIONS AND ACKNOWLEDGMENTS

~~N. **Legal and Business Rights and Risks.** Franchisee recognizes and acknowledges that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of Franchisee as an independent business operator. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, that Franchisee will be successful in this venture or that the business will attain any level of sales volume, profits, or success.~~

~~O. **No Oral Agreements.** Franchisee agrees and acknowledges that fulfillment of any and all of Franchisor’s obligations written in this Agreement or based on any oral communications which may be~~

~~ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.~~

You represent, acknowledge and warrant to us (and you agree that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

29.1 Franchise Application. All information that you provided to us in connection with your franchise application and financial statements and our grant of this Franchise is truthful, complete and accurate.

~~8.1~~29.2 Signatories to this Agreement. The persons signing this Agreement on ~~Franchisee's~~your behalf have full authority to enter into this Agreement and the other agreements contemplated by the parties. ~~Franchisee's~~Your execution of this Agreement or such other agreements does not and will not conflict or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which ~~Franchisee~~you or any owner is a party.

29.3 No Conflicting Obligations. There are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (1) negotiating and entering into this Agreement; (2) exercising its rights under this Agreement; and/or (3) fulfilling its responsibilities under this Agreement.

29.4 Your Responsibility for Operation of the Franchised Center. Although we retain the right to establish and periodically modify System Standards, which you have agreed to maintain in the operation of the Franchised Center, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Center and the implementation and maintenance of the System Standards at the Franchised Center.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have ~~caused this Agreement to be~~ duly executed this Agreement, which is made effective as of the Effective Date noted below.

9 ~~FRANCHISOR:~~ _____ ~~FRANCHISEE:~~

~~UPGRADE LABS FRANCHISE, INC.~~ _____ ~~[NAME OF FRANCHISEE]~~

By: _____ By:

Name: _____ Name:

Title: _____ Title:

Effective Date: _____ Date: __

FRANCHISOR:
UPGRADE LABS FRANCHISE, INC.,
a Delaware corporation

FRANCHISEE:
_____,
a _____

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

Date: _____

Notice Address:
9295 Lake Park Drive, P203
Fort Myers, Florida 33919
Email: _____

Notice Address:

Email: _____

EXHIBIT A TO ~~THE~~ UPGRADE LABS FRANCHISE AGREEMENT ~~DATA SHEET AND STATEMENT OF OWNERSHIP~~

1. FRANCHISEE'S PROTECTED TERRITORY
FRANCHISE INFORMATION

Franchisee ~~must locate and secure a Premises for:~~ _____

Initial Franchise Fee. The Initial Franchise Fee is ~~the Franchised Center within the following fee initialed~~ by both parties below:

<u>Initials - Franchisee</u>	<u>Initials - Franchisor</u>	<u>Fee</u>
		<u>Initial Franchise Fee: \$65,000 – Single Franchise Agreement</u>
		<u>Initial Franchise Fee: \$65,000 – The Franchised Center is one of the first four Franchised Centers developed under a Development Agreement. The Development Fee you paid will be credited here and no amount will be due when you sign the Franchise Agreement.</u>
		<u>Initial Franchise Fee: \$50,000 – The Franchised Center is the fifth or additional Franchised Center developed under a Development Agreement. The Development Fee you paid will be credited here and no amount will be due when you sign the Franchise Agreement.</u>
		<u>Initial Franchise Fee: \$ _____ (Amount due per Development Agreement)</u>
		<u>Transfer Fee: \$1,500 (Less than 50% of your ownership interests)</u>
		<u>Transfer Fee: \$5,000 (Transferee is new to Upgrade Labs)</u>
		<u>Transfer Fee: \$30,000 (Transferee operates an Upgrade Labs Center)</u>
		<u>Renewal Fee: \$35,000</u>

Site Selection Area: If the Franchised Location has not been accepted by us as of the Effective Date, the Site Selection Area shall be identified as (if applicable attach map):

Franchised Location: _____

Protected Territory ~~and will be defined as follows (if identified on a map, please attach map and reference attachment below):~~ _____

2. ~~FINAL ADDRESS:~~

3. ~~FRANCHISEE'S PRINCIPAL OWNER. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Center:~~

Principal Owner:

Name: _____

Telephone No.: _____

E-mail Address: _____

4. ~~FRANCHISEE'S LEGAL NOTICE ADDRESS:~~

STATEMENT OF

EXHIBIT B TO UPGRADE LABS FRANCHISE AGREEMENT

OWNERSHIP INFORMATION

Franchisee: _____

Form of Ownership. Franchisee is a _____ incorporated or formed on _____ in the state of _____.

Owners. The following list includes the full name of each person who is an owner of a legal or beneficial interest in Developer, Franchisee and fully describes the nature of each owner's interest (attach additional pages if necessary).

Name	Home Address	Percentage and Description of Ownership Interest

~~THE PARTIES SIGNING THIS DATA SHEET BELOW AGREE AND ACKNOWLEDGE THAT THIS DATA SHEET, BY ITSELF, DOES NOT CONSTITUTE A FRANCHISE AGREEMENT OR OTHERWISE CONFER ANY FRANCHISE RIGHTS UPON FRANCHISEE. THIS DATA SHEET PROVIDES CERTAIN DEAL-SPECIFIC INFORMATION IN CONNECTION WITH THE FRANCHISE THAT IS GOVERNED BY THE FRANCHISE AGREEMENT TO WHICH THIS DATA SHEET IS AN EXHIBIT.~~

~~THE PARTIES AGREE AND ACKNOWLEDGE THAT THE FOREGOING FRANCHISE AGREEMENT MUST BE EXECUTED PRIOR TO OR CONTEMPORANEOUS WITH THIS DATA SHEET FOR ANY RIGHTS TO BE CONFERRED.~~

~~IN WITNESS WHEREOF, the undersigned has duly executed this Exhibit to the Franchise Agreement on this ____ day of _____, 20__.~~

~~FRANCHISOR: _____ FRANCHISEE:~~

~~UPGRADE LABS FRANCHISE, INC. _____ [NAME OF FRANCHISEE]~~

~~By: _____ By: _____~~

~~Name: _____ Name: _____~~

Title: _____ Title: _____

Date: _____ Date: _____

~~EXHIBIT B TO THE FRANCHISE AGREEMENT~~ If Franchisee consists of individuals, delete the above and use the below:

Franchisee Names and Home Addresses:

<u>Name</u>	<u>Home Address</u>

Each of the undersigned consents and agrees that: (1) her/his direct and immediate liability under this Guarantee shall be joint and several; (2) s/he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies relief, against Franchisee or any other person; (4) such liability shall not be diminished, relieved or otherwise affected by any Guarantor. Without affecting the obligations of the Guarantors under this Guarantee, Franchisor may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The Guarantors waive notice of amendment of the Agreement, any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial and notice of demand for contribution or payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend

~~this Guarantee, which shall be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from by Franchisee to Franchisor or its affiliates under the Agreement; and (5) monies received from any source by Franchisor for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by Franchisor. In addition, if any of the undersigned ceases to be an officer or director of Franchisee or own any interest in Franchisee or the Franchised Center, that person (and his or her spouse, if the spouse is also a guarantor) agrees that the obligations under this Guarantee shall continue to remain in force and effect unless Franchisor in its sole discretion, in writing, releases those person(s) from this Guarantee. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 14 (Covenants) of the Agreement shall remain in force and effect for a period of two (2) years after any such release by Franchisor. A release by Franchisor of any of the undersigned shall not affect the obligations of any other Guarantor and agree to be bound by any and all such amendments and changes to the Agreement.~~

~~If Franchisor brings an action to enforce this Guarantee in a judicial proceeding, the prevailing party in such proceeding shall be entitled to reimbursement of its _____. The Guarantors hereby agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses, (including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness attorney's fees, cost reasonable costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.~~

~~If Franchisor utilizes legal counsel (including in-house counsel employed by Franchisor or its affiliates) and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse Franchisor for any of the above listed costs and expenses incurred by it Franchisee to perform any obligation of Franchisee under the Agreement, any amendment to the Agreement, or any other agreement referred to in the Agreement that is executed and delivered by Franchisee.~~

~~If any of the following events occur, a default ("Default") under this Guarantee shall exist: (1) failure of timely payment or performance of the obligations under this Guarantee; (2) breach of any agreement or representation contained or referred to in this Guarantee; (3) the dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any of the undersigned; and/or (4) the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of the undersigned shall be due immediately and payable without notice. Upon the death of one of the undersigned, the estate shall be bound by this Guarantee for all obligations existing at the time of death. The obligations of the surviving Guarantors shall continue in full force and effect.~~

~~This Guarantee shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Franchisor's interests in and rights under this Guarantee are freely assignable, in whole or in part, by Franchisor. Any assignment shall not release the undersigned from this Guarantee.~~

~~Section 19 (Enforcement) of the Agreement is incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement.~~

[Signature page follows.]

~~IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his or her signature, under seal.~~

The Guarantors hereby acknowledge and agree to be individually bound by all of the promises contained in the following Sections of the Agreement: Section 15 (with respect to trademarks and copyrighted materials); Section 16 (with respect to confidentiality); Section 17 (with respect to covenants against competition); Section 18 (with respect to transfers of interests in Franchisee); Section 20 (with respect to obligations after termination of the Agreement); and Section 22.3 (with respect to indemnification). The Guarantors acknowledge and agree that: (a) this Guarantee does not grant the Guarantors any right to use any of Franchisor’s marks (including but not limited to the “Upgrade Labs” marks) or the System licensed to Franchisee under the Agreement; (b) that they have read, in full, and understand, all of the provisions of the Agreement that are referred to above in this paragraph, and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and (c) that they have had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee will terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the Guarantors arising from events which occurred on or before the effective date of termination will remain in full force and effect until satisfied or discharged by the Guarantors, and all covenants which by their terms continue in force after the expiration or termination of the Agreement will remain in force according to their terms.

Upon the death of a Guarantor, the Guarantor’s estate will be bound by this Guarantee, but only for obligations existing at the time of death. The obligations of the surviving Guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement and shall be interpreted and construed in accordance with Section 27 of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). This Guarantee 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, and without giving effect to, the application of Florida conflict of law rules).

GUARANTORS:

Date: _____

Print Name: _____

Address: _____

Date: _____

Print Name: _____

Address: _____

Date: _____

Print Name: _____

Address: _____

~~EXHIBIT C TO THE FRANCHISE AGREEMENT~~

FORM OF ADDENDUM TO LEASE

THIS ADDENDUM is executed as of this ____ day of _____, _____, by and between _____ (“**Tenant**”) and _____ (“**Landlord**”), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein (“**Lease**”) for the premises located at _____, State of _____ (“**Premises**”) dated as of _____, ____.

Tenant has entered into a Franchise Agreement (“**Franchise Agreement**”) with Upgrade Labs Franchise, Inc., (“**Franchisor**”) for the development and operation of a franchised Upgrade Labs Center at the Premises, and as a requirement thereof, the lease for the Premises must contain the provisions set forth in this Addendum.

Landlord and Tenant agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease.

~~NOW THEREFORE~~, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. ~~Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Tenant. The notice address for Franchisor is set forth in Paragraph 11 below. Landlord shall not take any action to terminate the Lease or dispossess Tenant unless Landlord has given such notice to Franchisor, and Franchisor has either (A) notified Landlord that it will not exercise its rights under Paragraph 3 below, or (B) Franchisor fails to give notice under Paragraph 3 within ten (10) days of the later to occur of (i) Franchisor’s receipt of notice, or (ii) expiration of any notice and cure period applicable to such default available to Tenant under the Lease.~~
2. ~~Tenant hereby assigns to Franchisor, with Landlord’s irrevocable and unconditional consent, all of Tenant’s right, title and interest to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without renewal; (b) Franchisor has exercised its option to purchase the assets of the Upgrade Labs Center under the Franchise Agreement; and (c) Franchisor notifies Tenant and Landlord in writing that Franchisor assumes Tenant’s obligations under the Lease. Upon Franchisor’s giving of such notice, this assignment shall then be effective, and no further instrument or agreement of assignment shall be necessary.~~
3. ~~Franchisor shall have the right, but not the obligation, upon giving written notice of its election to Landlord and Tenant within ten (10) days of the later to occur of (a) receipt by Franchisor of any notice of default, or (b) expiration of any notice and cure period applicable to such default available to Tenant under the Lease, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Tenant’s right, title and interest thereunder.~~
4. ~~The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Tenant without Franchisor’s prior written consent.~~

- ~~5. Tenant and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above.~~
- ~~6. If Franchisor assumes the Lease, as provided above, Franchisor may, without Landlord's prior consent, but with notice to Landlord, further assign the Lease to another franchisee or licensee of Franchisor to operate the Upgrade Labs Center at the Premises provided that the following criteria are met: (a) Franchisor has an established franchising program for Upgrade Labs Centers; and (b) the proposed franchisee or licensee has met all of Franchisor's applicable program criteria and requirements and has executed Franchisor's standard franchise agreement. Landlord agrees to execute such further documentation to confirm its consent to the assignment permitted under this Addendum as Franchisor may reasonably request. Upon such assignment to a franchisee or licensee of Franchisor, Franchisor shall be released from any further liability under the terms and conditions of the Lease, provided, however, that this Addendum to Lease shall remain in full force and effect.~~
- ~~7. Landlord and Tenant hereby acknowledge that Tenant has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Tenant hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Tenant is obligated to take certain steps under the Franchise Agreement to de-identify the Premises as an Upgrade Labs Center. Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided Franchisor shall bear the expense of repairing any damage to the Premises as a result thereof.~~
- ~~8. Landlord and Tenant agree that if Landlord is an affiliate of or owns an interest in Tenant and Landlord proposes to sell the Premises, prior to the sale of the Premises, upon the request of Franchisor, this Lease shall be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the Upgrade Labs Center is located.~~
- ~~9. Tenant shall have the right from time to time during the term of this Lease to renovate and remodel the Premises so as to comply with requirements of Franchisor and to install and replace signs and advertising devises upon the Premises all of which shall be erected in such a way to conform with existing municipal building laws, ordinances and codes. In connection therewith, Tenant may renovate or remodel the Premises.~~
- ~~10. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.~~
- ~~11. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Franchisor as follows:~~

~~Upgrade Labs Franchise, Inc.
Attn: Legal Department
1742 Emerald Cove Circle
Cape Coral, Florida 33991~~

~~or such other address as Franchisor shall specify by written notice to Landlord.~~

12. ~~Under the Franchise Agreement, any lease for the location of an Upgrade Labs Center is a subject to Franchisor's approval. Accordingly, unless the Lease, in final form to be signed, has been pre-approved in writing by Franchisor, the Lease is contingent upon such approval.~~

~~WITNESS the execution hereof under seal.~~

~~LANDLORD: _____ TENANT: _____~~

~~NAME: _____ NAME: _____~~

~~TITLE: _____ TITLE: _____~~

~~DATE: _____ DATE: _____~~

~~Subscribed and sworn to before me this ____ day
of _____, _____.~~

~~Subscribed and sworn to before me this ____
day of _____, _____.~~

~~Notary Public~~

~~My Commission expires: _____~~

~~Upgrade Labs FDD – January 2024~~

~~UL – 05/25 Franchise Agreement 2~~
~~Exhibit C~~

~~Notary Public~~

~~My Commission expires: _____~~

~~Date: _____~~

~~Print Name: _____~~

~~Address: _____~~

~~Upgrade Labs FDD – January 2024~~

~~2UL – 05/25 Franchise Agreement 2~~
~~Exhibit C~~

EXHIBIT D TO THE UPGRADE LABS FRANCHISE AGREEMENT EFT AUTHORIZATION FORM

Bank Name: _____
ABA# : _____
Acct. No.: _____
Acct. Name: _____

Effective as of the date of the signature below, **[Franchisee Name]** (the “Franchisee”) hereby authorizes Upgrade Labs Franchise, Inc. (the “Company”) or its designee to withdraw funds from the above referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Company or its affiliates under the franchise agreement dated _____ (the “Franchise Agreement”) for the Upgrade Labs Center located at: _____ (the “Franchised Center”): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Company or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Company or its affiliates; and (iv) all other fees and amounts due and owing to Company or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Company (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

~~Such withdrawals shall occur on a weekly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. **[Franchisee Name]** shall provide Company, in conjunction with this authorization, a voided check from the above referenced account.~~

AGREED:

FRANCHISEE

[INSERT FRANCHISEE NAME]

By: _____

Name (Print): _____

Its: _____

FRANCHISOR APPROVAL

UPGRADE LABS FRANCHISE, INC.

By: _____

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

EXHIBIT E TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

*(for trained employees, officers, directors, general partners, members, Designated Managers
and any other management personnel of Franchisee)*

In consideration of my ~~being a [INSERT TITLE/ROLE WITH FRANCHISEE]~~ role (as indicated on the signature page of this Agreement) with _____ (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from Upgrade Labs Franchise, Inc. (the “Company”) to: (i) establish and operate a franchised Upgrade Labs Center (the “Franchised Center”); and (ii) use in the operation of the Franchised Center the Company’s trade names, trademarks and service marks (collectively, the “Proprietary Marks”) and the Company’s unique and distinctive format and system relating to the establishment and operation of Upgrade Labs Centers (the “System”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: identified on the signature page of this Agreement (the “Franchised Location”).

_____ (the “Premises”).

1. The Company possesses certain proprietary and confidential information relating to the operation of the Franchised Center and System generally, including without limitation: Company’s proprietary and confidential Operations Manual and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Franchised Center (collectively, the “Manual”); the Company’s proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Center; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Franchised Center and other Upgrade Labs Centers; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Franchised Center; and any techniques, methods and know-how related to the operation of Upgrade Labs Centers or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the “Confidential Information”).

2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. ~~As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of~~ in my role with the Franchisee, the Company and the Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manual, and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Center during the term hereof, and the use or duplication of the Confidential Information, in whole or in part, for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties ~~as [INSERT TITLE] of~~ with the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of the Franchisee under the Franchise Agreement.

6. I will surrender any material containing some or all of the Confidential Information to the Company, upon request, or upon conclusion of the use for which the information or material may have been furnished.

7. ~~Except as otherwise approved~~This Section 7 shall only apply in writing the event that I am the Designated Manager or another manager of the Franchised Center, or an officer/director/manager/partner of the Franchisee that has not already executed a personal guaranty agreeing to be bound by the Company, terms of the Franchise Agreement. I shall not, while in my position with the Franchisee and for a two (2) year period thereafter, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, or other business entity: (i) own an interest in, maintain, operate, engage in, be employed by or serve as an officer, director, manager, employee, consultant, representative, or agent for, lend money or extend credit to, lease or sublease space to, or have any interest in or involvement with, any other business that (a) offers or provides adaptive cardio, neurofeedback, PEMF, and many other technologies intended to supercharge clients' bodies, minds and spirits, and/or the other types of Approved-products and services offered by an Upgrade Labs Center (each, a "Competing Business"),") or (b)-offers offer or grants grant licenses or franchises, or establishes establish joint ventures, for the ownership or operation of a Competing Business; or (ii) divert, or attempt to divert, any prospective customer to a Competing Business in any manner. There is no geographical limitation on these restrictions while I hold a position with the Franchisee. For a two (2) year period thereafter, these restrictions shall apply: (i) at or within a twenty five (25) mile radius of the Franchised Location; and (ii) within a twenty five (25) mile radius of any other Upgrade Labs Center.

~~1.1 — Post Term Restrictive Covenant for Designated Manager of Franchised Center or Managers/Officers/Directors of Franchisee. In the event I am a manager of the Franchised Center, or an officer/director/manager/partner of Franchisee that has not already executed a personal guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of two (2) years after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a twenty five (25) mile radius of the Premises; or (ii) within a twenty five (25) mile radius of any other Upgrade Labs Center that exists at the time my employment with Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location, or undertake any action to divert business from the Franchised Center to any Competing Business or solicit any of the former customers of Franchisee for any competitive business purpose, during this two (2) year period following the termination or expiration of my employment with the Franchisee.~~

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security. I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. I shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

12. Franchisee shall make all commercially reasonable efforts to ensure that I act as required by this Agreement.

13. Any failure by the Company to object to or take action with respect to any breach of this Agreement by me shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by me.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA AND I HEREBY IRREVOCABLY SUBMIT MYSELF TO THE JURISDICTION OF THE STATE COURT CLOSEST TO THE COMPANY'S THEN-CURRENT HEADQUARTERS. I HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. I HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ME IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY FLORIDA OR FEDERAL LAW. I FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, THE COMPANY MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

15. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which the Company is a part, I expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

16. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

17. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, to the respective party at the following address unless and until a different address has been designated by written notice. The notice shall be addressed to (a) the Company at Upgrade Labs Franchise, Inc., ~~1742 Emerald Cove Circle, Cape Coral~~ 9295 Lake Park Drive, P203, Fort Myers, Florida ~~33994~~ 33919; and (b) to me at the address listed with my signature below. Any notices sent by personal delivery shall be deemed given upon receipt. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties.

~~days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties.~~

18. The rights and remedies of the Company under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns.

IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date noted below.

UNDERSIGNED

Signature: _____

Name: _____

Home Address: _____

Role or Title with Franchisee: _____

ACKNOWLEDGED BY FRANCHISEE

[FRANCHISEE NAME]

By: _____

Name: _____

Title: _____

Effective Date: _____

Franchised Center Franchised Location: _____

EXHIBIT E TO UPGRADE LABS FRANCHISE AGREEMENT

FORM OF ADDENDUM TO LEASE

This Addendum to the Lease Agreement (this “Addendum”) between _____ (“Landlord”) and _____ (“Tenant”) is entered into as of the effective date noted on the signature page of this Addendum.

RECITALS

Landlord has agreed to lease the premises at _____ (the “Premises”) to Tenant pursuant to the Lease Agreement between the parties dated as of _____ (the “Lease”).

Pursuant to an Upgrade Labs Franchise Agreement to be entered into between Upgrade Labs Franchise, Inc. (“Franchisor”) and Tenant (the “Franchise Agreement”), Franchisor shall grant Tenant the right to operate a franchised Upgrade Labs Center at the Premises.

Pursuant to the Franchise Agreement, Tenant is required to request that Landlord include certain provisions in the Lease.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties are entering into this Addendum:

1. **Right to Enter:** Franchisor shall have the right to: (i) enter the Premises to make any modifications or alterations necessary to protect the Upgrade Labs System and Franchisor’s trademarks that would not violate the terms of the Lease; and (ii) cure, within the time periods provided by the Lease, any default under the Lease, all without being guilty of trespass or other tort, and to charge Tenant for these costs.

A. Landlord agrees that, following the expiration or earlier termination of the Franchise Agreement, Tenant shall have the right to make those alterations and modifications to the Premises as may be necessary to clearly distinguish to the public the Premises from an Upgrade Labs Center and also make those specific additional changes as Franchisor reasonably may request for that purpose.

B. Landlord also agrees that, if Tenant fails to promptly make such alterations and modifications, Franchisor shall have the right to do so without being guilty of trespass or other tort so long as Franchisor makes any necessary repairs to the building caused by such removal.

2. **Assignment:**

A. Tenant may assign the Lease to Franchisor, or its designee, with Landlord’s consent (which consent shall not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to Landlord. Landlord agrees to consent to Tenant’s collaterally assigning the Lease to Franchisor and granting Franchisor the option, but not the obligation, to assume the Lease from the date Franchisor takes possession of the Premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

B. If Franchisor assumes the Lease, as provided above, Franchisor may, with Landlord’s prior written consent (which consent shall not be unreasonably withheld), further assign the Lease to another franchisee or licensee of Franchisor to operate the Upgrade Labs Center at the Premises provided that the

UL – 05/25 Franchise Agreement ~~Upgrade Labs FDD – January 2024~~

following criteria are met: (a) Franchisor has an established franchising program for Upgrade Labs Centers; and (b) the proposed franchisee or licensee has met all of Franchisor's applicable program criteria and requirements and has executed Franchisor's standard franchise agreement. Upon such assignment, Franchisor shall be released from any further liability under the terms and conditions of the Lease, provided, however, that this Addendum to Lease shall remain in full force and effect.

3. **Tenant's Obligations:** Landlord acknowledges and agrees that Tenant shall be solely responsible for all obligations, debts and payments under the Lease.

4. **Default Under Franchise Agreement:** Any default under the Lease which is not cured by Tenant within the applicable cure period shall also constitute grounds for termination of the Franchise Agreement.

5. **Exclusive Use.** Landlord agrees that, during the term of the Lease, Tenant shall have the exclusive right to engage in the offering of offering longevity/fitness services (including adaptive cardio, neurofeedback, pulsed electromagnetic field therapy, cell trainer, legendary, and other biohacking technologies) at the Premises and within the [shopping center] [facility] [property] in which the Premises is located. Landlord agrees that it shall not lease, rent, or license any portion of the [shopping center] [facility] [property] in which the Premises is located, including but not limited to any other unit, space, or premises within such [shopping center] [facility] [property], to any third party for the purpose of operating a business that is the same as or substantially similar to Upgrade Labs Centers including any longevity/fitness centers. This restriction shall not apply to: (i) any existing tenants within the [shopping center] [facility] [property], as of the effective date of the Lease who currently operate or are permitted to operate a similar business; (ii) any future tenants who do not primarily engage in the restricted business but may incidentally offer similar goods or services; or (iii) [any additional agreed-upon exceptions]. Landlord agrees that it shall advise other tenants, and any future landlord, of Tenant's exclusivity rights as set forth herein and shall not allow any other party to violate the terms of this exclusivity provision. If a violation occurs, Tenant, in addition to any other rights it may have in law or equity shall have the right to terminate this Lease upon thirty (30) days prior written notice.

6. **Notice:** Landlord and Tenant agree to provide Franchisor (at the same time sent to or received by Tenant) a copy of all amendments, assignments and notices of default pertaining to the Lease and the Premises at the following address, or to such other address as Franchisor may provide to Landlord from time to time:

Upgrade Labs Franchise, Inc.
Attn: Legal Department
9295 Lake Park Drive, P203
Fort Myers, Florida 33919

7. **Amendment of Lease:** Landlord and Tenant agree not to amend or otherwise modify the Lease in any manner that would affect any of the foregoing requirements without Franchisor's prior written consent, which consent shall not be unreasonably withheld.

8. **Third Party Beneficiary.** Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date noted below.

LANDLORD:

By: _____

Print Name: _____

Title: _____

Effective Date: _____

TENANT:

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT ~~OF TELEPHONE NUMBERS AND DOMAIN NAMES~~ POWER OF ATTORNEY

~~_____~~, doing business as an Upgrade Labs Center (the "Assignor"), in exchange for valuable consideration provided by Upgrade Labs Franchise, Inc. ("Assignee"), receipt of which is hereby acknowledged, ~~This Conditional Assignment and Power of Attorney ("Assignment") is made by and between Upgrade Labs Franchise, Inc. ("Franchisor") and ("Franchisee") and shall be effective as of the Effective Date on the signature page of this Assignment.~~

FOR VALUE RECEIVED, and pursuant to Franchisee's obligations under the Upgrade Labs Franchise Agreement dated as referenced below by and between Franchisor and Franchisee (the "Franchise Agreement"). Franchisee hereby conditionally assigns to Assignee Franchisor all of Franchisee's right, title and interest in and to those certain telephone numbers and domain names, as well as any email addresses, and on-line directory listings associated therewith, utilized by Assignor in the operation of its Upgrade Labs Center located at _____ (collectively, the "Assigned Property"). used from time to time in connection with Franchisee's operations under the Franchise Agreement.

1. Assignment.

- (a) Upon termination or expiration of the Franchise Agreement (without renewal or extension), Franchisor will have the right (and Franchisor is hereby empowered) to implement this Assignment, and, in such event, Franchisee will have no further right, title or interest in the Assigned Property includes the following: but will remain liable to the telephone company, domain name registrars, email service providers, and/or the listing agencies (all such entities are collectively referred to herein as the "Company") for all past due fees owing to the Company on or before the effective date of this Assignment.

~~Telephone Number(s):~~

~~Domain Name(s) (as permitted by Franchisee acknowledges and agrees that as between Franchisor under the Franchise Agreement):~~

- (b) ~~The conditional agreement will become effective automatically and Franchisee, upon termination, or expiration of Assignor's franchise agreement with Assignee. Upon the Franchise Agreement (without renewal or extension), Franchisor will have the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrars sole right to assure the effectiveness of the assignment of and interest in the Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.~~

~~Assignor agrees~~

2. Power of Attorney.

(a) Franchisee appoints Franchisor as Franchisee's true and lawful attorney in fact to ~~pay~~ direct the telephone company and/Company to assign same to Franchisor (or ~~domain name registrar, on or before to the effective date of~~ party Franchisor designates) and execute such documents and take such actions as may be necessary to effectuate the assignment, ~~all amounts owed for the use of~~. Upon such event, Franchisee will immediately notify the Company to assign the Assigned Property ~~up to the date~~ to Franchisor (or Franchisor's designee). If Franchisee fails to promptly direct the Company to assign the Assigned Property to Franchisor (or Franchisor's designee), Franchisor may direct the Company to effectuate the assignment contemplated hereunder to Franchisor (or Franchisor's designee).

(b) The parties agree that the Company may accept Franchisor's written direction, the Franchise Agreement or this Assignment ~~becomes effective. Assignor~~ as conclusive proof of Franchisor's exclusive rights in and to the Assigned Property upon such termination or expiration (without renewal or extension) and that such assignment will be made automatically and immediately effective upon the Company's receipt of such notice from Franchisor or Franchisee.

(c) The parties further ~~agrees to indemnify Assignee for~~ agree that if the Company requires that the parties execute the Company's assignment forms or other documentation at the time of termination or expiration (without renewal or extension) of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee will be sufficient to document that Franchisee has given its consent and agreement to the assignment.

(d) The parties agree that at any ~~sums Assignee must pay the telephone company or domain name registrar to effectuate~~ time after the date hereof, they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration (without renewal or extension) of the Franchise Agreement.

This Assignment will inure to the benefit of Franchisor and will be binding upon Franchisee and its successors and assigns.

IN WITNESS WHEREOF, the parties to this ~~agreement, and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as the Assignee, in effectuating~~ Assignment have executed and delivered this Assignment effective as of the Effective Date referenced below.

ASSIGNOR:

[Insert Assignor Name]

BY: _____ Date: _____

NAME: : _____

TITLE: _____

ASSIGNEE:

UPGRADE LABS FRANCHISE, INC.

BY: _____ Date: _____

NAME: : _____

~~TITLE:-~~

FRANCHISOR:
UPGRADE LABS FRANCHISE, INC.,
a Delaware corporation

FRANCHISEE:
_____,
a _____

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

Date: _____

DATE OF THE UPGRADE LABS FRANCHISE AGREEMENT
BETWEEN THE PARTIES: _____

EXHIBIT C

DEVELOPMENT AGREEMENT



UPGRADE LABS DEVELOPMENT AGREEMENT

~~Upgrade Labs FDD—January 2024~~

~~[UL – 05/25 Development Agreement](#)~~

DEVELOPER:

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EXHIBIT A - DEVELOPMENT INFORMATION

Upgrade Labs FDD – January 2024

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EXHIBIT B – ~~Statement of Ownership~~ OWNERSHIP INTERESTS

EXHIBIT C - PERSONAL GUARANTEE AND ASSUMPTION OF OBLIGATIONS

~~Upgrade Labs FDD~~ – January 2024

~~2~~ UL – 05/25 Development Agreement

UPGRADE LABS DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “Agreement”) is ~~made and~~ entered into ~~as of~~

~~_____ (“Effective Date,”) by and between UPGRADE LABS FRANCHISE, INC., a Delaware corporation with its principal place of business at 1742 Emerald Cove Circle, Cape Coral, Florida 33991 (“we”, “us” or “Franchisor”) and _____ a [resident of] [corporation organized in] [limited liability company organized in] with its principal place of business at _____ (“the person(s) or entity identified on the signature page to this Agreement (“you” or “Developer”).”) as of the date noted on the signature page of this Agreement (the “Effective Date”).~~

RECITALS

~~Franchisor We and its our~~ affiliates, ~~as a result of the expenditure of time, skill, effort, and money,~~ have developed and own a ~~unique proprietary~~ system (“the “System”) ~~related relating~~ to the establishment, ~~development, opening,~~ and operation of ~~a business businesses~~ that ~~features feature~~ certain products and non-invasive treatments such as ~~artificial intelligence~~ adaptive cardio, neurofeedback, pulsed electromagnetic field therapy (“PEMF”), ~~cell trainer, legendary,~~ and many other ~~biohacking~~ technologies intended to supercharge clients’ bodies, minds and spirits ~~provided to clients in a spa-like setting~~ (the “Approved Products and Services”) provided to clients ~~by trained staff in a spa-like setting using the Upgrade Labs brand, operating system and standards~~ (each, an “Upgrade Labs Center” or “Center”).

~~The System is comprised of various proprietary and, in some cases, The~~ distinguishing ~~elements, including without limitation: characteristics of the System include our~~ proprietary methodology and procedures for the establishment and operation of ~~an Upgrade Labs~~ Center; site selection guidance and criteria; specifications for the design, layout and construction of the interior of ~~the a~~ Center; standards and specifications for the furniture, fixtures and equipment located within a Center; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for sales techniques, merchandising, marketing, advertising, inventory management systems, advertising, bookkeeping, sales and other aspects of operating a Center. ~~Franchisor We~~ may change, improve, ~~add to, delete from, and~~ further develop, ~~or otherwise modify the elements of~~ the System from time to time ~~as it deems appropriate in its discretion.~~

~~The System and the Centers are identified by We identify the System and the Centers operating under it by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the mark UPGRADE LABS®, as well as certain other trade names, trademarks, service marks and trade dress, all of which Franchisor as we~~ may ~~modify, update, supplement or substitute designate~~ in the future ~~(collectively, for use in connection with the System (the “Proprietary Marks”). Franchisor has We have~~ established substantial goodwill and business value in ~~its the Proprietary Marks, expertise and System, and such goodwill inures solely to the our and our affiliates’ benefit of Franchisor and its affiliates.~~

~~Franchisor grants qualified third parties You desire to be granted the opportunity, and we desire to grant to you the right, to develop multiple a specified number of franchised Upgrade Lab Labs Centers (collectively, the “Franchised Centers” and individually, a “Franchised Center”) within a specified geographic area.~~

~~Concurrently with signing this Agreement, we and you or your Controlled Affiliate (as defined geographical area (the “Development Area”)- in accordance with a development schedule that must be strictly adhered to, with each Center within the Development Area being opened and operating utilizing the Proprietary Marks and System pursuant to the terms and conditions set~~

~~forth in a separate form of Franchisor's then current Section 1.1.C) have signed a franchise agreement (each, a "for the operation of an Upgrade Labs Business (the "Current Franchise Agreement").~~

~~A. Developer recognizes the benefits from receiving the right to operate a Center and desires to become a multi-unit Upgrade Labs Center operator subject~~ NOW, THEREFORE, in recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account all of the promises and commitments that they are each making to the terms of this Agreement and receive the benefits provided by Franchisor under this Agreement.

~~B. Developer has applied for the right to open and operate multiple Centers within the Development Area as set forth~~ one another in this Agreement, and Franchisor has approved such application in reliance on Developer's representations made therein.

~~NOW THEREFORE~~, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby ~~they~~ agree as follows:

AGREEMENT

~~NOW THEREFORE~~, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

1.1 Development Rights.

~~Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish a specified number of franchised Centers (the “Franchised Centers”) as indicated in Exhibit A and within the Development Area defined in Exhibit A to this Agreement, provided Developer opens and commences operations of such Centers in strict accordance with the mandatory development schedule also set forth in Exhibit A (the “Development Schedule”) and otherwise subject to the terms and conditions set forth in this Agreement. During the term of this Agreement and except as provided herein, Franchisor will not open or operate, or license any third party the right to open or operate, any Centers within the Development Area.~~

A. _____ Developer acknowledges that this Agreement We hereby grant to you (and/or any of your approved Controlled Affiliates, subject to the terms and conditions set forth in this Agreement, the right to develop Franchised Centers at specific locations to be designated in separate Upgrade Labs Franchise Agreements (each a “Franchise Agreement”) pursuant to the schedule set forth in Exhibit A to this Agreement (the “Development Schedule”). Each Franchised Center developed pursuant to this Agreement shall be located within the area designated on Exhibit A (the “Development Area”).

A.B. This Agreement is not a Franchise Agreement and. It does not confer upon Developer any rights to give you the right to operate Upgrade Labs Centers or use the Proprietary Marks or System. This Agreement only gives Developer you the opportunity to enter into Franchise Agreements for the operation of Upgrade Labs Centers at locations approved by Franchisor us in the Development Area. Each Franchised Center developed pursuant to this Agreement shall be established and operated in strict accordance with a separate Franchise Agreement. Developer has You have no right to use the Proprietary Marks in connection with any business other than a Franchised Center operating under a license contained in a Franchise Agreement. Franchisor We and its our affiliates retain all rights not granted by this Agreement.

A. — Reserved Rights.

C. _____ Notwithstanding anything contained in Section 1.01 or otherwise in this Agreement, Franchisor and its affiliates hereby A “Controlled Affiliate” means any corporation, limited liability company or other entity of which you or

one or more of your owners owns more than fifty percent (50%) of the total authorized ownership interests, as long as you or such owner(s) have the right to control the entity's management and policies.

1.2 Territorial Rights. Provided you and your Controlled Affiliates are in full compliance with this Agreement and all other agreements between you (or any of the Controlled Affiliates) and us (or any of our affiliates), including the Current Franchise Agreement, then, during this Agreement's term only, except as otherwise provided in this Agreement, neither we nor our affiliates will operate, or authorize any other party to operate, an Upgrade Labs Center, the physical premises of which are located within the Development Area.

1.2.1.3 Reservation of Rights. Except as expressly limited by Section 1.2, we and our affiliates retain all rights with respect to Upgrade Labs Centers, the Proprietary Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire. During this Agreement's term, we reserve the **exclusive right** following rights to:

A. ~~(i)~~ establish and operate, and license any third party the right to establish and operate, other Upgrade Labs Centers using the Proprietary Marks and System at any location outside of the Development Area;

B. ~~(ii)~~ market, offer and sell products and services that are similar to the products and services offered by Upgrade Labs Centers under a different trademark or trademarks at any location, within or outside the Development Area;

C. ~~(iii)~~ use the Proprietary Marks and System, and other such marks ~~Franchisor may designate, designated by us~~ to distribute the Approved Services/Products and/or ~~Approved Products, or similar products and services to those offered at Centers, Services~~ in any alternative channel of distribution, within or outside the Development Area (including ~~through the Internet e-commerce,~~ mail order, catalog sales, toll-free numbers, traditional retail outlets, wholesale stores, etc.); ~~(iv).~~

~~C.D.~~ acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside the Development Area;

~~D.E.~~ ~~(v)~~ establish and operate, and license any other party the right to establish and operate, businesses using the Proprietary Marks and System in ~~the Development Area that are located in~~ "Non-Traditional Sites" including, but not limited to, amusement parks, military bases, college campuses, hospitals, airports, ~~train and other transportation centers,~~ sports arenas and ~~stadia and stadiums,~~ any other kind of captive market venue, train stations, travel plazas, toll roads, and casinos, both within or outside the Development Area; and

~~E.F.~~ ~~(vi)~~ use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in this Agreement.

1.3.1.4 C. — No Subfranchising Rights. This Agreement does not give ~~Developer~~ you any right to franchise or subfranchise others to operate Upgrade Labs Centers. ~~Only Developer~~ Only you (and/or your Controlled Affiliates) may develop, open, and operate the Franchised Centers contemplated by this Agreement and only pursuant to signed Franchise Agreements. Although you may reference your rights and obligations under this Agreement in discussions with landlords, employees, and others with whom you may deal in connection with the Franchised Centers, this Agreement does not grant you any rights to use, or authorize others to use, the Proprietary Marks in any manner. Your right to use the Proprietary Marks arises only under the Franchise Agreements. We or our affiliates own all rights to the Proprietary Marks and your use of the

Proprietary Marks in any way, other than pursuant to signed Franchise Agreements, is an infringement of our (and our affiliates’) rights and a breach of this Agreement.

~~—D.—~~ **Forms of Agreement.**

~~1.4.1.5 Developer acknowledges~~ You acknowledge that, over time, ~~Franchisor has~~ we have entered, and will continue to enter, into agreements with other ~~developers~~ franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that ~~Franchisor~~ we and ~~its~~ our affiliates and other ~~developers~~ franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

~~E.—~~ **Best Efforts.**

~~1.5.1.6 Developer agrees-~~ You agree that ~~it~~ you will at all times faithfully, honestly and diligently perform ~~its~~ your obligations under this Agreement, that ~~it~~ you will continuously exert ~~its~~ your best efforts to ~~develop, promote and enhance~~ the ~~business~~ development of the Franchised Centers, and that ~~it~~ you will not engage in any other business or activity that may conflict with ~~its~~ your obligations under this Agreement, except the operation of ~~other Upgrade Lab~~ the Franchised Centers.

~~2. —~~ **DEVELOPMENT FEE**

~~Developer shall~~ When you sign this Agreement, you must pay ~~Franchisor~~ us a development fee ~~in the amount of Sixty Five Thousand Dollars (\$65,000) for the first Franchised Center, \$60,00 for the second through the fourth Center and \$50,000 for each additional center~~ Franchised Centers that you agree to develop ~~within the Development Area~~ under this Agreement (~~the “Development Fee”~~). ~~A downpayment of \$20,000 per center Development Fee is paid by you as set forth~~ in the amount identified on Exhibit A- (~~the “Development Fees”~~). The Development Fee ~~downpayment is fully earned by us when this Agreement is signed and is not refundable under even if you fail to develop any circumstances and is payable in full immediately upon execution of this Agreement.~~ Franchised Centers. We will apply a credit in the amount of the Development Fee ~~downpayment~~ paid for each Franchised Center against the initial franchise fee that is due under the Franchise Agreement for each Franchised Center.

~~3. —~~ **INITIAL FRANCHISE AGREEMENT**

~~Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor’s current form of Franchise Agreement (the “Initial Franchise Agreement”) for the first Franchised Center that Developer is required to open within the Development Area. Developer’s owners, and each of their spouses, if applicable, must each execute the form of Guarantee, Indemnification and Acknowledgement attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 4 of this Agreement.~~

~~4. —~~ **ADDITIONAL FRANCHISE AGREEMENTS**

~~3. —~~ **DEVELOPER AGREES AND ACKNOWLEDGES THAT IT MUST: (I) ENTER INTO FRANCHISOR’S THEN-CURRENT FORM OF FRANCHISE AGREEMENT FOR EACH ADDITIONAL FRANCHISED**

~~CENTER THAT DEVELOPER IS REQUIRED TO OPEN UNDER THIS AGREEMENT; AND (II) ENTER INTO SUCH DEVELOPMENT SCHEDULE~~

3.1 Development Schedule

A. To maintain your rights under this Agreement, you (and/or your Controlled Affiliates) must: (1) obtain our approval of a site and sign a Franchise Agreement for each of the agreed-upon number of Franchised Centers by the dates specified in the Development Schedule, and (2) have open and operating within the Development Area the agreed-upon number of Franchised Centers by the dates specified in the Development Schedule. You (or a Controlled Affiliate) will operate each Franchised Center under a separate Franchise Agreement with us. The Franchise Agreement that you (or your Controlled Affiliate) will sign for each Franchised Center will be our then-current form of Franchise Agreement except that the initial franchise fee will reflect the fee structure set forth in Exhibit A. To retain your rights under this Agreement, you must operate each Franchised Center that you open pursuant to this Agreement continuously throughout this Agreement's term in full compliance with the applicable Franchise Agreement.

B. Before executing any binding letter of intent, lease, purchase agreement or other document by which you would commit to occupy or acquire a location for any Franchised Center that you will develop under this Agreement, you must obtain our acceptance of the site for the Franchised Center in accordance with the site selection procedures set forth in Section 3.2, execute and deliver to us copies of our then-current standard form of Franchise ~~Agreements at~~ Agreement with respect to such Franchised Center, pay the initial franchise fee to us in accordance with the terms of such ~~times that are required for Developer to timely meet, and strictly adhere to, its obligations under the agreed-upon Development Schedule.~~ Franchise Agreement and we must countersign such Franchise Agreement.

~~A.C.~~ Notwithstanding anything to the contrary in any Franchise Agreement that is signed after the Current Franchise Agreement, for each additional Franchised Center, ~~Franchisor is that you develop we are~~ not required to provide the initial Franchise Training Program ~~or~~ Pre-Opening Sales Program to Developer or its personnel. ~~Training; or on-site Center Launch Assistance (as each term is defined in the Current Franchise Agreement).~~ For the your second Franchised Center ~~developed by Developer, Franchisor, we~~ shall provide a prescribed training refresher course for Developer's your Principal Owner ~~and Designated Manager~~ (as defined in Section 4.1 below) and the manager for that Franchised Center at least thirty (30) days before the opening of the Franchised Center. ~~Developer~~ You will be responsible for all expenses incurred in connection with attending this refresher training. Thereafter, ~~Developer~~ you shall be responsible for training ~~its~~ your personnel who will manage and operate ~~its~~ your Franchised Centers.

~~5. DEVELOPMENT OBLIGATIONS~~

~~Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the required number of new Franchised Centers during each development period set forth in the Development Schedule (each, a "Development Period"); and (ii) has the minimum cumulative number of Franchised Centers open and operating at the expiration of each Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer's failure to comply with the Development Schedule is grounds for immediate termination of this Agreement (and any future development rights granted hereunder).~~

3.2 ~~6.~~ DEVELOPER'S Site Selection

A. We will provide you with a copy of our site selection guidelines and minimum requirements for the location of Upgrade Labs Centers. Our requirements may include standards and specifications regarding accessibility, available parking, and minimum square footage for certain portions of Upgrade Labs Centers (such as customer reception areas, treatment areas, restrooms, and back-office areas).

B. You must submit a site application for one or more proposed sites within the Development Area for each Franchised Center, in the form specified by us, and a completed site evaluation package that includes a copy of the site plans, photographs, demographic information, financial information, and such other information and materials as we may reasonably require, together with option contracts, letters of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining ownership or leasehold interests in the sites. If we determine that an on-site evaluation is necessary, then you must reimburse us for the expenses incurred in connection with such an evaluation.

C. We will use reasonable efforts to review any proposed site within thirty (30) days of receiving all reasonably requested information from you. If we do not provide our specific acceptance of a proposed site within this thirty (30)-day period, the proposed site will be deemed rejected. We may require you to use an approved supplier for site selection and other assistance related to securing an accepted site for a Franchised Center. You must obtain our written acceptance of a site before you make any binding commitments related to the site. Our acceptance or rejection of a site may be subject to reasonable conditions as we determine in our sole discretion.

D. You agree that our acceptance of a site for a Franchised Center and any information communicated to you regarding our site selection criteria for an Upgrade Labs Center does not constitute a warranty or representation of any kind, express or implied, as to the suitability of any site for the Franchised Center or for any other purpose. Our acceptance of a site is not a representation or a promise by us that the Franchised Center at the site will achieve certain revenues or a certain level of profitability. Similarly, our acceptance of one or more sites and our rejection of other sites is not a representation or a promise that the accepted site will have higher revenues or be more profitable than a site that we rejected.

E. You agree that the decision to develop and operate a Franchised Center at a site that we accept is based solely on your own independent investigation of the suitability of that site for a Franchised Center. We assume no liability or responsibility for: (1) evaluation of the soil of the site for hazardous substances; (2) inspection of any structure at the site for asbestos or other toxic or hazardous materials; (3) compliance with the Americans with Disabilities Act (“ADA”); or (4) compliance with any other applicable law. It is your sole responsibility to obtain satisfactory evidence and/or assurances that the site and any structures on the site are free from environmental contamination and in compliance with the requirements of the ADA.

3.3 Lease Conditions. We have the right to require you and the landlord for the premises of a Franchised Center to sign our then-current form of Lease Addendum (our current form of which is attached to the Current Franchise Agreement) as a condition to giving our approval to your lease.

3.4. YOUR MANAGEMENT AND ORGANIZATION ~~AND MANAGEMENT~~

A. ~~Developer's Organization~~

4.1 ~~If Developer is~~ Principal Owner. If you are an entity or a group of individuals, you must appoint one of your owners who is an individual to serve as your “Principal Owner.” If you are an individual, you will serve as the Principal Owner. To serve as a Principal Owner, the individual must be an owner of yours who: is authorized to initiate and receive communications between us and you; has authority over all business decisions related to the development of the Franchised Centers; has the power to bind you in all dealings with us in our relationship under this Agreement; and must have signed and delivered to us the Personal Guarantee and Assumption of Obligations attached to this Agreement as Exhibit C. You further acknowledge and agree that Principal Owner will be the single liaison for all matters between the parties to this Agreement; will be solely responsible for communicating all relevant information to your other owners; and will be considered by us as the only owner authorized to make decisions on your behalf. Any decision made by the Principal Owner will be deemed to have the full force and effect as if all of your owners made the decision. As of the Effective Date, the individual who will

serve as the Principal Owner is specified in Exhibit A of this Agreement. You may not change the Principal Owner without our prior written approval.

4.2 Your Organizational Structure

A. If you are a legal entity such as a corporation, a limited liability company or a partnership, ~~Developer makes you make~~ the following representations and warranties: ~~(a) Developer is~~ 1) you are duly organized and validly existing under the laws of the state of ~~its~~ your formation; (b) ~~Developer is~~ you are qualified to do business in the state or states in which the Development Area is located; (c) execution of this Agreement and the development and operation of the Franchised Centers is permitted by ~~Developer's~~ your governing documents; and (d) unless waived in writing by ~~Franchisor, Developer's~~ us, your articles of incorporation, articles of organization or written partnership agreement shall at all times provide that ~~Developer's~~ your activities are limited exclusively to the development and operation of ~~the Franchised~~ Upgrade Lab Centers.

If ~~Developer is~~ you are an individual, or a partnership comprised solely of individuals, ~~Developer makes you make~~ the following additional representations and warranties: ~~(a)~~ 1) each individual has executed this Agreement; ~~(b)~~ 2) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and

B. ~~(e)~~ (3) notwithstanding any transfer to a business entity, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement.

~~B.—Ownership Interests.~~

~~3.2.4.3 If Developer is a business entity, all interests in Developer are owned as set forth in~~ Information. You and each of your owners represent and warrant that the ownership information on Exhibit B. ~~Developer to this Agreement is correct and complete as of the Effective Date. You must comply with the transfer requirements of Section 9.7 prior to any change in your ownership interests and. You must sign addenda to Exhibit B maintain a current list of all stockholders, general partners, limited partners, members, or other direct or indirect beneficial owners (as changes occur in order applicable) and furnish the list to ensure the information contained in the Exhibit B is true, accurate and complete at all times. us upon request.~~

~~3.3.4.4 Governing Documents. Upon our request by Franchisor, Developer shall, you must~~ promptly deliver to ~~Franchisor~~ us, as applicable, true and complete copies of the articles or certificate of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to ~~Developer's~~ your ownership, organization, capitalization, management and control and all amendments thereto. When any of these governing documents are modified or changed, ~~Developer~~ you promptly shall provide copies to ~~Franchisor~~ us. If ~~Developer~~ your entity is a corporation, ~~Developer~~ you shall maintain stop transfer instructions against the transfer on the records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: “Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Upgrade Labs Area Development Agreement and Franchise Agreement(s) to which the corporation is a party.” If ~~Developer~~ your entity is a limited liability company, each membership or management certificate shall have conspicuously endorsed upon its face the following statement: “Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Upgrade Labs Area Development Agreement and Franchise Agreement(s) to which the limited liability company is a party.” If ~~Developer is~~ you are a partnership, ~~Developer's~~ your written partnership agreement shall provide that ownership of an interest in the partnership is held, and that further assignment or transfer thereof, is subject to all restrictions imposed on assignment by this Agreement ~~and any Franchise Agreement(s) to which the partnership is a party.~~

~~4.5~~ ~~7.~~ ~~TRADE SECRETS AND OTHER~~ Personal Guarantee. Your owners and each of their spouses, if applicable, must execute a Personal Guarantee and Assumption of Obligations in the form we prescribe (“Guarantee”), undertaking to be bound jointly and severally by the terms of this Agreement. The current form of Guarantee is attached to this Agreement as Exhibit C. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to waive the requirement that some or all of the previously described individuals sign the Guarantee. We also reserve the right to require any guarantor to provide personal financial statements to us from time to time. With respect to your owners, you acknowledge that, unless otherwise agreed to in writing by us, it is our intent to have individuals (and not corporations, limited liability companies or other entities) sign the Guarantee. Accordingly, if any owner is not an individual, we shall have the right to require individuals who have only an indirect ownership interest in your entity to sign the Guarantee. (By way of example, if an owner is a corporation, we have the right to require individuals who have an ownership interest in that corporation to sign the Guarantee.)

4.6 Confidentiality Agreements. Each person who is, or becomes, one of your executive officers must execute a Confidentiality and Restrictive Covenant Agreement in a form we prescribe, the current form of which is attached to the Current Franchise Agreement.

4.5. CONFIDENTIAL INFORMATION

~~4.15.1 A.~~ Confidentiality.

~~Developer acknowledges that Franchisor shall disclose trade secrets and other confidential information to Developer as a result of guidance furnished to Developer during the term of this Agreement. Developer shall not acquire any interest in the trade secrets or other confidential information, other than the right to use it in the development and operation of the Franchised Centers and in performing its duties during the term of this Agreement. Developer acknowledges that the use or duplication of the trade secrets or other confidential information in any other business venture would constitute an unfair method of competition. Developer acknowledges that the trade secrets and other confidential information are proprietary and are disclosed to Developer solely on the condition that Developer and all holders of a legal or beneficial interest in Developer (and any member of their immediate families or households), and all officers, directors, executives, managers, and members of the professional staff of Developer, and all employees and independent contractors of Developer who have access to trade secrets or other confidential information: (i) shall not use the trade secrets or other confidential information in any other business or capacity; (ii) shall maintain the absolute confidentiality of the trade secrets and other confidential information during and after the term of this Agreement; (iii) shall not make any unauthorized copies of any portion of the trade secrets or other confidential information disclosed in written or other tangible form; and (iv) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the trade secrets and other confidential information. Developer shall enforce this Section 7.A as to its employees, independent contractors, agents, and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of trade secrets or other confidential information by any of them.~~

~~B.~~ Improvements.

~~Developer agrees to disclose promptly to Franchisor any and all inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Developer or its employees or agents that are in any way related to the establishment or operation of the Franchised Center (collectively, the “Improvements”), all of which shall be automatically and without further action owned by Franchisor without compensation to Developer (including all intellectual property rights therein). Whenever requested to do so by Franchisor, Developer will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor’s interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Franchisor cannot~~

~~automatically own certain of the Improvements that may be developed, then Developer hereby agrees to grant Franchisor a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.~~

~~8. COVENANTS AND NON-COMPETE~~

~~A. Acknowledgements of Developer.~~

~~Developer acknowledges that, as a participant in the System, Developer will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that Franchisor has developed. As such, Developer agrees to the covenants in this Section to protect Franchisor, the System, the Proprietary Marks and Franchisor’s other developers and franchisees.~~

~~B. During the Term of this Agreement.~~

~~A. During the term of this Agreement, neither Developer nor its owners, nor any spouse or immediate family member of Developer or its owners, shall, directly or in directly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, corporation, limited liability company, or other business entity: (i) own a interest in~~You acknowledge and agree that: (1) we own all right, title and interest in and to the System; (2) the System includes trade secrets and confidential and proprietary information and know-how that gives us a competitive advantage; (3) we have taken all measures appropriate to protect the trade secrets and the confidentiality of the proprietary information and know-how of the System; (4) all material or other information now or hereafter provided or disclosed to you regarding the System is disclosed in confidence; (5) you have no right to disclose any part of the System to anyone who is not your employee; (6) you will disclose to your employees only those parts of the System that an employee needs to know; (7) you will have a system in place to ensure that your employees keep confidential our trade secrets and confidential and proprietary information, and, if requested by us, you shall obtain from those of your employees designated by us an executed confidentiality and non-disclosure agreement in the form prescribed by us; (8) by entering into this Agreement, you do not acquire any ownership interest in the System; and (9) your use or duplication of the System or any part of the System in any other business, or disclosure of any part of the System to others for use or duplication in any other business, would constitute an unfair method of competition, for which we would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

~~B. You shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or~~

perform, directly or indirectly, any other acts injurious or prejudicial to any of the Proprietary Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, techniques and other data that we or our affiliates designate as confidential shall be deemed confidential for purposes of this Agreement.

5.2 Consequences of Breach. You acknowledge that any failure to comply with the requirements of this Section 5 will cause us irreparable injury, and you agree to pay all costs (including, without limitation, reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 5.

6. COVENANTS

6.1 Restrictions On Competition

A. You acknowledge and agree that: (1) pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and other confidential information from us and/or our affiliates regarding the development, operation, product preparation and sale, market and operations research, advertising and marketing plans and strategies, purchasing, sales and marketing methods and techniques owned by us and our affiliates; (2) the know-how regarding the System and the opportunities, associations and experience acquired by you pursuant to this Agreement are of substantial value; (3) in developing the System, we and our affiliates have made substantial investments of time, effort, and money; (4) we would be unable adequately to protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable adequately to encourage a free exchange of ideas and information among operators of Upgrade Labs Centers if franchisees were permitted to engage in the activities described in this Section 6.1 or to hold interests in the businesses described in this Section 6.1; and (5) the restrictions on your right to hold interests in, or perform services for, the businesses described in this Section 6.1 will not unduly limit your activities.

B. You covenant and agree that, except as we otherwise approve in writing, during the term of this Agreement, and for a continuous period of two (2) years following the expiration, transfer or termination of this Agreement, you will not, either directly or indirectly, for yourself or through, on behalf of, or in conjunction with any person or legal entity:

(1) Own, maintain, operate, engage in, ~~be employed or serve as an officer, director, manager, employee, consultant, representative, or agent for, lend money or extend credit, grant a franchise to, advise, help, make loans~~ to, lease ~~or sublease space property~~ to, or have any interest in, ~~either directly or involvement with~~ indirectly, any ~~other~~ “Competing Business”, which is defined as any business that ~~(a) that (1) offers or provides adaptive cardio, neurofeedback, PEMF, and many other technologies intended to supercharge clients' bodies, minds and spirits, and/or the other types of Approved Products and Services offered by a Center (each, a “Competing Business”), or (b) offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business; or (ii) divert, or attempt to divert, any prospective customer to a Competing Business in any manner. For purposes of this Agreement, a Competing Business does not include: (i) any business operated by Developer or its affiliates under a Franchise Agreement with Franchisor; or (ii) any business operated by a publicly traded entity in which a person or entity owns less than two percent (2%) legal or beneficial interest.~~ Upgrade Labs Centers; or (2) whose method of operation or trade dress is similar to that employed in the System. During the term of this Agreement, there is no geographical limitation on this ~~restriction on the covenants contained in this Section.~~

~~C. After the Term of this Agreement.~~

~~For a period of two (2) years after Following the expiration or termination of this Agreement, regardless of the cause, neither Developer nor any nor its owners or guarantors, nor any spouse or immediate family member of Developer, its owners or guarantors shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, corporation, limited liability company, or other business entity: (a) own a interest in, maintain, operate, engage in, be employed or serve as an officer, director, manager, employee, consultant, representative, or agent for, lend money or extend credit to, lease or sublease space to, or have any interest in or involvement with, transfer or termination of this Agreement, this restriction shall apply to any Competing Business located (i) ~~within~~within a twenty-five (25) mile radius of the border of the Development Area; and (ii)any Competing Business located within a twenty-five (25) mile radius of: ~~(x) the Development Area; or (y) any other~~ Upgrade Labs Center that is open, under lease, or otherwise under development as of the date this Agreement expires, transfers, or is terminated; or ~~(b) solicit business from customers of Developer's Franchised Centers or contact any of Franchisor's suppliers or vendors for any competitive business purpose.~~~~

D. — Intent and Enforcement.

~~It is the parties' intent that the provisions of this Section 8 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 8, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Developer acknowledges that the covenants contained herein are necessary to protect the goodwill of other System franchisees and the System. Developer further acknowledges that covenants contained in this Section 8 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Developer agrees that in the event of the actual or threatened breach of this Section 8, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Developer acknowledges and agrees on Developer's own behalf and on behalf of the persons who are liable under this Section 8 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 8 in no way prevent any such person from earning a living. Developer further acknowledges and agrees that the time limitation on the restrictive covenants set forth in Section 8.C shall be tolled during any default under this Section 8.~~

E. — Contracts and Activity.

~~To verify compliance with this Section 8, at any time and upon request of Franchisor, Developer shall provide Franchisor with a copy or summary listing, at Franchisor's discretion, of all current contracts, listings, agreements, and projects that Developer is involved in or working with.~~

F. — Confidentiality and Non-Competition Agreement.

~~Developer must ensure that all officers and directors of Developer, execute Franchisor's then current form of Confidentiality and Non-Competition Agreement (which will be in substantially the same form as the Confidentiality and Non-Competition Agreement attached to the Initial Franchise Agreement). Developer must furnish Franchisor a copy of each executed agreement.~~

~~G. — No Defense.~~

~~Developer hereby agrees~~(2) Divert or attempt to divert any present or prospective business or customer to any Competing Business 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 Proprietary Marks and the System.

6.2 Exception for Publicly Traded Stock. The restrictions contained in Section 6.1 will not apply to ownership by you of less than a five percent (5%) beneficial interest in the equity securities of any publicly-held corporation.

6.3 Owners and Employees. Your owner(s) identified in Exhibit B that sign the Guarantee attached to this Agreement as Exhibit C will agree to be bound personally by the provisions of Section 6, provided that, as to them, the time period in Section 6.1.B will run from the expiration, termination, or transfer of this Agreement or from the termination of the individual's relationship with you, whichever occurs first. At our request, you must obtain signed agreements similar in substance to this Section 6 (including agreements applicable upon termination of a person's relationship with you) from your Principal Owner and your officers, directors, and owners. Each agreement required by this Section 6.3 must be in a form we approve and specifically identify us as a third party beneficiary with the independent right to enforce the agreement.

6.4 Enforcement

A. We have the right, in our sole discretion, to reduce the scope of any restriction in Section 6.1 by giving you written notice and you agree to comply with any covenant so modified, which shall be fully enforceable notwithstanding the provisions of Section 13.

B. You agree that the existence of any ~~claim Developer claims you~~ may have against ~~Franchisor us~~, whether or not arising from this Agreement, ~~shall will~~ not constitute a defense to ~~Franchisor's our~~ enforcement of ~~the covenants contained in this Section 8. Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement-~~ 6.

You acknowledge that your violation of the terms of this Section-8.

~~9. — TRANSFER~~

~~A. — No Transfer by Developer Without Franchisor's Approval.~~

C. ~~Developer's rights under 6~~ would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of ~~this Agreement are personal and Developer~~ Section 6. Injunctive relief will be in addition to any other remedies we may have.

D. If you or any other person bound by this Section 6 fails or refuses to abide by any of the foregoing restrictions on competition, and we obtain enforcement in a legal proceeding, the obligations under the breached restriction will continue in effect for a period ending two (2) years after the date the person begins to comply with the order enforcing the restriction.

7. — TRANSFER

7.1 By Us. We have the right to transfer or assign this Agreement or any part of our rights or obligations under this Agreement to any person or legal entity. You agree that we will have no liability after the effective date of the transfer or assignment for the performance of any obligations under this Agreement. You acknowledge that we can sell our assets; sell

securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company; or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

~~4.2.7.2~~ No Transfer by You Without Our Approval. You acknowledge that the rights and duties set forth in this Agreement are personal to you and that we have granted these rights in reliance on your business skill, financial capacity, and personal character (or, if you are a business entity, on the business skill, financial capacity, and personal character of your owners and management). Accordingly, you may not sell, transfer, or assign any right granted in this Agreement without Franchisor's our prior written consent, which may be withheld in ~~its sole discretion.~~ Any approved transfer would constitute a full payment of remaining initial franchise fees owed as outlined in Section 2 of this Agreement. our sole discretion.

~~4.3.7.3~~ B. — Ownership. In addition to those acts described in Section ~~9-A.7.2~~, a transfer or assignment requiring Franchisor's our prior written consent shall be deemed to occur: (i) if ~~Developer is you are~~ a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of ~~Developer's your~~ voting stock or any increase in the number of outstanding shares of ~~Developer's your~~ voting stock which results in a change of ownership; (ii) (2) if ~~Developer is you are~~ a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) (3) if ~~Developer your~~ is a limited liability company, upon the assignment, sale, pledge ~~or of~~ transfer or any interest in the limited liability company. Notwithstanding the foregoing, if ~~Developer is you are~~ an individual or a ~~partnership, Developer has or group of individuals, you have~~ the right to assign ~~its your~~ rights under this Agreement to a corporation or limited liability company that is wholly owned by ~~Developer you~~ according to the same terms and conditions as provided in ~~Developer's Initial your Current~~ Franchise Agreement.

~~C. — Franchisor's Right to Transfer.~~

~~Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.~~

~~5.8.~~ 10. — TERM

This Agreement will commence as of the ~~date it is fully executed~~ Effective Date and, unless earlier terminated by Franchisor us, will end on the earlier of: (i) the date that the final Franchised Center is required to be opened and operating under the Development Schedule; or (ii) the date that the final Franchised Center is opened. Upon expiration or termination of this Agreement for any reason, ~~Developer you~~ will not have any rights within the Development Area other than the territorial rights granted in connection with any Franchised Centers that ~~Developer has you have~~ opened and commenced operating as of the date this Agreement is terminated or expires (under the respective Franchise Agreements that ~~Developer you~~ entered into for such Franchised Centers).

~~6.2.~~ 11. — TERMINATION

~~A. — Automatic Termination.~~

~~This Agreement without Notice. You will be deemed to be in default under this Agreement, and all rights granted to you herein will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:~~

~~1. Developer becomes to you, if you become insolvent or makes make a general assignment for the benefit of creditors, unless otherwise prohibited by law;~~

~~2.;~~ if a petition in bankruptcy is filed by Developeryou or ~~such a~~ petition is filed against ~~and consented to by Developer~~you and not ~~dismissed within thirty (30) days;~~

~~3.;~~ opposed by you; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver ~~of Developer~~ or other custodian ~~in connection with Developer or any Franchised Center (or the assets of any Franchised Center)~~ for your business or assets is filed and consented to by Developer;

~~4.;~~ you; if a receiver or other custodian (permanent or temporary) of ~~Developer's~~your assets or property, or any part thereof, is appointed;

~~5. A final judgment in excess of One Hundred Thousand Dollars (\$100,000.00) against Developer by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law are instituted by or against you; if a final judgment against you remains unsatisfied or of record for sixty (60)~~thirty (30) days or longer (unless ~~asupersedeas~~ bond is filed ~~or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction), except that Developer may provide Developer with additional time to satisfy the judgment if Developer demonstrates that it); if you are dissolved; or if execution is using commercially reasonable efforts to resolve the issues related to the judgment; ~~or~~~~

~~6.19.1 Developer attempts to sell, transfer, encumber~~levied against your business or ~~otherwise dispose of any interest in Developer or this Agreement in violation of Section 9 of this Agreement.~~property.

B. — Termination upon Notice.

~~6.29.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of~~ without Cure Period. If any of the following events; of default occurs, we may terminate this Agreement without providing you any opportunity to cure the default, effective immediately upon receipt of written notice by you:

~~if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an intent by Developer to discontinue development of the Franchised Centers within the Development Area;~~

A. if Developer fails to meet its You fail to satisfy your development obligations under the Development Schedule ~~for any single Development Period;~~

B. You or any or your owners or principal officers are convicted of or plead guilty or no contest to a felony or other crime or offense that we believe is reasonably likely to have an adverse effect on the development and operation of the Franchised Centers, the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;

C. Any transfer that requires our prior written consent occurs without your having obtained that prior written consent;

A-D. You fail to comply with the confidentiality obligations and/or covenants in Section 5 and 6;

E. ~~if any~~ You or your owners commit any fraud or misrepresentation in the development of the Franchised Centers, including without limitation, any misrepresentation made in your franchise application; and

B-F. Any Franchise Agreement that is entered into in order to fulfill ~~Developer's~~your development obligations under this Agreement is terminated or subject to termination by ~~Franchisor,~~us pursuant to the terms of that Franchise Agreement.

C. ~~Effect of Expiration or Termination.~~

Upon expiration or termination of this Agreement (regardless of the reason for termination):

9.3 Termination for Non-Payment. If you fail, refuse, or neglect to pay any monies owed to us or our affiliates within ten (10) days after receipt of notice of default from us, this Agreement will terminate at the end of the ten (10) day period without further notice from us.

9.4 Termination Following Expiration of Cure Period. Except as provided in Sections 9.1 through 19.3 above, we may terminate this Agreement only in the event of your default and only by giving you written notice of termination stating the nature of the default at least thirty (30) days before the effective date of termination. If the default is not cured to our reasonable satisfaction within the thirty (30) day period (or such longer period as applicable law may require) this Agreement will terminate without further notice to you, effective at the end of the cure period. Any material failure to comply with the requirements imposed by this Agreement will be a default under this Section 9.4.

9.5 Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section 9, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

9.6 Effect of Termination or Expiration. Upon termination or expiration of this Agreement:

~~C-A.~~ Any and all rights granted to ~~Developer~~you under this Agreement will immediately terminate; however, ~~Developer~~you will not be relieved of any of ~~its~~your obligations, debts or liabilities under this Agreement, including, without limitation, any debts, obligations or liabilities which have accrued before such termination.

~~D-B.~~ ~~Developer~~You will have no further rights to develop and open Franchised Centers in the Development Area, except that ~~Developer~~you may develop and open any Franchised Centers for which ~~Developer has~~you have executed Franchise Agreements prior to the date of expiration or termination of this Agreement and continue to operate Franchised Centers that are open and operating as of the date this Agreement expires or terminates.

~~E-C.~~ ~~Franchisor~~We and ~~its~~our affiliates will have the right to operate, and authorize others to operate, ~~Upgrade Labs~~ Centers located within the Development Area and continue to engage, and grant to others the right to engage,

in any activities that ~~Franchisor~~we and ~~its~~our affiliates desire within the Development Area without any restrictions whatsoever, subject only to ~~Developer's~~your rights under existing Franchise Agreements. ~~Franchisor shall retain the Development Fee payable pursuant to Section 2 of this~~

~~Agreement.~~

~~D.~~ D. ~~—~~ We shall retain the Development Fees payable pursuant to Section 2 of this Agreement ~~MEI~~.

~~6.3.9.7~~ No Waiver. Termination of this Agreement by ~~Franchisor~~us shall not constitute an election of remedies by ~~Franchisor~~us. The exercise of the rights granted under this Section ~~11~~ 9 are in addition to, and not in lieu of, any and all other rights and remedies available to us at law, in equity or otherwise, including without limitation the right to an injunction as set forth in Section ~~12 (which incorporates Section 19 of the Initial Franchise Agreement)~~, 6.4.C, all of which are cumulative.

~~10.~~ 12. ~~—~~ FORCE MAJEURE

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure that cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration. As used in this Agreement, the term “Force Majeure” means any act of nature, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, pandemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Your inability to obtain financing (regardless of the reason) shall not constitute Force Majeure.

~~11.~~ APPROVALS AND WAIVERS

11.1 Approvals. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us, and our approval or consent must be obtained in writing and signed by one of our officers.

11.2 No Warranty. We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

11.3 No Implied Waiver. No delay or failure by us to exercise any right reserved to us under this Agreement or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, will constitute a waiver of our right to exercise such right or to demand exact compliance by you with any of the terms hereof. Waiver by us of any particular default by you will not affect or impair our rights with respect to any subsequent default of the same, similar, or a different nature. Acceptance by us of any payments due to us hereunder will not be deemed to be a waiver by us of any preceding breach by you.

~~7.~~ 12. INCORPORATION OF OTHER TERMS

Sections ~~10.C. (Indemnification), 11 (22 (Independent Contractor), 19 (Enforcement), 22 (and Indemnification), 27 (Applicable Law and Dispute Resolution), 28 (Severability and Construction) and 23 (Acknowledgments~~ 29 (Representations and Acknowledgments) of the ~~Initial~~Current Franchise Agreement are incorporated by reference in this Agreement and will govern all aspects of this Agreement and the relationship of the parties to this Agreement as though fully restated within the text of this Agreement.

~~8.13.~~ 13. — ENTIRE AGREEMENT

~~This Agreement constitutes~~ We and you acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the documents referred to in this Agreement and the attachments to this Agreement, constitute the entire, full and complete agreement between the parties ~~with respect to~~ concerning the matters ~~herein covered in this Agreement,~~ and ~~supersedes~~ supersede any and all previous agreements and ~~prior or contemporaneous negotiations, discussions, understandings or agreements.~~ There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties ~~in any way~~ relating to the ~~subject matter hereof.~~ It is ~~matters covered by this Agreement other than those set forth in this Agreement, our Franchise Disclosure Document, the Manual, the documents referred to in this Agreement and the attachments to this Agreement.~~ Nothing in this Agreement requires you to waive reliance on the representations made in our Franchise Disclosure Document. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly understood and agreed that ~~Franchisor has made no representations, inducements, warranties, or promises, whether direct, indirect or collateral, expressed or implied, oral or otherwise, concerning this Agreement, the matters herein, the Franchised Centers or concerning any other matters which are not embodied herein. Except for those permitted to be made unilaterally by Franchisor hereunder~~ set forth in this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party, unless mutually agreed to ~~and executed by Developer and Franchisor's authorized officers or agents~~ the parties and signed in writing. ~~Nothing in this or any related agreement is intended to disclaim the representations Franchisor made in the latest franchise disclosure document that Franchisor furnished to Developer.~~

~~9.14.~~ 14. — NOTICES

~~Any notice required to be given hereunder shall be in writing and shall be either delivered personally, mailed by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged. Notices must be provided to each party at the respective addresses set forth below:~~

~~To Franchisor: _____ Upgrade Labs Franchise, Inc.~~

~~Attn: Legal Department
1742 Emerald Cove
Circle Cape Coral,
Florida 33991~~

~~To Developer: _____ The address set forth in Exhibit A.~~

~~Any notice complying with the provisions hereof will be deemed delivered at the earlier of: (i) three (3) days after mailing; (ii) the actual date of delivery in person; or (iii) the actual day of delivery or receipt (as evidenced by the courier). Each party shall have the right to designate any other address for such notices by providing the other party with written notice thereof at the addresses above, and in such event, all notices to be mailed after receipt of such notice shall be sent to such other address.~~

~~15.~~ All notices pursuant to this Agreement must be in writing and delivered in person or sent by personal delivery, by next day delivery service, by e-mail or electronic means, or by certified mail, return receipt requested, to the respective parties at the addresses listed on the signature page of this Agreement. Any notices sent by personal delivery, next day delivery service, e-mail or electronic means shall be deemed given on the next business day after transmittal. Any notices sent by certified mail shall be deemed given on the third business day after the date of mailing. Any change in the foregoing addresses shall be made effective by giving fifteen (15) days written notice of such change to the other party. We may provide you with routine information, and invoices by regular mail or by e-mail, or by making such information available to you on the Internet, an extranet, or other electronic means.

~~10.15.~~ COUNTERPARTS AND TRANSMISSION

This Agreement may be ~~executed~~signed in multiple counterparts, each of which when ~~executed~~signed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of ~~an executed~~a signed counterpart of a signature page to this Agreement by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually ~~executed~~signed counterpart of this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the Effective Date noted below.

FRANCHISOR: _____	DEVELOPER: _____
UPGRADE LABS FRANCHISE, INC. _____	[NAME OF DEVELOPER] _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Effective Date: _____	Date: _____

FRANCHISOR:
UPGRADE LABS FRANCHISE, INC.,
a Delaware corporation

DEVELOPER:

a _____

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

Date: _____

Notice Address: _____
9295 Lake Park Drive
P203
Fort Myers, FL 33919
Email: _____

Notice Address: _____

Email: _____

~~4. DEVELOPMENT FEE DUE AT SIGNING: \$65,000 x 1 Center~~
~~= 65,000.00~~

~~_____ \$20,000 (downpayment) x _____ Centers = _____~~
~~_____~~

~~_____ Total Due at Signing:~~
~~_____~~

~~_____~~

~~5. DEVELOPER'S LEGAL NOTICE ADDRESS: _____~~
~~_____~~

~~6. DEVELOPMENT SCHEDULE.~~

~~2.4. **Development Schedule.** Developer agrees to sign Franchise Agreements for and to open _____ (a total of _____ new Franchised Centers within the Development Area (including the Franchised Center governed by the Initial Franchise Agreement) according to the following Development Schedule:~~

Franchised Center Number <u>Center No.</u>	Date by which Franchise Agreement must be signed <u>Deadline for Signing Franchise Agreement</u>	Date by which Franchised Center Must be opened <u>Franchised Center Must be Open</u>	Cumulative Number of Franchised Centers Developer Must Have Open Within Development Area
1	The Date of this Agreement <u>The Date of this Agreement</u>	10 Months from the date of this Agreement <u>10 Months from the date of this Agreement</u>	1
2	12 Months from the date of this Agreement <u>12 Months from the date of this Agreement</u>	10 Months from the effective date of the 2nd Franchise Agreement <u>10 Months from the effective date of the 2nd Franchise Agreement</u>	2
3	34 Months from the date of this Agreement <u>34 Months from the date of this Agreement</u>	10 Months from the Effective date of the 3rd Franchise Agreement <u>10 Months from the Effective date of the 3rd Franchise Agreement</u>	3

FRANCHISOR: _____ DEVELOPER:

UPGRADE LABS FRANCHISE, INC. _____ [NAME OF DEVELOPER]

By: _____ By:

Name: _____ Name:

Title: _____ Title:

Effective Date: _____ Date: __

FRANCHISOR:
UPGRADE LABS FRANCHISE, INC.

DEVELOPER:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT B TO UPGRADE LABS DEVELOPMENT AGREEMENT

STATEMENT OF OWNERSHIP INFORMATION

Developer: _____

Form of Ownership. Developer is a _____ incorporated or formed on _____ in the state of _____.

Owners. The following list includes the full name of each person who is an owner of a legal or beneficial interest in Developer, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Name	Home Address	Percentage and Description of Ownership Interest

[If Developer consists of individuals, delete the above and use the below:]

Developer Names and Home Addresses:

<u>Name</u>	<u>Home Address</u>

FRANCHISOR:
UPGRADE LABS FRANCHISE, INC.

DEVELOPER:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT C TO UPGRADE LABS DEVELOPMENT AGREEMENT

PERSONAL GUARANTEE AND ASSUMPTION OF OBLIGATIONS

As an inducement to UPGRADE LABS FRANCHISE, INC. (“Franchisor”), to execute a Development Agreement (the “Agreement”) with _____ (“Developer”), the undersigned individuals (collectively, the “Guarantors”), jointly and severally, hereby unconditionally guarantee to Franchisor, its affiliates, and their successors and assigns that all of Developer’s obligations under the Agreement, and under other agreements or arrangements between Developer and Franchisor, will be punctually paid and performed.

Upon demand by Franchisor, the Guarantors will immediately make each contribution or payment required of Developer under the Agreement and under other agreements or arrangements between Developer and Franchisor. Each Guarantor waives any right to require Franchisor to: (a) proceed against Developer or any other Guarantor for any contribution or payment required under the Agreement; (b) proceed against or exhaust any security from Developer or any other Guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer or any other Guarantor. Without affecting the obligations of the Guarantors under this Guarantee, Franchisor may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The Guarantors waive notice of amendment of the Agreement and notice of demand for contribution or payment by Developer and agree to be bound by any and all such amendments and changes to the Agreement.

The Guarantors hereby agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney’s fees, reasonable costs of investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Agreement, any amendment to the Agreement, or any other agreement referred to in the Agreement that is executed and delivered by Developer.

The Guarantors hereby acknowledge and agree to be individually bound by all of the promises contained in the following Sections of the Agreement: Section 5 (with respect to confidentiality); Section 6 (with respect to covenants against competition); Section 7 (with respect to transfers of interests in Developer); Section 9.6 (with respect to obligations after termination of the Agreement); and Section 12 (with respect to indemnification). The Guarantors acknowledge and agree that: (a) this Guarantee does not grant the Guarantors any right to use any of Franchisor’s marks (including but not limited to the “Upgrade Labs” marks) or the System licensed to Developer under the Agreement; (b) that they have read, in full, and understand, all of the provisions of the Agreement that are referred to above in this paragraph, and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and (c) that they have had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee will terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the Guarantors arising from events which occurred on or before the effective date of termination will remain in full force and effect until satisfied or discharged by the Guarantors, and all covenants which by their terms continue in force after the expiration or termination of the Agreement will remain in force according to their terms.

Upon the death of a Guarantor, the Guarantor's estate will be bound by this Guarantee, but only for obligations existing at the time of death. The obligations of the surviving Guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement and shall be interpreted and construed in accordance with Section 12 of the Agreement. This Guarantee 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, and without giving effect to, the application of Florida conflict of law rules).

GUARANTORS:

Date: _____

Print Name: _____

Address: _____

Date: _____

Print Name: _____

Address: _____

Date: _____

Print Name: _____

Address: _____

Date: _____

Print Name: _____

Address: _____

EXHIBIT D

FINANCIAL STATEMENTS

**UPGRADE LABS FRANCHISE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

UPGRADE LABS FRANCHISE, INC
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MUHAMMAD ZUBAIRY, CPA PC

Certified Public Accountant

646.327.7013

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Upgrade Labs Franchise, Inc.**

Opinion

We have audited the financial statements of Upgrade Labs Franchise, Inc., which comprises the balance sheet as of December 31, 2024 and 2023, and the related statement of operations, changes in shareholders' (deficit), and cash flow for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Upgrade Labs Franchise, Inc., 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 Upgrade Labs Franchise, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Upgrade Labs Franchise, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

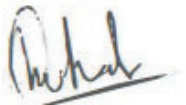
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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 Upgrade Labs Franchise, Inc.'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 Upgrade Labs Franchise, Inc.'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.



Muhammad Zubairy, CPA PC
Westbury, NY
May 8, 2025

UPGRADE LABS FRANCHISE, INC
BALANCE SHEET

	<u>ASSETS</u>	
	<u>YEARS ENDED DECEMBER 31</u>	
	<u>2024</u>	<u>2023</u>
Current Assets		
Cash	\$ 660,826	\$ 510,024
Accounts Receivable	120,065	13,692
Prepaid expenses	32,034	9,648
	<hr/>	<hr/>
Total Assets	<u>\$ 812,925</u>	<u>\$ 533,364</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 68,728	\$ 81,912
Due to related parties	3,501,488	1,936,093
Contract Liability	179,020	238,360
Total Current Liabilities	<hr/> 3,749,236	<hr/> 2,256,365
Contract Liability, net of current	404,558	419,160
Shareholders' Equity (Deficit)	<hr/> (3,340,869)	<hr/> (2,142,161)
Total Liabilities and Shareholders' Equity (Deficit)	<u>\$ 812,925</u>	<u>\$ 533,364</u>

See notes to financial statements

UPGRADE LABS FRANCHISE, INC.
STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

	Common Stock	Additional Paid in Capital	Retained Earnings	Total
Opening Balance, 2023	\$ —	\$ —	\$ (1,445,253)	\$ (1,183,071)
Net (Loss)	\$ —	\$ —	\$ (959,090)	\$ (959,090)
Ending Balance, 2023	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (2,142,161)</u>
Net (Loss)	\$ —	\$ —	\$ (1,198,708)	\$ (1,198,708)
Shareholder's (Distribution)	—	—	—	—
Shareholders' Contributions	—	—	—	—
Ending Balance, 2024	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (3,340,869)</u>

See notes to financial statements

UPGRADE LABS FRANCHISE, INC
STATEMENTS OF OPERATIONS AND SHAREHOLDER'S (DEFICIT)

	YEARS ENDED DECEMBER 31	
	2024	2023
Revenues	\$ 399,522	\$ 93,098
Operating Expenses	1,598,230	1,052,188
Net (Loss)	(1,198,708)	(959,090)
Shareholders' Equity - Beginning	(2,142,161)	(1,183,071)
Shareholders' Contributions	—	—
Shareholders' Equity (Deficit) - Ending	\$ (3,340,869)	\$ (2,142,161)

See notes to financial statements

UPGRADE LABS FRANCHISE, INC
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2024	2023
Cash Flows from Operating Activities:		
Net (Loss)	\$ (1,198,708)	\$ (959,090)
Depreciation		
Adjustments to reconcile net loss to net cash		
(used) by operating activities:		
Changes in assets and liabilities		
Accounts receivable	(106,373)	(13,692)
Inventory	—	2,249
Prepaid expenses	(22,386)	(9,648)
Accounts payable and accrued expenses	(13,184)	49,915
Due to related parties	1,565,395	374,054
Contract Liability	(73,942)	264,458
	150,802	(291,753)
Net Increase in Cash	150,802	(291,753)
Cash - Beginning of Year	510,024	801,778
Cash - End of Year	\$ 660,826	\$ 510,024

See notes to financial statements

UPGRADE LABS FRANCHISE, INC.

NOTES TO FINANCIAL STATEMENT

1. THE COMPANY

Upgrade Labs Franchise, Inc. is a Delaware corporation formed on April 16, 2021. The Company offers a franchise for the right to own and operate a distinctive Center that operates under the Upgrade Labs mark and features non-invasive treatments such as adaptive cardio, neurofeedback, PEMF, and many other technologies, provided to clients in a spa-like setting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an Upgrade Labs Franchise for a specified number of years.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts exceeded the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000 by approximately \$410,826. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

Income Taxes-The Company is a "C" corporation for income tax purposes. There was no accrued liability for taxes payable at December 31, 2024. The Company elected not to recognize any deferred tax assets due to uncertainty if the Company will benefit from a tax asset.

3. REVENUE RECOGNITION

The Company records revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation are amortized over the life of the related franchise agreements. Commissions paid for franchises are amortized over the life of the franchise agreement. The Company adopted ASC-606 and ASU 2021-02 since inception in July 2021.

UPGRADE LABS FRANCHISE, INC.
NOTES TO FINANCIAL STATEMENT

4. CONTRACT LIABILITY

In compliance with the Financial Accounting Standards Board (“FASB”) new accounting standards for revenue recognition (“Topic 606”), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2024 and 2023, were \$583,578 and \$657,520, respectively.

5. SHARED SERVICES AGREEMENTS

During the year the Company relied on the support from two related party companies (the “Shared Service Providers”) for management and back-office support services, such as, but not limited to, strategic planning, legal and tax compliance, human resources, accounting and financial statement preparation, and etc.

For the provision of management and back-office services all related parties are charged for the Shared Services Providers costs of providing the services, plus a markup of ten and five percent, respectively. Markups for the services was determined through a transfer pricing study and is consistent with the arm’s length standard. The costs incurred by the Shared Services Providers in providing management services are allocated according to effort that went into supporting the related party, whereas, back-office services are allocated according to the entity’s share of revenue, which would reasonably capture consumption of the services.

During the period ended December 31, 2024, the Company was charged \$25,477 and \$4,194 for management and back-office support services, respectively.

6. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through May 8, 2025, the date the financial statements were available to be issued.

**UPGRADE LABS FRANCHISE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**UPGRADE LABS FRANCHISE, INC
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MUHAMMAD ZUBAIRY, CPA PC

Certified Public Accountant

646.327.7013

INDEPENDENT AUDITOR'S REPORT

*To the Shareholders of
Upgrade Labs Franchise, Inc.*

Opinion

We have audited the financial statements of Upgrade Labs Franchise, Inc., which comprises the balance sheet as of December 31, 2023, and the related statement of operations, changes in shareholders' (deficit), and cash flow for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Upgrade Labs Franchise, Inc., as of December 31, 2023, and the results of its' operations and its' cash flow for the for 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 Upgrade Labs Franchise, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Upgrade Labs Franchise, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Upgrade Labs Franchise, Inc.'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 Upgrade Labs Franchise, Inc.'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.



Muhammad Zubairy, CPA PC
Westbury, NY
April 12, 2024

**UPGRADE LABS
FRANCHISE, INC
BALANCE SHEET**

	<u>ASSETS</u>	
	<u>YEARS ENDED DECEMBER 31</u>	
	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 510,024	\$ 801,778
Accounts Receivable	13,692	—
Prepaid expenses	9,648	—
Inventory	—	2,249
	\$ 533,364	\$ 804,027
Total Assets	\$ 533,364	\$ 804,027

LIABILITIES AND SHAREHOLDERS' (DEFICIT)

Current Liabilities		
Accounts payable and accrued expenses	\$ 81,912	\$ 31,997
Due to related parties	1,936,093	1,562,039
Contract Liability	238,360	166,860
Total Current Liabilities	2,256,365	1,760,896
Contract Liability, net of current	419,160	226,202
Shareholders' (Deficit)	(2,142,161)	(1,183,071)
Total Liabilities and Shareholders' (Deficit)	\$ 533,364	\$ 804,027

See notes to financial statements

UPGRADE LABS FRANCHISE, INC.
STATEMENT OF SHAREHOLDERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2023 and
2022

	Commo n Stock	Additiona l Paid in Capital	Retained Earnings	Total
Opening Balance	\$ —	\$ —	\$ (246,545)	\$ (246,545)
Net (Loss)	—	—	(959,090)	(936,526)
Shareholders' Contributions	—	—	—	—
Ending Balance, 2022	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (1,205,635)</u>	<u>\$ (1,183,071)</u>
Net (Loss)	\$ —	\$ —	\$ (959,090)	\$ (959,090)
Shareholder's (Distribution)	—	—	—	—
Shareholders' Contributions	—	—	—	—
Ending Balance, 2023	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (2,142,161)</u>

See notes to financial statements

UPGRADE LABS FRANCHISE, INC
STATEMENTS OF OPERATIONS AND SHAREHOLDER'S
(DEFICIT)

	<u>YEARS ENDED</u>	
	<u>DECEMBER 31</u>	
	<u>2023</u>	<u>2022</u>
Revenues	\$ 93,098	\$ 11,938
Operating Expenses	<u>1,052,188</u>	<u>948,464</u>
Net (Loss)	(959,090)	(936,526)
Shareholders' Equity - Beginning	(1,183,071)	(246,545)
Shareholders' Contributions	<u>—</u>	<u>—</u>
Shareholders' (Deficit) - Ending	<u>\$ (2,142,161)</u>	<u>\$ (1,183,071)</u>

See notes to financial statements

**UPGRADE LABS FRANCHISE,
INC
STATEMENTS OF CASH
FLOWS**

	<u>YEARS ENDED</u>	
	<u>DECEMBER 31</u>	
	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Net (Loss)	\$ (959,090)	\$ (936,526)
Depreciation		
Adjustments to reconcile net loss to net cash		
(used) by operating activities:		
Changes in assets and liabilities		
Accounts receivable	(13,692)	—
Inventory	2,249	(2,249)
Prepaid expenses	(9,648)	2,500
Accounts payable and accrued expenses	49,915	502
Due to related parties	374,054	1,338,537
Contract Liability	<u>264,458</u>	<u>328,062</u>
	(291,753)	730,826
Net Increase in Cash	(291,753)	730,826
Cash - Beginning of Year	801,778	70,952
Cash - End of Year	<u>\$ 510,024</u>	<u>\$ 801,778</u>

See notes to financial statements

1. THE COMPANY

Upgrade Labs Franchise, Inc. is a Delaware corporation formed on April 16, 2021. The Company offers a franchise for the right to own and operate a distinctive Center that operates under the Upgrade Labs mark and features non-invasive treatments such as adaptive cardio, neurofeedback, PEMF, and many other technologies, provided to clients in a spa-like setting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an Upgrade Labs Franchise for a specified number of years.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts exceeded the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000 by approximately \$552,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

Income Taxes-The Company is a "C" corporation for income tax purposes. There was no accrued liability for taxes payable at December 31, 2023. The Company elected not to recognize any deferred tax assets due to uncertainty if the Company will benefit from a tax asset.

3. REVENUE RECOGNITION

The Company records revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation are amortized over the life of the related franchise agreements. Commissions paid for franchises are amortized over the life of the franchise agreement. The Company adopted ASC-606 and ASU 2021-02 since inception in July 2021.

UPGRADE LABS FRANCHISE, INC. NOTES TO FINANCIAL STATEMENT

4. CONTRACT LIABILITY

In compliance with the Financial Accounting Standards Board (“FASB”) new accounting standards for revenue recognition (“Topic 606”), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2023, and 2022, were \$657,520 and \$393,062, respectively.

5. SHARED SERVICES AGREEMENTS

During the year the Company relied on the support from two related party companies (the “Shared Service Providers”) for management and back-office support services, such as, but not limited to, strategic planning, legal and tax compliance, human resources, accounting and financial statement preparation, and etc.

For the provision of management and back-office services all related parties are charged for the Shared Services Providers costs of providing the services, plus a markup of ten and five percent, respectively. Markups for the services was determined through a transfer pricing study and is consistent with the arm’s length standard. The costs incurred by the Shared Services Providers in providing management services are allocated according to effort that went into supporting the related party, whereas, back-office services are allocated according to the entity’s share of revenue, which would reasonably capture consumption of the services.

During the period ended December 31, 2023, the Company was charged \$374,054 and \$211,090 for management and back-office support services, respectively.

6. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non- recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through April 12, 2024, the date the financial statements were available to be issued.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Upgrade Labs Franchise Inc

Balance Sheet

As of March 31, 2025

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1010 Deposits in Transit	18,800.93
1020 Bank Account - USD	418,737.06
1025 Brand Bank Account -USD	26,722.71
Total Bank Accounts	\$464,260.70
Accounts Receivable	
1200 Accounts Receivable - USD	64.95
Total Accounts Receivable	\$64.95
Other Current Assets	
1260 Other Receivables	120,000.00
1500 Prepaid Expense	29,599.47
Total Other Current Assets	\$149,599.47
Total Current Assets	\$613,925.12
Fixed Assets	
1610 Machinery & Equipment	16,135.08
1611 Machinery & Equipment - Accumulated Depreciation	-384.16
Total Fixed Assets	\$15,750.92
Other Assets	
1300 Intercompany Loan Receivables	
40 Years of Zen	2,036.74
BeProof Inc	2,500.00
Legendary Neuroscience	10,500.00
Upgrade Labs Distribution	88,676.55
Upgrade Labs Franchise Canada Inc	522,067.61
Upgrade Labs IP	500.00
Upgrade Labs Products	5,307.67
Total 1300 Intercompany Loan Receivables	631,588.57
Total Other Assets	\$631,588.57
TOTAL ASSETS	\$1,261,264.61

Upgrade Labs Franchise Inc

Balance Sheet

As of March 31, 2025

	TOTAL
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable - USD	141,582.22
Total Accounts Payable	\$141,582.22
Other Current Liabilities	
2020 Franchise Fee Payable	20,000.00
2200 Accrued Liabilities	39,552.00
2400 Payroll Liabilities	63,425.08
2500 Deferred Revenue - Current Portion	194,620.00
Texas State Comptroller Payable	4.13
Utah State Tax Commission Payable	7.45
Total Other Current Liabilities	\$317,608.66
Total Current Liabilities	\$459,190.88
Long-Term Liabilities	
2501 Deferred Revenue - Long-term portion	440,403.37
2600 Intercompany Loan Payables	
40 Years of Zen	90,900.00
Biohacked Inc	2,680,367.22
Bulletproof Media Inc	106,141.52
Danger Coffee Inc	46,000.00
Homebiotic Inc	5,500.00
Neurotech 40 Unc	45,617.56
Upgrade Events	102,272.15
Upgrade Labs Holdings	1,100,355.60
Upgrade Labs Inc	149,311.40
Upgrade Labs Products	1,000.00
Total 2600 Intercompany Loan Payables	4,327,465.45
2650 Shareholder Loan Payables	60.00
Total Long-Term Liabilities	\$4,767,928.82
Total Liabilities	\$5,227,119.70
Equity	
3050 Common Stock - Dave Asprey	0.10
Additional Paid-In Capital - Dave Asprey	249,999.90
Retained Earnings	-3,590,871.66
Net Income	-624,983.43
Total Equity	\$ -3,965,855.09
TOTAL LIABILITIES AND EQUITY	\$1,261,264.61

Upgrade Labs Franchise Inc

Profit and Loss January - March, 2025

	TOTAL
Income	
4000 Service Revenue	
4005 Equipment Fees Income	7,500.00
4010 Marketing Fee Income	10,389.63
4015 Marketing Messaging	330.70
4020 Royalty Fee Income	31,168.73
4030 Technology Fee Income	3,901.65
4400 Franchise Fee Revenue	13,554.96
Total 4000 Service Revenue	66,845.67
Total Income	\$66,845.67
Cost of Goods Sold	
5055 COGS - Payment Processing	16.98
Total Cost of Goods Sold	\$16.98
GROSS PROFIT	\$66,828.69
Expenses	
6000 Advertising & Promotion Expense	22,386.45
6025 Affiliate Expense	1.17
6049 Legal Fees Expense	18,000.00
6050 Professional Fees Expense	349,582.26
6060 Meals & Entertainment Expense	5,334.43
6100 General & Administrative Expense	1,136.23
6150 IT Expense	45,010.92
6200 Travel Expense	34,689.69
6300 Facilities, Repairs & Maintenance Expense	2,409.48
6310 Equipment Tech Fees	4,800.00
6350 Utilities Expense	1.83
6400 Insurance Expense	11,339.05
6450 HR & Professional Development Expense	21,036.38
6650 Shipping & Duties Expense	1,464.93
6850 Other Taxes	225.00
Staff Allocation Expense	
6750 Staff Allocation - Wages	152,829.57
6751 Staff Allocation - Payroll taxes	11,844.91
6752 Staff Allocation - Group Benefit Expense	10,432.16
Total Staff Allocation Expense	175,106.64
Total Expenses	\$692,524.46
NET OPERATING INCOME	\$ -625,695.77
Other Income	
7400 Other Income	1,500.00
Total Other Income	\$1,500.00

Upgrade Labs Franchise Inc

Profit and Loss

January - March, 2025

	TOTAL
Other Expenses	
6800 Depreciation Expense	384.16
7000 Foreign exchange gain (loss)	403.50
Total Other Expenses	\$787.66
NET OTHER INCOME	\$712.34
NET INCOME	\$ -624,983.43

EXHIBIT E

STATE SPECIFIC ADDENDA

Illinois

Maryland

Minnesota

New York

North Dakota

Rhode Island

Virginia

Washington

**ADDENDUM TO THE UPGRADE LABS FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES**

This Addendum to the Upgrade Labs Franchise Agreement dated _____ (“Franchise Agreement”) is entered into as of _____ (“Effective Date”) by and between UPGRADE LABS FRANCHISE, INC., a Delaware corporation (“Franchisor”) and _____, a _____, a _____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“Franchisee”).

~~_____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“Franchisee”).~~

~~1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to Franchisee was made in the State of Illinois; (B) Franchisee is a resident of the State of Illinois; and/or (C) the Franchised Center will be located or operated in the State of Illinois.~~

1. The following is added to Section 3.A.1.:

Payment of Initial Fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition. (Section 200.508 of the Rules).

2. The following sentence is added at the end of Section 21.A:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.

3. The following sentence is added to the end of Section 21.E:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois.

4. The following paragraph is added at the end of Section 21.H:

Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: three (3) years of the violation, one (1) year after the franchisee becomes aware of the underlying facts or circumstances or ninety (90) days after delivery to the franchisee of a written notice disclosing the violation.

5. The following sentence is added to the end of Section 19:

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.

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

Upgrade Labs ~~FDD~~ — January 2024

Franchisor. This provision supersedes any other term of any document executed in connection with the franchise

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

9. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

FRANCHISEE:

UPGRADE LABS FRANCHISE, INC.

[NAME OF FRANCHISEE]

By: _____

By: _____

~~Name: _____~~ Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS DEVELOPMENT AGREEMENT
REQUIRED FOR ILLINOIS DEVELOPERS**

This Addendum to the Upgrade Labs Development Agreement dated _____ (“**Development Agreement**”) is entered into as of _____ (“**Effective Date**”) by and between **UPGRADE LABS FRANCHISE, INC.**, a Delaware corporation (“**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**Developer**”).

~~1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to Developer was made in the State of Illinois; (B) Developer is a resident of the State of Illinois; and/or (C) the Development Area will be located or operated in the State of Illinois.~~

1. The following is added to Section 2:—:

Payment of Initial/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee Developer, and franchisee Developer has ~~commenced doing business~~ opened the first Franchise Center under this Development Agreement. The Illinois ~~Attorney~~ General's Office imposed this deferral requirement due to Franchisor's financial condition. (Section 200.508 of the Rules)...

2. The following paragraphs are added at the end of Section 12:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois.

Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: three (3) years of the violation, one (1) year after the franchisee becomes aware of the underlying facts or circumstances or ninety (90) days after delivery to the franchisee of a written notice disclosing the violation.

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.

46. 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, franchise seller or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.

58. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

6-9. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:
~~UPGRADE LABS FRANCHISE, INC.~~
UPGRADE LABS FRANCHISE, INC.

DEVELOPER:
[NAME OF DEVELOPER]

By: _____

By: _____

~~Name: _____~~

Name: _____
Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to the Upgrade Labs Franchise Agreement dated _____ (“Franchise Agreement”) is entered into as of _____ (“Effective Date”) by and between UPGRADE LABS FRANCHISE, INC., a Delaware corporation (“Franchisor”) and _____, a _____, a _____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“Franchisee”).

~~_____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“Franchisee”).~~

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to Franchisee was made in the State of Maryland; (B) Franchisee is a resident of the State of Maryland; and/or (C) the Franchised Center will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Section 3.A.(1) (Initial Franchise Fee):

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees including payments for goods and services owed by you shall be deferred until we complete our pre-opening obligations under the Franchise Agreement.

3. The following sentence is added to the end of Sections 2.B.5 (Renewal) and 12.E.3 (Transfer):

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Section 21.E (Venue):

Notwithstanding the foregoing, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following is added as Section 23.D (Representations):

Representations. Representations in this Agreement 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.

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

7. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

78. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

8.9. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

FRANCHISEE:

UPGRADE LABS FRANCHISE, INC.

[NAME OF FRANCHISEE]

By: _____

By: _____

Name: _____ Name: _____ Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS DEVELOPMENT AGREEMENT
REQUIRED FOR MARYLAND DEVELOPERS**

This Addendum to the Upgrade Labs Development Agreement dated _____ (“**Development Agreement**”) is entered into as of _____ (“**Effective Date**”) by and between **UPGRADE LABS FRANCHISE, INC.**, a Delaware corporation (“**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**Developer**”).

1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Maryland; **(B)** Developer is a resident of the State of Maryland; and/or **(C)** the Development Area will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Section 2 (Development Fee):

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all development fees and initial payments owed shall be deferred until the first Franchised Center under the Development Agreement opens.

3. The following sentence is added to the end of Section 12 (Incorporation of Other Terms):

Notwithstanding the foregoing, Developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Representations in this Agreement 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.

4. 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, 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.

5. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Development Agreement.

6. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

7. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

~~[Signatures follow on next page.]~~

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

~~UPGRADE LABS FRANCHISE, INC.~~

By: _____

Name: _____

Title: _____

Effective Date: _____

DEVELOPER:

~~[NAME OF DEVELOPER]~~

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

DEVELOPER:

UPGRADE LABS FRANCHISE, INC.

[NAME OF DEVELOPER]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to the Upgrade Labs Franchise Agreement dated _____ (“Franchise Agreement”) is entered into as of _____ (“Effective Date”) by and between UPGRADE LABS FRANCHISE, INC., a Delaware corporation (“Franchisor”) and _____, a _____, a _____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“Franchisee”).

_____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“Franchisee”).

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to Franchisee was made in the State of Minnesota; (B) Franchisee is a resident of the State of Minnesota; and/or (C) the Franchised Center will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Sections 2.B.5 and 12.E.3:

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

~~§§ 80C.01 – 80C.22.~~

3. The following sentence is added to the end of Sections 2 and 15:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, Subdivisions 3, 4, and 5, which requires, except in certain cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of franchise agreements.

4. The following sentence is added to the end of Section 19.B:

Franchisee may not consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. A court will determine if a bond is required.

5. The following sentences are added to the end of Sections 21.A and 21.E:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

9. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed

counterpart of a signature page to this Addendum by [electronic transmission \(including an electronic signature platform or the transmission of a scanned PDF document\)](#) shall be effective as delivery of a manually executed counterpart of this [Addendum](#).

~~electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.~~

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

FRANCHISEE:

UPGRADE LABS FRANCHISE, INC.

[NAME OF FRANCHISEE]

By: _____

By: _____

~~Name: _____~~ Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA DEVELOPERS**

This Addendum to the Upgrade Labs Development Agreement dated _____ (“**Development Agreement**”) is entered into as of _____ (“**Effective Date**”) by and between **UPGRADE LABS FRANCHISE, INC.**, a Delaware corporation (“**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**Developer**”).

1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Minnesota; **(B)** Developer is a resident of the State of Minnesota; and/or **(C)** the Development Area will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Sections 11:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, Subdivisions 3, 4, and 5, which requires, except in certain cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of franchise agreements.

3. The following sentence is added to the end of Sections 12:

Developer will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

4. The following sentence is added to the end of Section 8.D, 11.D and 12:

Developer may not consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. A court will determine if a bond is required.

5. The following sentences are added to the end of Sections 12:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements can abrogate or reduce any of Developer’s rights as provided for in Minnesota Statutes, Chapter 80C, or Developer’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.

8. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

9. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:
~~UPGRADE LABS FRANCHISE, INC.~~
UPGRADE LABS FRANCHISE, INC.

DEVELOPER:
[NAME OF DEVELOPER]

By: _____

By: _____

~~Name: _____~~

Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS FRANCHISE AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES**

This Addendum to the Upgrade Labs Franchise Agreement dated _____ (“Franchise Agreement”) is entered into as of _____ (“Effective Date”) by and between UPGRADE LABS FRANCHISE, INC., a Delaware corporation (“Franchisor”) and _____, a _____, a _____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“Franchisee”).

~~_____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“Franchisee”).~~

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to Franchisee was made in the State of New York; (B) Franchisee is a resident of the State of New York; and/or (C) the Franchised Center will be located in the State of New York.

2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable.

3. The following sentence is added to the end of Sections 2.B.5 and 12.E.3:

Any provision in this Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695.

4. The following sentence is added to Section 13.G:

Franchisor will not assign its rights under this Agreement, except to an assignee who in Franchisor’s good faith and judgment is willing and able to assume Franchisor’s obligations under this Agreement.

5. The following sentence is added to the end of Sections 14.D, 19.B, and 21.D:

Franchisor’s right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. The following sentence is added to the end of Section 21.A:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

9. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by

electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

FRANCHISEE:

UPGRADE LABS FRANCHISE, INC.

[NAME OF FRANCHISEE]

By: _____

By: _____

~~Name: _____~~ Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS DEVELOPMENT AGREEMENT
REQUIRED FOR NEW YORK DEVELOPERS**

This Addendum to the Upgrade Labs Development Agreement dated _____ (“**Franchise Agreement**”) is entered into as of _____ (“**Effective Date**”) by and between **UPGRADE LABS FRANCHISE, INC.**, a Delaware corporation (“**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**Developer**”).

1. The provisions of this Addendum form an integral part of, and are incorporated into, the ~~Development~~Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of New York; **(B)** Developer is a resident of the State of New York; and/or **(C)** the Development Area will be located in the State of New York.

2. Any provision in the Development Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable.

3. The following sentence is added to Section 9.C.:

Franchisor will not assign its rights under this Agreement, except to an assignee who in Franchisor’s good faith and judgment is willing and able to assume Franchisor’s obligations under this Agreement.

4. The following sentence is added to the end of Sections 8.D, 11.D, and 12:

Franchisor’s right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

5. The following sentence is added to the end of Section 12:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.

7. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

8. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

DEVELOPER:

UPGRADE LABS FRANCHISE, INC.

[NAME OF DEVELOPER]

By: _____

By: _____

~~Name: _____~~ Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS FRANCHISE AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES**

This Addendum to the Upgrade Labs Franchise Agreement dated _____ (“Franchise Agreement”) is entered into as of _____ (“Effective Date”) by and between UPGRADE LABS FRANCHISE, INC., a Delaware corporation (“Franchisor”) and _____, a _____, a _____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“Franchisee”).

~~_____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“Franchisee”).~~

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to Franchisee was made in the State of North Dakota; (B) Franchisee is a resident of the State of North Dakota; and/or (C) the Franchised Center will be located in the State of North Dakota.

2. Section 3.A.1 of the Franchise Agreement shall be amended by adding the following to the end of the Section:

Based upon Franchisor’s financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Franchise Agreement and you open the Franchised Center. Upon the opening of the Franchised Center, you shall pay all initial fees and payments to us.

3. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee’s business.

C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

F.I. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

4
3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

54. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

6.5. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

FRANCHISEE:

UPGRADE LABS FRANCHISE, INC.

[NAME OF FRANCHISEE]

By: _____

By: _____

~~Name: _____~~ Name: _____ Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS DEVELOPMENT AGREEMENT
REQUIRED FOR NORTH DAKOTA DEVELOPERS**

This Addendum to the Upgrade Labs Development Agreement dated _____ (“**Development Agreement**”) is entered into as of _____ (“**Effective Date**”) by and between **UPGRADE LABS FRANCHISE, INC.**, a Delaware corporation (“**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**Developer**”).

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of North Dakota; **(B)** Developer is a resident of the State of North Dakota; and/or **(C)** the Development Area will be located in the State of North Dakota.

2. Section 2 of the Development Agreement shall be amended by adding the following to the end of the Section:

Based upon Franchisor’s financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, we will defer the payment of the Development Fee until the first Franchised Center that you develop under this Agreement opens for business. Upon the opening of the first Franchised Center, you will pay to us the Development Fee..

3. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

F.I. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

4
3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.

54. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

6.5. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

DEVELOPER:

UPGRADE LABS FRANCHISE, INC.

[NAME OF DEVELOPER]

By: _____

By: _____

~~Name: _____~~ Name: _____ Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS FRANCHISE AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES**

This Addendum to the Upgrade Labs Franchise Agreement dated _____ (“Franchise Agreement”) is entered into as of _____ (“Effective Date”) by and between UPGRADE LABS FRANCHISE, INC., a Delaware corporation (“Franchisor”) and _____, a _____, a _____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“Franchisee”).

~~_____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“Franchisee”).~~

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Rhode Island; **(B)** Franchisee is a resident of the State of Rhode Island; and/or **(C)** the Franchised Center will be located in the State of Rhode Island.

2. The following language is added to Sections 21.A and 21.E:

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

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

5. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

FRANCHISEE:

UPGRADE LABS FRANCHISE, INC.

[NAME OF FRANCHISEE]

By: _____

By: _____

~~Name: _____~~ Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS DEVELOPMENT AGREEMENT
REQUIRED FOR RHODE ISLAND DEVELOPERS**

This Addendum to the Upgrade Labs Development Agreement dated _____ (“**Franchise Agreement**”) is entered into as of _____ (“**Effective Date**”) by and between **UPGRADE LABS FRANCHISE, INC.**, a Delaware corporation (“**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**Developer**”).

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Rhode Island; **(B)** Developer is a resident of the State of Rhode Island; and/or **(C)** the Development Area will be located in the State of Rhode Island.

2. The following language is added to Sections 12:

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

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.

4. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

5. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

DEVELOPER:

UPGRADE LABS FRANCHISE, INC.

[NAME OF DEVELOPER]

By: _____

By: _____

~~Name: _____~~ Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS FRANCHISE AGREEMENT
REQUIRED FOR VIRGINIA FRANCHISEES**

This Addendum to the Upgrade Labs Franchise Agreement dated _____ (“Franchise Agreement”) is entered into as of _____ (“Effective Date”) by and between **UPGRADE LABS FRANCHISE, INC.**, a Delaware corporation (“Franchisor”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“Franchisee”).

1. The following sentence is added to the end of Section 3.A.(1) (Initial Franchise Fee):

Notwithstanding the foregoing, we will defer the payment of the Initial Franchise Fee until the Franchised Center opens for business. Upon the opening of the Franchised Center, you shall pay the Initial Franchise Fee to us.

2. 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, 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.

3. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

5. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

<u>FRANCHISOR:</u>	<u>FRANCHISEE:</u>
<u>UPGRADE LABS FRANCHISE, INC.</u>	<u>[NAME OF FRANCHISEE]</u>
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Effective Date: _____	Date: _____

**ADDENDUM TO THE UPGRADE LABS DEVELOPMENT AGREEMENT
REQUIRED FOR VIRGINIA DEVELOPERS**

This Addendum to the Upgrade Labs Development Agreement dated _____ (“**Development Agreement**”) is entered into as of _____ (“**Effective Date**”) by and between **UPGRADE LABS FRANCHISE, INC.**, a Delaware corporation (“**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**Developer**”).

1. The following sentence is added to the end of Section 2 (Development Fee):

Notwithstanding the foregoing, in the Commonwealth of Virginia, we will defer the payment of the Development Fee until we complete our initial obligations and you open the first Upgrade Labs Center that you develop under this Agreement. At that time, you shall pay the Development Fee to us. The Virginia Attorney General’s Office imposed this deferral requirement due to our financial condition.

2. 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, 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.

3. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Development Agreement.

4. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

5. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR: _____ **DEVELOPER:** _____

UPGRADE LABS FRANCHISE, INC. _____ **[NAME OF DEVELOPER]** _____

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Effective Date: _____ Date: _____

**ADDENDUM TO THE UPGRADE LABS FRANCHISE AGREEMENT
DISCLOSURE VERIFICATION, AND RELATED AGREEMENTS
REQUIRED FOR WASHINGTON FRANCHISEES**

This Addendum to the Upgrade Labs Franchise Agreement dated _____ (“**Franchise Agreement**”) is entered into as of _____ (“**Effective Date**”) by and between **UPGRADE LABS FRANCHISE, INC.**, a Delaware corporation (“**Franchisor**”) and _____, a _____, a _____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“**Franchisee**”).

_____ *[insert type of organization and delete these brackets]* formed in _____ *[insert state and delete these brackets]* (“**Franchisee**”).

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Washington; **(B)** Franchisee is a resident of the State of Washington; and/or **(C)** the Franchised Center will be located in the State of Washington.
2. The state of Washington has a statute, the Washington Franchise Investment Protection Act, Section 19.100.180 of which may supersede this Agreement in Franchisee’s relationship with Franchisor, including in the areas of termination and renewal of the franchise. There also may be court decisions that may supersede this Agreement in Franchisee’s relationship with Franchisor, including in the areas of termination and renewal of your franchise.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
- ~~4.~~5. 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.
- ~~5.~~6. 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.
- ~~6.~~7. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
- ~~7.~~8. 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.

~~89.~~ 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.

~~910.~~ The following is added to the end of Section 3.A.1 of the Franchise Agreement:

Notwithstanding the foregoing, we will defer the payment of the Initial Franchise Fee until the Franchised Center opens for business. Upon the opening of the Franchised Center, you shall pay the Initial Franchise Fee to us.

~~1011.~~ 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, 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.

~~12.~~ Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

~~113.~~ Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified in full force and effect.

~~12-14.~~ This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:
~~UPGRADE LABS FRANCHISE, INC.~~
UPGRADE LABS FRANCHISE, INC.

FRANCHISEE:
[NAME OF FRANCHISEE]

By: _____

By: _____

~~Name: _____~~

Name: _____ Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

**ADDENDUM TO THE UPGRADE LABS DEVELOPMENT AGREEMENT
DISCLOSURE VERIFICATION, AND RELATED AGREEMENTS
REQUIRED FOR WASHINGTON DEVELOPERS**

This Addendum to the Upgrade Labs Development Agreement dated _____ (“**Development Agreement**”) is entered into as of _____ (“**Effective Date**”) by and between **UPGRADE LABS FRANCHISE, INC.**, a Delaware corporation (“**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**Developer**”).

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Washington; **(B)** Developer is a resident of the State of Washington; and/or **(C)** the Development Area will be located in the State of Washington.
2. The state of Washington has a statute, the Washington Franchise Investment Protection Act, Section 19.100.180 of which may supersede this Agreement in Developer’s relationship with Franchisor, including in the areas of termination and renewal of the franchise. There also may be court decisions that may supersede this Agreement in Developer’s relationship with Franchisor, including in the areas of termination and renewal of your franchise.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
4. 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 Development Agreement, a developer 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.
5. A release or waiver of rights executed by a developer 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.
6. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
78. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a developer, 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 developer 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 Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

9. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a developer 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 Development Agreement or elsewhere are void and unenforceable in Washington.

10. The following is added to the end of Section 2 of the Development Agreement:

Notwithstanding the foregoing, we will defer payment of that portion of the Development Fee allocated to a Franchised Center that you develop under this Agreement until that Franchised Center opens for business. Upon the opening of a Franchised Center, you will pay to us that portion of the Development Fee allocated to that Franchised Center.

11. 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, 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.

12. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.

13. Except as expressly modified by this Addendum, the Development Agreement remains unmodified in full force and effect.

14. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

DEVELOPER:

UPGRADE LABS FRANCHISE, INC.

[NAME OF DEVELOPER]

By: _____

By: _____

Name: _____ Name: _____ Name: _____

Title: _____

Title: _____

Effective Date: _____

Date: _____

EXHIBIT E
LIST OF FRANCHISEES

**LIST OF
FRANCHISEES**

UPGRADE LABS

LIST OF FRANCHISED CENTERS AS OF DECEMBER 31, ~~2023~~2024

<u>Franchisee</u>	<u>Center Street Address</u>	<u>City</u>	<u>State</u>	<u>Year Zip</u>	<u>Outlet at Start of Year Contact Phone Number</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations Other Reasons</u>	<u>Outlets at End of Year</u>
Utah Biohacked CDA Corporation	20212 086 N. Main Street	0 Coeur d'Alene	0 ID	0 83814	0 (208) 620-7134	0		0		0	
Longevity Labs, LLC	20221 611 W. 5 th Street, Suite 125	0 Austin	0 TX	0 78703	0 (360) 720-3541	0		0		0	
LKTR, LLC	20236 030 North Market Street, Suite 135	0 Park City	1 UT	0 84098	0 (208) 290-7162	0		0		1	
Idaho Improved Physiology LLC	20214 594 W. Partridgehill Lane, Suite B-170,	0 Riverton	0 UT	0 84096	0 (801) 336-1515	0		0		0	
Legacy Labs Inc.	20229 09 112 th Ave NE #201	0 Bellvue	0 WA	0 98004	0 (425) 532-3300	0		0		0	

	2023	0	1	0	0	0	0	1
--	------	---	---	---	---	---	---	---

**LIST OF FRANCHISEES THAT ~~HAD~~ SIGNED FRANCHISE AGREEMENTS
BUT ~~WERE~~ NOT ~~OPEN~~ AS OF DECEMBER 31, ~~2023~~2024**

Franchisee	Area Where Franchised Center Will Be Located	State Where Franchised Center Will Be Located	Phone Number
Equanimity Labs LLC	Orlando	Florida	(954-) 699-9659
Noble Life, LLC	Ponte Vedre Beach <u>St. Johns</u>	Florida	(904) 477-4387
Biohacked CDA Corporation	Coeur d'Alene	Idaho	(208) 720-0476
Renewed Life, LLC	Charlotte	North Carolina	(803) 493-3523
Signe Adelante, LLC	Greenville	South Carolina	(863) 808-9883
Upgrade Tennessee, LLC	Nashville	Tennessee	(615) 947-7056

**LIST OF DEVELOPERS WITH SIGNED DEVELOPMENT AGREEMENTS
AS OF DECEMBER 31, 2024**

Franchisee	Austin <u>Area Where Franchised Center(s) Will Be Located</u>	Texas <u>State Where Franchised Center(s) Will Be Located</u>	(360) 720-3541 <u>Phone Number</u>
Longevity Labs, LLC	Park City	Utah	(208) 290-7162
LKTR, LLC	Bellevue	Washington	(314) 422-6989

**LIST OF DEVELOPERS WITH SIGNED
DEVELOPMENT AGREEMENTS AS OF DECEMBER
31, 2023**

Franchisee	Area Where Franchised Center(s) Will Be Located	State Where Franchised Center(s) Will Be Located	Phone Number
Renewed Life, LLC	Charlotte	North Carolina	(803) 493-3523
Longevity Labs, LLC	Austin	Texas	(360) 720-3541
Biohacked CDA Corporation	Spokane	Washington	(208) 720-0476

**LIST OF FRANCHISEES THAT ~~HAVE LEFT THE SYSTEM~~ TRANSFERRED A CENTER,
CLOSED A CENTER
OR WERE TERMINATED IN OUR PAST FISCAL YEAR OR THAT HAVE FAILED TO
COMMUNICATE WITH US IN THE 10 WEEKS PRECEDING THE ISSUANCE DATE OF THIS
DISCLOSURE DOCUMENT2024**

None

<u>Franchisee and Contact Person</u>	<u>City</u>	<u>State</u>	<u>Phone Number</u>	<u>Reason</u>
<u>Renewed Life, LLC</u>	<u>Charlotte</u>	<u>North Carolina</u>	<u>(803) 493-3523</u>	<u>Center Not Opened</u>
<u>Elevated Performance LLC</u>	<u>Meridian</u>	<u>Idaho</u>	<u>(208) 900-6411</u>	<u>Closed Center</u>

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

EXHIBIT G

OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT H

SAMPLE RELEASE AGREEMENT

In consideration for the consent of Upgrade Labs Franchise, Inc. (the “Franchisor”) to the assignment by _____ (“Franchisee”) of its interest in that certain franchise agreement entered into by and between Franchisor and Franchisee dated _____ (the “Franchise Agreement”), Franchisee and its principals hereby remise, release, and forever discharge Franchisor, its affiliates, parents, subsidiaries, principals, officers, directors and employees and agents, and their respective successors, assigns, heirs and personal representatives, from all debts, covenants, liabilities, actions, and causes of action of every kind and nature through the date of this Release, including but not limited to those arising out of or existing under (a) the Franchise Agreement and the parties’ respective rights and obligations thereunder, (b) the offer and sale of the Upgrade Labs Franchised Center described therein, and (c) the franchise relationship between the parties hereto, whether in law or in equity. Franchisee acknowledges that this Release is intended to release all claims held by any person against the parties to be released, arising out of any of the matters to be released.

This Release has been entered into and agreed to as of the _____ day of _____, 20_____

FRANCHISEE:

By: _____

Print Name: _____

By: _____

Print Name: _____

EXHIBIT I

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

State	Effective Date
California	April 21, 2024 Pending
Hawaii	Pending
Illinois	April 19, 2024 Pending
Indiana	August 6, 2024 Pending
Maryland	June 20, 2024 Pending
Michigan	October 22, 2024 Pending
Minnesota	Pending
New York	June 25, 2024 Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	April 29, 2024 Pending
Washington	June 13, 2024 Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J
RECEIPTS

RECEIPTS (OUR COPY)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Upgrade Labs Franchise, Inc. offers you a franchise it must provide this Disclosure Document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. If Upgrade Labs Franchise, Inc. offers you a franchise in New York, we must give you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. If Upgrade Labs Franchise, Inc. offers you a franchise in Michigan, we must give you this disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Upgrade Labs Franchise, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of our agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

The franchisor is Upgrade Labs Franchise, Inc., located at ~~1742 Emerald Cove Circle, Cape Coral, Florida 33991~~ 9295 Lake Park Drive, P203 Fort Myers Fl. 33919. Its telephone number is (305) 402-4882.

The issuance date of this Disclosure Document is: ~~January 18, 2024~~ May 19, 2025

I have received a Franchise Disclosure Document with an issuance date of ~~January 18, 2024~~ May 19, 2025 which contained the following Exhibits.

- | | |
|--|--|
| A. List of State Franchise Administrators/Agents for Service of Process | F. List of Franchisees |
| B. Franchise Agreement (and Exhibits) | G. Operations Manual Table of Contents |
| C. Development Agreement | H. Sample Termination and Release Agreement |
| D. Financial Statements | I. State Effective Dates |
| E. State Specific Addenda | J. Receipts |

~~A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:~~

<u>Name</u>	<u>Principal Business Address</u>	<u>F. List of Franchisees</u>	<u>Telephone Number</u>
<u>A. List of State Franchise Administrators/Agents for Service of Process</u>	<u>G. Operations Manual Table of Contents</u>		
<u>B. Franchise Agreement (and Exhibits)</u>	<u>H. Sample Termination and Release Agreement</u>		
<u>C. Development Agreement</u>	<u>I. State Effective Dates</u>		
<u>D. Financial Statements</u>	<u>J. Receipts</u>		
<u>E. State Specific Addenda</u>			

☐ Michael Moore	1742 Emerald Cove Circle Cape Coral, Florida 33991	(253) 338 2717
----------------------------	---	---------------------------

By: _____ Title: _____

Name: _____ Name of Entity: _____

Date: _____ Address: _____

Telephone Number: _____

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows: Upgrade Labs Franchise Inc.: Griff Long, President; Michael Moore, Senior Director of Design and Construction; Alexander “Chaz” Wolfson, Manager of Business Development and Lorrie Hiti, Franchise Administration Paralegal, 9295 Lake Park Drive. P203, Fort Myers Fl. 33919, (305) 402-4882.

By: _____
Name: _____
Date: _____
Telephone Number: _____

Title: _____
Name of Entity: _____
Address: _____

RECEIPTS (YOUR COPY)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Upgrade Labs Franchise, Inc. offers you a franchise it must provide this Disclosure Document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. If Upgrade Labs Franchise, Inc. offers you a franchise in New York, we must give you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. If Upgrade Labs Franchise, Inc. offers you a franchise in Michigan, we must give you this disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Upgrade Labs Franchise, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of our agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

The franchisor is Upgrade Labs Franchise, Inc., located at ~~1742 Emerald Cove Circle, Cape Coral, Florida 33991~~ [9295 Lake Park Drive, P203 Fort Myers Fl. 33919](#). Its telephone number is (305) 402-4882.

The issuance date of this Disclosure Document is: ~~January 18, 2024~~ [May 19, 2025](#)

I have received a Franchise Disclosure Document with an issuance date of ~~January 18, 2024~~ [May 19, 2025](#) which contained the following Exhibits.

~~A. List of State Franchise Administrators/Agents for Service of Process~~
~~B. Franchise Agreement (and Exhibits)~~
~~C. Development Agreement~~
~~D. Financial Statements~~
~~E. State Specific Addenda~~

~~F. List of Franchisees~~
~~G. Operations Manual Table of Contents~~
~~H. Sample Termination and Release Agreement~~
~~I. State Effective Dates~~
~~J. Receipts~~

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

<u>Name</u>	<u>A. List of State Franchise Administrators/Agents for Service of Process</u>	<u>Principal Business Address</u>	<u>F..... List of Franchisees</u>	<u>Telephone Number</u>
	<u>B. Franchise Agreement (and Exhibits)</u>		<u>G. Operations Manual Table of Contents</u>	
	<u>C. Development Agreement</u>		<u>H. Sample Termination and Release Agreement</u>	
	<u>D. Financial Statements</u>		<u>I. State Effective Dates</u>	
	<u>E. State Specific Addenda</u>		<u>J. Receipts</u>	

☐ Michael Moore	1742 Emerald Cove Circle Cape Coral, Florida 33994	(253) 338 2717
----------------------------	---	----------------

By: _____ Title: _____

Name: _____ Name of Entity: _____

Date: _____ Address: _____

~~Telephone Number:~~ A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows: Upgrade Labs Franchise Inc.: Griff Long, President; Michael Moore, Senior Director of Design and Construction; Alexander “Chaz” Wolfson, Manager of Business Development; and Lorrie Hiti, Franchise Administration Paralegal, 9295 Lake Park Drive. P203, Fort Myers Fl. 33919, (305) 402-4882.

By: _____ Title: _____
 Name: _____ Name of Entity: _____
 Date: _____ Address: _____
 Telephone Number: _____