

FRANCHISE DISCLOSURE DOCUMENT



SWEAT440 FRANCHISE SYSTEMS, LLC
a Florida limited liability company
1919 Purdy Avenue
Miami Beach, Florida 33139
Email: franchise@sweat440.com
Telephone: 888-507-9328
Website: www.sweat440.com

Sweat440 Franchise Systems, LLC offers individual and multiple unit franchises for the operation of membership-based fitness studios that combine the motivational mindset of small group training with the convenience of workout times that best suit each individual (the “Studio”).

The total investment necessary to begin the operation of one Studio is from \$277,900 to ~~\$681,100~~ \$680,900. This includes between \$76,500 to \$95,000 that must be paid to us or our affiliates.

If you sign a Multi-Unit Development Agreement, you must also pay us a multi-unit development fee, the amount of which varies depending upon the total number of Studios you agree to develop. We require you to develop a minimum of two units under the Multi-Unit Development Agreement. The total investment necessary to develop two Studios under the Multi-Unit Development Agreement is from \$545,800 to ~~\$1,352,200~~ \$1,351,800. This includes between \$143,000 to \$180,000 that must be paid to us or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Cody Patrick at 1919 Purdy Avenue, Miami Beach, Florida, franchising@sweat440.com, or 888-507-9328.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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: March 4, 2024, as amended ~~October 30~~ November 21, 2024

Sweat440 FDD 2024

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Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in the state where our corporate headquarters are located, currently Florida. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the state where our corporate headquarters are located, currently Florida, than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchisor is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your ability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
5. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
6. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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

If you are an individual unit franchisee, the SWEAT440® Franchise Agreement will grant to you the right to use our trademark, formats, designs, methods, specifications, standards, and operating and marketing procedures (“System”) in a single SWEAT440® location. You will operate your Studio under the service mark and trade name “Sweat440” and other trade names, trademarks and service marks that we specify or designate for use in connection with our System, as we may modify. Our System includes standards, policies, and procedures for layout, equipment, operations, merchandise procurement and inventory, training, membership sales, customer service, maintaining quality and consistency of service offering, IT and software systems, assistance with advertising, promotion, public relations, social media. We may change, improve and further develop the System over time.

If you are a multi-unit franchisee, you are provided an agreed upon geographic area (the “Designated Area”) in which you will be required to open and operate an agreed number of SWEAT440® Studios according to a designated timetable under a multi-unit development agreement (the “Multi-Unit Development Agreement”). Before signing the Multi-Unit Development Agreement, we will agree with you on the Designated Area, the number of Studios, and a timetable for opening each Studio. You will sign our then-current Franchise Agreement for each Studio developed under the Multi-Unit Development Agreement. You may be required to sign our then-current form of the Franchise Agreement for any subsequent Studios. A copy of the Multi-Unit Development Agreement is attached as Exhibit C.

Market, Competition

The market for fitness and exercise concepts is well established. Your Studio will compete with other fitness and exercise businesses, some of which may offer the same or similar programs and classes to those offered by SWEAT440®. These competitors may range from franchise systems, independents, chains, and other businesses offering similar programs and classes. In addition, many of these competitors may have substantial financial, marketing, and other resources and they may already be well established in your market. The ability of each SWEAT440® Studio to compete depends on the market, household income levels, availability of qualified trainers to teach classes, employee selection and training, customer service, overhead costs, changing local market and economic conditions, and many other factors both within and outside your or our control. [We do not expect there to be any material seasonal variations in the market.](#)

Laws and Regulations

We are not aware of any laws or regulations applicable to a SWEAT440® Studio that would not apply generally to fitness and exercise businesses. As a SWEAT440® franchisee you are responsible to ensure your compliance with all applicable federal, state, county or local laws and regulations, which apply generally to the fitness and exercise industry including health, smoking restrictions, non-discrimination, employment, sexual harassment and advertising laws. In addition, many states and municipalities have laws and regulations that apply to membership contracts, including requiring specific provision in the contract, limiting the length of the contract, and termination rights. There may be other laws and regulations applicable to businesses generally with which you must comply. You should consult with your attorney or other professionals regarding these and other laws and regulations that may affect the operation

of a SWEAT440® Studio before you sign a Franchise Agreement. You must obtain all applicable permits and licenses. It is your continuous responsibility to investigate and satisfy all federal, state, and local laws and regulations as they vary from place to place and may change from time to time.

ITEM 2 BUSINESS EXPERIENCE

Mr. Cody Patrick, Chief Executive Officer

Mr. Patrick is our co-founder and has served as our Chief Executive Officer since November 2018, and the Chief Executive Officer of our Parent since July 2017, in Miami Beach, Florida. Since May 2010, Mr. Patrick has also served and continues to serve as the founder, owner, and CEO of Sunset Harbor Innovative Fitness Training in Miami Beach, Florida.

Mr. Matthew Miller, Chief Brand Officer

Mr. Miller is our co-founder and has served as our Chief Brand Officer since July 2022. Mr. Miller served as our Chief Operations Officer from November 2018 to July 2022 and has served as the Chief Operations Officer of our Parent since July 2017, in Miami Beach, Florida. Since June 2008, Mr. Miller has also served and continues to serve as the founder, owner, and CEO of Miller Sports Training and Fitness in Miami Beach, Florida.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

The “Initial Franchise Fee” for a Studio franchise is \$60,000. The Initial Franchise Fee is paid to us when you sign the Franchise Agreement. The Initial Franchise Fee [must be paid in lump sum](#), is non-refundable, and is fully earned when it is paid. If you are a veteran of the United States Armed Forces (with evidence of enrollment), then we will give you a \$5,000 discount off your Initial Franchise Fee.

If you sign a Multi-Unit Development Agreement, you will pay us a “Multi-Unit Development Fee,” the amount of which varies depending upon the total number of Studios you agree to develop. The Multi-Unit Development Fee is paid to us [in lump sum](#) when you sign the Multi-Unit Development Agreement, and is not refundable under any circumstances. The table below lists the amount of the Multi-Unit Development Fee based on the total number of Studios to be developed under the Development Schedule.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement

Type of Expenditure (See Note 1)	Amount (See Note 2)	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee See Note 3	\$60,000	Lump Sum	When you sign the Franchise Agreement	Us
Lease Deposit and Rent - 3 months See Note 4	\$25,000 to \$60,000	As Agreed Upon	Before Opening	Landlord, Various Third Parties
Leasehold Improvements See Note 4	\$50,000 to \$300,000	As Agreed Upon	Before Opening	Landlord, Various Third Parties
Signage See Note 5	\$10,000 to \$15,000	As Agreed Upon	Before Opening	Various Suppliers
Architect and Engineering Fees See Note 6	\$0 to \$10,000	As Agreed Upon	Before Opening	Various Third Parties
Construction Management See Note 7	\$15,000 to \$17,000	As Agreed Upon	Before Opening	Various Third Parties
Furniture and Fixtures See Note 8	\$15,000 to \$25,000	As Agreed Upon	Before Opening; Payable Upon Delivery	Various Suppliers
Equipment See Note 9	\$50,000 to \$75,000	As Agreed Upon	Before Opening	Various Suppliers
Initial Inventory See Note 10	\$4,700 to \$7,500	As Agreed Upon	As Ordered	Various Suppliers
Professional Services See Note 11	\$3,500 to \$5,000	As Agreed Upon	As Incurred	Various Professionals
Pre-Opening Travel, Labor See Note 12	\$3,700 to \$6,400	As Incurred	Before Opening	Various Third Parties
Market Introduction Plan See Note 13	\$15,000 to \$30,000	As Incurred	As Ordered	Affiliate
Studio Permits and Licenses See Note 14	\$250 to \$500	As Incurred	As Incurred	Government Agencies
Miscellaneous Pre-opening Expenses See Note 15	\$5,750 to \$18,500	As Incurred	Before Opening	Various Third Parties and Us
Storage Facility Expenses See note 16	\$0 to \$1,000	As incurred	As Incurred	Various Third Parties
Additional Funds – First Three Months See Note 17	\$20,000 to \$50,000	As Incurred	As Incurred	Various Third Parties
TOTAL See Note 18	\$277,900 to \$681,100 <u>\$680,900</u>			

on any loans. It does not include inventory costs beyond the opening inventory costs identified in the Table and does not include your compensation during this 3-month period. These amounts are estimates, and we cannot guarantee that you will not incur additional expenses in starting the business. Your costs will depend on factors such as how much you follow our System, your management skills, experience, local economic conditions, the local market for SWEAT440® services and products, the prevailing wage rate, competition, the amount of the initial investment you decide to finance, and the sales level reached during the initial period.

- (18) **Total.** This estimate is based upon our affiliate’s experience in opening and operating one SWEAT440® Studio in the greater Miami, Florida area. We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements.

B. Multi-Unit Development Agreement (With 2-Pack Example)

Type of Expenditure (See Note 1)	Amounts (See Note 2)	Method of Payment	When Due	To Whom Payment Is To Be Made
Multi-Unit Development Fee See Note 3	\$110,000	Lump Sum	When you sign the Multi-Unit Development Agreement	Us
Initial Investment to Open the First Studio See Note 4	\$217,900 to \$621,100 <u>\$620,900</u>		See Table A of this Item 7.	
Initial Investment to Open the Second Studio See Note 4	\$217,900 to \$621,100 <u>\$620,900</u>		See Table A of this Item 7.	
TOTAL	\$545,800 to \$1,352,200 <u>\$1,351,800</u>			

Notes:

- (1) **Type of Expenditure.** The typical size of a SWEAT440® Studio ranges from 2,500 to 3,500 square feet, which includes one fitness studio, locker rooms with showers, retail boutique and other customer and office space. For several items discussed below, your cost will increase as the number of square feet increases. The size of your Studio is principally determined by requirements or restrictions that your landlord and appropriate municipality or zoning boards may impose, and availability and cost of leasable space. This Table reflects your estimated initial investment for two Studios operated under a Franchise Agreement. This information assumes that you will lease the premises for your Studios.
- (2) **Amount.** Except where otherwise noted, all fees that you pay to us are non-refundable. Third party lessors, contractors and suppliers will decide if payments to them are refundable.
- (3) **Multi-Unit Development Fee.** If you sign a Multi-Unit Development Agreement, you pay us the Multi-Unit Development Fee as more fully described in Item 5. The Multi-Unit Development Fee is paid to us to cover the costs of providing you with a protected territory to develop the Studios pursuant to the Multi-Unit Development Agreement.

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

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

Pre-Opening Assistance. Before you open your Studio, we will:

- (1) Assist you in selecting the site for your Studio (Franchise Agreement – Section 6(A), Multi-Unit Development Agreement – Section 4(C)).
- (2) Provide you with basic layout and specifications for your Studio, including those for dimensions, interior design and layout, building materials, fixtures, equipment, furniture, signs and décor (Franchise Agreement – Section 6(B)). We currently do not deliver or install any items.
- (3) Provide to you an onsite visit of the “Authorized Location” (as defined in Item 15) if the Studio is your first or second SWEAT440® franchise (Franchise Agreement – Section 6(C)).
- (4) Assist you in developing your Market Introduction Plan (Franchise Agreement – Section 6(G) and 6(H)).
- (5) Provide the pre-training materials and initial training program described below to you and the “Studio Manager” and the “Operating Principal” (as defined in Item 15) (Franchise Agreement – Section 7(B)).
- (6) Provide to you access to the confidential Operations Manual. You must keep the Operations Manual confidential and discontinue using it when the Franchise Agreement terminates (Franchise Agreement – Section 7(G)).

Site Selection. If you already have a potential site for a Studio, you may propose the location to us. We may consent to the site after we have independently evaluated it. The site for the Studio will be identified in Exhibit A to the Franchise Agreement. We will provide you with our general site selection and evaluation criteria. You are solely responsible, however, for locating and obtaining a site which meets our standards and criteria and that is acceptable to us. If you do not have an Authorized Location for the Studio at the time you sign the Franchise Agreement, the Authorized Location must be identified and approved by us in writing within 90 days after the date of the Franchise Agreement. If you fail to find an Authorized Location, or if you fail to find an Authorized Location of which we approve, within 90 days of signing the Franchise Agreement, we may terminate the Franchise Agreement.

You must submit to us the information we require related to the proposed site. The general site and evaluation criteria which you should consider include demographic characteristics of the proposed location, traffic patterns, parking, the predominant character of the neighborhood, the proximity to other businesses (including other SWEAT440® Studios), and other commercial characteristics, and the proposed location, size of premises, appearance and other physical characteristics. We will notify you in writing within 30 days after we receive your

You may relocate your Studio only with our written consent, which we will not unreasonably withhold. If we permit you to relocate your Studio, you will pay us a relocation fee of \$5,000 or more as necessary to pay for the costs we incur in providing services that assist you in relocating your Studio. In addition, you will need to build out the Studio consistent with our then-current standards for new Studios.

We do not grant to you any options, rights of first refusal, or similar rights to acquire additional franchises within a particular territory.

Except as disclosed below, neither we nor any affiliate operates, franchises, or has any current plans to operate or franchise any business selling the products and services authorized for sale at a Studio under any other trademark or service mark.

MULTI-UNIT DEVELOPMENT AGREEMENT

If you enter into a Multi-Unit Development Agreement, you will receive certain protected rights to develop more than one Studio within a designated geographic area (the “Designated Area”) to be described in Exhibit A attached to the Multi-Unit Development Agreement. The size of the Designated Area will vary, depending on the number of Studios you intend to open, the population density, and the demographics in the area in which you desire to operate. The Designated Area may be one or more counties or cities in rural areas, and may be a portion of a metropolitan statistical area in heavily populated major cities. We will not establish another franchised or company-owned SWEAT440® Studio in the Designated Area so long as you meet the Development Schedule, comply with all other provisions described in the Multi-Unit Development Agreement, and you otherwise comply with the provisions of each related Franchise Agreement.

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

We and our affiliates reserve the right, without compensation to you: (1) to own and operate, and to grant other persons the right to own and operate, Studios at locations outside the Designated Area; (2) to sell within and outside the Designated Area the products and services authorized for sale at Studios under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution and pursuant to conditions we deem appropriate; (3) to sell the products and services authorized for sale at Studios under the Marks through dissimilar channels of distribution, including by electronic means such as the Internet and by websites we establish, and pursuant to conditions we deem appropriate within and outside the Designated Area; (4) to advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks; and (5) own and operate, and to grant other persons the right to own and operate, SWEAT440® Studios to “Captive Market Locations.” A “Captive Market Location” is a Studio location within a regional, enclosed, or similarly situated shopping center or mall, airport or other transportation terminal, sports facility, hospital, college or university campus, corporate campus, a department within an existing retail store, hotel or motel, grocery store, or other similar type of location that has a restricted trade area

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in the Franchise Agreement	Summary
a. Length of the franchise term	Franchise Agreement Article 3	10 years.
b. Renewal or extension of the term	Franchise Agreement Article 3	If you are in good standing, you can renew the Franchise Agreement for 2 additional 5-year terms.
c. Requirements for you to renew or extend	Article 3	You may renew your Franchise Agreement if the following are satisfied: we are still providing Sweat440 franchises; you provide notice between 9 and 6 months before the agreement ends; you comply with current franchise agreement; you and your Studio Manager meet our new franchisee requirements; you and you Studio Manager satisfactorily complete any new/refresher training programs; sign new agreement (which may contain materially different terms than your original Franchise Agreement); remodel; provide proof you will maintain possession of the Studio premises; you have the required licenses or permits for the Studio; pay renewal fee; and sign a general release of claims.
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Sections 15	We may terminate the Franchise Agreement only if you default.
g. "Cause" defined – curable defaults	Sections 15(A) and (B)	You have 30 days to cure failure to open Studio when required, failure to complete training, failure to comply with System standards, failure to conform to System, submission of false reports or concealing revenue, a violation of any material provision of the Agreement, failure to comply with federal, state and local laws (not including health and safety laws and regulations), an unauthorized assignment or transfer, or failure to pay Royalty and other fees if we don't send notice. You have 10 days to cure a default under another agreement if the default results in acceleration of debt of \$200,000 or more. You have 5 days from notice to cure failure to pay Royalty and other fees. You have 72 hours to cure a health or safety violation.
h. "Cause" defined – non-curable defaults	Sections 15(A) and (B)	Failure on 3 or more occasions in any 12 months to comply with any provision, default is not curable, a material misrepresentation on franchise application, conviction of or proof that you have committed a felony or other crime which harms the Studio's reputation, government action against you which injures the goodwill associates with the Marks, insolvency, an assignment of assets to creditors, Studio abandonment, defaults which injures the goodwill associated with the Marks, receiver or custodian is appointed over the Studio, bankruptcy, operation of the Studio results in a threat to public health or safety, lease expires or is terminated, audit shows understatements of Gross Sales more than 5%, failure to meet applicable sales minimums 2 or more times in 12 months, or 3 separate audits show an understatement of Gross Sales of 2% or more in 36 months, or termination of the Multi-Unit Development Agreement or any other agreement between you and us.
i. Your obligations on termination/nonrenewal	Article 16 and Section 13(C)	Cease operation of the Studio and use of Marks, pay all amounts due us and our affiliates and authorized suppliers, stop using and return manuals and other materials, assign to us the Studio telephone number and telephone listing or (at our

**ITEM 21
FINANCIAL STATEMENTS**

Attached as Exhibit A are our audited financial statements for the fiscal years ended October 31, 2023, 2022 and 2021, and our unaudited financial statements as of November 20, 2024.

**ITEM 22
CONTRACTS**

The Franchise Agreement (and all exhibits, including the Disclosure Acknowledgement Addendum and the State Addendum) is attached as Exhibit B. The Multi-Unit Development Agreement (and all exhibits, including the Disclosure Acknowledgement Addendum and State Addendum) is attached as Exhibit C. The State Addenda to this Franchise Disclosure Document are attached as Exhibit F.

**ITEM 23
RECEIPTS**

The very last two (2) pages of this Disclosure Document, and attached as Exhibit G, are your and our copies of the Receipt of this Disclosure Document. The very last page of this Disclosure Document should be detached and returned to us acknowledging your receipt of this Disclosure Document. The next to last page is a duplicate receipt to be kept by you for your records. If these two (2) pages or any other pages or exhibits are missing from your copy of the Disclosure Document, please contact us at the following address or telephone number:

Sweat440 Franchising Systems, LLC
Attn: Cody Patrick
1919 Purdy Avenue
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THE FOLLOWING FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as franchisee is open for business.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 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), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

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.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

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.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for

in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

Payment of the initial franchise fee is deferred until such time as franchisee is open for business.

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: FRANCHISEE:
SWEAT440 FRANCHISE SYSTEMS, LLC _____

By: _____ By: _____
Its: _____ Its: _____
Date: _____ Date: _____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise 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.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
SWEAT440 FRANCHISE SYSTEMS, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 5, Additional Disclosures:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

Franchise 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.

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground 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 Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: _____ **FRANCHISEE:** _____
SWEAT440 FRANCHISE SYSTEMS, LLC _____

By: _____ By: _____
Its: _____ Its: _____

Date:

Date:

VIRGINIA ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Unit Development Agreement, to the extent that the Multi-Unit Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the first franchise agreement.

STATE EFFECTIVE DATES

The following states require that the 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 disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
Indiana	November 21, 2024
Michigan	November 18, 2024
Minnesota	Pending
New York	March 14, 2024, as amended December 9, 2024
Virginia	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sweat440 Franchise Systems, LLC (“Sweat440”) offers you a franchise, Sweat440 must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Sweat440 or its affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Sweat440 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 those state administrators listed on Exhibit D.

Issuance Date: March 4, 2024, as amended ~~October 30~~ November 21, 2024

The franchisor is Sweat440 Franchise Systems, LLC, located at 1919 Purdy Avenue, Miami Beach, Florida 33139. Its telephone number is 888-507-9328.

Sweat440’s franchise seller involved in offering and selling the franchise is Cody Patrick, and/or Matthew Miller, 1919 Purdy Avenue, Miami Beach, Florida 33139, 888-507-9328, or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement:

Sweat440 authorizes the respective state agencies identified on Exhibit E to receive service of process for Sweat440 in the particular state.

I have received a disclosure document with an issuance date of March 4, 2024, as amended ~~October 30~~ November 21, 2024, that included the following Exhibits:

- | | |
|--|---|
| A. Financial Statements | D. Franchisee List |
| B. Franchise Agreement (and Exhibits and State Addenda) | E. List of State Administrators/Agents for Service of Process |
| C. Multi-Unit Development Agreement (and Exhibits and State Addenda) | F. State Addenda to the Franchise Disclosure Document |
| | G. Receipts |

Date: _____
(Do not leave blank)

(Print Name of Prospective Franchise (For Entity))
By: _____
Its: _____

Signature: _____

(Print Name of Prospective Franchisee (For Individuals))

This copy is for Franchisee

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sweat440 Franchise Systems, LLC (“Sweat440”) offers you a franchise, Sweat440 must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Sweat440 or its affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Sweat440 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 those state administrators listed on Exhibit E.

Issuance Date: March 4, 2024, as amended ~~October 30~~November 21, 2024

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- | | |
|--|---|
| A. Financial Statements | D. Franchisee List |
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| C. Multi-Unit Development Agreement (and Exhibits and State Addenda) | F. State Addenda to the Franchise Disclosure Document |
| | G. Receipts |

Date: _____
(Do not leave blank)

(Print Name of Prospective Franchise (For Entity))

By: _____

Its: _____

Signature: _____

(Print Name of Prospective Franchisee (For Individuals))

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send by email to franchising@sweat440.com.