

FRANCHISE DISCLOSURE DOCUMENT

~~BODY20~~<sup>®</sup>

BODY20<sup>®</sup>

**BODY20 Global USA, LLC**

(a Florida limited liability company)

~~1221 Brickell Avenue, Suite 900~~ 207 San Jacinto Boulevard Suite 301

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The franchise offered is a license to operate a BODY20 fitness training studio that offers full body training exercises utilizing state of the art electro muscle stimulation technology and equipment from a retail outlet utilizing trademarks, service marks and trade names designated by the franchisor (each a "Studio").

The total investment to begin operation of a franchised ~~Traditional~~ BODY20 Studio ranges from ~~\$403,148.59~~ 392,826 to ~~\$635,818.77~~ and the total investment to begin operation of a franchised 3.0 Model Body20 Studio ranges from \$369,099.60 to \$526,077.14. 657,184. This amount includes ~~\$127,100~~ 139,558 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of a BODY20 Studio under the Area Development Agreement will vary depending on the number of Studios to be opened in the designated development zones. The Development Fee due under the ~~Area Development Agreement~~ ADA is equal to: (a) \$120,000 for the right to develop two Studios; or (b) \$165,000 for the development of three Studios.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all of the accompanying exhibits and 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 forms, contact ~~Christopher J. Penaus~~ in writing at ~~1221 Brickell Avenue, Suite 900, Miami, Florida 33131~~ 207 San Jacinto Blvd. Ste 301, Austin, TX 78701 or call (561) 465-5550.

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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Date of Issuance: ~~April 28, 2023~~ May 17, 2024

### How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's discretion. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit G include financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only BODY20 business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchise have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a BODY20 franchisee?</b>	Item 20 or Exhibit F list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better

	understand this franchise opportunity. See the table of contents.
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### **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 to 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 state law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit [A](#).

**A.**—Your state may also 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:

**Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by litigation only in Florida. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to litigate with us in Florida than in your own state.

**Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

**Mandatory Minimum Payments.** You must make mandatory 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 in your investment.

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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EXHIBIT B	Form of Franchise Agreement (with attachments)
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EXHIBIT D	Operations Manual Table of Contents
EXHIBIT E	State Specific Addenda and Riders
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**ITEM 1**  
**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

This Franchise Disclosure Document (the “FDD” or “Disclosure Document”) provides certain information about the Franchisor, BODY20 Global USA, LLC, and the terms on which BODY20 Global USA, LLC currently offers franchises in the United States (as required by federal regulations and certain state laws). Prospective franchisees should make an independent investigation and consult with legal and professional advisors before making any decision to enter into a franchise agreement or an area development agreement.

To simplify the language in this Disclosure Document, “we” or “us” or “our” or “Franchisor” means BODY20 Global USA, LLC, the franchisor. The person who is inquiring about or is granted the right to operate the franchise is referred to in this Disclosure Document as “you” or “your”. If you are a corporation, limited liability company, partnership or other type of legal entity, the provisions of the franchise agreement and, if applicable, area development agreement, also apply to your owners by virtue of our requirement that your owners personally guarantee, and be personally bound by your obligations under the franchise agreement and, if applicable, the area development agreement.

**The Franchisor, its Parent, Predecessor and Affiliates**

We are a Florida Limited Liability Company formed on January 3, 2017. Our principal place of business is [1221 Brickell Avenue, 207 San Jacinto Blvd., Suite 900, Miami, Florida 33131301, Austin, TX 78701](#). We do business under our corporate name and under the trade names “BODY20,” “Body20” and “BODY20 Studio”. We do not do business under any other name. If we have agents in your state for service of process, they are disclosed in **Exhibit A** to this Disclosure Document. We commenced offering Franchised Businesses on March 8, 2018 and we commenced offering Area Representative Businesses as of March 6, 2019. As of the issuance date of this Disclosure Document, we are not offering Area Representative Business opportunities. We do not engage in any business other than the offer and sale of Franchised Businesses. We have never offered franchises in any other line of business.

Parents

Our parent company, BODY20 Holdings, LLC, is a Delaware limited liability company formed on December 21, 2022. Our parent company operates virtually and does not currently operate out of a physical business address. Its registered agent for service of process is Registered Office Service Company, at 614 N Dupont Hwy, Suite 201, Dover, Delaware 19901.

Affiliates

Our ~~affiliate~~affiliate, BODY20 IP, LLC (“BODY20 IP”), is a Delaware limited liability company formed on March 10, 2023. BODY20 IP operates virtually and does not currently operate out of a physical business address. Its registered agent for service of process is Registered Office Service Company, at 614 N Dupont Hwy, Suite 201, Dover, Delaware 19901. BODY20 IP is an intellectual property holding company that owns the principal marks and licenses them to us for use in connection with the administration and expansion of the BODY20 Franchise System. BODY20 IP does not, and has never, offered franchises in any line of business and does not currently engage in, nor has it previously engaged in, any other line of business.

Our ~~affiliate~~affiliate, BODY20 Equipment, LLC (“BODY20 Equipment”) is a Delaware limited liability company formed on March 10, 2023. BODY20 Equipment operates virtually and does not currently operate out of a physical business address. Its registered agent for service of process is Registered Office Service Company, at 614 N Dupont Hwy, Suite 201, Dover, Delaware 19901. BODY20 Equipment offers and sells certain equipment and items to BODY20 System franchisees. BODY20 Equipment does not, and has never, offered franchises in any line of business, and does not currently engage in, nor has it previously engaged in, any other line of business.

Except as disclosed in this Item 1, we do not, as of the issuance date of this Disclosure Document, have any: (a) parents; (b) predecessors, or (c) affiliates that offer franchises in this or any line of business or that offer or sell products or services to franchisees.

### **The Franchisor's Business**

We offer and sell franchises for BODY20 fitness training studios that offer full body training exercises utilizing state of the art electro muscle stimulation (“EMS”) technology and equipment from a retail outlet utilizing the trademarks, service marks and trade names we designate (each a “Studio”). Three of our owners, Kerry Breitbart, Gregory Breitbart, and Christopher Pena, indirectly own a minority interest in the Houston, Texas Studio. As of the issuance date of this disclosure document, we ~~do not own or operate anytwo Studios or any businesses~~ of the type you will operate ~~and we are not engaged in any other line of business~~.

### **The Franchised Business**

We offer qualified purchasers the right to establish and operate, from a single location, a premier fitness training studio operated under the trademarks, service marks, trade dress, trade symbols and commercial symbols we designate (collectively, the “Marks”), which utilizes state of the art technology and equipment including “EMS” technology, pursuant to the terms and conditions of our franchise agreement (the “Franchise Agreement”). Our current form of Franchise Agreement is attached to this Disclosure Document as **Exhibit B**. The Franchise Agreement gives you the right to operate the Studio under the Marks, as we designate. You must operate your Studio in accordance with the terms of the Franchise Agreement, which includes, among other obligations, the requirements that you (a) offer and sell all services, products and merchandise we designate, and (b) operate the franchised business in accordance with our Operations Manual (the “Manual”) and the “System”. Our “System” consists of business methods, designs and arrangements for developing, opening and operating Studios. The System includes, among other things, the Marks, building designs and layouts, equipment, training, business methods, standards and policies, all of which we may revise at any time during the term of your Franchise Agreement under any condition.

**BODY20 Studio:** Our current requirements for a Studio are for a premises consisting of approximately 1,000 to 1,600 square feet of retail space, offering three or more sessions per time slot.

### **Area Development Agreement**

We also offer qualified individuals and entities the right to open two or more Studios within designated geographic development zones under our current form of area development agreement (the “Area Development Agreement”). A copy of our current form of Area Development Agreement is attached to this Disclosure Document as **Exhibit C**. If you sign an Area Development Agreement, you are required to develop a certain number of Franchised Businesses in each of the development zones in accordance with the development schedule attached to the Area Development Agreement (the “Development Schedule”). You must sign our then-current form of Franchise Agreement before you open each Studio. The then-current Franchise Agreement may contain materially different terms as compared to the form of Franchise Agreement attached to this Disclosure Document. We also have the right to require you to sign a general release as a condition to our granting you the right to enter into your second and each subsequent Franchise Agreement. A current copy of our form of sample general release is attached to this Disclosure Document as **Exhibit H**.

### **The Market and Competition**

Your Franchised Business will compete with other health clubs and businesses. The health club and fitness market, generally speaking, is substantially developed in the United States, but continues to expand in order to satisfy the needs of health and fitness enthusiasts. Notwithstanding, we believe that the market for the services provided under our business model, namely, fitness training utilizing state-of-the art EMS technology, is newly emerging and not well developed throughout the United States as of the issuance date of this disclosure document. Depending upon the location of your Franchised Business and demographics, certain high and low seasons may exist. You will offer your products and services to the general public throughout the year.

### **Applicable Government Regulations**

As a franchisee, you will be subject to general business, employment and other laws and regulations. Some state laws may limit the length and terms of your customer's membership contracts, provide certain consumer rights, and may require you to obtain a bond. State or local regulations may require you to post

specific notices to customers of your Franchised Business. Some states may require that health/fitness facilities have a staff member available during all hours of operation that is certified in basic cardiopulmonary resuscitation or other specialized medical training. Some state or local laws may also require that health/fitness facilities have an automated external defibrillator and/or other first aid equipment on the premises. If you play music in connection with the operation of the Franchised Business, you are responsible for complying with all applicable laws, rules and regulations including securing all required music licenses. You are also subject to employment laws such as the Fair Labor Standards Act and various state laws governing such matters as minimum wages, overtime and working conditions. You will also be subject to other laws or regulations that are not specific to the industry, but applicable to businesses generally, including labor laws, insurance requirements, business licensing laws and tax regulations, and the Americans with Disabilities Act. We have not investigated the laws or regulations applicable to your BODY20 franchise. It is your sole responsibility, to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time. We make no representations or assurances as to the specific licenses, permits, authorizations or otherwise that may be required for operating your Studio, which may vary substantially and may change over time. You are strongly encouraged to consult with your attorney and local, state and federal government agencies before investing in this franchise opportunity to determine all legal requirements and consider their effects on you and the cost of compliance.

## **ITEM 2 BUSINESS EXPERIENCE**

~~**Chairman: Kerry Breitbart.** Mr. Kerry Breitbart has served as our Chairman since December 2018.~~

**Chief Executive Officer: Jay Galluzzo.** Mr. Galluzzo has served as our Chief Executive Officer since December 2023. Prior to his position as CEO, Mr. Galluzzo was the CEO of Club Sports Group, an investing and operating platform focused on fitness and the broader wellness community. Prior to CSG, Mr. Galluzzo was a private equity investor, serving as a partner at North Castle Partners, where he focused on investing in consumer experiential platforms. Prior to that, he was the co-founder and CEO of Flywheel Sports, which he led from its launch in 2010 through a successful exit in 2014. Earlier in his career, Mr. Galluzzo was the General Counsel of The Warnaco Group, a NASDAQ-listed conglomerate apparel company. He is also a past Chairman of YPO Gotham. ~~Mr. Chief Executive Officer: Greg Breitbart.~~ Galluzzo holds a B.A. from the University of Pennsylvania and a J.D. from Columbia Law School.

~~Mr. Greg Breitbart has served as our Chief Executive Officer since April 2019. Prior to his position as CEO, Mr. Breitbart was a Vice President of Calpine Corporation from January 2017 to May 2018.~~

**President: Christopher J. Pena.** Mr. Pena has served as our President since August 2021. From the date of our inception through August 2021, he served as our Chief Development Officer. Previously, Mr. Pena worked as a sales manager of Best Roofing in Fort Lauderdale, Florida, from 2016 to 2017 before becoming a member in BODY20 Global USA, LLC, in 2017.

~~**Chief Development Officer of Sales: Robert K. McQuillan.** Mr. McQuillan is our Chief Development Officer of Sales and has held this position since August 2021. From May 2021 through September 2021, Mr. McQuillan served as our Franchise Development Consultant. Mr. McQuillan concurrently serves as CEO of Avignon Consulting based out of Mullica Hill, New Jersey (October 2020 to present). Previously, Mr. McQuillan served as Vice President of Franchise Development for Hand and Stone Franchise Corp. based out of Revose, PC Trevoise, PA (from January 2010 to November 2020).~~

~~**Chief Operating Officer and Chief of Studios: Jarred Fajerski.** Mr. Fajerski is our Chief Operating Officer and Chief of Studios and has held this position since November 2022. Previously, Mr. Fajerski served as Chief Spa Officer for Hand & Stone Franchise Corp. based out of Trevoise, Pennsylvania, from November 2014 through November 2022.~~

**Chief Financial Officer: Christopher Pumo.** Mr. Pumo is our Chief Financial Officer and has held this position since June 2022. Mr. Pumo concurrently serves as President and CEO for Skyline Analytics based out of Boca Raton, Florida and has held this position since July 2019. Previously, Mr. Pumo served as

Director of FP&A for iPic Entertainment based out of Boca Raton, Florida from October 2017 through July 2019.

~~**Chief Marketing & Experience Officer: Lisa Donohue Sr.** Mr. Donohue is our Chief Marketing & Experience Officer and has held this position since January 2023. Previously, Mr. Donohue served as: (a) SVP, Operations, for Sisu Clinic based out of Ireland from March 2021 to February 2022; (b) Chief Operating Officer for Therapydia based out of Mill Valley, California, from March 202 to July 2020; and (c) Chief Marketing & Digital Officer for Xponential Fitness based out of Irvine, California from December 2017 through May 2020.~~

**Vice President of Operations: Chad Klein.** Mr. Klein has served as our Vice President of Operations since May 2020. Previously, Mr. Klein served as: (a) Director of Pricing and Product for North American Power based out of Norwalk, CT from January, 2017 to November 2019; and (b) Director of Sales and Marketing for Discount Power based out of Shelton, CT from May, 2020 to January, 2021.

**Sr. Vice President of Real Estate & Construction Development: Ryan McEvoy.** Mr. McEvoy is our ~~Senior Vice President of Development and~~ and has held this position since March, 2024. Prior, Mr. McEvoy ~~was~~ was Director of Real Estate & Construction ~~and has held this position~~ since February 2022. Previously, Mr. McEvoy served as the following for Mayweather Boxing + Fitness located in Los Angeles, CA: (a) Consultant of National ~~Mapping~~ Mapping and Data Analytics from July 2021 to January 2022; (b) Director of Development from April 2021 to July 2021; (c) Director of Construction from January 2020 to April 2021; and (d) Director of Real Estate and Construction from November 2018 to January 2020. Prior to that, Mr. McEvoy served as the President/Owner of Round 3 Inc. & McEvoy Fitness Inc. located in Mays Landing, NJ from June 2008 to December 2018.

**Vice President of Corporate Operations & Compliance: Anya Bokeria.** Ms. Bokeria is our VP of Corporate Operations and Compliance and has held this position since March 2024. Previously, Ms. Bokeria served as: (a) Director of Compliance and Corporate Operations from October 2023 through March 2024; and (b) Franchise Development Coordinator from April 2022 through October 2023. Prior to that, Ms. Bokeria was an educator, the President/Owner of a whole-body cryotherapy studio and held various fitness and management positions at Life Time Fitness from 2007 – 2018. Ms. Bokeria holds a B.A. in Mass Communication, an M. Ed., and a Certified Franchise Executive designation.

**National Sales Director: Ariel Benigno.** Ms. Benigno has been with us since May 2021 in various roles. Ms. Benigno has held the position of National Sales Director since May 2023. Previously, Ms. Benigno served as a Business Coach for BODY20 from May 2021 through August 2023. Previously Ms. Benigno worked as a Studio General Manager for our BODY20 Mizner location and Multi Studio Manager for both BODY20 Mizner and BODY20 Delray Beach. Before coming to the BODY20 Franchise Ms. Benigno was Assistant Hotel Manager for American Cruise Lines.

**Director of Fitness: Sydney Yeomans.** Ms. Yeomans has been with us since August 2019 in various roles. Ms. Yeomans is currently our Director of Fitness and has held this position since August 2022. Previously, Ms. Yeomans served as a coach for BODY20 based out of Miami, Florida from August 2019 through January 2021, and a launch specialist from January 2021 through August 2022.

**Sr. Director of Real Estate: Gabrielle Levine.** Ms. Levine is our Sr. Director Real Estate and has held this position since August 2022. Previously, Ms. Levine served as Sr. Director of Real Estate for Mayweather Boxing & Fitness which is based out of Los Angeles, California, from November 2019 through July 2022.

~~**Vice President of Sales & Operations Training: Matthew Maddox.** Mr. Maddox is our Vice President of Sales & Operations Training and has held this position since October 2022. Previously, Mr. Maddox served as: (a) our Regional Sales & Marketing from April 2019 through December 2019; (b) our Director of Sales and Operations from December 2019 through December 2020; (c) or Vice President from December 2020 through October 2022.~~

**Director of Construction: Nicholas D. Malone.** Mr. Malone is our Director of Construction and has held

this position since November 2022. Previously, Mr. Malone served as Director of Construction for Hand & Stone Franchise Corp. based out of Treviso, Pennsylvania from September 2013 through October 2022.

**Director of Franchisee Onboarding: William Reid.** Mr. Reid is our Director of Franchisee Onboarding, since January 2024. Previously, Mr. Reid served as Director of Franchise Retention and Transition for Mayweather Boxing & Fitness, based out of Dallas, Texas, from September 2023 through January 2024. (a) Director of Franchise Onboarding from February 2020 through January 2024; (b) Operating Partner of Eccentricity Gyms, LLC based out of Greenville, SC from May 2015 through January 2020; (c) National Director of Training Programs for 9Round Franchising from August 2010 through July 2013.

**Chairman: Kerry Breitbart.** Mr. Kerry Breitbart has served as our Chairman since December 2018.

~~**Director of Fitness: Sydney Yeomans.** Ms. Yeomans has been with us since August 2019 in various roles. Ms. Yeomans is currently our Director of Fitness and has held this position since August 2022. Previously, Ms. Yeomans served as a coach for BODY20 based out of Miami, Florida from August 2019 through January 2021, and a launch specialist from January 2021 through August 2022.~~

**Board Member: John Amico.** Mr. Amico serves on our Board of Directors and has held this position since December 2018. Mr. Amico has decades of franchising experience after starting Hair Performer Salon Franchises in 1976 and then starting the We Care Hair Salons franchise system in 1986. Mr. Amico is the Chairman of Amico Educational Concepts, John Amico Hair Care Products Companies, Amico Franchise Consulting and John Amico Cosmetology and Esthetics Schools. He ~~also~~ serves as a Director for Color Latino Milano, John Amico Salon Software, John Amico Beauty Care Salon Systems and Cosmetology Concepts LLC.

**Board Member: Greg Breitbart.** Mr. Greg Breitbart serves on our Board of Directors and has held this position since December 2023. Previously, he served as our Chief Executive Officer beginning in April 2019. Prior to his position as CEO, Mr. Breitbart was a Vice President of Calpine Corporation from January 2017 to May 2018.

### **ITEM 3 LITIGATION**

There is no litigation required to be disclosed in this Item.

### **ITEM 4 BANKRUPTCY**

There is no bankruptcy required to be disclosed in this Item.

### **ITEM 5 INITIAL FEES**

The fees disclosed in this Item 5 are uniformly imposed and are non-refundable.

#### **Franchise Agreement**

##### **Initial Franchise Fee**

The Initial Franchise Fee is \$65,000. You must pay the Initial Franchise Fee to us in full when you sign the Franchise Agreement in cashier's check, wire transfer or other form of payment acceptable to us. The Initial Franchise Fee is uniform for all franchises offered under this Disclosure Document and is non-refundable upon payment.

We may collect taxes from you that the law requires you to pay. You will pay or reimburse us for payment of any Sales Tax or other tax imposed by law on the franchise fee, service fees, and any other amounts payable under this Agreement, whether assessed on you or on us. We will pass on to you taxes we must pay directly to any taxing authority.

During our fiscal year ended December 31, ~~2022~~2023, we collected initial franchise fees ranging from ~~\$4045,000~~ to \$65,000.

### Initial Inventory of Baselayers

Before you open your Studio, you must purchase from us or our affiliate, as we designate, your initial inventory of baselayers. We estimate that the minimum cost of the initial inventory of baselayers will cost you approximately \$~~6,800~~4,320. This amount is payable to us in one lump sum payment, is non-refundable, considered fully earned upon receipt, and is uniformly imposed on all franchisees. See Item 7.

### Initial Equipment Package

Before you open your Studio, you must purchase from us or our affiliate, as we designate, your initial equipment package, which includes three EMS devices and associated accessories. We estimate that the cost of the initial equipment package at approximately \$~~54,000~~67,738 for wireless devices. This amount is payable to us in one lump sum payment, is non-refundable, considered fully earned upon receipt, and is uniformly imposed on all franchisees. See Item 7.

### BODY20 Training Travel Fee

You must pay us a \$2,500 travel fee to cover the costs and expenses our training team incurs in connection with providing training. This fee is due and payable upon scheduling of your first training. We reserve the right to increase this fee if our costs and expenses exceed \$2,500.

### Area Development Agreement

If you acquire rights under an Area Development Agreement, you must pay an Area Development Fee to us when you sign the Area Development Agreement (the "Development Fee"). The Development Fee is calculated as follows: The Area Development Agreement will identify the number of Studios you are obligated to develop, as well as the Development Zones within which you are required to develop the Studios (the "DA Outlets" or "Development Zone Outlets"), as we determine using our then-current criteria. The Development Fee you must pay under the area development Agreement will be equal to: (a) \$120,000 for the right to develop two Studios; or (b) \$165,000 for the development of three Studios. The Development Fee under Area Development Agreements signed under this Disclosure Document is calculated uniformly and is non-refundable upon payment.

If you sign an Area Development Agreement and pay the Development Fee, you will not be required to pay the initial franchise fee under each Franchise Agreement you sign for the development of Studios under your Area Development Agreement.

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## ITEM 6 OTHER FEES

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
Royalty Fee	The greater of (a) \$1500 each month, or (b) 7% of Gross Sales.	Monthly on the date we designate. We may require you to pay the Royalty Fee on a weekly, bi-weekly, monthly, or other basis on thirty (30) days' prior notice to you. We may change the method by which you pay the Royalty	You must pay us the Royalty Fee by the method we designate, including by automatic deduction ( <i>See Note 1</i> ). The Royalty Fee is payable beginning on the earlier to occur of (a) the date your Studio begins collecting revenues; or (b) the 180 <sup>th</sup> day after the Effective Date of your Franchise Agreement (the "Royalty Commencement Date"). If you sign a Franchise Agreement for an

		Fee at any time on thirty (30) days' prior notice to you.	existing Outlet that is already in operation, your obligation to begin paying the Royalty Fee equal to the greater of (a) \$1,500 per month, or (b) 7% of Gross Sales, commences on the Effective Date. We reserve the right to waive the minimum royalty if you are using best efforts and are otherwise in strict compliance with all other obligations under the Franchise Agreement, subject to your execution of a general release in a form we designate.
Brand Fund Fee	0 to 3% of Gross Sales. <sup>2</sup> Currently 0%.	Monthly on the 1 <sup>st</sup> calendar day for the immediately preceding month.	As of the issuance date of this disclosure document, we are not collecting a Brand Fund Fee. We will give you a 60-day notice prior to imposing collection of the Brand Fund Fee. Once imposed, the Brand Fund Fee is payable in the same manner as the Royalty Fee (See Note 1).
Technology & Services Fee	Our then-current rate; As of the issuance date of this Disclosure Document the Technology and Services Fee is \$1,060 per month (subject to increase).	Monthly on the 1 <sup>st</sup> calendar day for the immediately preceding month.	You must begin paying the Technology and Services Fee on the earlier to occur of: the date of signing of your lease or 30 days after execution of the Franchise Agreement. You must pay us the Technology and Services Fee in the manner we designate, including by automatic deduction. If you require more than one user login, this fee may be higher. (See Note 1).
Customer Relationship Management (CRM) Fee	Our then-current CRM Fee, currently \$382.91 per month (subject to increase).	Monthly on the date we designate.	We may enter into an arrangement with a system supplier of CRM services, and we may pay the CRM supplier directly for services provided to System Studios. You must pay to us the CRM Fee in the amount we designate to cover the fees we pay to the third-party supplier, as well as an upcharge for administrative services. This fee is subject to increase in the future.
<b>TYPE OF FEE <sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Local Advertising	\$3500 each month.	Monthly expenditure required to be spent by you on local advertising and digital marketing for your Studio.	We have the right to require you to pay to us any amount you were obligated to expend on local advertising under the franchise agreement directly to us. We reserve the right to require you to pay the Local Advertising directly to us on 30 days' notice in the manner we designate, including in the same manner in which the Royalty Fee is paid (See Note 1).
Training Travel Fee	Our then-current fee. Currently, \$2,500.	Prior to training.	You must pay us a \$2,500 travel fee to cover the costs and expenses our representatives incur in connection with

			providing training prior to opening. We reserve the right to increase this fee if our costs and expenses exceed \$2500.
Additional Training Fees	Our then-current training fee. As of the issuance date of this Disclosure Document is \$1,000 per day per trainer.	Prior to training.	If we provide additional training as authorized under the Franchise Agreement, we may charge you, and you must pay to us training fees in the amount we designate. You must pay us the Additional Training Fees in the manner we designate, including in the same manner in which the Royalty Fee is paid ( <i>See Note 1</i> ).
EMS Certification Fee	Our then-current EMS/coaching certification fee. Currently \$125 per trainee.	Prior to training.	Your coaches must attend and complete the certification requirements we impose, and you must pay a coaching certification fee for each of your coaches. You will also be responsible for all costs and expenses incurred by you and your personnel in connection with the certification.
Mandatory On-Site Remedial Training Fee	Our costs and expenses in connection with travel as well as \$1,000 per trainer per day for each individual who provides on-site training.	Prior to training.	We may, at our option, send our personnel to your Studio to provide mandatory training if we deem remedial training to be necessary. You must pay to us the Mandatory On-Site Remedial Training Fee before we send our personnel to provide training.
On-site Evaluation Fee	Our costs and expenses in connection with travel and evaluation.	Prior to evaluation.	If we determine that on-site evaluations become excessive, we may require you to cover our costs in connection to travel and evaluation.
Continuing Education Requirements	Varies.	On demand.	See Note 3.
Conferences and Seminars	Our then-current registration fee.	Prior to conference or seminar.	You must attend the conferences and seminars we designate. You must pay to us or our designee a registration fee for conferences and seminars in the manner we designate. You will also be responsible for all costs related to travel, lodging and meals.
<b>TYPE OF FEE <sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Additional Printed Materials	Cost of any printed materials ordered on your behalf plus delivery fees. The materials ordered on your behalf will typically cost between \$100 and \$500.	Prior to shipment.	We reserve the right to order and have shipped to your Studio, sales materials, advertising materials, and other marketing material on your behalf and require you to pay for such items and their delivery in the manner we designate, including in the same manner in which the Royalty Fee is paid.
Various Third-Party Supplier Fees	Our then-current Designated Fee.	On the date we designate.	We may enter into arrangements with system suppliers of products and/or services and we may be required to pay these suppliers directly for products

			and/or services they provide directly to System franchisees. We have the right to require you to pay to us the fee we designate to cover the fees to the applicable supplier plus a mark-up for administration in the amount we designate.
Alternative Supplier Approval	\$2000.	As invoiced.	You must pay us the Alternative Supplier Approval Fee in the manner we designate, including in the same manner in which the Royalty Fee is paid ( <i>See Note 1</i> ).
Late Fee	\$100 per day late.	On demand.	Only required if any report is late.
Interest Charge on Late Payments	1.5% per month or the highest amount allowed by applicable law, whichever is less (the "Default Rate").	On demand.	Only payable to us if any payments due to us are late. You must pay us the Interest Charge on Late Payments in the manner we designate, including in the same manner in which the Royalty Fee is paid ( <i>See Note 1</i> ).
Audit Fee	Cost of audit plus interest on underpayment at Default Rate.	Immediately upon determination by audit.	Payable to us only if we find, based on an audit, that you have understated amounts owed to us by 2% or more.
Transfer Fee	50% of the then-current Initial Franchise Fee.	Prior to transfer.	We have the right to condition the proposed sale or transfer of the franchised business or of your interest in the franchisee entity or the franchised business upon your payment of a transfer fee, in addition to various other conditions you must meet for us to approve your transfer request.
Renewal Fee	The greater of \$12,500 or 25% of the then-existing Initial Franchise Fee.	Signing of renewal Franchise Agreement.	You must provide us not less than six nor more than 12 months' notice and meet other renewal conditions.
Indemnification/ Related Fees and Costs	Will vary under circumstances.	On demand.	You are required to defend and indemnify us for any third-party claims related to the operation of your Studio, or based on your acts or omissions, or your breaches of the Franchise Agreement.
<b>TYPE OF FEE <sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Attorneys' Fees/ Costs	All costs, including total amount of attorneys' fees incurred as a result of any act or omission as well as fees incurred for enforcing this agreement.	On demand.	You will reimburse us for all costs, including reasonable attorneys' fees, as a result of your default and to enforce your obligations under the Franchise Agreement.

Liquidated Damages	Amount equal to the aggregate of all recurring fees (including Royalty Fees, Brand Fund Fees, Technology and Services Fees) due to us during the 36-month period immediately preceding the termination.	Upon termination.	If the Franchise Agreement is terminated as a result of your default prior to the expiration of the Term, you must pay us liquidated damages equal to the aggregate of all recurring fees due to us under the Franchise Agreement during the 36 calendar months during which the Franchised Business was open and operating immediately before the termination date. If the Franchised Business has not been open and operating for 36 months before the termination date, liquidated damages will be equal to the average recurring fees accrued under the Franchise Agreement for all months Franchised Business was open and operating, multiplied by 36.
Insurance Reimbursement of Costs	Amount of unpaid premiums and our reasonable expenses.	As invoiced.	Payable to us if you fail to purchase and maintain or provide adequate evidence of any required insurance coverage and we elect to obtain coverage for you.
Mystery Shopper/ Third Party Quality Compliance Programs	We reserve the right to require you to contribute in an amount we designate to mystery shopper and quality compliance programs at any time during the term.	On demand.	We do not currently have a mystery shopper or third-party quality compliance program in place, but we may establish one at any time. If we establish any such program, we may require you to contribute an amount of up to \$600 per mystery shopper visit to your Studio.

Notes:

Note 1. Unless otherwise indicated, all fees and expenses described in this chart are payable to us and non-refundable. For all franchises offered pursuant to this Disclosure Document, all fees disclosed in this Item 6 are uniformly imposed, however, in some circumstances, as we deem appropriate, we reserve the right to waive or reduce some or all of these fees for a particular franchisee. Except as otherwise indicated in the chart above, we impose all of the fees and expenses listed, and they are payable to us.

We currently require you to use the commercial billing service and its supplied computer program to process membership fees and other payments due to you from your members and customers. As part of this process, membership fees and payments are charged and processed by the commercial billing service provider. Each month, this supplier automatically transfers to your account all membership fees collected, less: (a) fees and payments due to the supplier; and (b) the Royalty Fee, Brand Fund Fees, Technology and ~~Software Fee~~, Services Fee (collectively, the "Continuing Fees") and all other fees you are required to pay to us under the Franchise Agreement, including those referenced in this Item 6, which fees are automatically deposited into our account. Unless we designate otherwise, you must instruct and authorize the commercial billing service provider to credit and transfer to our bank account the Continuing Fees, and all other fees you are required to pay to us under the Franchise Agreement, including those referenced in this Item 6. You must also provide the commercial billing service provider with the consent to permit us independent, unrestricted access to all of your records and information. We have the unrestricted right to change this payment method at any time during the term of your franchise agreement by providing you with thirty (30) days' prior written notice.

Without limiting our broad rights, we may require you to any and all periodic or recurring fees to us by EFT. We require you to sign any and all forms necessary to enable us to collect payments from you via EFT; ~~including the Electronic Funds Authorization Form attached as Exhibit F to the Franchise Agreement.~~

If you do not pay any fee as required for any given month, we have the right to automatically deduct from your account an estimate of the total fees due to us for such delinquent month. We may base this estimate on the Continuing Fees you paid to us during the month prior to the month of delinquency, or, at our discretion, based on an average of the monthly fees you paid to us during the previous six-month period.

~~Note 2. You, your owners, trainers and manager must comply with our mandated initial and continuing education requirements and any mandated continuing education requirements imposed by the state in which your Studio is located. Completion of any state mandated requirement is not a substitute for our requirements.~~

~~Note 3. "Gross Sales" shall mean the total amount of all revenue derived in connection with the franchised business, including all revenues generated through the operation of the Franchised Business (whether generated in, at or from the Franchised Business) and includes member fees, enrollment fees, member dues, revenues derived in connection with any and all goods and services leased or sold by you, and all other income of any kind or nature related to the Franchised Business. Notwithstanding the foregoing, "Gross Sales" does not include any sales, use or service taxes collected from your customers and tendered to any taxing authority.~~

~~Note 3. You, your owners, trainers and manager must comply with our mandated initial and continuing education requirements and any mandated continuing education requirements imposed by the state in which your Studio is located. Completion of any state mandated requirement is not a substitute for our requirements.~~

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

**CHART 7****TABLE 7(A): YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount		Method of Payment	Due When	Payment Made to Whom
	LOW	HIGH			
Initial Franchise Fee <sup>1</sup>	\$65,000	\$65,000	Lump Sum	At FA Signing	Us
Leasehold Improvements <sup>2</sup>	\$160,137 <i>(less \$45,150 in Tenant Allowance)</i>	\$322,879 <i>(less \$96,460 in Tenant Allowance)</i>	Lump Sum	As Incurred	Contractor, Architect, Designated Sources, and other Third Parties
	\$114,987	\$226,419			
Furniture and Furnishings <sup>3</sup>	\$73,652	\$91,311	Lump Sum	As Arranged	Suppliers
Permits & Licenses <sup>4</sup>	\$1,000	\$3,500	As Incurred	Before Opening	Government Agencies
Signs <sup>5</sup>	\$1,467	\$11,415	Lump Sum	Before Opening	Suppliers
Initial Equipment <sup>6</sup>	\$67,738	\$86,236	Leased or Cash on Delivery; Invoice	As Incurred	Us and Approved Suppliers
Initial Inventory and Supplies <sup>7</sup>	\$8,800	\$13,597	Cash on Delivery; Invoice	As Incurred	Us and Approved Suppliers
Initial Training Expenses <sup>8</sup>	\$2,500	\$7,000	Lump Sum	As Incurred	Us, Airlines, Hotels, etc.
Pre-sale <sup>9</sup>	\$45,382	\$82,606	As Agreed	Before Opening	Third Party Suppliers
Professional Fees <sup>10</sup>	\$8,000	\$12,000	As Agreed	As Agreed	Attorney, Accountant, Engineer
Lease Deposits <sup>11</sup>	\$2,800	\$12,500	As Agreed	As Incurred	Landlord
Insurance and Utility Deposits <sup>12</sup>	\$1,500	\$5,600	As Agreed	As Incurred	Insurance Companies
Additional Funds for First 3 Months (Working Capital) <sup>13</sup>	\$0	\$40,000	As Agreed	As Agreed	Third Parties
<b>Total</b> <sup>14</sup>	\$392,826	\$657,184			

**ITEM 6 OTHER  
FEES**

TYPE OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE	REMARKS
Royalty Fee	The greater of (a) \$1,500 each month, or (b) 7% of Gross Sales	Payable monthly on the date we designate. We may require you to pay the Royalty Fee on a weekly, bi-weekly, monthly or other basis on thirty (30) days' prior notice to you. We may change the method by which you pay the Royalty Fee at any time on thirty (30) days' prior notice to you.	You must pay us the Royalty Fee by the method we designate, including by automatic deduction (See Note 1). The Royalty Fee is payable beginning on the earlier to occur of (a) the date your Studio begins collecting revenues; or (b) the 180 <sup>th</sup> day after the Effective Date of your Franchise Agreement (the "Royalty Commencement Date"). If you sign a Franchise Agreement for an existing Outlet that is already in operation, your obligation to begin paying the Royalty Fee equal to the greater of (a) \$1,500 per month, or (b) 7% of Gross Sales, commences on the Effective Date. We reserve the right to waive the minimum royalty if you are using best efforts and are otherwise in strict compliance with all other obligations under the Franchise Agreement, subject to your execution of a general release in a form we designate.
Technology & Software Fee	Our then-current rate; As of the issuance date of this Disclosure Document the Technology and Software Fee is \$378.00 per month (subject to increase on notice to you)	Monthly on the 1 <sup>st</sup> calendar day for the immediately preceding month.	You must begin paying the Technology and Software Fee on the earlier to occur of: the date of signing of your lease or 30 days after execution of the Franchise Agreement. You must pay us the Technology and Software Fee in the manner we designate,

TYPE OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE	REMARKS
			including by automatic deduction. If you require more than one user login, this fee may be higher. (See Note 1). <sup>(2)</sup>
Services Fee	Our then-current rate; As of the issuance date of this Disclosure Document the Services Fee is \$682.00 per month (subject to increase)	Monthly on the 1 <sup>st</sup> calendar day for the immediately preceding month commencing on the first day of the calendar month immediately following the month in which you signed the Franchise Agreement.	We have entered into arrangements with a System suppliers and under those arrangements, we pay fees directly to the suppliers on behalf of System Franchisees. You must pay the services fee to us on a monthly basis, or on such other basis we designate in the manner we designate (including via automatic deduction). You must begin paying the Services Fee at the earlier to occur of (a) signing of your lease or (b) 90 days after execution of the Franchise Agreement. If you require more than one user login, this fee may be higher.
Brand Fund Fee	0 to 3% of Gross Sales. <sup>(3)</sup>  Currently, 0%	Monthly on the 1 <sup>st</sup> calendar day for the immediately preceding month.	As of the issuance date of this disclosure document, we are not collecting the Brand Fund Fee. We will give you a 60-day notice prior to imposing collection of the Brand Fund Fee. Once imposed, the Brand Fund Fee is payable in the same manner as the Royalty Fee (See Note 1).
Local Advertising	\$3,500 each month	Monthly expenditure required to be spent by you on local advertising and digital marketing for your Studio.	We have the right to require you to pay to us any amount you were obligated to expend on local advertising under the franchise agreement directly to us. We reserve the right to require you to pay the Local Advertising

TYPE OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE	REMARKS
			directly to us on 30 days' notice in the manner we designate, including in the same manner in which the Royalty Fee is paid (See Note 1).
Additional Training Fees	Our then-current training fee. As of the issuance date of this Disclosure Document is \$1,000 per day per trainer	Before training	If we provide additional training as authorized under the Franchise Agreement, we may charge you, and you must pay to us training fees in the amount we designate. You must pay us the Additional Training Fees in the manner we designate, including in the same manner in which the Royalty Fee is paid (See Note 1)
Interest Charge on Late Payments	1.5% per month or the highest amount allowed by applicable law, whichever is less (the "Default Rate")	On demand	Only payable to us if any payments due to us are late. You must pay us the Interest Charge on Late Payments in the manner we designate, including in the same manner in which the Royalty Fee is paid (See Note 1)
Late Fee	\$100	On demand	Only required if any payment or report is late.
Audit Fee	Cost of audit plus interest on underpayment at Default Rate	Immediately upon determination by audit	Payable to us only if we find, based on an audit, that you have understated amounts owed to us by 2% or more.
Transfer Fee	50% of the then-current Initial Franchise Fee	Before transfer	We have the right to condition the proposed sale or transfer of the franchised business or of your interest in the franchisee entity or the franchised business upon your payment of a transfer fee, in addition to various other conditions you must meet for us to approve your transfer request.

TYPE OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE	REMARKS
Renewal Fee	The greater of \$12,500 or 25% of the then-existing Initial Franchise Fee	Signing of renewal Franchise Agreement	You must provide us not less than six months nor more than 12 months' notice and meet other renewal conditions.
Indemnification/Related Fees and Costs	Will vary under circumstances	On demand	You are required to defend and indemnify us for any third-party claims related to the operation of your Studio, or based on your acts or omissions, or your breaches of the Franchise Agreement.
Attorneys' Fees/Costs	All costs, including total amount of attorneys' fees incurred as a result of any act or omission as well as fees incurred for enforcing this agreement.	On demand	You will reimburse us for all costs, including reasonable attorneys' fees, as a result of your default and to enforce your obligations under the Franchise Agreement
Alternative Supplier Approval	\$2,000	As invoiced	You must pay us the Alternative Supplier Approval Fee in the manner we designate, including in the same manner in which the Royalty Fee is paid (See Note 1)
Body20 Training Travel Fee	Then-current travel fee. Currently, \$2,500	Prior to training	You must pay us a \$2,500 travel fee to cover the costs and expenses our representatives incur in connection with providing training prior to opening. We reserve the right to increase this fee if our costs and expenses exceed \$2,500.
Coaching Certification Fee	Then-current coaching certification fee. Currently \$125 per trainee	Prior to training	Your coaches must attend and complete the certification requirements we impose and you must pay a coaching certification fee for each of your coaches. You will also be responsible for all costs and expenses incurred by you and your personnel in connection

TYPE OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE	REMARKS
			with the certification.
Mandatory On-Site Remedial Training	\$1,000 per trainer per day for each individual who provides on-site training, plus reimbursement of our travel, lodging, and dining costs.	Prior to training	We may, at our option, send our personnel to your Studio to provide mandatory training if we deem remedial training to be necessary. You must pay to us the Mandatory On-Site Remedial Training Fee before we send our trainer to provide remedial training.
Conferences and Seminars	Our then-current registration fee.	Before conference or seminar	You must attend the conferences and seminars we designate. You must pay to us or our designee a registration fee for conferences and seminars in the manner we designate. You will also be responsible for all costs related to travel, lodging and meals.
Continuing Education Requirements	Varies	Upon demand	See Note 2
Liquidated Damages	Amount equal to the aggregate of all recurring fees (including Royalty Fees, Brand Fund Fees, Technology and Software Fees, and Services Fees) due to us during the 36 month period immediately preceding the termination	Upon termination	If the Franchise Agreement is terminated as a result of your default prior to the expiration of the Term, you must pay us liquidated damages equal to the aggregate of all recurring fees due to us under the Franchise Agreement during the 36 calendar months during which the Franchised Business was open and operating immediately before the termination date. If the Franchised Business has not been open and operating for 36 months before the termination date, liquidated damages will be equal to the average recurring

TYPE OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE	REMARKS
			fees accrued under the Franchise Agreement for all months during which the Franchised Business was open and operating, multiplied by 36.
Insurance - Reimbursement of Costs	Amount of unpaid premiums and our reasonable expenses	As invoiced	Payable to us if you fail to purchase and maintain or provide adequate evidence of any required insurance coverage and we elect to obtain coverage for you.
Additional Printed Materials	Cost of any printed materials ordered on your behalf plus delivery fees. The materials ordered on your behalf will typically cost between \$100 and \$200.	As incurred, prior to shipment.	We reserve the right to order and have shipped to your Studio, sales materials, advertising materials, and other marketing material on your behalf and invoice you (or debit your account by ACH) for such items and their delivery
Mystery Shopper / Third Party Quality Compliance Programs	We reserve the right to require you to contribute in an amount we designate to mystery shopper and quality compliance programs at any time during the term.	On demand	We do not currently have a mystery shopper or third-party quality compliance program in place, but we may establish one at any time. If we establish any such program, we may require you to contribute an amount of up to \$600 per mystery shopper visit to your Studio help defray the costs of these programs.
Customer Relationship Management Fee (CRM Fee)	Our then-current CRM Fee, currently \$382.91 per month (subject to increase in the future)	Payable monthly, on the date we designate	We may enter into an arrangement with a system supplier of CRM services and we may pay the CRM supplier directly for services provided to System Studios. You must pay to us the CRM Fee in the amount we designate to cover the fees we pay to the third-party supplier, as well as an upcharge for administrative services. This fee is subject to increase in the future.

TYPE OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE	REMARKS
Various Third-Party Supplier Fees	Our then-current Designated Fee	Payable on the date we designate	We may enter into arrangements with system suppliers of products and/or services and we may be required to pay these suppliers directly for products and/or services they provide directly to System franchisees. We have the right to require you to pay to us the fee we designate to cover the fees to the applicable supplier plus a mark-up for administration in the amount we designate.

Notes:

Note 1. Unless otherwise indicated, all fees and expenses described in this chart are payable to us and non-refundable. For all franchises offered pursuant to this Disclosure Document, all fees disclosed in this Item 6 are uniformly imposed, however, in some circumstances, as we deem appropriate, we reserve the right to waive or reduce some or all of these fees for a particular franchisee. Except as otherwise indicated in the chart above, we impose all of the fees and expenses listed, and they are payable to us.

We currently require you to use the commercial billing service and its supplied computer program to process membership fees and other payments due to you from your members and customers. As part of this process, membership fees and payments are charged and processed by the commercial billing service provider. Each month, this supplier automatically transfers to your account all membership fees collected, less: (a) fees and payments due to the supplier, and (b) the Royalty Fee, Brand Fund Fees, Technology and Software Fee, Services Fee (collectively, the "Continuing Fees") and all other fees you are required to pay to us under the Franchise Agreement, including those referenced in this Item 6, which fees are automatically deposited into our account. Unless we designate otherwise, you must instruct and authorize the commercial billing service provider to credit and transfer to our bank account the Continuing Fees, and all other fees you are required to pay to us under the Franchise Agreement, including those referenced in this Item 6. You must also provide the commercial billing service provider with the consent to permit us independent, unrestricted access to all of your records and information. We have the unrestricted right to change this payment method at any time during the term of your franchise agreement by providing you with thirty (30) days' prior written notice.

Without limiting our broad rights, we may require you to any and all periodic or recurring fees to us by EFT. We require you to sign any and all forms necessary to enable us to collect payments from you via EFT, including the Electronic Funds Authorization Form attached as **Exhibit F** to the Franchise Agreement.

If you do not pay any fee as required for any given month, we have the right to automatically deduct from your account an estimate of the total fees due to us for such delinquent month. We may base this estimate on the Continuing Fees you paid to us during the month prior to the month of delinquency, or, at our discretion, based on an average of the monthly fees you paid to us during the previous six-month period.

Note 2. You, your owners, trainers and manager must comply with our mandated initial and continuing education requirements and any mandated continuing education requirements imposed by the state in which your Studio is located. Completion of any state mandated requirement is not a substitute for our requirements.

Note 3. "Gross Sales" shall mean the total amount of all revenue derived in connection with the franchised

business, including all revenues generated through the operation of the Franchised Business (whether generated in, at or from the Franchised Business) and includes member fees, enrollment fees, member dues, revenues derived in connection with any and all goods and services leased or sold by you, and all other income of any kind or nature related to the Franchised Business. Notwithstanding the foregoing, "Gross Sales" does not include any sales, use or service taxes collected from your customers and tendered to any taxing authority.

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

**CHART 7 YOUR ESTIMATED INITIAL INVESTMENT**

**TABLE (7(A): Traditional Model**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	LOW	HIGH			
Initial Franchise Fee <sup>1</sup>	\$65,000	\$65,000	Lump Sum	When you sign the Franchise Agreement	Us
Leasehold Improvements <sup>2</sup>	\$224,068 <i>(less \$104,995 in Tenant Allowance)</i>	\$300,268 <i>(less \$73,140 In Tenant Allowance)</i>	Lump sum	As incurred	Contractor, Architect, Designated sources and other Third Parties
	\$119,073	\$227,128			
Furniture and Furnishings <sup>3</sup>	\$63,616.64	\$91,311.17	Lump Sum	As arranged	Suppliers
Permits & Licenses <sup>4</sup>	\$1,000	\$3,500	As Incurred	Before opening	Governmental Agencies
Signs <sup>5</sup>	\$1,467	\$11,415	Lump Sum	Before opening	Suppliers
Initial Equipment <sup>6</sup>	\$69,391.95	\$71,767.60	Leased or Cash on Delivery; Invoice	As incurred	Us and Approved Suppliers
Initial Inventory and Supplies <sup>7</sup>	\$8,800	\$13,597	Cash on Delivery; Invoice	As incurred	Us and Approved Suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	LOW	HIGH			
Initial Training Expenses <sup>8</sup>	\$2,500	\$7,000	Lump Sum	As incurred	Us, Airlines, Hotels, etc.
Pre-sale Marketing	\$60,000	\$75,000	As agreed	Before opening	Third Party Suppliers
Professional Fees <sup>9</sup>	\$8,000	\$12,000	As agreed	As agreed	Attorney, Accountant, Engineer
Lease Deposits <sup>11</sup>	\$2,800	\$12,500	As agreed	As incurred	Landlord
Insurance and Utility Deposits <sup>12</sup>	\$1,500	\$5,600	As agreed	As incurred	Insurance Companies
Additional Funds for First 3 Months (Working Capital) <sup>13</sup>	\$0	\$40,000	As agreed	As agreed	Third Parties
<b>Total</b> <sup>14</sup>	\$403,148.59	\$635,818.77			

**TABLE 7(B): BODY20 3.0 MODEL**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	LOW	HIGH			
Initial Franchise Fee <sup>1</sup>	\$65,000	\$65,000	Lump Sum	When you sign the Franchise Agreement	Us
Leasehold Improvements <sup>2</sup>	\$156,024.82 (less \$52,600 in Tenant Allowance)	\$183,557.64 (less \$52,600.82 in Tenant Allowance)	Lump sum	As incurred	Contractor, Architect, Designated sources and other Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	LOW	HIGH			
	\$103,424	\$130,956.82			
Furniture and Furnishings <sup>3</sup>	\$72,216.65	\$80,240.72	Lump Sum	As arranged	Suppliers
Permits & Licenses <sup>4</sup>	\$1,000	\$3,500	As Incurred	Before opening	Governmental Agencies
Signs <sup>5</sup>	\$1,467	\$11,415	Lump Sum	Before opening	Suppliers
Initial Equipment <sup>6</sup>	\$69,391.95	\$71,767.60	Leased or Cash on Delivery; Invoice	As incurred	Us and Approved Suppliers
Initial Inventory and Supplies <sup>7</sup>	\$8,800	\$13,597	Cash on Delivery; Invoice	As incurred	Us and Approved Suppliers
Initial Training Expenses <sup>8</sup>	\$2,500	\$7,000	Lump Sum	As incurred	Us, Airlines, Hotels, etc.
Pre-sale Marketing	\$60,000	\$75,000	As agreed	Before opening	Third Party Suppliers
Professional Fees <sup>9</sup>	\$8,000	\$12,000	As agreed	As agreed	Attorney, Accountant, Engineer
Lease Deposits <sup>11</sup>	\$2,800	\$10,000	As agreed	As incurred	Landlord
Insurance and Utility Deposits <sup>12</sup>	\$1,500	\$5,600	As agreed	As incurred	Insurance Companies

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	LOW	HIGH			
Additional Funds for First 3 Months (Working Capital) <sup>13</sup>	\$0	\$40,000	As agreed	As agreed	Third Parties
<b>Total</b> <sup>14</sup>	\$396,099.60	\$526,077.14			

ALL CHART FIGURES ARE ESTIMATES ONLY.

Notes: All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 1. The Initial Franchise Fee is \$65,000. See Item 5 for information about the Initial Franchise Fee.

Note 2. Construction and remodeling costs vary, depending upon numerous factors, including without limitation, labor costs, costs of materials, location, condition of the building, premises and condition of any related facilities, such as HVAC, electrical/wiring, and plumbing infrastructure. Your costs for tenant finish will depend in large part on the square footage of the location, whether your space must be completely constructed or is the remodel of an existing space, and the location and overall costs in which you are developing your Studio.

The estimates in Chart 7(A) assume a premises consisting of approximately 1,400 to 1,600 square feet and the estimates in Chart 7(B) assume a premises consisting of approximately 1,000 to 1,300 square feet. The BODY20 3.0 Model presented in Chart 7(B) is based on a new premises layout designed to eliminate excess space resulting in a smaller footprint and certain reduced costs. We are launching this new 2023 Efficiency Model as of the issuance date of this disclosure document and therefore do not have any locations that have been constructed under this model. The estimates presented are based on build-out costs and expenses estimated by third-party contractors.

The estimates in Charts 7(A) and 7(B): (i) assume the landlord agrees to provide tenant allowance in the amount of: (a) \$104,995 for the low range presented in 7(A) and \$73,140 for the high range presented in 7(A), and (b) \$52,600 for the leasehold improvement estimate in 7(B) (*note: tenant improvement allowance is typically reimbursed by the landlord after the completion of the tenant's work and compliance with lease terms, which means you would be required to have the cash on hand to pay for the buildout initially, and then subsequently receive reimbursement from the landlord in accordance with the terms of the lease*), and (ii) reflect the build-out of space that is "ready to occupy" based on the recommended size of the Studio, although your actual costs may vary under or over the estimates. We based the estimate on the leasehold improvements and tenant improvement allowance on the experience reported by certain of our franchisees that completed construction in the 2022 calendar year. The estimated low range and high range of leasehold improvements taking into consideration tenant allowance was based on the experience of certain of our franchisees, as reported to us, in the 2022 calendar year. If you do not secure tenant improvement allowance from the landlord, your estimated costs and expenses will be higher. The leasehold improvements that you will often make to a built but unimproved location include: interior remodeling, floor covering, painting, HVAC, millwork, artwork, lighting, electrical, plumbing, design and other improvements. We reserve the right to require you to use our designated supplier for real estate services, project management services, architectural services, construction services, and/or build-out services. If required, you will be responsible for paying all fees, charges and expenses assessed by the designated suppliers. Additionally, if we incur charges and/or costs and expenses associated with review and/or approval of build-out, design or architectural plans, you must reimburse us for all such charges, costs and expenses, payable upon your receipt of written notice from us. If your Studio is located in a densely populated, or major metropolitan area (i.e. New York City), your costs and expenses may be higher.

~~TABLE 7(A): Traditional Model~~

~~ALL TABLE 7(B): BODY20 3.0 MODEL~~

ALL CHART FIGURES ARE ESTIMATES ONLY.

Notes: All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 1. The Initial Franchise Fee is \$65,000. See Item 5 for information about the Initial Franchise Fee.

Note 2. Construction and remodeling costs vary, depending upon numerous factors, including without limitation, labor costs, costs of materials, location, condition of the building, premises, and condition of any related facilities, such as HVAC, electrical/wiring, and plumbing infrastructure. Your costs for tenant finish will depend in large part on the square footage of the location, whether your space must be completely constructed or is the remodel of an existing space, and the location and overall costs in which you are developing your Studio.

The estimates in ~~Chart Table 7(A)~~ assume a premises consisting of approximately 1,400 to 1,600 square feet and ~~the estimates in Chart 7(B) assume a premises consisting of approximately 1,000 to 1,300 square feet. The BODY20 3.0 Model presented in Chart 7(B) is based on a new premises layout designed to eliminate excess space resulting in a smaller footprint and certain reduced costs. We are launching this new 2023 Efficiency Model as of the issuance date of this disclosure document and therefore do not have any locations that have been constructed under this model. The estimates presented are based on build-out costs and expenses estimated by third-party contractors.~~

~~The estimates in Charts 7(A) and 7(B): (i) assumethat~~ the landlord (i) agrees to provide tenant allowance in the amount of: ~~(a) \$104,995 \$45,150 for the low range presented in 7(A) and \$73,14096.460 for the high range presented in 7(A), and (b) \$52,600 for the leasehold improvement estimate in 7(B) (note: tenant improvement allowance is typically reimbursed by the landlord after the completion of the tenant's work and compliance with lease terms, which means you would be required to have the cash on hand to pay for the buildout initially, and then subsequently receive reimbursement from the landlord in accordance with the terms of the lease), and (ii) reflect the build-out of space that is "ready to occupy" based on the recommended size of the Studio, although your actual costs may vary under or over the estimates. We based the estimate on the leasehold improvements and tenant improvement allowance on the experience reported by certain of our franchisees that completed construction in the 20222023 calendar year. The estimated low range and high range of leasehold improvementsimprovements taking into consideration tenant allowance was based on the experience of certain of our franchisees, as reported to us, in the 20222023 calendar year. If you do not secure tenant improvement allowance from the landlord, your estimated costs and expenses will be higher. The leasehold improvements that you will often make to a built but unimproved location include: interior remodeling, floor covering, painting, HVAC, millwork, artwork, lighting, electrical, plumbing, design and other improvements. We reserve the right to require you to use our designated supplier for real estate services, project management services, architectural services, construction services, and/or build-out services. If required, you will be responsible for paying all fees, charges and expenses assessed by the designated suppliers. Additionally, if we incur charges and/or costs and expenses associated with review and/or approval of build-out, design or architectural plans, you must reimburse us for all such charges, costs and expenses, payable upon your receipt of written notice from us. If your Studio is located in a densely populated, or major metropolitan area (i.e. New York City), your costs and expenses may be higher.~~

Note 3. This estimate includes estimated costs associated with furniture, decor, signs, trade fixtures, office equipment, the computer system, and other items for your Studio. You will need to purchase certain equipment, fixtures, furnishings, and decor. If your Studio is located in a densely populated, major metropolitan area (i.e. New York City), your costs and expenses may be higher.

**Note 4.** This estimate includes incorporation, and related fees include complying with fictitious, assumed, or trade name statutes of the state in which the Studio is located. There may be additional registration, permit and/or licensing fees for your Studio depending on your state and/or local laws and regulations.

**Note 5.** This estimate is based on one exterior sign. In certain instances, there will be an opportunity to add a second sign on the back of the space. If you add a second exterior sign, you will incur additional expenses. The actual cost of your exterior sign will depend upon the size and location of your Studio, the particular requirements of the landlord, local and state ordinances, and local zoning requirements.

**Note 6.** The estimate includes the range of costs associated with purchasing: (a) the initial equipment package from us (which includes three EMS devices and associated accessories, an Inbody and associated accessories, Fitbench package with associated accessories, and (b) other ancillary items from our designated suppliers. You must purchase these items before you begin operating a BODY20 Studio. If, during the first three months of operation, you have more than 250 members, you may need to purchase an additional EMS ~~device~~ and your costs and expenses will be higher than the range presented in the Table. Additionally, if your Studio is located in a densely populated, major metropolitan area (i.e. New York City), your costs and expenses may be higher.

**Note 7.** The estimate includes the cost to purchase the supplies necessary to begin operating a BODY20 Studio, including without limitation: baselayers (which you must purchase from us), uniforms and shirts; business cards; bags, packaging and supplies bearing our Marks; and all other goods and/or services as we require, which we estimate will last for up to three months. Additional inventory expenses are included in Additional Funds estimate. Your supplier may require prepayment or may require that you pay cash on delivery (C.O.D.) for this inventory. We may change the selection of equipment, supplies, and retail inventory that you must ~~provide~~ purchase at any time.

**Note 8.** You and certain of your staff (as we designate) must attend and complete BODY20 University Training before you open. You must pay to us the BODY20 Training Fee of \$2,500 before you start the training to cover the costs and expenses our representatives incur in connection with providing training prior to opening. We reserve the right to increase this fee if our costs and expenses exceed \$2,500. You will incur all costs and expenses associated with our mandatory initial training program. These costs include compensation of employees, meals, travel, etc. Generally, these costs will vary as a function of the distance traveled, the lodging selected, the distance between the lodging and the corporate-owned BODY20 Studio or other location we designate for training and the type of transportation selected.

**Note 9.** This estimate includes estimated ~~expenses~~ costs for ~~negotiating your lease, architectural fees~~ advertising and ~~engineering fees~~ marketing, as well as staffing considerations, for the presale period leading up to opening of the studio. Additional information on presale can be found in Item 11. If your Studio is located in a densely populated, major metropolitan area (i.e. New York City), your costs and expenses may be higher.

**Note 10.** ~~This estimate includes estimated expenses for negotiating your lease, architectural fees, and engineering fees. If your Studio is located in a densely populated, major metropolitan area (i.e. New York City), your costs and expenses may be higher.~~

**Note 11.** The lease deposit in the chart assumes the payment of one month's rent as a security deposit. Rents for leased premises will vary depending on size, condition and location of the Studio and the then-current, local real estate rental market conditions. Lease rates in urban, downtown, and more affluent areas may be higher. Estimates of rental costs may be obtained by contacting local commercial realtors. These amounts do not reflect carrying costs, common area maintenance or real estate taxes. If your Studio is located in a densely populated, major metropolitan area (i.e. New York City), your costs and expenses may be higher.

**Note 12.** You must obtain and maintain insurance coverage sufficient to meet (a) the requirement set forth in the Franchise Agreement and the Manual; and (b) the requirements imposed by all applicable laws, rules

and regulations. It is your responsibility to ensure that the insurance coverage meets the requirements of all applicable laws, rules and regulations. As of the issuance date of this disclosure document, you must obtain and maintain the following coverage: (a) Property: \$70,000 business personal property, \$110,000 tenant improvements, \$270,000 business income/extra expense; (b) Professional Liability/General Liability: \$1,000,000 per occurrence, \$3,000,000 annual aggregate, \$100,000 each occurrence for sexual misconduct, \$300,000 aggregate for sexual misconduct.

Note 13. This item estimates your initial start-up expenses (other than the items identified separately in the table) for your Studio's first three months of operation, including technology, ~~software and~~ services ~~fees~~ due to us prior to opening, miscellaneous supplies, inventory and equipment, laundry and janitorial services, payroll costs (but not any draw or salary for you), and other miscellaneous costs. This estimate assumes that you engage in pre-sales activity and that you will generate revenue in connection with the pre-sales grand opening program before you open for business.

As of the issuance date of this Disclosure Document, pre-sale costs are based on following the BODY20 12-week pre-sale program and include the estimate of three sales associates for a total of 12 weeks of presale at \$16.00 per hour, one manager for four months at a salary of approximately \$60,000 per year, \$7,500 in monthly marketing spend, BODY20 technology and service fees assessed during the presale, 2 weeks of trainer onboarding. You will make all employment related decisions, including setting employee wages. We do not control your employment practices, either directly or indirectly. Your costs could be substantially higher or lower should your presale be cut short or prolonged by performance. Likewise, the pre-sale costs could be higher or lower based on the wages you pay in your Studio. You will be required to have 100 total enrolled members by your (6<sup>th</sup>) sixth week of Pre-Sales Marketing ("Minimum Membership Threshold"). If you fail to meet the Minimum Membership Threshold by the end of the sixth (6<sup>th</sup>) week of the Pre-Sales Marketing, we reserve the right to require you to: (a) expend an additional amount of up to an additional \$30,000 on pre-sale advertising and marketing; and/or (b) attend re-training or additional training (which may include training provided by our team at your Studio, in which event you will be responsible for all costs and expenses), as we designate, before you will be permitted to open. These additional requirements may cause delays in opening and may impact your obligations under your lease agreement. ~~You are also required to have at least 200 total enrolled members before opening.~~

Note 14. These figures are estimates only. These estimates do not account for shipping or taxes, which vary from state to state. Your costs and expenses may be higher, and you may incur additional costs and expenses. These estimates do not include your advertising requirements as the amount you spend will be at your discretion subject to our minimum requirements in the Franchise Agreement. Your actual costs will depend on factors such as how well you follow our System; your management ~~skills~~ skills, experience, and business acumen; local economic conditions; the local market for the services offered by the Franchised Business; prevailing wage rates and the level of competition. In estimating what your local Initial Investment expenses will be, you should allow for inflation (which has fluctuated drastically in recent ~~months~~ years), discretionary expenditures, fluctuating interest rates and other financing costs, and local market conditions, all of which are highly variable factors that can result in sudden and unexpected increases in costs. It is your responsibility to investigate these variables in your area before you invest in this franchise. You must bear all cost escalations and budget for these contingencies. We strongly recommend that you review this potential investment and the estimates presented in this Item 7 with a professional business advisor before you sign any agreement with us. If you prepare a business plan, the plan must be based on your own due diligence. We have no obligation or responsibility to prepare, review or provide comments ~~to~~ on any business plan you may prepare in connection with your potential investment. You are not to provide us with any copy of your proposed business plan before you sign the Franchise Agreement. You should review these numbers carefully with a business advisor such as a lawyer or accountant before making any decision to purchase a Franchised Business.

We do not offer financing directly for any part of the Initial Investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation.

**CHARTTABLE 7(C)B): YOUR ESTIMATED INITIAL INVESTMENT UNDER THE AREA DEVELOPMENT AGREEMENT ADA**

If you sign an Area Development Agreement, you should review both the above tables of estimated initial investment expenses applicable to Franchise Agreements as well as the following table of fees.

Type of Expenditure	Amount	Method of Payment	Due When	Payment Made to Whom
Development Fee <sup>1</sup>	See Note 2 below.	Lump sum, non-refundable	When you sign the Area Development Agreement	Company
Initial Investment for the First Studio <sup>2</sup>	\$407,444 to \$649,578	See the tables above. The low range is equal to the low range of the total from Table 7(A), and the high range is equal to the high range of the total from Table 7(A), less the \$65,000 Initial Franchise Fee. See Note 2 and see notes to Table 7(A).		
<b>Total Initial Investment</b>	<i>Dependent on the number of Studios you commit to open under the ADA</i>	In addition to the Development Fee, you will incur initial investment expenses for the development and opening of each Studio you are obligated to open under the development schedule. The current estimated initial investment range for the development of a Studio is disclosed in the above tables. This estimate is subject to adjustment and increase in the future.		

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 21. The Development Fee is described in greater detail in Item 5 of this FDD. You must pay a Development Fee equal to: (a) \$120,000 for the right to develop two Studios; or (b) \$165,000 for the development of three Studios. The Development Fee under Area Development Agreements signed under this Disclosure Document is calculated uniformly and is non-refundable upon payment.

Note 32. This estimated initial investment for each Studio you are obligated to develop under the ADA is subject to change for future Studios, based on our then current offer at the time of sale, and costs associated with the types of expenditures listed in Charts Table 7(A) and 7(B). As stated in the table above, the estimate included only applies to the first Studio you open under the ADA. You will incur initial investment expenses for each Studio you are obligated to open under the ADA, and the initial investment estimate may increase in the future.

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

**Generally**

The Franchise Agreement includes restrictions on (a) the types of products, classes and services you are permitted to offer in connection with the operation of the Franchised Business, and (b) the sources of products, services, inventory, equipment and other items. We may require you to buy some or all products, services and items from us, our affiliates, and/or our designated suppliers. We may change or designations, including our lists of approved and designated sources of supply, at any time on notice to you. We may, in certain instances, permit you to select a vendor or supplier for certain goods or services, but in such an

## AGREEMENT

If you sign an Area Development Agreement, you should review both the above tables of estimated initial investment expenses applicable to Franchise Agreements as well as the following table of fees.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Development Fee	See Note 2 below	Lump sum, non-refundable	When you sign the Area Development Agreement	Company
Initial Investment for the <b>First Studio</b> <sup>3</sup>	\$331,099.60 to \$570,818.77	See the above charts above. The low range is equal to the low range of the total from Chart 7(A), and the high range is equal to the high range of the total from Chart 7(A), less the \$65,000 Initial Franchise Fee. See Note 3 and see notes to Chart 7(A) and (B).		
<b>Total Initial Investment</b>	<i>Dependent on the number of Studios you commit to open under the ADA</i>	In addition to the Development Fee, you will incur initial investment expenses for the development and opening of each Studio you are obligated to open under the development schedule. The current estimated initial investment range for the development of a Studio is disclosed in the above tables. This estimate is subject to adjustment and increase in the future.		

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 2. The Development Fee is described in greater detail in Item 5 of this FDD. You must pay a Development Fee equal to: (a) \$120,000 for the right to develop two Studios; or (b) \$165,000 for the development of three Studios. The Development Fee under Area Development Agreements signed under this Disclosure Document is calculated uniformly and is non-refundable upon payment.

Note 3. This estimated initial investment for each Studio you are obligated to develop under the ADA is subject to change for future Studios, based on our then current offer at the time of sale, and costs associated with the types of expenditures listed in Charts 7(A) and 7(B). As stated in the table above, the estimate included only applies to the first Studio you open under the ADA. You will incur initial investment expenses for each Studio you are obligated to open under the ADA, and the initial investment estimate may increase in the future.

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

#### **Generally**

The Franchise Agreement includes restrictions on (a) the types of products, classes and services you are permitted to offer in connection with the operation of the Franchised Business, and (b) the sources of products, services, inventory, equipment and other items. We may require you to buy some or all products, services and items from us, our affiliates, and/or our designated suppliers. We may change or designations, including our lists of approved and designated sources of supply, at any time on notice to you. We may, in certain instances, permit you to select a vendor or supplier for certain goods or services, but in such an event, the goods or services you purchase must comply with specifications that we establish. We may communicate these obligations to you in any way we determine, including through the Manual or other written communications.

event, the goods or services you purchase must comply with specifications that we establish. We may communicate these obligations to you in any way we determine, including through the Manual or other written communications.

You must operate your Studio in strict conformance with the Franchise Agreement and our methods, standards, and specifications which we prescribe in our confidential operating manual and various other confidential manuals and writings (collectively the "Manual"). We have the unrestricted right to change the Manual over time. The Manual may include class specifications, pricing requirements (to the fullest extent permissible under applicable law), minimum advertised pricing requirements, branding (including design, layout, décor, appearance, lighting and cleanliness standards and specifications), standards of customer service, safety, cleanliness, maintenance, remodeling, replacement of outdated, obsolete or worn out equipment, signage specifications, graphics and artwork specifications and standards, dress and uniform requirements, environmental care, consistency, training services, brand image, advertising, and promotion among other subjects and areas. We may require you to participate in in-house certification, videos and instruction that you must use when conducting classes.

### **Required Purchases and Approved Suppliers**

You may only offer approved services, classes and products (the "Approved Services and Products") at your Studio. You are not permitted to offer or sell any other services, classes, products or items in connection with the operation of your Franchised Business. We will provide you with a list of the Approved Services and Products upon signing your Franchise Agreement. All Approved Services and Products must meet our standards and specifications. To: (i) better assure the quality of the Approved Services and Products; (ii) assure the supply of the Approved Services and Products; and/or (iii) enable us, in our sole discretion to take advantage of marketplace efficiencies, we have the right to require you to purchase any and all items from us, our affiliates, and/or other suppliers or distributors approved or designated by us. Your purchase or lease of goods or services as required is an essential element of your compliance with the Franchise Agreement and the Manual, and your failure to do so will be a breach of the Franchise Agreement and may result in your loss of material benefits, including the termination of the Franchise Agreement. We may also develop or acquire certain equipment, products, marketing services and items which you must purchase from us and/or our affiliates and use and/ or offer for sale, as applicable, at or in connection with the operation of your Studio.

We may formulate and modify our standards and specifications for products and services based upon the collective experience of our franchisees and our principals. Our standards and specifications are described in the Franchise Agreement, the Manual, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to operation of the Studio, including standards and specifications for services, products, signs, furnishings, supplies, fixtures and equipment by written notice to you or through changes in the Manual. You may incur an increased cost to comply with these changes at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement. We will notify you of any change to our standards and specifications by way of written amendments to the Manual or otherwise in writing.

We estimate that, in establishing your Franchised Business, your purchases or leases of goods, equipment, and supplies made in accordance with our specifications (including from us, an affiliate or designated or approved vendors) will represent approximately 50% to 65% of all or your total purchases or leases of goods, equipment, and supplies. Once your Franchised Business is established, we estimate that, on an ongoing basis, your purchases or leases of goods, equipment, and supplies made in accordance with our specifications (including from us, an affiliate or designated or approved supplier) will represent approximately 25% to 35% of all or your purchases or leases of goods, equipment, and supplies.

### **Currently Required Purchases from Us or our Affiliates**

As of the issuance date of this Disclosure Document, you must purchase the following services, products, equipment and items from us or our affiliate, as we designate: ~~X-Body~~XBody equipment, baselayers, millwork, lighting, wallpaper, signage, furniture, flooring, certain retail products and designated printed advertising materials. We and/or our affiliates will derive revenue and other material consideration on account of these purchases. The amount of markup and pricing for required purchases is unrestricted and

subject to our absolute discretion to the fullest extent permissible under applicable law.

Except as disclosed in this Item, as of the issuance date of this Disclosure Document, neither we nor any of our affiliates are approved suppliers of any item, equipment, product or service. We and our affiliates reserve the right to become approved suppliers, and/or the sole approved supplier of any item, equipment, product and/or service at any time.

### **Right to Derive Revenue & Material Consideration**

We and our affiliates reserve the right to derive revenue and to receive consideration, including monetary payments and other benefits, from franchisees for goods or services that we and/or our affiliates sell or lease to them, and also from vendors who sell or lease products and/or services to our franchisees. We and our affiliates may impose mark-ups on any and all purchases and leases from us or our affiliates. We and our affiliates also reserve the right to receive compensation from suppliers for creating or maintaining purchasing relationships. If we and/or our affiliates receive these rebates or payments, there will be no restriction on the amount or our use of these monies.

As of the issuance date of this Disclosure Document, we have negotiated arrangements with system suppliers of the following items and services: lighting, flooring, MAE A/V, fixtures and InBody technology and equipment. These suppliers pay us rebates ranging from 3% to 10% of revenues derived on account of franchisee purchases. During our fiscal year ended December 31, ~~2022~~2023, we derived ~~\$1,708,3523,764,376~~, or ~~2134~~% of our total revenues of ~~\$7,981,220.00~~10,950,358 on account of franchisee purchases and leases.

Except as disclosed in this Item, we do not currently have any third-party vendors or suppliers that pay us a rebate or any other consideration in connection with required franchisee purchases, but we reserve the right to collect these types of rebates or other consideration at any time in the future without restriction.

As of the issuance date of this Disclosure Document, we have negotiated price discounts on certain items you are required to purchase from designated vendors. We reserve the right to modify these arrangements at any time and are not under any obligation to ensure future price discounts on any item.

Several of our officers listed in Item 2 own an indirect interest in our affiliate, BODY20 Equipment. As of the issuance date of this FDD, none of our officers currently own any interest in any other approved supplier. There currently are no purchasing or distribution cooperatives in place for the purchase or lease of goods or services by franchisees.

### **Approved and Designated Suppliers**

We have the absolute right to limit the universe of suppliers with whom you are permitted to deal with in connection with the development and/or operation of the Franchised Business. We may designate exclusive suppliers for products, services and other items, without restriction. Your compliance in dealing with designated suppliers is of material importance to us, and to the System as a whole. You must use equipment, products and items purchased from approved suppliers solely in connection with the operation of your Franchised Business and not for any competitive business purpose.

If you wish to purchase, lease or use any product, service or any other item (a) that we have not approved, or (b) from a supplier or distributor that is not on our approved list, you may request our approval of the proposed product, service, supplier or distributor, as applicable. We are not obligated to consider or to approve these requests. We do not use any fixed process for granting or revoking approval of designated suppliers. Instead, we evaluate products, items, services and suppliers, as applicable, on a variety of criteria, which may include quality, price, responsiveness, reputation, timeliness, and experience, ability to service the entire franchise system, among others. We will make a reasonable effort to approve or disapprove any proposed item or supplier within thirty (30) days. If you do not hear back from us regarding our approval or disapproval, your request will be considered denied. Our evaluation may include a sampling of the service, equipment or product at either the supplier's/distributor's or our place of business, as determined by us. Where appropriate, the supplier or distributor will be required to provide us with indemnification rights and appropriate liability insurance (including products liability insurance) and to name us as an additional insured on their insurance policies. We may require the suppliers and distributors to provide information and reports to us containing all information we designate, including information with

respect to all purchases by, and information regarding, our franchisees. If we approve a supplier you propose, the supplier or distributor will be added to our approved list, but our approval will relate only to the item or product line we evaluated and approved. We may provide our standards and specifications for goods and services directly to the proposed suppliers or to our approved and designated suppliers. We may charge you a fee for our review and evaluation of the proposed supplier, product and/or service, as applicable. The amount of this fee may vary and will depend on the costs we incur (including salaries) in inspecting and vetting the proposed product, service and/or supplier, laboratory fees (if applicable), legal fees, other professional fees and travel and living expenses. We may revoke our approval of particular products, services or suppliers at any time, in our sole discretion. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier.

### **Insurance**

As an independently owned and operated franchised business, it is imperative that you carry adequate insurance to protect yourself. You must obtain and maintain insurance, at your expense, as we require. We may communicate these requirements to you in the Manual or other written communications.

You must obtain and maintain insurance coverage sufficient to meet (a) the requirement set forth in the Franchise Agreement and the Manual; and (b) the requirements imposed by all applicable laws, rules and regulations. It is your responsibility to ensure that the insurance coverage meets the requirements of all applicable laws, rules and regulations. As of the issuance date of this disclosure document, you must obtain and maintain the following coverage: (a) Property: \$70,000 business personal property, \$110,000 tenant improvements, \$270,000 business income/extra expense; (b) Professional Liability/General Liability: \$1,000,000 per occurrence, \$3,000,000 annual aggregate, \$100,000 each occurrence for sexual misconduct, \$300,000 aggregate for sexual misconduct.

All insurance policies must be written by an insurance company with a Best's Insurance Guide minimum rating of A-VI or better. All policies must include a waiver of subrogation in favor of us. In addition to the information listed above, you agree to carry such insurance as may be required by the lease of your Studio location, by any lender or equipment lessor you select, and such worker's compensation insurance as may be required by applicable law. All insurance policies must list us and any parties we may designate, as additional insureds under your insurance policies at your cost and must provide for thirty (30) days prior written notice to us of any material modification, cancellation or expiration of such policy. The premiums will vary based on location of the Facility and any prior claim history.

### **Computer Hardware and Software Components**

You must purchase the computer hardware and software we designate for use in connection with the operation of your Facility. Please see Items 6, 7, and 11 of this FDD for more information regarding required computer hardware and software purchases.

You shall have the sole and complete responsibility for (i) the acquisition, operation, maintenance, and upgrading of any computer hardware and software used in connection with operation of the Franchised Business; and (ii) any and all consequences that may arise if the computer hardware and software is not properly maintained, operated, and upgraded. We have the right to require you to enter into a separate maintenance agreement for computer hardware and software. Upon our request, you must promptly acquire, install, update or replace any computer hardware and/or computer software designated by us.

## **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 FDD.**

Obligation	Section in Agreement	Disclosure Document Item
a) Site selection and acquisition/lease	8 and Exhibit "A"	7, 8 and 11
b) Pre-opening purchases/leases	8 and 9	5, 7, 8 and 11
c) Site development	8	5, 7, 8 and 11
d) Initial and ongoing training	7, 8 and Exhibit "E"	11
e) Opening	8; Section 1.2 of the ADA	11
f) Fees	1, 4 and 5; Section 2.1 of ADA	5 and 6
g) Compliance w/ standards, policies, manuals	8	11
h) Trademarks and proprietary information	Recital A, 6 and 8	13 and 14
i) Restrictions on products and services offered	8	8 and 16
j) Warranty and customer service requirements	Not applicable	Not applicable
k) Territorial development and sales quota	Not applicable; Section 1.2 ADA	Not applicable
l) Ongoing product/service purchases	8	8
m) Maintenance, appearance, and remodeling requirements	8	11
n) Insurance	8	7 and 8
o) Advertising	8	6, 8 and 11
p) Indemnification	17; Section 9.4 of the ADA	6
q) Owner's participation/management/staffing	8	11 and 15
r) Records and reports	8	17
s) Inspections and audits	8	6 and 11
t) Transfer	11; Section 6 of the ADA	6 and 17
u) Renewal	3	6 and 17
v) Post-termination obligations	13; Section 5.3 of ADA	17
w) Non-competition covenants	10; Section 7.1 of ADA	17
x) Dispute resolution	24; Section 8 of ADA	17
y) Owner's Guaranty	Recital J and Exhibit "C" to the Franchise Agreement	15

fees, other professional fees and travel and living expenses. We may revoke our approval of particular products, services or suppliers at any time, in our sole discretion. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier.

**Insurance**

As an independently owned and operated franchised business, it is imperative that you carry adequate insurance to protect yourself. You must obtain and maintain insurance, at your expense, as we require. We may communicate these requirements to you in the Manual or other written communications.

You must obtain and maintain insurance coverage sufficient to meet (a) the requirement set forth in the Franchise Agreement and the Manual; and (b) the requirements imposed by all applicable laws, rules and regulations. It is your responsibility to ensure that the insurance coverage meets the requirements of all applicable laws, rules and regulations. As of the issuance date of this disclosure document, you must obtain and maintain the following coverage: (a) Property : \$70,000 business personal property, \$110,000 tenant improvements, \$270,000 business income/extra expense; (b) Professional Liability/General Liability: \$1,000,000 per occurrence, \$3,000,000 annual aggregate, \$100,000 each occurrence for sexual misconduct, \$300,000 aggregate for sexual misconduct.

All insurance policies must be written by an insurance company with a Best's Insurance Guide minimum rating of A-VI or better. All policies must include a waiver of subrogation in favor of us. In addition to the information listed above, you agree to carry such insurance as may be required by the lease of your Studio location, by any lender or equipment lessor you select, and such worker's compensation insurance as may be required by applicable law. All insurance policies must list us and any parties we may designate, as additional insureds under your insurance policies at your cost and must provide for thirty (30) days prior written notice to us of any material modification, cancellation or expiration of such policy. The premiums will vary based on location of the Facility and any prior claim history.

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f. Fees	1, 4 and 5; Section 2.1 of ADA	5 and 6
g. Compliance with standards and policies/operations manuals	8	11

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o. Advertising	8	6, 8 and 11
p. Indemnification	17; Section 9.4 of the ADA	6
q. Owners participation/management/staffing	8	11 and 15
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s. Inspections and audits	8	6 and 11
t. Transfer	11; Section 6 of the ADA	6 and 17
u. Renewal	3	6 and 17
v. Post-termination obligations	13; Section 5.3 of ADA	17
w. Non-competition covenants	10; Section 7.1 of ADA	17
x. Dispute resolution	24; Section 8 of ADA	17
y. Owner's Guaranty	Recital J and Exhibit "C" to the Franchise Agreement	15

**ITEM 10  
FINANCING**

We do not offer any direct or indirect financing. We do not guarantee your loan, lease or obligations.

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

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

**Pre-Opening Obligations.** Before you open your Franchised Business, we will:

1. Provide you with Initial training at times and location(s) we designate.
2. Review and communicate our approval or disapproval of the proposed location of your Studio.
3. Approval or disapproval of the lease for your site. We recommend that you retain an experienced commercial leasing attorney or business advisor to review the lease with you. Our approval of the terms of the lease is not a guarantee of success.
4. Standards and specifications for the layout, design, appearance and equipment for your Studio. The Manual contains the standards and specifications.
5. Loan to you use of the Manual during the term. The Manual and other materials are strictly confidential and their use is subject to the rights granted to you under the Franchise Agreement.
6. If you enter into an Area Development Agreement, we will designate your Development Zones.

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5. Loan to you use of the Manual during the term. The Manual and other materials are strictly confidential and their use is subject to the rights granted to you under the Franchise Agreement.
6. If you enter into an Area Development Agreement, we will designate your Development Zones.

**Site Selection Assistance and Time to Open**

Under the Franchise Agreement, you must operate your Studio only at a single site of which you and we both approve. We do not generally own the premises that System franchisees use for their Studios. If you do not have a proposed site when you sign the Franchise Agreement, we will identify the "Designated Area" within which you must find an acceptable site. You do not receive any territorial protection in the Designated Area. We reserve the right to require you to use our designated real estate broker and if required you must use the designated real estate broker to assist you in securing an acceptable site at your sole cost and expense. It is your sole responsibility to find a location that meets our standards and specifications at your sole cost and expense. You must submit your proposed site for our review and approval before you sign any letter of intent or lease agreement for the premises. Factors we consider when reviewing a proposed site include surrounding demographic information, site accessibility, visibility, potential traffic flow, population trends, household income and financial statistics, lease terms, construction costs and other demographic information.

The site review we conduct is not a warranty, representation or guaranty by us that a Studio opened at the site will be successful. Before signing any letter of intent, commitment letter, purchase agreement or lease, you will provide us with a complete copy of all documents relating to the purchase or lease for our review. If we do not approve the purchase or lease agreement for any reason in our sole discretion, then you will not execute that agreement. We will issue any such denial in writing no later than fifteen (15) days after receiving all required documents, and in the absence of any denial we will be deemed to have approved

the agreement. We may condition our approval of any proposed lease on, among other things, you and your landlord's execution of a form of lease rider and collateral assignment of lease. If you are unable to find a site that we approve within three (3) months of the date of the Franchise Agreement, we have the right to terminate the Franchise Agreement. We are not responsible for ensuring that the proposed site is adequate or properly zoned or permitted for the purpose of operating the Studio. We strongly encourage you to seek independent counsel from a lawyer or business advisor to assist you in selecting a location and negotiating a lease for the Studio premises.

We may provide you with a design, drawings and/or plans for a prototypical Studio. You must submit to us for approval all construction and design plans for adapting our specifications to the location, which plans must comply with our designated requirements. We will review your proposed plans and will approve or disapprove them in writing no later than thirty (30) days after receipt. It is your responsibility to engage local contractors to develop construction plans that meet with applicable ordinances, building codes, permit requirements, regulations applicable to disability accessibility (including the Americans with Disabilities Act). Your ordinances, building codes, permit requirements, and the Americans with Disabilities Act. Your completion of the construction or remodeling process will include the complete construction of the premises at the Location, the installation of all equipment, fixtures, furnishings, and signage required by our specifications, the completion of all carpentry, electrical, painting, and finishing work, and any other preparations necessary to render the Location fit for use for the Franchised Business, which you will incur at your own expense (Franchise Agreement, Section 8(b)).

Generally, we estimate that you will open your Studio within ~~six (6) to~~ nine (9) months after you sign the Franchise Agreement. You will notify us upon completion of all construction and remodeling work, and at our option, we will promptly inspect the location and identify any additional actions that you must take to comply with our specifications (Franchise Agreement, Section 8(b)). The Studio must be open and operating within ~~six (6) to~~ nine (9) months from the date the Franchise Agreement is signed (Franchise Agreement, Section 8(b)). We have the right to terminate the Franchise Agreement if you do not open the Studio within this time frame (Franchise Agreement, Section 12(a)(iv)). Factors which will affect your opening date include selecting the location for your Studio, obtaining required licenses, construction or remodeling of the premises, delivery of your furniture, fixtures and equipment, acquiring inventory and supplies, obtaining financing (if applicable), hiring and training your employees and completing the initial training program. Upon your final compliance with all specifications and requirements, we will grant approval for you to open for business. You will not open for business until we have issued that approval, but you will promptly open for business once we have issued our approval (Franchise Agreement, Section 8(b)).

### **Development Agreement Opening Deadlines**

If you and we enter into an Area Development Agreement, you must develop the number of Studios you are required to open under the Development Schedule within the time period required under the Development Schedule.

### **Continuing Obligations**

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

During the operation of the Franchised Business, we will:

1. Provide general advisory assistance and field support deemed by us, in our sole discretion.
2. Provide you with updates, revisions and amendments to our Manual, if any.
3. Conduct inspections, at our discretion, of the Franchised Business and its operations and evaluations of the methods and the staff.
4. We may provide additional in-person or online training modules and educational resources to you at our discretion, if, during the term of the Franchise Agreement, you hire a new member of your management staff who has not attended and successfully completed the training program or we determine that additional training is necessary. You are required to pay any costs we incur in connection

with providing such training. We also reserve the right to charge you our then-current training fee.

5. ~~training fee~~. We may require you or any employee to participate in, at your expense, additional or refresher training programs at ~~location~~locations we designate.

Although we may voluntarily provide additional services, no additional duties may be implied because we provide those additional services if any. We have no implied duties or other duties not expressly stated in the Franchise Agreement. We have the right to delegate to a third party the performance of any pre-opening or continuing obligation for any franchisee.

### Advertising

It is your responsibility to market, advertise and promote your Studio. Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing. We may, in our sole discretion, provide you with formats and/or advertising and marketing materials, in which case you must use the formats and materials we provide to market, advertise and promote your Studio. We may require you to purchase any and all such items from us or ~~or~~ designee. Otherwise, all promotional and marketing materials that you propose to use must conform to our standards and requirements. You must provide us with all samples of promotional and marketing materials in whatever form you desire to use for our approval at least fifteen (15) days before your proposed use of the materials. We will make reasonable efforts to notify you of our approval or disapproval of the materials within fifteen (15) days of receiving them. If you do not receive our written approval within this time period, we will be deemed to have disapproved of the materials. **You may not use any advertising plans or materials until we have approved them.** However, our approval does not constitute a determination that the advertising, promotions and marketing that you conduct complies with applicable laws and regulations or ~~provide~~provides assurance that such approved materials will be successful. You must consult your own advisors at your own expense. Even if we have approved specified materials, we may later withdraw our approval for any reason.

You are not permitted to use social media, mobile applications or any other current or future developed technological platform without our prior written consent, which we may condition on your continued compliance with the social media guidelines, rules and procedures we designate, which we have the right to implement, modify or discontinue at any time. You must strictly comply with any and all standards, specifications, procedures and rules we may establish regarding use of social media. We may communicate these standards, specifications, guidelines and rules to you through the Manual or other written or electronic communications.

### Pre-Sale Marketing

You are required to expend ~~\$6560~~,000 to \$75,000 for advertising and marketing (inclusive of staffing costs), that will be used before and during the opening of your Studio. You must expend this amount during the twelve-week period leading up to the opening (unless we designate otherwise), and during the opening of your Studio, within the time frames we designate ("Pre-Sale Period"). You must actively participate in our "**Pre-Sales Marketing**" campaign for membership enrollments, to the fullest extent permissible under applicable law and in accordance with all applicable laws. You must establish any required escrow accounts with escrow agents acceptable to us. You may not begin pre-sales until you (or your Operating Principal), manager, Pre-Sales Staff (you, manager, 4 sales team members, subject to modification) have successfully completed training, as we designate, to our satisfaction. The Manual or other training materials may include details regarding the benefits and the best use of these advertising and marketing fund expenditures. You will be required to have 100 total enrolled members by your (6<sup>th</sup>) sixth week of Pre-Sales Marketing ("Minimum Membership Threshold"). If you fail to meet the Minimum Membership Threshold by the end of the sixth (6<sup>th</sup>) week of the Pre-Sales Marketing, we reserve the right to require you to: (a) expend an additional amount of up to an additional \$30,000 on pre-sale advertising and marketing; and/or (b) attend re-training or additional training (which may include training provided by our team at your Studio, in which event you will be responsible for all costs and expenses), as we designate, before you will be permitted to open. These additional requirements may cause delays in opening and may impact your obligations under your lease agreement. ~~You are also required to have at least 200 total enrolled members before opening.~~

## **Brand Fund**

You are required to pay us a Brand Fund Fee each month of up to three percent (3%) of Gross Sales, as we designate. Our current practice is to deposit the Brand Fund Fee into a separate franchisee advertising fund account (the "Brand Fund Account").

The Brand Fund Fees are used, in our discretion, to promote the System and Franchised Businesses on a system-wide basis. Advertising may be conducted on a national, regional, and local basis through use of the Brand Fund Account and your local advertising requirements, as we determine in our sole discretion. We have complete discretion over the expenditure of Brand Fund Fees. We may, in addition to other expenditures, use Brand Fund Fees for the development and maintenance of social networking sites (including those designed to run on computers, smart phones, tablets and similar devices), and for media placement, commissions, market research, creative and production costs, artwork, printing, and any other costs, expenses, or compensation reasonably related to advertising, marketing, public relations and/or promotions. The Brand Fund Account may be used to satisfy the costs of maintaining, administering, directing, creating, and producing advertising. We may also use the Brand Fund Fees to purchase and pay for service and product research and development, advertising materials, production costs, brochures, ad slicks, local search engines (i.e. Google), participation in and attendance at community events, franchise expos and health expos, radio, film and television commercials, media accessible through mobile applications or similar technology, video tapes, newspaper, magazine and other print advertising, direct mail pieces, outdoor billboard advertising, social networking site maintenance, acquiring and operating promotional vehicles, photographer costs, pictures, designs, services provided by advertising agencies, public relations firms and other marketing, research or consulting firms, market research and market surveys, service menu designs and graphics, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of web pages on the internet, development of social media, administrative costs and salaries for marketing support personnel.

We are permitted to perform any Brand Fund functions ourselves through our employees, representatives, agents, or affiliates, in which case we are permitted to compensate ourselves or our affiliate from Brand Fund Fees for the reasonable cost of performing those functions, including reasonable allocations of overhead and administrative expenses. We determine the use of the ~~money~~money in the Brand Fund and no formal franchisee advertising council currently exists to advise us on advertising policies, but we reserve the right to create one. We have no obligation to ensure that you benefit directly or on a pro rata basis from the placement or conduct of advertising, marketing, or promotional activities, and your own benefits will vary depending on your proximity to other franchisees, the competition from other industry operators in our area or region, the types of media reasonably available and the costs of those media, and other factors. The Brand Fund and Brand Fund Fees inure to our benefit. The Brand Fund Account is not a trust account. We have no fiduciary duty to you, or to any System franchisee, or to your owners, including with regard to the creation, administration, development and/or operation of the Brand Fund.

We will account for the Brand Fund separately from our other accounts or assets (but we are not required to maintain a separate bank account). You may request a copy of an unaudited annual statement of operations for the Brand Fund (the "Fund Statement") for the most recently concluded fiscal year, but you must do so on or before March 31<sup>st</sup> of the year immediately following the end of the fiscal year. For clarity, you must submit a written request for the Fund Statement by March 31<sup>st</sup> in order to receive the Fund Statement for the most recently concluded fiscal year. Upon our timely receipt of such written request, we will provide a copy of the Fund Statement to you within thirty (30) days of its issuance. We may use Brand Fund Fees to cover the costs and expenses incurred in connection with the preparation and issuance of the Fund Statement.

We are permitted to establish a separate entity to receive payments and administer the Brand Fund with comparable rights and restrictions established in the Franchise Agreement, in which case we are permitted to require you to submit Brand Fund Fees directly to that separate entity. We anticipate that all Brand Fund Fees will be expended for programs during the fiscal year in which they were collected. If there are excess Brand Fund Fees at the end of the fiscal year, the funds will be carried over into the subsequent years. We may spend an amount that is greater or less than Brand Fund Fees collected in any given year, and we

have the right to borrow funds from any lender, including from us and any related parties, to cover Brand Fund expenditures or commitments. We intend for the Brand Fund to be of perpetual duration; however, we may terminate the Brand Fund at any time. If terminated, any unspent Brand Fund Fees will be used, in our discretion, on marketing, promotion and/or public relations purposes. We may also, at our discretion, distribute any unspent Brand Fund Fees to our franchisees in proportion to their respective contributions during the previous period we deem appropriate.

We do not anticipate for the advertising paid for out of the Brand Fund to be used principally for the purpose of soliciting franchisees, however we may include statements about the availability of information regarding the BODY20 franchise opportunity and the purchase of a Franchised Business in any advertising or other items produced, circulated and/or distributed using Brand Fund Fees.

Vendors and suppliers may, if we permit or require, contribute to the Brand Fund. We are under no obligation to use any Brand Fund Fees to conduct any advertising in your or any other franchisee's Territory; however, we reserve the right use Brand Fund Fees to conduct such advertising in our sole discretion.

In our past fiscal year ending December 31, ~~2022~~2023, we did not collect any Brand Fund contributions and therefore had no Brand Fund expenditures.

### **Your Local Advertising Expenditure Obligations**

You must spend at least \$3,500 each month on local advertising in your geographic area. At our request, you must give us an advertising expenditure report to show your compliance with the local advertising expenditure requirement. Any money not spent on your local advertising campaign shall be due and owing to us as a Brand Fund Fee to be used for marketing purposes in our discretion. You are not permitted to use any advertising, promotional or marketing materials without first securing our prior written approval. You may, at your discretion, participate in a local advertising cooperative with other franchisees in your area. Cooperatives will usually be based on practical geographic divisions like cities, counties and states. A cooperative, if established, will allow franchisee members to coordinate advertising and marketing efforts and programs, and to maximize the efficient use of local advertising media. We assume no responsibility for how any such cooperative will administer funds collected from you and other franchisees in your market area. These funds are ordinarily administered in accordance with the direction of the cooperative members. Activities of the cooperative will generally be determined by its members, except that we reserve the right to approve the use of any advertising and promotional materials developed by the cooperative before it is disseminated to the public.

### **Advertising Advisory Council**

We do not currently have a franchisee advertising council. At our discretion, we may, in the future, form an Advertising Advisory Council (the "Council") once we determine that there are a sufficient number of BODY20 Studio franchisees in the System. The Council members will consist of BODY20 Studio franchisees. The Council shall serve in an advisory capacity only, advising us on operations, marketing and other subjects. We have the authority to dissolve, change and reform the Council ~~in~~at our discretion.

### **Website and Internet**

We currently maintain an interactive BODY20 website (the "Home Page"). All features of the Home Page, including the domain name, content, format, and links to other websites, will be determined by us in our sole discretion. We will also have the right to modify, suspend or temporarily or permanently discontinue the Home Page at any time, in our sole discretion. We and our affiliates will have the right to sell merchandise directly to retail and/or wholesale customers via the Internet under the any of the Marks, to create a website or home page containing any of the Marks, and the exclusive right to reserve or to use the Marks or any derivative or related or similar domain name or e-mail address (without regard to domain name suffix).

You must establish your own web page, but only through our website management system, or other designated source ("Your Franchised Business Site"). We or our designee, may develop Your Franchised Business Site for you, at our discretion, but if we do so, you will be responsible for paying us or our designee

our then-current web page development fee (the “Website Development Fee”). After Your Franchised Business Site has been developed, you must submit all content for Your Franchised Business Site to us and obtain our approval before posting. Once we approve your content, we will establish Your Franchised Business Site for you through a link from our Home Page. We will then continue to carry content for Your Site through a link from our Home Page.

Except as approved in advance in writing by us, 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 Studio, including any profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site (“Social Media Site”). You may not establish or maintain any social media sites and/or mobile or internet-based applications (or any comparable future developed technology). We have the right to establish and implement social media guidelines and policies at any time, and we have the right to discontinue, modify and supplement any social media guidelines and policies as we determine in our sole discretion. You must comply with any and all established social media guidelines and policies, and you are responsible for ensuring that your managers and employees comply with the guidelines and procedures. We have the right to modify our policies governing media and Internet usage at any time in writing, whether in the Manual or otherwise.

### **Pricing and Promotion Requirements**

We reserve the right to require you to offer services, memberships and products at prices not to exceed the prices we publish from time to time, to the fullest extent permitted under applicable law. We reserve the right to require you and other System Studios to offer and participate in all promotions we designate at any time, including charitable promotions, loyalty programs, discounts and other promotions, at your sole cost and expense. You are responsible for ensuring compliance with all applicable laws, rules and regulations.

### **Gift Cards and Loyalty Programs**

Our system may regulate participation in and requirements for member and customer loyalty programs, reciprocity programs, membership transfer policies and programs, and similar programs for members of similarly situated BODY20 Studios, including the terms and conditions we periodically specify for (a) providing Studio access to members of other BODY20 Studios; (b) honoring memberships covering some or all BODY20 Studios and providing Studio access to those members; (each BODY20 Studio bearing, or sharing in, the costs and expenses associated with participating in any of these programs). The details of any gift card or loyalty program may be included in our Manual or other written communications, as we designate.

### **National Academy of Sports Medicine**

We reserve the right to require that you and all employees of your Studio complete a National Academy of Sports Medicine (“NASM”) certification course. If required, franchisees and Studio employees may access the NASM certification course through our online training university. Anyone who has completed a NASM certification course within thirty (30) days of employment with their BODY20 Studio, will not be required to retake the course.

### **Training Program**

Before you open for business, all individuals who sign the Franchise Agreement as Franchisee, as well as your Designated Manager, must attend and successfully complete our initial training program to our satisfaction. Additionally, all **trainerscoaches** who will be training members of your BODY20 Studio must attend and complete the training program we designate, including EMS training (the “Trainer Program”). Only **trainerscoaches** who have attended and completed the Trainer Program and received a Certification of Completion to our satisfaction are permitted to train members of your BODY20 Studio. Your failure to comply with these requirements will be considered a material default under the terms of your Franchise Agreement, triggering our right to terminate the Franchise Agreement. There is no specific deadline by which you must complete the initial training program under the terms of your Franchise Agreement, other than the requirement that you complete the initial training program to our satisfaction before opening and

that your ~~trainerscoaches~~ complete the Trainer Program before engaging in ~~trainingcoaching~~ activities at your BODY20 Studio.

You are responsible for all of your, and your personnel's, personal expenses, including lodging, meals, and costs and transportation to and from the training site. The initial training program will be held at our headquarters, online through our franchise education portal, or at such other location as we designate (including at your Studio), and will consist of approximately four days of classroom training and four days of on-site training at your Studio location.

We describe our current initial training program below. We reserve the right to modify ~~the initial training program at~~ any time.

In addition, training may be held online through our franchise education portal, or at the location of your Studio prior to its opening by one of the members of our corporate staff or a designee, who may travel to your location and spend up to approximately four days with you, if we deem it necessary in our sole discretion. You are also responsible for all travel and living expenses we incur in traveling to your location to provide such pre-opening training and assistance. You must sign and deliver to us the Training Acknowledgement Form ~~(a copy of which is attached as Exhibit E to you will receive at the Franchise Agreement)-training.~~

You may request permission to bring up to two additional ~~personspeople~~ to the initial training. If we consent to your bringing additional ~~personspeople~~ to initial training, we may require you to pay ~~to~~ us our then-current training fee for each additional person attending initial training. The initial training fee, and the number of attendees that fees ~~coverscover~~, is addressed in Item 6.

All persons attending initial training must sign a confidentiality and restrictive covenant agreement in a form we designate or approve before attending the initial training. You must provide us with a copy of the signed agreement before you attend the initial training program.

We may modify the training courses from time to time, and will communicate any changes that may materially impact your Studio operations or opening schedule. Any changes made to the training courses will be referenced in the Manual or written communication to you. As of the issuance date of this Disclosure Document, the initial training program ~~(described below)~~ is under the guidance of: (i) Chad Klein, Senior VP of Operations, ~~and~~ (ii) Sydney Yeomans, our Director of Fitness, ~~and (iii) Matthew Maddox, our Vice President of Sales & Operations Training.~~ The experience of our instructors is listed in Item 2 of this Disclosure Document.

The initial training program as of the issuance date contains the following subjects:

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training (in person or online)</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
General Business Training/ Entrepreneurship	7 hours	0 hours	HQ/Designated Location/Your Studio
Sales Training	8 hours	0 hours	HQ/Designated Location/Your Studio
Product Training	4 hours	0 hours	HQ/Designated Location/Your Studio
Systems/CRM Training	5 hours	0 hours	HQ/Designated Location/Your Studio
Physiology/Technical Training on Technology	14 hours	0 hours	HQ/Designated Location/Your Studio
Studio and Owner Operations Training	35hours	16 hours	HQ/Designated Location/Your Studio

Pre-opening and opening assistance	0 hours	16 hours	Your Studio location
<b>TOTALS</b>	<b>43 hours</b>	<b>32 hours</b>	

The time periods allocated to the subjects listed above are approximations, and the time actually spent by you and your personnel may vary based on the experience and performance of those persons being trained. Additional training may also be provided as needed. The instructional materials used in the initial training program will consist primarily of our Manual, marketing and promotional materials, videos and other handouts.

**Additional/Remedial Training**

We may provide, and we may require you to attend and complete, additional training during the term of the Franchise Agreement. We may also provide and require you to attend and complete remedial training to address any deficiency including deficiencies relating to Brand Standards. We reserve the right to charge you our then-current training fee in connection with any such additional and/or remedial training. You will also be solely responsible for all costs and expenses associated with attending and completing any and all additional and remedial training.

**Studio Management System and Computer System**

You must, at your sole cost, purchase, use, maintain and update a Studio Management System and computer system (collectively, the “Computer System”) we specify from time to time for use in the operation of the Studio. The Computer System has various components, including designated computer hardware and software, a computerized point-of-sale system (the “POS System”), and related services. You may be required to obtain some or all of these components and services directly from us, our affiliates or designated or approved suppliers. You may incur monthly fees in connection with the Computer and POS System, including for Quickbooks (as of the issuance date of this Disclosure Document, we require you to use Quickbooks online), ISP, ASP, data polling services and the like. You must also use our designated chart of accounts and accounting aggregation software (such as Qvinci) that allows us remote, online access to your Quickbooks online account. We will have independent, unlimited access to all information and data related to the operation of your Franchised Business, including information and data in your Quickbooks, Computer System and POS System, including continuous independent access to same. You must operate your Computer System and POS System in compliance with our requirements and all applicable laws, rules and regulations, including security standards. You must keep your Computer System and POS System in good repair.

We may, at our option, periodically change the POS System and/or the Computer System at any time during the term of your Franchise Agreement. These changes may include changes in software and hardware requirements and you will be required to cooperate with our designated vendors and pay all charges associated with any and all changes, including charges, costs and expenses associated with migration. No contract limits the frequency or cost of your obligations relating to Computer System and POS System requirements. You must cooperate with our designated suppliers, including software providers, including in connection with upgrades, updates and software adjustments. You will be responsible for paying our designated supplier (which may be us and/or an affiliate) for all charges, costs and expenses associated with services provided in connection with the Computer System and POS System.

You must submit your monthly financial reports and sales points by the 20<sup>th</sup> day of the following month, unless we designate a different date. We have the right to access your Quickbooks, Computer System and your POS System and retrieve monthly sales data, including statements of your gross sales during the preceding month, together with such other data or information as we may require. If your Quickbooks, POS System or Computer System is not functioning due to your failure to pay the monthly charges for the Quickbooks, POS System, and/or your Computer System, or due to your negligence, and we are unable to retrieve such reports, a late fee of \$100 per day will be assessed for untimely submission. We reserve the right to require you to use our designated suppliers to provide mandated reports and records, including bookkeeping services providers, at any time during the term.

As of the issuance date of this Disclosure Document, the approximate cost of the Computer System, as detailed in the below table, ranges from \$3,193.83 to \$3,604.00.

Item Name	Description	Actual Cost	Required/Optional	Est. Range
Desktop computer	Dell Precision Tower 3000	\$814.00	Required	\$900
Lap top Computer	Dell Latitude 3590	\$749.00	Required	\$800
2 iPads	12.9 inch iPad	\$459 per (times 2)	Required	
Printer	HP Office Jet Pro	\$229.89	Required	\$300
Amazon Fire TV Stick		\$39.99	Required	\$50.00
40" TV	Vizio	\$224.00	Required	\$300.00
TV Wall Mount		\$29.95	Required	\$40.00
Optisign App	Download app store	\$0	Required	Free
<b>Club Ready POS System</b>	Software and App	\$274.00	Required	\$274.00
<b>Quickbooks Online</b>		\$40.00	Required	\$50.00
<b>Qvinci</b>		Incl. service fee	Required	\$30.00
Bar Code Scanner	Honeywell, MS7580-2 Genesis Scanner	\$342.00	Required	\$400.00
Mag-Tek Credit Card-only Reader		\$66.00	Required	\$100
SAMSUNG Galaxy Tablet A SM-T580-BLK - used to access the Club Ready Class Kiosk App	Tablet Galaxy Tab A SM-T580-BLK	\$289.00	Required	\$300
Adjustable Tabletop Tablet Holder for Office		\$36.00	Optional	\$40.00
<b>Total</b>		<b>\$3193.83</b>		<b>\$3604</b>

~~Computer/POS System Hardware/Software Components as of the Issuance Date of this Disclosure Document:~~

As of the Issuance Date of this Disclosure Document, you must purchase or lease our designated POS System and Computer System from our designated suppliers and you must enter into the agreements and licenses these suppliers require. You are responsible for all ongoing POS System and Computer System hardware and software maintenance, repairs and upgrades. We estimate the ongoing costs associated with these obligations as follows (these estimates are subject to change and may increase at any time in the future):

Maintenance & Support	Description	Est. Cost
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Club Ready Additional Training after club implementation	After \$0 implementation additional training will cost \$250 per hour for remote training and \$800 for onsite (not including cost of travel)	\$250-\$800
Computer Maintenance	Franchisee is responsible for all ongoing maintenance and repairs and upgrades.	\$0-\$500
Equipment Repairs	Franchisee responsible for all ongoing maintenance and repairs and upgrades.	\$0-\$1000
Computer/Software Upgrades	Franchisee responsible for all ongoing maintenance and repairs and upgrades.	\$0-\$500

We and our affiliates reserve the right to develop and /or implement our own technology, including software systems, and to charge a fee in connection therewith. We have no obligation to provide ongoing maintenance, repairs, upgrades or updates. Currently, obligations relating to ongoing maintenance, repairs, upgrades and/or updates rest with our designated or approved suppliers.

### **Operations Manual**

The Manual is confidential and ~~remain~~remains our property. We may add to or otherwise modify the Manual from time to time as we deem necessary. The table of contents of our Manual is attached as **Exhibit D**. The manual is currently ~~383~~460 pages.

## **ITEM 12 TERRITORY**

### **Franchise Agreement**

#### *Approved Location*

You will operate the Studio at a specific location, for which you must obtain our prior written approval (the "Approved Location"). You are only permitted to operate the Franchised Business at the Approved Location and may not conduct the Franchised Business at any other location.

#### *Minimum Territory*

Once you have secured your Authorized Location, we will designate your "Territory" within which you will have certain protected rights, as disclosed in more detail below. The minimum Territory granted will typically consist of (a) a radius of approximately two miles if the Approved Location is in a less populated area, or (b) ~~a block radius consisting of approximately three to five blocks if the Approved Location is in a more heavily populated area, metropolitan downtown area or similarly situated/populated central business district.~~ we will encapsulate a realistic drive time that captures our desired total population and estimated average household income. The size of your Territory may vary from the territory granted to other franchisees based on such factors as the location and demographics surrounding your Studio which decision will be in our sole discretion. The boundaries of your 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.

You are not prohibited from permitting members who reside outside of your Territory to join your Franchised Business. Your local advertising must be limited to the Territory. You are not permitted to advertise or promote your Franchised Business through advertising directed at or circulated to those outside of the Territory without our prior written consent, which we will not unreasonably withhold provided the area within which you wish to advertise or promote the Franchised Business is (a) contiguous to the Territory, and (b) not part of any other System franchisee's territory or development zones or area. You are only permitted to sell products and services from your Studio. You have no rights to sell products or services through the Internet, the worldwide web, mail order or catalogs or through any other form of distribution channel or method.

Subject to our reserved rights, as disclosed in more detail below, for so long as you comply with the terms and conditions of the Franchise Agreement, neither we nor our affiliates will open or operate, or authorize any third party the right to open or operate, another studio utilizing our Marks that has an Authorized Location within your Territory.

Document, the initial training program (described below) is under the guidance of: (i) Chad Klein, Senior VP of Operations, (ii) Sydney Yeomans, our Director of Fitness, and (iii) Matthew Maddox, our Vice President of Sales & Operations Training. The experience of our instructors is listed in Item 2 of this Disclosure Document.

The initial training program as of the issuance date contains the following subjects:

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The time periods allocated to the subjects listed above are approximations, and the time actually spent by you and your personnel may vary based on the experience and performance of those persons being trained. Additional training may also be provided as needed. The instructional materials used in the initial training program will consist primarily of our Manual, marketing and promotional materials, videos and other handouts.

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your Quickbooks online account. We will have independent, unlimited access to all information and data related to the operation of your Franchised Business, including information and data in your Quickbooks, Computer System and POS System, including continuous independent access to same. You must operate your Computer System and POS System in compliance with our requirements and all applicable laws, rules and regulations, including security standards. You must keep your Computer System and POS System in good repair.

We may, at our option, periodically change the POS System and/or the Computer System at any time during the term of your Franchise Agreement. These changes may include changes in software and hardware requirements and you will be required to cooperate with our designated vendors and pay all charges associated with any and all changes, including charges, costs and expenses associated with migration. No contract limits the frequency or cost of your obligations relating to Computer System and POS System requirements. You must cooperate with our designated suppliers, including software providers, including in connection with upgrades, updates and software adjustments. You will be responsible for paying our designated supplier (which may be us and/or an affiliate) for all charges, costs and expenses associated with services provided in connection with the Computer System and POS System.

You must submit your monthly financial reports and sales points by the 20<sup>th</sup> day of the following month, unless we designate a different date. We have the right to access your Quickbooks, Computer System and your POS System and retrieve monthly sales data, including statements of your gross sales during the preceding month, together with such other data or information as we may require. If your Quickbooks, POS System or Computer System is not functioning due to your failure to pay the monthly charges for the Quickbooks, POS System, and/or your Computer System, or due to your negligence, and we are unable to retrieve such reports, a late fee of \$100 per day will be assessed for untimely submission. We reserve the right to require you to use our designated suppliers to provide mandated reports and records, including bookkeeping services providers, at any time during the term.

As of the issuance date of this Disclosure Document, the approximate cost of the Computer System, as detailed in the below table, ranges from \$3,193.83 to \$3,604.00.

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<b>Qvinci</b>		Incl. service fee	Required	\$30.00
Bar Code Scanner	Honeywell, MS7580-2 Genesis Scanner	\$342.00	Required	\$400.00
Mag-Tek Credit Card-only Reader		\$66.00	Required	\$100
SAMSUNG Galaxy Tablet A SM-T580-BLK - used to	Tablet Galaxy Tab A SM-T580-BLK	\$289.00	Required	\$300

Item Name	Description	Actual Cost	Required/Optional	Est. Range
access the Club Ready Class Kiosk App				
Adjustable Tabletop Tablet Holder for Office		\$36.00	Optional	\$40.00
<b>Total</b>		\$3193.83		\$3604

As of the Issuance Date of this Disclosure Document, you must purchase or lease our designated POS System and Computer System from our designated suppliers and you must enter into the agreements and licenses these suppliers require. You are responsible for all ongoing POS System and Computer System hardware and software maintenance, repairs and upgrades. We estimate the ongoing costs associated with these obligations as follows (these estimates are subject to change and may increase at any time in the future):

Maintenance & Support	Description	Est. Cost
Club Ready Additional Training After club implementation	After \$0 implementation additional training will cost \$250 per hour for remote training and \$800 for onsite (not including cost of travel)	\$250-\$800
Computer Maintenance	Franchisee is responsible for all ongoing maintenance and repairs and upgrades.	\$0-\$500
Equipment Repairs	Franchisee responsible for all ongoing maintenance and repairs and upgrades.	\$0-\$1000
Computer/Software Upgrades	Franchisee responsible for all ongoing maintenance and repairs and upgrades.	\$0-\$500

We and our affiliates reserve the right to develop and /or implement our own technology, including software systems, and to charge a fee in connection therewith. We have no obligation to provide ongoing maintenance, repairs, upgrades or updates. Currently, obligations relating to ongoing maintenance, repairs, upgrades and/or updates rest with our designated or approved suppliers.

### **Operations Manual**

The Manual is confidential and remain our property. We may add to or otherwise modify the Manual from time to time as we deem necessary. The table of contents of our Manual is attached as **Exhibit D**. The manual is currently 383 pages.

## **ITEM 12 TERRITORY**

### **Franchise Agreement**

#### *Approved Location*

You will operate the Studio at a specific location, for which you must obtain our prior written approval (the "Approved Location"). You are only permitted to operate the Franchised Business at the Approved Location and may not conduct the Franchised Business at any other location.

#### *Minimum Territory*

Once you have secured your Authorized Location, we will designate your "Territory" within which you will have certain protected rights, as disclosed in more detail below. The minimum Territory granted will typically consist of (a) a radius of approximately two miles if the Approved Location is in a less populated area, or (b) a block

### *Relocation*

Except in cases where you are in default of your lease, if your Studio is open and operating and you are not in default of any provisions in your Franchise Agreement or any other agreement by and between you and us, or any of your affiliates and us (or any of our affiliates), you will be permitted to relocate your Studio to a new location within the boundaries of your Territory, subject to our prior written consent and approval. If, through no fault of your own, you lose possession of the premises due to an event of force majeure, we will allow you to relocate the Franchised Business to another location, which we must approve within sixty (60) days of the event of force majeure. You must reopen for business at the new location within three months after we approve the location, and we may charge you an agreed upon fee during the period in which the Franchised Business is not in operation.

### *Continuation of Territorial Protection*

The continuation of territorial protection is dependent upon the achievement of a certain sales volume. During your: (a) first year of operations, you must attain minimum annual Gross Sales of \$250,000, (b) second year of operations, you must attain minimum annual Gross Sales of \$300,000, and (c) third year of operations, you must attain minimum annual Gross Sales of \$350,000. If you do not attain the minimum annual Gross Sales, we have the right to remove or reduce your territorial protection, as we determine in our sole and absolute discretion. The size of your Territory is not negotiable, and you will not have the right to amend or modify your Territory. In addition, the territorial protection will terminate upon the expiration or earlier termination of the Franchise Agreement.

If you fail to maintain the minimum Gross Sales or if you fail to meet the member retention requirements set forth in the Manual, we have the right to require you to participate in and comply with our designated “ICU High Performance” program, ~~(formerly ICU Program)~~, as set forth in more detail in the Manual. The ~~ICU~~ program may include, among other requirements, your need to expend additional amounts on local marketing and advertising and additional training or retraining. If you fail to participate in the ~~ICU~~ program in accordance with our specifications (as may be set forth in the Manual), ~~or~~ if you fail to meet the member retention and/or minimum Gross Sales ~~requirements~~ requirements following your participation in the ~~ICU~~ program, or if you will fail to meet minimum KPI's as set forth in the agreed upon operating model, you may be deemed in default of your Franchise Agreement.

### **Area Development Agreement/Development Zones**

If you and we enter into an Area Development Agreement, we will designate the number of Studios you are required to open under the Development Agreement, the designated zones within which each of these Studios is to be located (each a “Development Zone”), and the lease execution and opening deadlines for each Studio to be developed. The size of the Development Zones will vary and will depend on a number of factors including (a) the number of Studios you commit to open, (b) the density of the geographic area within which you are looking to open the Studios; (c) the demographics of the area; and (d) the proximity and territorial rights granted to other System franchisees and developers. The development zones are typically identified in a map format, but may be identified by zip codes, street boundaries, natural boundaries, landmarks, and any other method we determine to be appropriate. Your territorial protection in each Development Zone ends when you open a Studio in the Development Zone. At that time, the Territory designated under the Franchise Agreement you sign for that Studio will govern.

For so long as you are in compliance with your obligations under the Area Development Agreement, subject to our reserved rights (as disclosed in more detail below), we will not open or operate, or license another person or entity the right to open or operate, a Studio within each Development Zone until you open a Studio within the Development Zone. If you do not comply with your obligations under the Area Development Agreement, including your obligation to meet the Development Schedule, your territorial rights may be terminated or reduced.

### **Reserved Rights under Franchise Agreement and Area Development Agreement**

We reserve all rights that are not expressly granted to you under the Franchise Agreement. If you sign an Area Development Agreement, we retain all rights that are not expressly granted to you under the Area

Development Agreement. The rights granted to you under both the Franchise Agreement and the Area Development Agreement do not include: (i) any right to offer any product or service via e-commerce or through any other virtual or remote online platform; (ii) any right to establish an independent website, social media site, or to establish or own a URL incorporating any of the Marks; (iii) any right to sell merchandise via wholesale; or (iv) any right to otherwise distribute, market or implement our products and/or services via any channel of distribution not specifically identified in the Franchise Agreement.

Without limiting this broad retention, and without granting you any rights therein, we and our affiliates have the right, in our and their sole discretion, to: (a) establish company-owned or franchisee-operated businesses that sell similar products and/or services under different trade names or trademarks other than the Proprietary Marks anywhere, including within the Territory and Development Zones; (b) open, own, operate and promote BODY20 Studios anywhere outside of the Territory (and if you sign an Area Development Agreement, outside of the Development Zones), as we consider appropriate, including within close proximity to your Approved Location of your Studio or your Territory; (c) offer, promote and sell products and services within and outside the Territory (and if you sign an Area Development Agreement, within and outside of the Development Zones) through any distribution method (including under the Marks); (d) solicit, market or advertise the products and services to any person or entity, both within and outside your Territory and your Development Zones (if applicable); (e) establish and operate, and grant rights to other persons to establish and operate, on any terms, health and fitness facilities or any similar or dissimilar businesses that are not primarily identified by the Marks at any locations, whether within or outside the Territory and whether within or outside of the Development Zones (if applicable); (f) acquire the assets or ownership interests of, or be acquired (regardless of the form of transaction) by any businesses providing products and services similar or dissimilar to those that BODY20 Studios provide, and franchising, licensing or creating other arrangements for these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, whether within or outside the Territory and whether within our outside of the Development Zones; (g) use or license the use of the Marks, and all products and services associated with any of the Marks, in any other alternative methods of distribution. We and our affiliates may use the Internet or alternate channels of commerce to sell BODY20 brand products and services without restriction. We are not required to compensate you for any sales we make in the Territory or the Development Zones (if applicable). The Franchise Agreement does not provide you with any options, rights of first refusal, or similar rights to acquire additional franchises. The Area Development Agreement only provides you with the right to develop the number of Studios identified in the Development Schedule and does not provide you with any other options, rights of first refusal or similar rights to acquire additional franchises.

We also have the right to operate, and to license others the right to operate, Studios located in Non-Public Access Venues, including within the Territory. For purposes of this Disclosure Document, the term Non-Public Access Venues shall mean private businesses, military bases, government institutions, private clubs, and other Studios that are not accessible to the general public. You will not receive ~~an~~ exclusive territory. You may face competition from other franchisees, from Studios that we own, or from other channels of distribution or competitive brands that we control.

Neither we nor our affiliates operate any franchise system under any different name or trademark, but we reserve the right to do so.

### **ITEM 13** **TRADEMARKS**

We have the rights, title and interest in and to the Marks and to license to others the right to use the name BODY20 and the Marks in the United States and its territories. The term "Marks" means trade names, trademarks, service marks, and logos used to identify your BODY20 Studio or the goods and services you offer. You may only use the Marks we designate for use with your Studio, and you may only use them in the manner we authorize and permit. The following is a list of the primary marks we may authorize you to use. We may add or subtract from this list. BODY20 Global USA, LLC owns all right, title and interest these trademarks with the United States Patent and Trademark Office (USPTO) on the Principal Register:

MARK	REG. NUMBER	REGISTRATION DATE	INTERNATIONAL CLASS OF GOODS
<b>BODY20</b>	6550171	November 9, 2021	041
Body20	5672521	February 12, 2019	041
	5672545	February 12, 2019	041
BODY20	5672522	February 12, 2019	041
TECHNOLOGY TRAINING FOR A RESULTS DRIVEN WORKOUT	5829737	August 6, 2019	041
EVERY BODY UNLEASHED	6238354	January 5, 2021	041

We expect and intend to submit all affidavits and other filings necessary to maintain the registrations above.

There is ~~no~~ agreement currently in effect as of the date of this Disclosure Document that significantly limits our right to use or license the use of the Marks in any manner material to our franchise.

As of the date of this Disclosure Document, there are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board or any state trademark administrator or court in the United States, or any pending infringement, opposition or cancellation proceeding, involving the Marks.

If there is any infringement of, or challenge to, your use of any name, mark or symbol, you must immediately notify us, and we will have the sole discretion to take any action as we deem appropriate, in order to fulfill our obligation to preserve and protect the ownership, identity and validity of the Marks. We are not obligated to protect your rights in the Marks, nor are we obligated to indemnify you for losses associated with any infringement of, or challenge to, our rights in the Marks. We are not obligated to participate in your defense and/or indemnify you for damages or expenses if you are party to an administrative or judicial proceeding involving the Marks.

We are not aware of any superior rights or infringing uses that could materially affect your use of the Marks in any state; however, a federal trademark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant mark area. Therefore, before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

You do not have any rights to ~~compensation~~ or otherwise under the Franchise Agreement if we require you to modify or discontinue using the trademark.

We do not entitle you, at any time, either by implication or otherwise, to the BODY20 Marks or any other marks associated with the System. You will not establish title by use, registration or other means to similar or related names and marks, including those you and all other franchisees generate while conducting business under the BODY20 name. You have limited and temporary rights and you agree you will not, after expiration or termination of your Franchise Agreement, use the Marks we licensed to you, directly or indirectly, for any purpose. You will not contest the validity or ownership of any marks associated with the

System, and you may not register them. You must display the following notice in a prominent place in your Studio: **“The BODY20 trademarks are owned by BODY20 IP, LLC and the independent franchised operator of this Studio is a licensed user of these trademarks.”**

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

We do not own any patents that are material to the franchise. We do claim copyright protection and proprietary rights to the confidential information contained in our Manual, and in the specified training classes and procedures. The Manual is described in Item 11. We also claim common law copyrights on our operational materials and on other proprietary materials specifically created by us in connection with our System, including the print advertisements, flyers, brochures and other materials presented to your prospective customers, printed materials, and forms and merchandise used in connection with the operation of your Franchised Business.

There currently are no effective determinations of the U.S. Copyright Office or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect that significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us that could materially affect a franchisee’s use of the copyrighted materials in any state. You must promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we deem appropriate. We will not indemnify you for losses brought by a third party concerning your use of this information.

We may disclose to you certain Confidential Information during the term of the Franchise Agreement. “Confidential Information” includes: site selection criteria and methodologies; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating BODY20 Studios, including information in the Manual; marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for BODY20 Studios; knowledge of specifications for and suppliers of, and methods of ordering, products and services that BODY20 Studios use and/or sell; knowledge of the operating results and financial performance of BODY20 Studios; member information and customer communication and retention programs, along with data used or generated in those programs; graphic designs and related intellectual property; and any other information we reasonably designate as confidential or proprietary.

You and your owners (a) may not use any Confidential Information in any other business or capacity, whether during or after the Franchise Agreement’s term; (b) must keep the Confidential Information absolutely confidential, for as long as the information is not in the public domain; (c) may not make unauthorized copies of any Confidential Information disclosed in written or other tangible or intangible form; (d) must adopt and implement all reasonable procedures that we periodically designate to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to Studio personnel and others needing to know that Confidential Information to operate the Studio, and using confidentiality and non-competition agreements with those having access to Confidential Information (and we have the right to regulate the form of agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights); and (e) may not sell, trade or otherwise profit in any way from the Confidential Information, except during the Franchise Agreement’s term using methods we approve.

You must comply with our system standards, other directions from us, and all applicable laws and regulations regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of member information on your Studio Management System or otherwise in your possession or control and, in any case, employ reasonable means to safeguard the confidentiality and security of Member Information. “Member Information” means names, contact information, financial information and other personal information of or relating to the Studio’s members and prospective members. If there is a suspected or actual breach of security or unauthorized access involving your Member Information, you must notify us immediately after becoming aware of the occurrence and

specify the extent to which Member Information was compromised or disclosed.

We and our affiliates will, through the Studio Management System or otherwise, have access to Member Information. We and our affiliates may use Member Information in our and their business activities, but during the Franchise Agreement's term, we and our affiliates will not use the Member Information that we or they learn from you or from accessing the Studio Management System to compete directly with the BODY20 Studio. When the Franchise Agreement expires or terminates, we and our affiliates may make all disclosures and use the Member Information in any manner that we or they deem necessary or appropriate. You must secure from your members, prospective members and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Member Information to us and our affiliates, and for us and our affiliates to use that Member Information, in the manner that the Franchise Agreement contemplates.

You must promptly disclose to us all ideas, concepts, techniques or materials relating to a BODY20 Studio that you or your owners, employees or contractors create (collectively, "Innovations"). Innovations are our sole and exclusive property, part of the System, and works made-for-hire for us. If any Innovation does not qualify as a work made-for-hire for us, you assign ownership of that Innovation, and all related rights to that Innovation, to us and must sign (and cause your owners, employees and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person for any Innovations. You may not use any Innovation in operating the Studio or otherwise without our prior approval.

#### **ITEM 15**

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

You must, at all times, retain and exercise direct management control over all aspects of the Studio's business and all amenities and other products and services it offers. You may not enter into any management agreement, subcontracting arrangement or other arrangement under which any other party provides or exercises management control over any aspect of the Studio's operations or the amenities or other products and services it offers. Only your employees may provide services at the Studio, and neither you nor your owner may engage consultants or independent contractors to provide any products or services at or relating to the Studio.

During the term of the Franchise Agreement, you (if you are a natural person) or your "Operating Principal" (if you are a corporate entity) must devote full time and best efforts to the development and operation of the Franchised Business. Your Operating Principal must have and maintain at least five percent (5%) ownership of the Franchised Business and have full authority to bind you regarding all operational decisions about the Franchised Business. We must approve your Operating Principal, and you must designate a qualified replacement from among your owners if your Operating Principal can no longer fulfill his or her responsibilities under the Franchise Agreement.

The Franchised Business must be under the direct, on-site supervision of you (or your Operating Principal) or a manager who has been selected by you and approved by us. You (or your Operating Principal) and your approved manager must successfully complete our initial training program. The manager cannot have an interest or business relationship with any of our business competitors. The manager need not have an ownership interest in your corporation or partnership. You must require the manager and all employees to sign a confidentiality agreement and a non-compete agreement.

You (or your Operating Principal) must specifically participate in the Franchised Business as follows:

1. Submit an initial business plan for the Franchised Business before beginning operations and an annual business plan each year; you also must submit all financial statements and reports required under the Franchise Agreement;

2. Be directly responsible for all accounting, reporting and bookkeeping;
3. Complete initial training and any ongoing or other training that we require;
4. Attend any meeting of franchisees that is called by us;
5. Be directly involved with the site selection, construction, remodeling and all financial components of the Franchised Business;
6. Be directly involved in all personnel decisions;
7. Comply with all of our requirements relating to the supervision of your Franchised Business, including inspections, reports and guidance; and
8. Obtain covenants against the use and disclosure of any Confidential Information and, to the fullest extent permissible under applicable law, covenants not to compete from your managers and any other employees or agents who have received or will have access to our training or Confidential Information. All of the required covenants must be in substantially the form of Nondisclosure and Noncompetition Agreement attached as Exhibit "H" to the Franchise Agreement.

If you are a business entity, each of your owners must sign the Franchise Agreement and each of your owners, must individually, jointly and severally, guaranty your obligations under the Franchise Agreement and be personally bound by each term of the Franchise Agreement. Our current form of Owners' Guaranty is included as an attachment to the Franchise Agreement.

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

You must operate the Studio in strict compliance with all required methods, procedures, policies, standards and specifications of the BODY20 System in the Manual and in other writings we issue. You must use the Studio premises only for the operation of a BODY20 Studio and you may not operate any other business at or from the location without our prior written consent. You must offer and sell only those goods and services we have approved. You must offer all goods and services we designate as required for all franchisees. We may authorize tests of new products or methods. Based upon the results of these tests, we may make changes to our goods and services. We reserve the right to designate additional required or optional goods and services in the future and to withdraw any of our previous approvals. There are no limits on our right to do so. You must comply with our new requirements.

We do not impose restrictions or conditions that limit your access to customers or members, but you may not sell any goods or services to another vendor for resale without our consent. You may not sell goods or services except from your approved location.

#### **ITEM 17** **RENEWAL, TERMINATION, TRANSFER & DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP**

##### **Franchise Agreement**

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

*The remainder of this page is intentionally left blank.*

Provision	Section In Franchise Agreement	Summary
a. Length of the franchise term	3	Term is equal to 10 years.
b. Renewal or extension of the term	3	If you are in good standing and satisfy certain conditions, you may renew for two additional five-year terms (or such lesser period as remains on the lease for the premises). You will be required to pay a renewal fee equal to the greater of \$12,500 or 25% of the then-current initial franchise fee. You will sign a release (provided that any release will not be inconsistent with any state law).
c. Requirements for franchisee to renew or extend	3	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of Franchise Agreement, which may be materially different than the form attached to this Disclosure Document. Other conditions are: advance written notice, upgrade, remodel, re-equip requirements, must not be in default, satisfy all monetary obligations to us and suppliers, and sign general release.
d. Termination by franchisee	N/A	Not Applicable.
e. Termination by franchisor without cause	N/A	Not Applicable.
f. Termination by franchisor with cause	12	We can terminate only if you default.
g. <b>“Cause”</b> defined – curable defaults	12(b)	You have 30 days to cure certain defaults listed within the section, such as failure to file reports or financial reports, failure to comply with standards and specifications, failure to participate in the High Performance program, failure to meet member retention and/or minimum Gross Sales requirements, or failure to obtain required consents or approvals.
h. <b>“Cause”</b> defined – non-curable defaults	12(a)	Non-curable defaults include: failure to pay amounts due within 10 days after notice; insolvency, bankruptcy, general assignment for the benefit of creditors, appointment of a receiver or custodian, or final judgment remains unsatisfied for 30 days or more; failure to locate an approved location or to open for business within the required time periods; abandonment of the franchise; loss of right to occupy the premises; failure to operate or maintain, or unapproved modification of the POS System or other required systems; understatement of Gross Sales by 2% or more; material misrepresentation or omissions; repeated excessive use of alcohol or drugs; failure to comply with applicable laws and license requirements; unauthorized use of any marks or disclosure of Confidential Information; operation of the Franchised Business as a health, safety or welfare hazard; conviction or plea of no contest or guilty to a felony or other serious crime or offense likely to adversely affect the Marks; judgment or consent decree entered against you or your owners

Provision	Section In Franchise Agreement	Summary
		involving fraud or unfair/deceptive trade practices; unauthorized transfers; failure to comply with restrictive covenants, including non-solicitation and non-competition; knowingly maintain false books or records; unlawful or deceptive trade practices; if you permit trainers who have not attended and completed our Trainer Program before providing training services to members at the Franchised Business; failure to otherwise comply with standards and specifications not cured within 10 days after notice.
i. Franchisee's obligations on termination/ non- renewal	13	Obligations include, among others: You must cease operating the Franchised Business, cease using the Marks, completely de-identify the Franchised Business, pay all amounts due to us or our affiliates, return the Manual and other proprietary materials, assign telephone numbers and listings to us, and comply with confidentiality requirements and post- term restrictive covenants.
j. "Transfer" by franchisee – defined	11	Includes transfer of any interest in the Franchise Agreement, Franchised Business (including the assets) or Franchisee.
k. Franchisor approval of transfer by franchisee	11	You are not permitted to transfer the Franchised Business unless you obtain our prior written approval, which we may condition on your satisfaction of the transfer conditions set forth in the Franchise Agreement. We will not unreasonably withhold approval. We will not be deemed to have unreasonably withheld our approval if our approval stems from your failure to comply with the conditions of transfer.
l. Conditions for Franchisor approval of transfer	11	You may transfer a non-controlling interest in you to a qualified transferee, with our prior written consent and subject to your satisfaction of certain conditions of transfer. For transfer of the Franchise Agreement or a controlling interest in you, we may require, among other things, that you: (a) pay all amounts due us or our affiliates; (b) not otherwise be in default, (c) sign a general release; and (d) pay a transfer fee. The proposed transferee must meet our criteria, assume all of your obligations, attend training, renovate the Studio and sign our then-current form of Franchise Agreement.
m. Franchisor's right of first refusal to acquire the business	11	We can match any offer for sale of your business or any ownership interest in you.
n. Franchisor's option to purchase franchisee's business	13	We have the right to purchase any or all of the tangible assets of the Franchised Business at your cost or fair market value, whichever is less, by written notice to you within 30 days after termination or expiration of the Franchise Agreement.
o. Death or disability of franchisee	11	The interest must be assigned to an approved transferee within six months and is subject to the same conditions as an inter vivos transfer.
p. Non-competition covenants during the term of the franchise	10	No direct or indirect involvement in the operation of any business selling products or services similar to those sold by your Studio, and you agree not to divert business from the Studio.

Provision	Section In Franchise Agreement	Summary
q. Non-competition covenants after the franchise is terminated or expires	10	You and your owners may not, for 2 years after expiration or termination of the Franchise Agreement: (a) divert any business or customer to a competitor, or do or perform any act injurious or prejudicial to the goodwill of the Marks and our system; (b) solicit other franchisees nor use available lists of franchisees for any commercial purpose or (c) operate or be involved with a competing business for two years at the premises of the former Studio, within 35 miles of the former Studio, at the site of any other BODY20 Studio, or within 35 miles of any other BODY20 Studio.
r. Modification of the Agreement	14	You must comply with the Manual and system. The Franchise Agreement may not be modified unless mutually agreed to in writing, except we may reduce the scope of the covenants.
s. Integration/merger clause	23	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this Disclosure Document.
t. Dispute resolution by arbitration or mediation	24	Except for certain claims, all claims must first be mediated prior to arbitration or litigation. Except for certain claims, all disputes must be mediated and, if not resolved through mediation, arbitrated in Florida. The arbitration will occur with each respective party paying their own costs. Before you take any legal or other action against us, whether for damages, injunctive, equitable or other relief (including rescission), upon any alleged act or omission of ours, you must first give us 90 days prior written notice and an opportunity to cure such alleged act or omission or otherwise resolve such matter.
u. Choice of forum	24	Any disputes shall be instituted exclusively in a court of competent jurisdiction in Palm Beach County, Florida (or our then-current headquarters).
v. Choice of law	24	Florida law applies (subject to applicable state law) except to the extent governed by the U.S. trademark laws.

### Area Development Agreement

This table lists important provisions of the Area Development Agreement. You should read these provisions in the Area Development Agreement attached to this FDD.

<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
a. Term of the franchise	Section 5.1	Commences on the date of the ADA is signed and ends on the last Development Deadline of the Mandatory Development Schedule.
b. Renewal or extension of the term	Section 5.1	The ADA is not subject to renewal.
c. Requirements for you to renew or extend	None	N/A
d. Termination by you	None	N/A
e. Termination by us without cause	None	N/A
f. Termination by us with cause	Section 5.2	We can terminate you for cause.
g. "Cause" defined – defaults which can be cured	Section 5.2	If you commit a default under the ADA (other than the type of default disclosed in (h) below, which defaults are non-curable), you have 15 days after you receive notice from us to cure the default identified in the notice.
h. "Cause" defined – non-curable defaults	Section 5.2	We have the right to terminate the ADA effective immediately on notice to you if you commit a Material Default, including: (i) you fail to meet your Minimum Development Obligations; (ii) you commit any conduct that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of the brand or the System; (iii) the termination of any Franchise Agreement entered into by you or any of your affiliates and us and any of our affiliates; (iv) uncured default under any such Franchise Agreement; (v) violation of the confidentiality and/or non-competition covenants; and (vi) failure to cure any other default within 15 days after notice.
i. Your obligations on termination/nonrenewal	Section 5.3, Section 7.1.2, 7.3	Comply with covenants and all post-term obligations of the Development Agreement.
j. Assignment of contract by us	Section 6.1	No restriction on our right to assign.
k. "Transfer" by you – definition	Section 6.2	Includes transfer of the ADA or your ownership change.

Provision	Section in Development Agreement	Summary
l. Our approval of transfer by you	Section 6.2	You are not permitted to assign or transfer the ADA.
m. Conditions for our approval of transfer	Not applicable	You have no right to transfer or assign the ADA.
n. Our right of first refusal to acquire your business	None	N/A
o. Our option to purchase your business upon termination or non-renewal	None	N/A
p. Your death or disability	None	N/A
q. Non-competition covenants during the term of the franchise	Section 7.1.1	You may not (a) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any Competing Business (as defined in the franchise agreement), other than any other Studio; or (b) divert or attempt to divert any business or customer or prospect of the Studio to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.
r. Non-competition covenants after the franchise is terminated or expires	Section 7.1.2	During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Zones; (b) within a twenty-five (25) mile radius of the Development Zones; or (c) within a 25 mile radius of any Studio in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson,

Provision	Section in Development Agreement	Summary
		distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.
s. Modification of the agreement	Section 9.10	No modification except by written agreement signed by both parties.
t. Integration/merger clause	Section 9.10	Only the terms of the ADA are binding (subject to state law). Any representations made outside of the disclosure document and ADA may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 8.1, Section 8.2	Except for certain claims, all disputes must be mediated and if not resolved through mediation, arbitrated (subject to state law).
v. Choice of forum	Section 9.1.2	Mediation and arbitration must be held in Palm Beach County, Florida (subject to state law) or, if our corporate headquarters is no longer in Palm Beach County, Florida, the county in which our corporate headquarters is then-located).
w. Choice of law	Section 9.1	Florida law applies (subject to state law).

In addition to the provisions noted in the chart, the Franchise Agreement and Area Development Agreement contain a number of provisions that may affect your legal rights, including a waiver of a right to a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. We recommend that you carefully review all of these provisions with an attorney.

**ITEM 18**  
**PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

**HISTORICAL FINANCIAL PERFORMANCE REPRESENTATION**

As of December 31, ~~2022~~2023, there were ~~fifteen (15)~~forty six (46) Studios in operation. ~~Twelve (12)~~Eleven (11) of these Studios were open for the entire ~~2022~~2023 Calendar Year. Several of the officers listed in Item 2 own a minority ownership interest in one of these Studios (the “JV Studio”~~);~~), which is used for research, development and testing of new and different models and services. Additionally, one of the ~~twelve (12)~~eleven (11) Studios is an express studio (the “Express Studio”). The Express Studio was excluded from the results presented in this Item 19 because it operated under an express model (with one training room, smaller staffing model and lower Studio capacity), and we are no longer offering franchise opportunities for express studios. As of March 31, 2024, there were fifty (50) Studios in operation, including the JV Studio and the Express Studio. Three (3) of the fifty (50) Studios were undergoing ownership or management transition prior to the issuance date of this Disclosure Document (the “Transition Studios”).

~~During the period January 1, 2023 through the issuance date of this Disclosure Document, five (5) additional franchised Studios opened for business.~~

The results presented in this Item 19 are not audited and are based on information reported to us by the Studios included in this Item 19. We have not independently audited or verified the reported results.

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

**TABLE 1: Average Monthly Membership Sales During the ~~Fifteen Month~~ period January 1, ~~2022~~2023 through March 31, ~~2023~~2024 (the “Reporting Period”)**

Table 1 reflects the average monthly membership sales during for forty-six (46) of the Reporting Period for the ~~16~~ fifty (50) Studios that were in operation as of March 31, 2023 (as disclosed above, the Express Studio is excluded from the performance 2024. The results presented in this Item 19). Table 1 exclude the Express Studio and the Transition Studios. The average monthly membership sales for the Transition Studios are disclosed separately in footnote 2 below Table 1..

	# of Studios in Data Set	Average Monthly Membership Sales	% and # that Attained or Surpassed the Stated Average	Highest Figure in the Data Set	Lowest Figure in the Data Set	Median
Studios with more than 1500 sq. feet	37	19.24	16 or 43.24%	29.25	10.00	18.83
Studios with less than 1500 sq. feet	9	22.08	3 or 33.33%	37.00	14.67	18.56

All	46	19.80	17 or 36.96%	37.00	10.00	18.79
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**Notes to Table 1:**

1. Computation of Average Monthly Membership Sales: In computing the Average Monthly Membership Sales, we: (a) computed the average Monthly Membership Sales for each Studio by totaling the number of new members each month ~~for the duration of the Reporting Period~~operation, commencing with each Studio's first full month of operation, then dividing that number by the total number of months ~~in each such Studio was in operation during~~ the Reporting Period (each a "Studio Monthly Average"); and (b) then we added together ~~the~~ all of the Studio Monthly Averages and divided that result by the total number of Studios in the data set.
2. As disclosed above, we excluded the Transition Studios because they were undergoing ownership or management transition during the Reporting Period. Specifically, we excluded: (a) the Mizner Studio, which was open for all of 2023 transitioned management in late 2023 with a complete transition in management effectuated in March 2024, (b) the Colleyville Studio, which opened in June 2023, began ownership transition in September 2023, with complete ownership transition in April 2024, and (c) the Royal Oak Studio, which opened in October 2023 and is currently in the process of transitioning ownership. The average monthly membership sales for each of the Transition Studios during the Reporting Period was as follows: (i) the Mizner Studio had average monthly membership sales of 10.3 members, with a high of 24, a low of 1 and a median of 9; (ii) the Colleyville Studio had average monthly membership sales of 9.1, with a high of 22, a low of 1 and a median of 8; and (iii) the Royal Oak Studio had average monthly membership sales of 8.4 members, with a high of 13, a low of 6 and a median of 7.

**TABLE 2: Average Monthly Membership Attrition During the ~~15-Month~~ Reporting Period**

Table 2 presents the Average Monthly Membership Attrition during the Reporting Period for the ~~sixteen~~ same forty-six (46) Studios represented in Table 1.

	# of Studios in Data Set	Average Attrition Per Month	% and # that Attained or Fell Below the Stated Average	Highest Figure in the Data Set	Lowest Figure in the Data Set	Median
All	46	11.0%	21, or 45.65%	15.3%	5.1%	11.3%

**Notes to Table 2:**

1. "Attrition" means the percentage of members that elect to cancel each month.
2. We computed the Average Attrition Per Month by (a) computing the average Attrition for each Studio by totaling the number of members that elect to cancel each month and dividing by the beginning member count (calculated as total members excluding frozen in ClubReady) and then taking an average across the Reporting Period (each a studio "Monthly Attrition Average"); and (b) then we added together all of the Monthly Attrition Averages and divided that result by the total number of Studios in the data set.
3. We excluded the Transition Studios from the Attrition results presented in Table 2. The Average Attrition per month during the Reporting Period for (a) the Mizner Studio was 10%, with a high of 24%, a low of 3% and a median of 8%; (b) the Colleyville Studio was 12%, with a high of 19%, a low of 8% and a median of 11%; and (c) the Royal Oak Studio was 10%, with a high of 16%, a low of 5% and a median of 9%.

**TABLE 3: Type of Membership Breakdown as of March 31, ~~2023~~2024**

Table 3 presents the Membership Breakdown as of March 31, ~~2023~~2024, as reported to us through the ClubReady system for ~~the 16 Studios~~ forty nine (49) of the fifty (50) Studios that were in operation as of March 31, 2024. The Express Studio was excluded from these results.

Activate	Amplify	Transform	6- month	Month to month
49.82%	22.55%	27.64%	59.41%	40.59%

**Notes to Table 3:**

- 1. Studios currently offer three different types of memberships, Activate, Amplify and Transform, either on a month-to-month basis or for a six-month term.
- 2. Table 3 reflects the percentage breakdown of the types of members for all ~~16~~49 Studios open as of March 31, ~~2023-2024~~ (with the exception of the Express Studio, which was excluded from these results).

**TABLE 4: Average Monthly Gross Revenues for the ~~2022~~2023 Calendar Year**

	TOP STUDIOS	MIDDLE STUDIOS	BOTTOM STUDIOS
<b>Number of Studios in Data Set</b>	3 Studios	3 Studios	3 Studios
<b>Average Monthly Gross Revenue for 2023</b>	<b>\$59,763.33</b> Highest Figure in Data Set: \$76,685.32 Lowest Figure in Data Set: \$48,653.67 Median: \$53,951.01	<b>\$43,375.51</b> Highest Figure in Data Set: \$44,809.18 Lowest Figure in Data Set: \$41,927.96 Median: \$43,389.40	<b>\$34,429.92</b> Highest Figure in Data Set: \$38,883.31 Lowest Figure in Data Set: \$28,329.21 Median: \$36,077.23
<b># &amp; % of Studios in Data Set that Attained or Surpassed the Stated Average</b>	1, or 33.33%	2, or 66.67%	2, or 66.67%

**Notes to Table 4:**

1. There were ~~twelve (12) studios~~fifteen (15) Studios open and in operation as of January 1, 2023. During the 2023 Calendar Year, four (4) Studios were terminated or ceased operations and thirty-five (35) new Studios opened. Eleven (11) of these Studios were in operation for the entire 20222023 Calendar Year, one of which was the Express Studio. The above table reflects the Average Monthly Gross Revenue for the ~~2022~~2023 Calendar Year for the ~~eleven (11)~~nine (9) studios that were open the entire year, excluding the Express Studio and the Mizner Studio, which is one of the Transition Studios. The Mizner Studio's average monthly revenue for the 2023 Calendar Year was \$30,568.31, with a high of \$36,401.20, a low of \$23,288 and a median of \$29,794.30.

**TABLE 5: Pre-Sales Grand Opening Revenue for the Reporting Period**

Thirty-five (35) Studios performed Pre-Sales prior to opening. Table 5 presents the Pre-Sales Grand Opening Revenue generated by the ~~thirteen (13) Studios that performed Pre-Sales prior to opening~~thirty-three (33) of these Studios. Two (2) of the Transition Studios, the Colleyville Studio and the Royal Oak Studio, were excluded from the results presented below and are separately discussed in Note 3 to Table 5.

	# of studios	Average Pre-Sales Grand Opening Revenue	% and # that attained or fell below the average stated	Highest Figure in the Data Set	Lowest Figure in the data set	Median
<b>2.0 Studios</b>	28	\$ 56,697.60	15 or 54%	\$ 87,141.78	\$ 32,359.23	\$ 51,825.71
<b>3.0 studios</b>	5	\$ 60,061.59	3 or 60%	\$ 106,132.99	\$ 33,964.15	\$ 43,940.61
<b>All Studios</b>	33	\$ 57,207.30	18 or 55%	\$ 106,132.99	\$ 32,359.23	\$ 51,396.71

**Notes to Table 5:**

1. The Pre-Sales Marketing and Grand Opening Advertising program is conducted after lease signing during the period leading up to the "Grand Opening Day" (the "Pre-Opening Period"). During the Pre-Opening Period, the ~~FPR~~thirty-three (33) Studios represented in Table 5: (a) engaged in membership pre-sales at discounted rates, (b) conducted a thirty-day soft opening period including a two-week "VIP" trial period, and (c) engaged in the sale of suits base layers and apparel to members. The "Grand Opening Day" is designated as the day following the expiration of the Pre-Opening Period, which is the day before the one (1) month anniversary of the studio's first draft day (the day

at or from the location without our prior written consent. You must offer and sell only those goods and services we have approved. You must offer all goods and services we designate as required for all franchisees. We may authorize tests of new products or methods. Based upon the results of these tests, we may make changes to our goods and services. We reserve the right to designate additional required or optional goods and services in the future and to withdraw any of our previous approvals. There are no limits on our right to do so. You must comply with our new requirements.

We do not impose restrictions or conditions that limit your access to customers or members, but you may not sell any goods or services to another vendor for resale without our consent. You may not sell goods or services except from your approved location.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER & DISPUTE RESOLUTION**  
**THE FRANCHISE RELATIONSHIP**

**Franchise Agreement**

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

Provision	Section In Franchise Agreement	Summary
a. Length of the franchise term	3	Term is equal to 10 years.
b. Renewal or extension of the term	3	If you are in good standing and satisfy certain conditions, you may renew for two additional five-year terms (or such lesser period as remains on the lease for the premises). You will be required to pay a renewal fee equal to the greater of \$12,500 or 25% of the then-current initial franchise fee. You will sign a release (provided that any release will not be inconsistent with any state law regulating franchising).
c. Requirements for franchisee to renew or extend	3	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of Franchise Agreement, which may be materially different than the form attached to this Disclosure Document.  Other conditions are: advance written notice, upgrade, remodel, re-equip requirements, must not be in default, satisfy all monetary obligations to us and suppliers, and sign general

Provision	Section In Franchise Agreement	Summary
		release.
d. Termination by franchisee	N/A	Not Applicable.
e. Termination by franchisor without cause	N/A	Not Applicable
f. Termination by franchisor with cause	12	We can terminate only if you default.
g. <b>“Cause”</b> defined – curable defaults	12(b)	You have 30 days to cure certain defaults listed within the section, such as failure to file reports or financial reports, failure to comply with standards and specifications, failure to participate in the ICU program, failure to meet member retention and/or minimum Gross Sales requirements, or failure to obtain required consents or approvals.
h. <b>“Cause”</b> defined – non-curable defaults	12(a)	Non-curable defaults include: failure to pay amounts due within 10 days after notice; insolvency, bankruptcy, general assignment for the benefit of creditors, appointment of a receiver or custodian, or final judgment remains unsatisfied for 30 days or more; failure to locate an approved location or to open for business within the required time periods; abandonment of the franchise; loss of right to occupy the premises; failure to operate or maintain, or unapproved modification of the POS System or other required systems; understatement of Gross Sales by 2% or more; material misrepresentation or omissions; repeated excessive use of alcohol or drugs; failure to comply with applicable laws and license requirements; unauthorized use of any marks or disclosure of Confidential Information; operation of the Franchised Business as a health, safety or welfare hazard; conviction or plea of no contest or guilty to a felony or other serious crime or offense likely to adversely affect the Marks; judgment or consent decree entered against you or your owners involving fraud or unfair/deceptive trade practices; unauthorized transfers; failure to comply with restrictive covenants, including non-solicitation and non-

Provision	Section In Franchise Agreement	Summary
		competition; knowingly maintain false books or records; unlawful or deceptive trade practices; if you permit trainers who have not attended and completed our Trainer Program before providing training services to members at the Franchised Business; failure to otherwise comply with standards and specifications not cured within 10 days after notice.
i. Franchisee's obligations on termination/non-renewal	13	Obligations include, among others: You must cease operating the Franchised Business, cease using the Marks, completely de-identify the Franchised Business, pay all amounts due to us or our affiliates, return the Manual and other proprietary materials, assign telephone numbers and listings to us, and comply with confidentiality requirements and post-term restrictive covenants.
k. "Transfer" by franchisee – defined	11	Includes transfer of any interest in the Franchise Agreement, Franchised Business (including the assets) or Franchisee.
l. Franchisor approval of transfer by franchisee	11	You are not permitted to transfer the Franchised Business unless you obtain our prior written approval, which we may condition on your satisfaction of the transfer conditions set forth in the Franchise Agreement. We will not unreasonably hold approval. We will not be deemed to have unreasonably withheld our approval if our approval stems from your failure to comply with the conditions of transfer.
m. Conditions for Franchisor approval of transfer	11	You may transfer a non-controlling interest in you to a qualified transferee, with our prior written consent and subject to your satisfaction of certain conditions of transfer. For transfer of the Franchise Agreement or a controlling interest in you, we may require, among other things, that you: (a) pay all amounts due us or our affiliates; (b) not otherwise be in default, (c) sign a general release; and (d) pay a transfer fee. The proposed transferee must meet our criteria, assume all of your obligations, attend training, renovate the Studio and sign

Provision	Section In Franchise Agreement	Summary
		our then-current form of Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	11	We can match any offer for sale of your business or any ownership interest in you.
o. Franchisor's option to purchase franchisee's business	13	We have the right to purchase any or all of the tangible assets of the Franchised Business at your cost or fair market value, whichever is less, by written notice to you within 30 days after termination or expiration of the Franchise Agreement.
p. Death or disability of franchisee	11	The interest must be assigned to an approved transferee within six months and is subject to the same conditions as an inter vivos transfer.
q. Non-competition covenants during the term of the franchise	10	No direct or indirect involvement in the operation of any business selling products or services similar to those sold by your Studio, and you agree not to divert business from the Studio.
r. Non-competition covenants after the franchise is terminated or expires	10	You and your owners may not, for 2 years after expiration or termination of the Franchise Agreement: (a) divert any business or customer to a competitor, or do or perform any act injurious or prejudicial to the goodwill of the Marks and our system; (b) solicit other franchisees nor use available lists of franchisees for any commercial purpose or (c) operate or be involved with a competing business for two years at the premises of the former Studio, within 35 miles of the former Studio, at the site of any other BODY20 Studio, or within 35 miles of any other BODY20 Studio.
s. Modification of the Agreement	14	You must comply with the Manual. The Franchise Agreement may not be modified unless mutually agreed to in writing, except we may reduce the scope of the covenants.
t. Integration/merger clause	23	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be

Provision	Section In Franchise Agreement	Summary
		enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	24	Except for certain claims, all claims must first be mediated prior to arbitration or litigation. Except for certain claims, all disputes must be mediated and, if not resolved through mediation, arbitrated in Florida. The arbitration will occur with each respective party paying their own costs. Before you take any legal or other action against us, whether for damages, injunctive, equitable or other relief (including rescission), upon any alleged act or omission of ours, you must first give us 90 days prior written notice and an opportunity to cure such alleged act or omission or otherwise resolve such matter.
v. Choice of forum	24	Any disputes shall be instituted exclusively in a court of competent jurisdiction in Palm Beach County, Florida (or our then-current headquarters).
w. Choice of law	24	Florida law applies (subject to applicable state law) except to the extent governed by the U.S. trademark laws.

### **Area Development Agreement**

**This table lists important provisions of the Area Development Agreement. You should read these provisions in the Area Development Agreement attached to this FDD.**

Provision	Section in Development Agreement	Summary
a. Term of the franchise	Section 5.1	Commences on the date of the ADA is signed and ends on the last Development Deadline of the Mandatory Development Schedule.
b. Renewal or extension of the term	Section 5.1	The ADA is not subject to renewal.
c. Requirements for you to renew or extend	None	N/A
d. Termination by you	None	N/A
e. Termination by us without cause	None	N/A
f. Termination by us with cause	Section 5.2	We can terminate you for cause.

<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
g. "Cause" defined – defaults which can be cured	Section 5.2	If you commit a default under the ADA (other than the type of default disclosed in (h) below, which defaults are non-curable), you have 15 days after you receive notice from us to cure the default identified in the notice.
h. "Cause" defined – non-curable defaults	Section 5.2	We have the right to terminate the ADA effective immediately on notice to you if you commit a Material Default, including: (i) you fail to meet your Minimum Development Obligations; (ii) you commit any conduct that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of the brand or the System; (iii) the termination of any Franchise Agreement entered into by you or any of your affiliates and us and any of our affiliates; (iv) uncured default under any such Franchise Agreement; (v) violation of the confidentiality and/or non-competition covenants; and (vi) failure to cure any other default within 15 days after notice.
i. Your obligations on termination/nonrenewal	Section 5.3, Section 7.1.2, 7.3	Comply with covenants and all post-term obligations of the Development Agreement.
j. Assignment of contract by us	Section 6.1	No restriction on our right to assign.
k. "Transfer" by you – definition	Section 6.2	Includes transfer of the ADA or your ownership change.
l. Our approval of transfer by you	Section 6.2	You are not permitted to assign or transfer the ADA.
m. Conditions for our approval of transfer	Not applicable	You have no right to transfer or assign the ADA.
n. Our right of first refusal to acquire your business	None	N/A
o. Our option to purchase your business upon termination or non-renewal	None	N/A
p. Your death or disability	None	N/A
q. Non-competition covenants during the term of the franchise	Section 7.1.1	You may not (a) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any Competing Business (as defined

Provision	Section in Development Agreement	Summary
		<p>in the franchise agreement), other than any other Studio; or (b) divert or attempt to divert any business or customer or prospect of the Studio to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.</p>
<p>r. Non-competition covenants after the franchise is terminated or expires</p>	<p>Section 7.1.2</p>	<p>During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Zones; (b) within a twenty-five (25) mile radius of the Development Zones; or (c) within a 25 mile radius of any Studio in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.</p>

<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
s. Modification of the agreement	Section 9.10	No modification except by written agreement signed by both parties.
t. Integration/merger clause	Section 9.10	Only the terms of the ADA are binding (subject to state law). Any representations made outside of the disclosure document and ADA may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 8.1, Section 8.2	Except for certain claims, all disputes must be mediated and if not resolved through mediation, arbitrated (subject to state law).
v. Choice of forum	Section 9.1.2	Mediation and arbitration must be held in Palm Beach County, Florida (subject to state law). (or, if our corporate headquarters is no longer in Palm Beach County, Florida, the county in which our corporate headquarters is then-located)
w. Choice of law	Section 9.1	Florida law applies (subject to state law).

In addition to the provisions noted in the chart, the Franchise Agreement and Area Development Agreement contain a number of provisions that may affect your legal rights, including a waiver of a right to a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. We recommend that you carefully review all of these provisions with an attorney.

#### **ITEM 18 PUBLIC FIGURES**

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

#### **ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS**

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

#### **HISTORICAL FINANCIAL PERFORMANCE REPRESENTATION**

As of December 31, 2022, there were fifteen (15) Studios in operation. Twelve (12) of these Studios were open for the entire 2022 Calendar Year. Several of the officers listed in Item 2 own a minority ownership interest in one of these Studios (the "JV Studio"). Additionally, one of the twelve (12) Studios is an express studio (the "Express Studio"). The Express Studio was excluded from the results presented in this Item 19 because it operated under an express model (with one training room, smaller staffing model and

lower Studio capacity), and we are no longer offering franchise opportunities for express studios.

During the period January 1, 2023 through the issuance date of this Disclosure Document, five (5) additional franchised Studios opened for business.

The results presented in this Item 19 are not audited and are based on information reported to us by the Studios included in this Item 19. We have not independently audited or verified the reported results.

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

**TABLE 1: Average Monthly Membership Sales During the Fifteen Month Period January 1, 2022 through March 31, 2023 (the "Reporting Period")**

Table 1 reflects the average monthly membership sales during the Reporting Period for the 16 Studios that were in operation as of March 31, 2023 (as disclosed above, the Express Studio is excluded from the performance results presented in this Item 19).

	# of Studios in Data Set	Average Monthly Membership Sales	% and # that Attained or Surpassed the Stated Average	Highest Figure in the Data Set	Lowest Figure in the Data Set	Median
Studios with more than 1500 sq. feet	9	28.81	4 or 44.44%	35.8	20.38	28.50
Studios with less than 1500 sq. feet	7	18.74	4 or 57.14%	21.60	14.40	20.07
All	16	24.41	7 or 43.75%	35.8	14.40	22.70

**Notes to Table 1:**

1. Computation of Average Monthly Membership Sales: In computing the Average Monthly Membership Sales, we: (a) computed the average Monthly Membership Sales for each Studio by totaling the number of new members each month for the duration of the Reporting Period, then dividing that number by the total number of months in the Reporting Period (each a "Studio Monthly Average"); and (b) then we added together the all of the Studio Monthly Averages and divided that result by the total number of Studios in the data set.

**TABLE 2: Average Monthly Membership Attrition During the 15-Month Reporting Period**

Table 2 presents the Average Monthly Membership Attrition during the Reporting Period for the sixteen (16) Studios represented in Table 1.

	# of Studios in Data Set	Average Attrition Per Month	% and # that Attained or Fell Below the Stated Average	Highest Figure in the Data Set	Lowest Figure in the Data Set	Median
All	16	9.7%	10, or 62.50%	13.6%	7.2%	9.3%

**Notes to Table 2:**

1. "Attrition" means the percentage of members that elect to cancel each month.
2. We computed the Average Attrition Per Month by (a) computing the average Attrition for each Studio by totaling the number of members that elect to cancel each month and dividing by the beginning member count (calculated as total members excluding frozen in ClubReady) and then taking an average across the Reporting Period (each a studio "Monthly Attrition Average"); and (b) then we added together all of the Monthly Attrition Averages and divided that result by the total number of Studios in the data set.

**TABLE 3: Type of Membership Breakdown as of March 31, 2023**

Table 3 presents the Membership Breakdown as of March 31, 2023, as reported to us through the ClubReady system for the 16 Studios.

Activate	Amplify	Transform	6- month	Month to month
43.52%	19.53%	36.95%	58.68%	41.32%

**Notes to Table 3:**

1. Studios currently offer three different types of memberships, Activate, Amplify and Transform, either on a month-to-month basis or for a six-month term.
3. Table 3 reflects the percentage breakdown of the types of members for all 16 Studios as of March 31, 2023.

**TABLE 4: Average Monthly Gross Revenues for the 2022 Calendar Year**

	TOP STUDIOS	MIDDLE STUDIOS	BOTTOM STUDIOS
<b>Number of Studios in Data Set</b>	3 Studios	4 Studios	4 Studios
<b>Average Monthly Gross Revenue for 2022</b>	<b>\$70,453.50</b> Highest Figure in Data Set: \$81,870.47 Lowest Figure in Data Set: \$57,149.14 Median: \$72,340.89	<b>\$45,942.95</b> Highest Figure in Data Set: \$54,000.17 Lowest Figure in Data Set: \$36,681.95 Median: \$46,544.83	<b>\$25,187.34</b> Highest Figure in Data Set: \$30,854.14 Lowest Figure in Data Set: \$19,188.71 Median: \$25,353.25
<b># &amp; % of Studios in Data Set that Attained or Surpassed the Stated Average</b>	2, or 66.66%	3, or 75%	2, or 50%

**Notes to Table 4:**

1. There were twelve (12) studios in operation for the entire 2022 Calendar Year, one of which was the Express Studio. The above table reflects the Average Monthly Gross Revenue for the 2022 Calendar Year for the eleven (11) studios that were open the entire year, excluding the Express Studio.

**TABLE 5: Pre-Sales Grand Opening Revenue for the Reporting Period**

Table 5 presents the Pre-Sales Grand Opening Revenue generated by the thirteen (13) Studios that performed Pre-Sales prior to opening.

	# of studios	Average Pre-Sales Grand Opening Revenue	% and # that attained or fell below the average stated	Highest Figure in the Data Set	Lowest Figure in the data set	Median
<b>2.0 Studios</b>	9	\$ 60,299.16	6 or 67%	\$ 103,190.21	\$42,524.68	\$ 53,604.69
<b>non 2.0 studios</b>	4	\$ 40,940.43	2 or 50%	\$ 65,600.00	\$23,119.00	\$ 37,521.36
<b>All Studios</b>	13	\$ 54,342.63	8 or 62%	\$103,190.21	\$23,119.00	\$ 52,254.70

**Notes to Table 5:**

1. The Pre-Sales Marketing and Grand Opening Advertising program is conducted after lease signing during the period leading up to the "Grand Opening Day" (the "Pre-Opening Period"). During the Pre-Opening Period, the FPR Studios: (a) engaged in membership pre-sales at discounted rates, (b) conducted a thirty-day soft opening period including a two-week "VIP" trial period, and (c) engaged in the sale of suits base layers and apparel to members. The "Grand Opening Day" is designated as

on which the Studio charges its members for the first time) following the date on which the FPR Studio commenced the Pre-Opening Period.

2. The Pre-Sales and Grand Opening Revenue is defined as the revenue derived during the Pre-Opening Period until the day before the one (1) month anniversary of the Studio's first draft day.

~~3. 2.0 Studios are defined as Studios built to the Body20 specifications set forth in the design manual in effect as of 12/12/2020.~~

~~3. The Transition Studios excluded from the results presented in this Table 5 are the Colleyville Studio and the Royal Oak Studio. The Colleyville Studio had Grand Opening Revenue of \$55,131.03 and the Royal Oak Studio had Grand Opening Revenue of \$44,438.58.~~

**General Notes to Item 19**

We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of the franchise offering, except as stated above. Actual results vary from franchise to franchise and we cannot estimate the results of any particular franchisee.

Written substantiation of the data used in preparing these sales figures may be made available to you upon reasonable request.

Other than the preceding financial performance representation, Body20 Global USA, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting ~~Christopher J. Pena, 1221 Brickell Avenue, Suite 900, Miami, Florida 33134~~ us at 207 San Jacinto Blvd Suite 301, Austin, TX 78701, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
System-Wide Outlet Summary  
For Years December 31, ~~2020~~2021 to December 31, ~~2022~~2023**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets at End of Year	Column 5 Net Change
Franchised	2021	6	12	+6
	2022	12	14	+2
	2023	14	45	+31
Company-Owned or Affiliate-Owned	2021	0	0	0
	2022	0	1	+1
	2023	1	1	0
<b>Total Outlets</b>	<b>2021</b>	<b>6</b>	<b>12</b>	<b>+6</b>

	<b>2022</b>	<b>12</b>	<b>15</b>	<b>+3</b>
	<b>2023</b>	<b>15</b>	<b>46</b>	<b>+31</b>

**Table No. 2**  
**Transfers of Outlets From Franchisees To New Owners**  
**(Other Than The Franchisor)**  
**For years December 31, ~~2020~~2021 to December 31, ~~2022~~2023**

State	Year	Number of Transfers
South Carolina	2021	0
	2022	1
	2023	0
Colorado	2021	0
	2022	0
	2023	1
TOTALS	2021	0
	2022	1
	2023	2

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years December 31, ~~2020~~2021 to December 31, ~~2022~~2023**

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Arizona	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
Colorado	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	2	0	0	0	0	3
Florida	2021	5	3	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	4	3	0	0	0	9
Georgia	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	4	0	0	0	0	4
Illinois	2021	0	1	0	0	0	0	1

	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	1	1
Kansas	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Michigan	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Nevada	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
New Jersey	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
New York	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
North Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
Oklahoma	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Oregon	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Pennsylvania	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
South Carolina	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Texas	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	8	0	0	0	0	9
Virginia	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Totals	2021	6	6	0	0	0	0	12
	2022	12	2	0	0	0	0	14
	2023	14	35	3*	0	0	1	45

\*One of these three (3) locations ceased operations in 2023 and was subsequently terminated in 2024.

**Table No. 4**  
**Status of Company and Affiliate-Owned Outlets**  
**For Years December 31, ~~2020~~2021 to December 31, ~~2022~~2023**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets sold to Franchisees	Column 8 Outlets at End of year
Texas	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
<b>Total US</b>	<b>2021</b>	0	0	0	0	0	0
	<b>2022</b>	0	1	0	0	0	1
	<b>2023</b>	1	0	0	0	0	1

**Table No. 5**  
**Projected Openings as of December 31, ~~2022~~2024**

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company or Affiliate-Owned Outlets in the Next Fiscal Year
Arizona	3	5	0
California	2	5	0
Colorado	0	5	0
Florida	1	3	0
Georgia	5	3	0
Illinois	4	3	0
Indiana	2	1	0
Kansas	0	0	0
Michigan	1	0	0
Missouri	1	0	0
Nebraska	0	1	0
Nevada	1	0	0

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company or Affiliate-Owned Outlets in the Next Fiscal Year
New Jersey	1	2	0
New York	0	0	0
North Carolina	1	1	0
Ohio	2	0	0
Oklahoma	0	0	0
Oregon	1	1	0
Pennsylvania	1	1	0
South Carolina	0	0	0
Tennessee	1	0	0
Texas	8	6	0
Utah	3	2	0
Virginia	0	0	0
Total	36	24	0

**Exhibit F** provides you with the names of all current franchisees with their business address and business telephone number. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.** We are not offering any existing franchised outlets to prospective franchisees. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this Disclosure Document. Current and former franchisees have signed provisions during the last three fiscal years restricting their ability to speak openly to you about their experience with the BODY20 franchise system. As of the date of this Disclosure Document, there are no franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Disclosure Document.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached to this Disclosure Document as **Exhibit G** are the following financial statements:

1. Audited Financial Statements for the fiscal years ended 12/31/~~2022~~2023, 12/31/~~2021~~2022 and 12/31/~~2020~~2021; and
2. Unaudited Balance Sheet ~~dated March 31, 2023~~as of 3/31/2024 and Profit and Loss Statement for the period 1/1/~~2023~~2024 through 3/31/~~2023~~2024.

## **ITEM 22 CONTRACTS**

Copies of the following forms, contracts and/or agreements are attached as exhibits to this Disclosure Document:

- |           |  |
|-----------|--|
| Exhibit B | Franchise Agreement (with attachments) and Guaranty        |
| Exhibit C | Area Development Agreement (with attachments) and Guaranty |

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**System wide Outlet Summary**  
**For Years December 31, 2020 to December 31, 2022**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	8	6	-2
	2021	6	12	+6
	2022	12	15	+3
Company or Affiliate- Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
<b>Total Outlets</b>	<b>2020</b>	<b>8</b>	<b>6</b>	<b>-2</b>
	<b>2021</b>	<b>6</b>	<b>12</b>	<b>+6</b>
	<b>2022</b>	<b>12</b>	<b>15</b>	<b>+3</b>

**Table No. 2**  
**Transfers of Outlets From Franchisees**  
**To New Owners**  
**(Other Than The Franchisor)**  
**For years December 31, 2020 to December 31, 2022**

State	Year	Number of Transfers
South Carolina	2020	1
	2021	0
	2022	1
TOTALS	2020	1
	2021	0
	2022	1

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years December 31, 2020 to December 31, 2022**

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operation s - Other Reasons	Outlets at End of the Year
Colorado	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Florida	2020	7	0	0	0	0	2	5
	2021	5	3	0	0	0	0	8
	2022	8	0	0	0	0	0	8
Illinois	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Kansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
New York	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Totals US	2020	8	0	0	0	0	2	6
	2021	6	6	0	0	0	0	12
	2022	12	3	0	0	0	0	15

**Table No. 4  
Status of Company and Affiliate-Owned Outlets  
For Years December 31, 2020 to December 31, 2022**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets sold to Franchisees	Outlets at End of the year
Florida	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total US	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

**Table No. 5  
Projected Openings as of December 31, 2022**

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company or Affiliate-Owned Outlets in the Next Fiscal Year
Arizona	4	5	0
Colorado	5	4	0
Florida	10	4	0
Georgia	4	4	0

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company or Affiliate-Owned Outlets in the Next Fiscal Year
Illinois	2	3	0
Kansas	1	2	0
Michigan	2	2	0
Missouri	1	1	0
Nebraska	1	1	0
Nevada	1	2	0
New Jersey	3	4	0
New York	1	1	0
North Carolina	2	4	0
Ohio	1	1	0
Oklahoma	1	2	0
Oregon	3	2	0
Pennsylvania	3	2	0
Tennessee	1	1	0
Texas	10	14	0
Utah	1	1	0
Virginia	2	2	0
Total	59	62	0

**Exhibit F** provides you with the names of all current franchisees with their business address and business telephone number. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.** We are not offering any existing franchised outlets to prospective franchisees. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this Disclosure Document. Current and former franchisees have signed provisions during the last three fiscal years restricting their ability to speak openly to you about their experience with the BODY20 franchise system. As of the date of this Disclosure Document, there are no franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Disclosure Document.

## **ITEM 21** **FINANCIAL STATEMENTS**

Attached to this Disclosure Document as **Exhibit G** are the following financial statements:

1. Audited Financial Statements for the fiscal years ended 12/31/2022, 12/31/2021 and 12/31/2020; and
2. Unaudited Balance Sheet dated March 31, 2023 and Profit and Loss Statement for the period 1/1/2023 through 3/31/2023 .

**ITEM**  
**23**~~**RECEIPTS**~~  
**RECEIPTS**

You will find two copies of a receipt in Exhibit K at the end of the Disclosure Document. One receipt must be signed, dated and delivered to us. The other Receipt should be retained for your records.

**EXHIBIT "A" TO THE BODY20 GLOBAL USA, LLC DISCLOSURE DOCUMENT**

**STATE AGENCIES AND ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

Our registered agent in the State of Florida is:  
Christopher J. Pena  
~~1221 Brickell Avenue, Suite 900, Miami, FL 33134~~

Corporate Creations Network Inc.  
801 US Highway 1  
North Palm Beach, FL 33408

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Department of Financial Protection and Innovation Los Angeles 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500  Sacramento 1515 K Street, Suite 200 Sacramento, CA 95814-4052 (916) 445-7205  San Diego 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233  San Francisco 71 Stevenson Street, Suite 2100 San Francisco, CA 94105-2180 (415) 972-8559	Commission of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, CA 90013
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 302 W. Washington St., Room E-111 Indianapolis, Indiana 46204
Maryland	Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Attorney General's Office, Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	Michigan Department of Attorney General 525 W. Ottawa Street G. Mennen Williams Bldg., 1st Floor Lansing, Michigan 48913
Minnesota	Minnesota Department of Commerce Securities Unit 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198
New York	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211	Secretary of State The Division of Corporations One Commerce Plaza 99 Washington Avenue Albany, NY 12231-0001
North Dakota	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner 600 East Boulevard Avenue, 5th Floor Bismarck, North Dakota 58505

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Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter St. N.E., Rm 21 Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Securities 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division 150 Israel Road, S. W. Turnwater, WA 98501 (360) 902-8760	
Wisconsin	Division of Securities Department of Financial Institutions 345 W. Washington St., 4 <sup>th</sup> Floor Madison, Wisconsin 53703 (608) 266-8559	

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Minnesota	Minnesota Department of Commerce Securities Unit 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198
New York	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211	Secretary of State The Division of Corporations One Commerce Plaza 99 Washington Avenue Albany, NY 12231-0001

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Wisconsin	Division of Securities Department of Financial Institutions 345 W. Washington St., 4 <sup>th</sup> Floor Madison, Wisconsin 53703 (608) 266-8559	

**EXHIBIT "B" TO THE BODY20 GLOBAL USA, LLC DISCLOSURE DOCUMENT**

**FORM OF FRANCHISE AGREEMENT**

**BODY20<sup>®</sup>**

**BODY20<sup>®</sup>**

**BODY20 GLOBAL USA, LLC**

**FRANCHISE AGREEMENT**

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## EXHIBITS

Exhibit A	Approved Site; Territory for Approved Site
Exhibit B	Statement of Ownership Interests
Exhibit C	Owners' Guaranty
Exhibit D	Addendum to Lease Agreement/Conditional Assignment of Lease
<del>Exhibit E</del>	<del>Franchisee Training Acknowledgment Form</del>
<del>Exhibit F</del>	<del>Electronic Funds Authorization Form</del>
<del>Exhibit G</del>	Conditional Assignment of Telephone Numbers and Listings
Exhibit <u>HE</u>	Nondisclosure and Noncompetition Agreement

## BODY20 GLOBAL USA, LLC FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is made and entered into on \_\_\_\_\_ (the “Effective Date”) by and between **Body20 Global USA, LLC**, a Florida limited liability company with a principal place of business at ~~1221 Briekett Avenue, 207 San Jacinto Blvd., Suite 900, Miami, Florida 33131~~ 301, Austin, TX 78701 (the “Franchisor,” “we,” “us,” or “our”) and \_\_\_\_\_ (the “Franchisee,” “you,” or “your”).

### RECITALS

- A. Body20 Global USA, LLC is the licensor of a proprietary system for establishing and operating premier fitness studios using state of the art technology, including electro muscle stimulation (“EMS”) and various fitness training techniques and methods, confidential and proprietary information (the “BODY20 Studios”), all of which operate under the trademarks, service marks, trade dress, trade symbols and commercial symbols we designate (the “Marks”) (collectively, the “System”).
- B. You wish to obtain a franchise to operate one BODY20 Studio under the System at the location specified in this Agreement in accordance with the terms and conditions of this Agreement (the “Franchised Business”, the “Studio”, or the “Outlet”).
- C. We will grant you access to the System subject to the terms and conditions of this Agreement. We may also grant access to the System to others so they may establish and operate BODY20 Studios. We and our affiliates may operate BODY20 Studios as well.
- D. This Agreement does not grant you the right to own additional BODY20 Studios and we do not have to sell you additional franchises or consent to your purchase of existing franchises.
- E. You received our Franchise Disclosure Document and its exhibits, including this Agreement (the “Disclosure Document” at least fourteen (14) calendar days before you signed this Agreement or made a payment to us in connection with the franchise sale. You carefully reviewed the Disclosure Document and had enough time, if you wanted, to consult with a lawyer, accountant or other professional advisor. You had full opportunity to ask us and our employees, agents, or representatives all appropriate questions and those questions have been answered to your satisfaction. If you did not use a professional advisor, you represent you are satisfied relying on your own education, experience and skill to evaluate the Disclosure Document and this Agreement. You represent you have reached the age of majority, you are a citizen or permanent resident of the United States, and you have the legal capacity to enter into this Agreement and independently operate a BODY20 Studio.
- F. You represent that no employee, agent or representative of ours made any oral, written or visual representation or projection to you of actual or potential sales, earnings or net or gross profits.
- G. You represent you understand the risks of owning a BODY20 Studio and you are able to accept such risks. You understand the success of the Studio will depend primarily on the location you choose and your own efforts and abilities and those of your employees. Our approval of the location for the Studio does not guarantee its success. Other factors beyond our or your control will affect the Studio’s success including competition, demographic patterns, consumer trends, economic and market conditions, government policies, weather, local laws, labor costs, lease terms and other factors which may be difficult to anticipate, assess or even identify.

- H. You understand that you will receive a territory specified in Exhibit "A" to this Agreement (the "Territory"), but you will not be granted an exclusive territory. During the term of this Agreement, subject to our reserved rights, we agree not to establish nor license any other person to establish another BODY20 Studio at any location within your Territory. If your Territory overlaps with a protected territory of another existing franchisee, the overlapping area will be excluded from your Territory.
- I. You understand that you must, subject to our approval, designate at least one of your owners as your "Operating Principal." The Operating Principal must maintain direct or indirect ownership interest of no less than five percent (5%) of the Franchised Business and must have full authority to bind you with respect to all operational decisions with respect to your Franchised Business. If you are an individual, you or one of the other individual owners will perform all obligations of the Operating Principal. The Operating Principal must devote best efforts to the development and operation of the Franchised Business and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments (except other BODY20 Studio franchises operated under valid agreements with us) or otherwise may conflict with your obligations under this Agreement. If, at any time, your Operating Principal cannot fulfill its responsibilities under this Agreement, you must appoint a qualified replacement from among your owners, subject to our approval, to serve as the replacement Operating Principal. Your Statement of Ownership Interests is attached as Exhibit "B".
- J. In the event the franchisee is a legal entity, you must execute a personal guaranty in the form attached hereto as Exhibit "C" (the "Owners' Guaranty"). If the legal entity has more than one owner, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns an interest in the franchisee entity (the "Owners") must execute the Owners' Guaranty. Any person or entity that, at any time after the date of this Agreement becomes an Owner, shall, as a condition of becoming an Owner, execute our then-current form of Owners' Guaranty.
- K. YOU UNDERSTAND ALL DISPUTES OR CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, EXCEPT FOR CERTAIN CLAIMS OF OURS, WILL BE ARBITRATED IN FLORIDA IF NOT OTHERWISE RESOLVED THROUGH MEDIATION.
- L. YOU UNDERSTAND THAT WE ARE RELYING ON YOUR REPRESENTATIONS IN THESE RECITALS.

## AGREEMENT

We and you acknowledge and agree to each of the Recitals above, and further agree to the following:

1. **FRANCHISE FEE.** You must pay to us an initial franchise fee equal to \$65,000 (the "Franchise Fee") when you sign this Agreement. The Franchise Fee is deemed fully earned and non-refundable upon payment. If you are signing this Agreement for the development of a Studio under an Area Development Agreement entered into by and between you (or your affiliate) and us, you will not be required to pay the Franchise Fee in consideration of the Development Fee paid to us under the Area Development Agreement.
2. **GRANT OF LICENSE & TERRITORY.**
  - a. We hereby grant to you, a non-exclusive license, and you accept the obligation, to operate a single Studio at the Approved Site and to use the Marks and the System solely in connection with the operation of the Studio, strictly in accordance with the terms and conditions contained in this Agreement. You must not engage in any other business at the Approved Site. You acknowledge and agree that you are obligated to operate the Studio for the duration of the Term. The recital paragraphs at the beginning of this Agreement are hereby incorporated by reference as if set forth fully herein.

- b. During the Term of this Agreement, so long as you are in substantial compliance with your obligations under this Agreement, and subject to our reservation of rights set forth below, we will not establish, nor license any other person to establish, a Studio at any physical location within the geographic area identified as the "Territory" on Exhibit A (the "Territory"). You acknowledge that the license granted under this Agreement is non-exclusive and that any territorial protection afforded to you under this Agreement relates solely to the operation of the Franchised Business using the Marks and System at the Approved Site during the Term. The continuation of the protections granted to you in the Territory are dependent upon your achievement of certain sales volumes, as set forth herein. During your: (i) first year of operations, you must attain a minimum annual Gross Sales of \$250,000; (ii) second year of operations, you must attain minimum annual Gross Sales of \$300,000, and (iii) third year of operations, and each year thereafter, you must maintain minimum annual Gross Sales of \$350,000. If you fail to maintain the minimum Gross Sales or if you fail to meet the member retention requirements set forth in the Manual, we have the right to require you to participate in and comply with our designated "High Performance" program, as set forth in more detail in the Manual. The High Performance program may include, among other requirements, your need to expend additional amounts on local marketing and advertising and additional training or retraining. If you fail to participate in the High Performance program in accordance with our specifications (as may be set forth in the Manual), or if you fail to meet the member retention and/or minimum Gross Sales requirements following your participation in the High Performance program, you will be deemed in default of your Franchise Agreement.
- c. Reservation of Rights. We retain all other rights. Specifically, but not exclusively, and without limiting the generality of the foregoing, we, and/or our affiliates, have the right, without granting you any rights therein, to (a) establish company-owned or franchisee- operated businesses that sell similar products and/or services under different trade names or trademarks other than the Proprietary Marks anywhere, including within the Territory; (b) open, own, operate and promote BODY20 Studios anywhere outside of the Territory, as we consider appropriate in our sole discretion, including within close proximity to your Approved Site of your Studio, and in close proximity to your Territory; (c) offer, promote and sell products and services within and outside the Territory through any distribution method (including under the Marks); (d) solicit, market or advertise the products and services to any person or entity, both within and outside your Territory; (e) establish and operate, and grant rights to other persons to establish and operate, on any terms, health and fitness facilities or any similar or dissimilar businesses that are not primarily identified by the Marks at any locations, whether within or outside the Territory; (f) acquire the assets or ownership interests of, or be acquired (regardless of the form of transaction) by any businesses providing products and services similar or dissimilar to those that BODY20 Studios provide, and franchising, licensing or creating other arrangements for these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, whether within or outside the Territory; (g) use or license the use of the Marks, and all products and services associated with any of the Marks, in any other alternative methods of distribution. We and our affiliates may use the Internet or alternate channels of commerce to sell branded products and services without restriction. We are not required to compensate you for any sales we make in the Territory. The Franchise Agreement does not provide you with any options, rights of first refusal, or similar rights to acquire additional franchises.
- i. We also have the right to operate, and to license others the right to operate, Studios located in Non-Public Access Venues, including within the Territory. For purposes of this Agreement, the term Non-Public Access Venues shall mean private businesses, military bases, government institutions, private clubs, and other Studios that are not accessible to the general public.

### 3. TERM & RENEWAL.

- a. The initial term of this Agreement will commence on the Effective Date and will expire ten (10) years from the Effective Date, unless sooner terminated by us in accordance with the terms of this Agreement (the "Term" or the "Initial Term").
- b. Upon the expiration of the Initial Term, you will have the option to renew the franchise for two

(2) additional five (5) year terms (each a “Renewal Term”), provided, however that this Agreement has not been terminated and you have complied with the following conditions precedent:

- i. You must be in good standing and have satisfied all payment obligations to us under this Agreement and to our suppliers and vendors throughout the Term;
- ii. You must deliver written notice to us of your desire to renew your franchise no later than six (6) months before the expiration of the Term.
- iii. You must have substantially complied with our obligations under this Agreement throughout the entirety of the Term;
- iv. You must have made any renovations and improvements to the Franchised Business as we deem necessary to modernize, renovate, equip and decorate the Franchised Business to reflect our then-current system standards;
- v. You must sign our then-current Franchise Agreement, which agreement will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement and may include increased fees (including increased Royalty, Technology, Software, Services and Brand Fund Fees); provided, however, you will not be required to pay another initial franchise fee. You must sign the Successor Franchise Agreement at least thirty (30) days before the Term expires;
- vi. You must execute a general release in a form we prescribe of any and all claims against us, our affiliates, parents, and subsidiaries and their respective officers, directors, managers, employees and agents;
- vii. You must comply with our then-current qualification and training requirements; and you must pay to us a renewal fee equal to the greater of: (a) 12,500; or (b) 25% of the then-current Franchise Fee.

4. **CONTINUING FEES/ PAYMENTS.** You must pay to us the following continuing fees and payments throughout the Term:

- a. **Royalty Fee.** You must pay us a Royalty Fee beginning on the Royalty Commencement Date (as defined below) that equals the greater of (a) \$1,500 each month, or (b) seven percent (7%) of your Gross Sales. For purposes of this Agreement, the term “Royalty Commencement Date” means the earlier to occur of: (a) the date your Studio begins collecting revenues; or (b) the 180<sup>th</sup> day after the Effective Date of this Agreement. We reserve the right, in our sole discretion, to waive the minimum flat royalty of \$1,500 per month if you are using best efforts and you are otherwise in strict compliance with all other obligations under this Agreement, subject to your execution of a general release in a form we designate.
- b. **Technology and Software Fee.** You must pay us a monthly technology and software fee (the “Technology and Software Fee”), in the amount we designate. As of the Effective Date, the monthly Technology and Software Fee is \$378 per month (subject to increase on notice to you). Your obligation to pay the Technology and Software Fee begins on the earlier to occur of (a) date of signing your lease or (b) 30 days after execution of this Agreement. We reserve the right to require you to pay fees directly to the applicable system supplier(s) on notice to you.
- c. **Services Fee.** You must pay us a continuing monthly services fee (the “Services Fee”), in the amount we designate. As of the Effective Date, the Services Fee is \$682 each month, and is subject to change at any time during the term on notice to you. Your obligation to pay the Services Fee begins on the earlier to occur of (a) signing of your lease or (b) 90 days after execution of this Agreement. We reserve the right to require you to pay the fees directly to the applicable system supplier(s) on notice to you. If you require more than one user login, this fee may be higher.
- d. **Brand Fund Fee.** You must pay to us a Brand Fund Fee each month in an amount equal to zero percent (0%) to three percent (3%) of Gross Sales (the “Brand Fund Fee”).
- e. **Various Third Party Supplier Fees.** We have the right to enter into arrangements with system suppliers of any product, service and/or item. Such arrangements may require us to pay the supplier(s) directly on account of the supplier’s provision of products, services and/or items directly to you (“Third Party Supplier Fees”). We may require you to pay to us the fees we designate, including the Third Party Supplier Fees attributable to your Outlet on account of

arrangements we enter into with any such suppliers plus a mark-up, as we designate, for our administrative charges, costs and expenses.

- f. **Interest.** If you do not pay any amount due to us when due, you must also pay to us an interest charge in amount of 1.5% per month, or the highest rate allowed by applicable law, whichever is less, in the manner we designate.
  - g. **Late Fee.** If you do not pay any amount due to us when due, we may assess a late fee in the amount of \$100 per late payment per day until paid.
5. **PAYMENT METHODS.** You acknowledge that you must pay the Royalty Fee, Technology and ~~Software Fee~~, Services Fee, Brand Fund Fee, as well as any and all other fees you are required to pay to us under this Agreement (the “Continuing Fees”), in the form and manner of payment we designate, which may include electronic funds transfer (“EFT”), cash, and/or cashier’s check.
- a. Unless we designate otherwise in writing, you must use the commercial billing service and its supplied computer program to process membership fees and other payments due to you from your Studio members and customers. As part of this process, membership fees and payments are charged and processed by the commercial billing service provider. Each month, this supplier automatically transfers to your account all membership fees collected, less: (i) all fees and payments due to the supplier; and (ii) the Continuing Fees, which are automatically deposited into our designated account. Unless we designate otherwise, you must instruct and authorize the commercial billing service provider to credit and transfer to our bank account the Continuing Fees. You must also provide the commercial billing service provider with the consent to permit us independent, unrestricted access to all of your records and information. We have the unrestricted right to change this payment method at any time during the Term by providing you with thirty (30) days’ prior written notice.
  - b. Without limiting our broad rights, we may require you to any and all periodic or recurring fees to us by electronic funds transfer (“EFT”). We require you to sign any and all forms necessary to enable us to collect payments from you via EFT, including ~~the an~~ Electronic Funds Authorization Form ~~attached as Exhibit “F” to this Agreement.~~
  - c. If you do not pay any fee as required for any given month, we have the right to automatically deduct from your account an estimate of the total fees due to us for such delinquent month. We may base this estimate on the monthly fees you paid to us during the month prior to the month of delinquency, or, at our discretion, based on an average of the monthly Continuing Fees you paid to us during the previous six (6) month period.
  - d. You are required, at all times during the term of this Agreement, to provide us with current banking information, including your bank name, address and account number, a voided check from your bank account. You must complete and provide to us any and all documents, forms and certifications we require to enable us to collect payment from you, including via EFT.
  - e. We reserve the right to require you to pay us any and all fees you are obligated to pay to us under this Agreement by such other means as we may specify at any time during the term of this Agreement on thirty (30) days’ prior notice to you.
  - f. We reserve the right to, directly or through our designee, engage in communications with members of your Franchised Business without restriction. We reserve the right to manage collections activities.
  - g. “Gross Sales” means the total amount of all revenue derived in connection with any and all goods and services leased or sold by you, and all other income of any kind or nature related to the Franchised Business, whether for cash or for credit, including, without limitation (i) any and all membership fees, dues, application fees, enrollment fees, transfer fees, renewal fees, third-party payor fees (including from insurance companies), paid-in-full membership fees, and (ii) revenue derived from the sale of clothing, equipment and any and all other items, products and services. “Gross Sales” does not include any sales tax collected from members of the Franchised Business by you and tendered to any taxing authority, or any documented refunds, credits and discounts you provide to customers that are pre-approved by us.
  - h. You must provide us with unrestricted access to your POS system. In addition to the reports available to us through our electronic access to your POS and computer systems, you shall provide us with a report of all Gross Sales on a weekly basis, setting forth the Gross Sales for the previously concluded week, in the format and manner we designate. We reserve the right

- to change the format and frequency for your Gross Sales reporting requirements at any time on notice to you. Your submission of Gross Sales reports will constitute your representation that the contents of the reports are true and accurate.
- i. You must not offset or withhold payments owed to us for amounts purportedly due to you from us or any of our affiliates as a result of any dispute of any nature or otherwise, but will pay all such amounts to us and only thereafter seek reimbursement. We have the right to allocate and apply any payment by you to any past-due indebtedness of yours to us and/or our affiliates, despite any other allocation by you.

**6. PERMITTED ACCESS TO THE SYSTEM AND MARKS.** During the Term of this Agreement, we grant you:

- a. Continued access to the System, including the loan of a copy of the Manual and/or access to an electronic version of the Manual on our Website;
- b. Continued access to information pertaining to new developments, including, improvements, techniques and progress in the System; and
- c. A limited, non-exclusive license to use the Marks during the Term in conjunction with the operation of your Studio at the Approved Site in accordance with the terms and conditions of this Agreement.

**7. OUR OBLIGATIONS.** During the term of this Agreement, we will provide you:

- a. An initial training program before you open your Studio for business. The training program will be at our corporate headquarters or at a location we designate and may include remote and web-based courses. You are solely responsible for all costs and expenses associated with your, and your Training Team's (as defined below) attendance at the initial training program, including, without limitation, transportation, lodging, meals, salaries and other expenses incurred in connection with attending and completing the training program;
- b. Review and communicate our approval or disapproval of the proposed location of your Studio;
- c. Communicate our approval or disapproval of the lease for your Approved Site;
- d. Provide to you standards and specifications for the layout, design, appearance and equipment for your Studio; and
- e. Loan to you use of the Manual during the Term.
- f. Subject to our availability, and as we determine necessary, provide you with a member of our staff or an area representative of ours to call on during his/her normal business hours for consultation concerning the operation of your Studio.
- g. We may, in our sole discretion, elect to outsource, and/or subcontract certain of our obligations under this Agreement to subsidiaries, affiliates, contract employees, third-party vendors, area representatives, and/or other third-party suppliers; provided (i) any such outsourcing and/or subcontracting will not discharge us from our obligations under this Agreement, and (ii) any such outsourced or subcontracted obligations will be performed in accordance with the terms of this Agreement.

**8. YOUR OBLIGATIONS.** You agree to do the following:

- a. Regarding the Approved Site and lease of your Studio:

- i. If you have not secured an Approved Site (as defined below) as of the Effective Date, you must, at your sole cost and expense: (a) find a location for the Studio within the Designated Area identified on "Exhibit A" to this Agreement that meets our specifications and that we have approved in writing (the "Approved Site"); (b) enter into a binding lease agreement for the Approved Site within ninety (90) days of the Effective Date in accordance with the terms and conditions of this Agreement (the "Site Securitization Period"); and (c) begin constructing and equipping the Franchised Business in strict accordance with our then-current standards, procedures, plans and specifications. You acknowledge that you have no territorial protection in the Designated Area. We may require you to use our designated supplier for real estate services, including site selection services. You must comply with all such requirements and your sole cost and expense. Once you find a proposed site, you must submit to us a site approval package containing the materials and information we require. We will approve or disapprove of the proposed location with fifteen (15) days after the date we receive all information we request regarding the proposed location. If we do not approve or disapprove of the proposed location before the expiration of this period, the proposed location will be deemed disapproved.

Your failure to secure an Approved Site before the expiration of the Site Securitization Period will be deemed a material event of default under this Agreement. If you have not secured an Approved Site before the expiration of the Site Securitization Period, you may, within the five (5) day period following the expiration of the Site Securitization Period, apply for an extension to the Site Securitization Period by submitting to us a written request for extension including a detailed summary of the efforts you have taken through the date of the request to satisfy your obligations under this Section. We may grant you one ninety (90) day extension to the Site Securitization Period, upon our receipt of a timely request for an extension including the information required under this Section. We reserve the right to terminate this Agreement on notice to you if you do not secure an Approved Site before the expiration of the Site Securitization Period, or, if an extension is granted, prior to the expiration of the extension period. You acknowledge and agree that if this Agreement is terminated, you will not be entitled to any refund of any amounts you paid to us under this Agreement.

- ii. You acknowledge that the location selection, procurement and development of the site for the Franchised Business are your responsibilities. You further acknowledge that our approval of a site and/or our rendering of assistance in the selection of a location does not constitute a representation, promise, warranty or guaranty, express or implied, by us, our officers, employees, directors or agents as to the potential sales volume, profits, or success of the Franchised Business to be developed, opened and operated by you at that location. We do not have any liability to you with respect to any assistance that we may provide to you in making your selection, or regarding any approval or recommendation of any proposed location.
- iii. Once you secure an Approved Site for the Studio in accordance with the terms of this Agreement, the parties will update Exhibit A to identify the Approved Site as the Approved Site.
- iv. You must acquire or lease the Approved Site at your expense. If you lease the Approved Site, you must obtain our prior written approval before entering into any letter of intent or lease agreement. You must provide a copy of the proposed letter of intent and proposed lease agreement to us before signing. You understand that we do not guarantee the lease, or any of your obligations thereunder, and we are not required to negotiate the terms of your lease. We reserve the right to require you to include certain terms in the letter of intent and lease agreement, including, without limitation, the following: (a) the requirement that you and the landlord sign and deliver to us a collateral assignment of your rights under the lease in the form we designate, including in the form attached to this Agreement as Exhibit D; (b) a provision restricting use of the premises solely to the operation of the Franchised Business; (c) a provision prohibiting you from subleasing or assigning any part of your occupancy rights, or extending the term of or renewing the lease, without our prior written consent; (d) a provision

granting us the right to enter the Approved Site to make modifications necessary to protect the Marks or the System, or to cure any default under this Agreement, including the right to de-identify the Approved Site as a Body20 Studio and to remove or destroy any material bearing any of the Marks; and (e) any other provision we deem necessary in our sole discretion. You must provide a fully executed copy of your lease agreement within five (5) business days of its execution.

b. Regarding the construction and build out of the Studio

- i. We will provide you with our then-current, generic, prototypical plans for a typical Studio, including a sample layout for the interior of a typical franchised location. You acknowledge that such plans and specifications will not contain the requirements of any federal, state, or local law, code, or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the “ADA”) or similar rules governing public accommodations or 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 the Franchised Business.
- ii. It will be your sole and absolute responsibility to construct the Franchised Business in accordance with all applicable laws, including the ADA and local laws, rules and regulations governing public accommodations. You must, at your sole cost and expense, employ architects, designers, engineers or others as may be necessary to complete, adapt, modify or substitute the sample plans and specifications to us before commencing construction of the Franchised Business. We reserve the right to require you to use your designated suppliers for project management services, architectural services, construction services and/or build-out services at your sole cost and expense. We will review such plans and specifications and will approve or provide comments on the plans and specifications to you. If we incur charges and/or costs or expenses associated with our review and/or approval of build-out, design or architectural plans, you must reimburse us for all such charges, costs and expenses, payable upon your receipt of written notice from us. You must not commence construction of the Franchised Business until we approve, in writing, the final plans and specifications to be used in constructing the Franchised Business.
- iii. Once the final plans are approved, you must cause the Franchised Business to be completed in full accordance therewith. If we determine that the Franchised Business is not being built, or was not built, in full accordance with the final plans, we will have the right to require you to cause to be made all alterations or modifications of the Franchised Business that we deem necessary. We may consult with you, to the extent we deem necessary, on the construction and equipping of the Franchised Business, but it will be and remain your sole responsibility to diligently design, construct, equip and otherwise ready and open the Franchised Business.
- iv. You will be responsible, at your expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy, and Franchised Business clearances, which may be required by governmental authorities for the Franchised Business. You must obtain and maintain in force, during the entire period of such construction, such insurance policies and for such amounts as we may designate in its sole discretion. You must use licensed general contractors, designers and architects in performing any and all construction work at the Franchised Business, including in connection with any remodeling or renovations. We expressly disclaim any warranty of the quality or merchantability of any goods or services provided by architects, contractors, or any other persons or entities to which we may refer to you. We are not responsible for delays in the construction, equipping or build-out of any Franchised Business or for any loss resulting from the Franchised Business design or construction.
- v. You acknowledge that we have no control over the landlord or developer and numerous

construction and/or related problems that could occur and delay the opening of the Franchised Business.

- vi. We will have access to the Franchised Business at all times during the Term, including while work is in progress, and may require alterations or modifications of the construction of the Franchised Business that we deem necessary.
  - vii. You must promptly notify us of the date of completion of the construction of the Franchised Business and, within ten (10) days thereafter, or such other period as we designate, we will have the right to conduct a final inspection of the Franchised Business. You may not open the Franchised Business for business without our express written authorization, and our authorization to open may be conditioned upon your strict compliance with the specifications of the approved final plans and with the standards of the System
  - viii. You shall complete construction of the Franchised Business (including all exterior and interior carpentry, electrical, painting, and finishing work, and installation of all furniture, fixtures, equipment, and signs) in accordance with the plans approved in writing by us, at your expense, and open the Franchised Business no later than ~~six (6)~~ nine (9) months following the Effective Date (the "Required Opening Date"). Notwithstanding the foregoing, if you are opening this Studio under an Area Development Agreement entered into by and between you (or your affiliate) and us, the Required Opening Date shall be the opening deadline designated in the Area Development Agreement.
- c. Regarding certain of your pre-opening obligations related to initial training and pre-sales; Additional training requirements:
- i. You (and if you are a legal entity, each of your Owners), your Operating Principal and your designated trainer (your "Initial Training Team") must attend and successfully complete our initial training program to our satisfaction before you open your Outlet. You are responsible for all expenses associated with your Initial Training Team's attendance and completion of the initial training program, including, without limitation all lodging, meals and transportation costs and expenses. The initial training program will be held at the location we designate, which may be at our headquarters in Miami, Florida, or at such other location as we designate. The initial training program will consist of the number of days we designate and may include classroom, hands on instruction and/or online education. We reserve the right to change the initial training program at any time in our sole discretion. We may, subject to our availability and at our sole and absolute discretion, send a representative to support your business opening with up to approximately three days of on-site pre-opening and opening assistance.
  - ii. You must pay us a \$2,500 travel fee (the "Training Travel Fee") to cover the costs and expenses our representatives incur in connection with providing training. This fee is due and payable prior to training. We reserve the right to increase this fee if our costs and expenses exceed \$2,500. This fee is subject to increase at any time on notice to you.
  - iii. You acknowledge and agree that all of your personnel who will provide personal fitness instruction, teach any form of exercise, or provide any kind of fitness instruction must complete "Instructor Certification Training" by us either at (a) our principal training facility, as we designate, or (b) from one of our trainers or representatives at a location we select or your location. Only trainers who have (i) attended and completed the Instructor Certification Training to our satisfaction and (ii) received a Certification of Completion, are permitted to train members of your BODY20 Studio. Failure to comply with these requirements will be considered a material default under the terms of this Agreement, triggering our right to terminate this Agreement immediately on notice to you.
  - iv. Without limiting the foregoing, you must comply with all training and certification requirements imposed by us and by our approved equipment manufacturer, as well as any and all training

and certification requirements imposed by any and all applicable laws, rules, and regulations. We reserve the right, effective on notice to you, to require that you and certain employees of your Studio attend and complete, at your sole cost and expense, a National Academy of Sports Medicine (“NASM”) certification course within the time period we designate. We may provide access to the NASM certification course through our online training university, and we may require you to attend and complete the NASM certification course through our online training university. Anyone who has completed a NASM certification course within thirty (30) days of employment with your BODY20 Studio, will not be required to retake the course. If you and your Initial Training Team fails to complete the initial training program to our satisfaction, we may terminate this Agreement, in which event, we will retain the entire initial franchise fee and you will not be entitled to any refund of any payment made to us or any of our affiliates. Upon completion of initial training, you complete ~~the our~~ Franchisee Training Acknowledgment Form ~~attached as Exhibit “E”~~, or such other form as we designate; and provide the completed form to us immediately upon completion of the initial training program.

- v. Your coaches must attend and complete the certification requirements we impose and you must pay a coaching certification fee (the “Coaching Certification Fee”) for each of your coaches. You will also be responsible for all costs and expenses incurred by you and your personnel in connection with the certification. As of the Effective Date, the Coaching Certification Fee is \$125 per trainee, but it is subject to change and/or increase at any time.

We may require you, in our sole discretion, to participate in mandatory on-site remedial training where our personnel will come to your Studio to refresh your training. You will pay us our then-current training fees, which may include a designated fee per trainer per day for each individual who provides such on-site training, plus reimbursement for our travel, lodging and dining costs. As of the Effective Date, the remedial training fee is \$1,000 per trainee per day for each individual who provides on-site training, plus reimbursement of our travel, lodging, and dining costs. The fee is subject to change and/or increase at any time.

- vi. Without limiting our broad rights to require you to attend and complete Coaching Certification, if you are not operating the Studio in accordance with this Agreement and the Manual (which determination may be assessed through inspections of your Studio conducted by us and/or our designees), you must immediately correct such deficiencies and attend and complete additional training at the location we designate and participate in online training modules, as we determine in our discretion. We reserve the right to require you to contribute, in an amount we designate (not to exceed \$600 per visit to your location), to a “mystery shopper” or “third party compliance program” at any time, effective on notice to you.

- vii. You must, at your sole cost and expense, implement a presales marketing campaign for the Studio in accordance with our specifications and during the twelve-week period leading up to the opening of your Studio, which may be communicated to you in the Manual or other written materials, as we determine in our sole discretion (the “~~Pre-Sales Marketing Sale~~”). You must expend between ~~\$60,000~~45,382 and ~~\$75,000~~82,606 on the Pre-Sales Marketing ~~and Staffing~~ (the “~~Pre-Sales Marketing Sale Expenditure Amount~~”) during the twelve-week period leading up to the opening (unless we designate otherwise). It is your sole responsibility to conduct Pre-Sales Marketing in compliance with all applicable laws, rules and regulations. You must obtain our prior written approval of the Pre-Sale Marketing. We may require you to deposit the Pre-Sales Marketing Expenditure Amount in a separate bank account immediately on the Effective Date, and to keep the funds in such account until such time as you are ready to expend the funds on the Pre-Sales Marketing in accordance with this Agreement. We may require you to use our designated vendors to provide certain products and/or services in connection with the Pre-Sales Marketing. You agree to comply with all such requirements. You are not permitted to commence Pre-Sales Marketing until your “Pre-Sales Staff” has completed initial training (as we designate) to our satisfaction, as we designate. For purposes of this provision, the term “Pre-Sales Staff” means you, your manager and four sales team members, unless we designate otherwise). You will be required to have 100 total enrolled members by your (6th) sixth week of Pre-Sales Marketing (“Minimum Membership Threshold”). If you fail to meet the

Minimum Membership Threshold by the end of the sixth (6th) week of the Pre-Sales Marketing, we reserve the right to require you to: (a) expend an additional amount of up to an additional \$30,000 on pre-sale advertising and marketing; and/or (b) attend re-training or additional training (which may include training provided by our team at your Studio, in which event you will be responsible for all costs and expenses), as we designate, before you will be permitted to open. These additional requirements may cause delays in opening and may impact your obligations under your lease agreement. ~~You are also required to have at least 200 total enrolled members before opening.~~

- viii. You must purchase your "Initial Inventory" as we designate before you open the Outlet. You must purchase the Initial Inventory items from the suppliers we designate, which may include us, our affiliates and / or third-party suppliers. You acknowledge and agree that we and/or our affiliates may be the sole and exclusive supplier for any or all such items. The Initial Inventory includes EMS equipment, certain other gym equipment, baselayers and such other items as we may designate. You will also be responsible for cost of any printed materials ordered on your behalf plus deliverable fees. You must also purchase millwork, lighting, wallpaper, signage, flooring, certain retail products and designated printed advertising materials from us or our designated suppliers, as we designate.
  - ix. You must provide us with a copy of your certificate of insurance before you open.
  - x. You will sign and deliver to us appropriate electronic funds transfer pre-authorization draft forms, ~~attached as Exhibit "F"~~ or similar forms serving the same purpose. Upon signing the form(s), you will authorize us to withdraw money you owe from the account on a timely basis.
  - xi. You must attend the conferences and seminars, as we designate. You must pay to us or our designee a registration fee for conferences and seminars in the amount and manner we designate. You will also be responsible for all costs related to travel, lodging and meals.
- d. Regarding the applicable laws and the Manual:
- i. You will operate your Franchised Business, at your sole expense in compliance with all existing and future applicable laws and government regulations, including, but not limited to, those concerning labor, taxes, disability, health and safety. You agree to obtain and keep in force, at your sole expense, any permits licenses, registrations, certifications or other consents required for leasing, constructing, or operating your Studio. Upon request, you will forward us copies of any documentation relating to these items.
  - ii. You will operate your Studio in accordance with the Manual, which may contain mandatory and suggested specifications, standards and operating procedures (the "Manual"). We will provide you with access to the Manual in the format we designate, which may be in electronic format. You acknowledge and agree that we may modify the Manual at any time during the term and you agree to comply with any and all such modifications. The Manual is and will remain our exclusive, proprietary property. You must treat the Manual and the information contained therein as confidential, and you must use all reasonable efforts to maintain the information as secret.

Without limiting the foregoing, at your sole expense, you will make any changes to your Studio necessary to conform to the Manual within a reasonable time we establish including necessary repairs, upgrades and remodeling. You will adhere to quality control standards specified in the Manual, and as we may otherwise communicate to you through written or electronic communications. You may not allow others to reproduce, download or photocopy the Manual, in a whole or in part, without our written consent. Without limiting the foregoing, we may require you to renovate or remodel the Franchised Business to improve the appearance and efficient operation of the Franchised Business, to comply with the prevailing brand image of System Studios, and/or to comply with System standards. You acknowledge and agree that the

remodeling and renovation requirements may include: (i) the incorporation of updated design, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for new Studios using the System; (ii) the replacement of worn out or obsolete equipment, fixtures, furnishings and supplies; (iii) the substitution or addition of new or improved equipment, fixtures, furniture and supplies; (iv) redecorating of the interior Franchised Business; and (v) reasonable structural modifications of the premises. You must complete all remodeling and renovation work within the time frame we designate.

- iii. You must not, during or after the term of this Agreement, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, limited liability company or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised hereunder, which may be communicated to you or of which you may become apprised by virtue of your operation of the Franchised Business or participation in the System. You may only divulge such confidential information to such of your employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how and techniques which we designate as confidential will be deemed confidential for purposes of this Agreement, except for information which you can demonstrate came to your attention before disclosure thereof by us, or which, at or after the time of disclosure by us to you, had become or later becomes a part of the public domain, through lawful publication or communication by others.
- e. Regarding restrictions on services, purchase and leases.
  - i. You will not conduct any business or sell any products at your Studio that we have not approved. You must use all vendors and suppliers, which may include us and/or one or more of our affiliates, as we designate, as a required source for any goods, services, supplies, materials and equipment. We and our affiliates are permitted to receive any payment or benefit from any vendors or suppliers resulting from any franchisee purchase or lease, and we and our affiliates are permitted to impose markups on products and services, including those supplied by us and/or our affiliates, and to derive revenue and other material consideration on account of your purchase or lease of any goods, services, supplies, materials or equipment. We and our affiliates have the right to use all such payments, benefits and consideration in any manner, without restriction, for any purposes we and/or our affiliates deem appropriate.
  - ii. You acknowledge and agree that we have the absolute right to limit the universe of suppliers with whom you are permitted to deal with in connection with the development, opening and/or operation of the Franchised Business. We may designate exclusive suppliers for products, services and other items, without restriction. Your compliance in dealing with designated suppliers is of material importance to us, and to the System as a whole. You must use equipment, products and items purchased from approved suppliers only in connection with the operation of your Franchised Business and not for any competitive business purpose.
  - iii. Without limiting the foregoing, you must purchase all required equipment and other products, and/or services used in connection with the operation of your Studio exclusively from an approved distributor, vendor, or any other approved source, which may include us and/or our affiliate(s). You acknowledge that these requirements are reasonable and necessary to preserve the identity, reputation, value and goodwill of the system.
  - iv. If you wish to purchase, lease or use any product, service or any other item (a) that we have not approved, or (b) from a supplier or distributor that is not on our approved list, you may request our approval of the proposed product, service, supplier or distributor, as applicable. We are not obligated to consider or to approve these requests. We do not use any fixed process for granting or revoking approval of designated suppliers. Instead, we evaluate products, items, services and suppliers, as applicable, on a variety of criteria,

which may include quality, price, responsiveness, reputation, timeliness, and experience, ability to service the entire franchise system, among others. We will make a reasonable effort to approve or disapprove any proposed item or supplier within thirty (30) days. If you do not hear back from us regarding our approval or disapproval, your request will be considered denied. Our evaluation may include a sampling of the service, equipment or product at either the supplier's/distributor's or our place of business, as determined by us. Where we deem appropriate, the supplier or distributor will be required to provide us with indemnification rights and appropriate liability insurance (including products liability insurance) and to name us as an additional insured on their insurance policies. We may require the suppliers and distributors to provide information and reports to us containing all information we designate, including information with respect to all purchases by, and information regarding, System franchisees. If we approve a supplier you propose, the supplier or distributor will be added to our approved list, but our approval will relate only to the item or product line we evaluated and approved. We may provide our standards and specifications for goods and services directly to the proposed suppliers or to our approved and designated suppliers. We may charge you our then-current fee (as of April 2023 the fee is \$2,000) for our review and evaluation of the proposed supplier, product and/or service, as applicable. The amount of this fee may vary and will depend on the costs we incur (including salaries) in inspecting and vetting the proposed product, service and/or supplier, laboratory fees (if applicable), legal fees, other professional fees and travel and living expenses. We may revoke our approval of particular products, services or suppliers at any time, in our sole discretion. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier.

- f. Regarding permits, taxes, insurance.
  - i. You will be solely responsible for all costs of building and operating your Studio, including construction costs and permits, equipment, furniture, fixtures, signs, advertising, insurance, labor, utilities, rent, fees, customs, other duties, government regulations, sales tax and other taxes. You must register to collect and pay sales tax before you open your Studio and you must maintain these registrations during the term of this Agreement. You will reimburse us for any search costs that we may pay in connection with your operation of your Studio. It is entirely your responsibility to recruit, hire, train, terminate, and supervise all employees, set pay rates, and pay all wages and related amounts, including any employment benefits, unemployment insurance, withholding taxes or other sums.
  - ii. You must purchase your business insurance from a source that sells A+ rated insurance policies unless we designate otherwise in writing. Your insurance policy must meet our requirements, including coverages and limits and specified amounts to be insured, as set forth in the Manual or elsewhere in writing to you. You must also purchase the insurance required by your lease and applicable law. All policies must include a waiver of subrogation in favor of us. In addition to the information listed above, you agree to carry such insurance as may be required by the lease of your Studio location, by any lender or equipment lessor you select, and such worker's compensation insurance as may be required by applicable law. All insurance policies must list us and any parties we may designate, as additional insureds under your insurance policies at your cost and must provide for thirty (30) days prior written notice to us of any material modification, cancellation or expiration of such policy.

You acknowledge we may modify or Increase the insurance requirements during the term of this Agreement, including due to changes in experience, and you agree to comply with all such requirements. You will keep all insurance policies in force for the mutual benefit of all parties. Your insurance company must agree to give us prior written notification of termination, expiration, material modifications, or cancellation of your policy. You agree to defend, indemnify, and save harmless us and all required additional insureds from and against all liability, loss, cost damages and expenses of any type including lawyers' fees that arise from, relate to, or are in conjunction with your operation of a BODY20 Studio.

This indemnification will not be relieved by any insurance you carry. If you fail to meet our insurance requirements in violation of this Agreement, you will reimburse us for the reasonable costs we incur to enforce this obligation. These costs include mediation and arbitration fees, court costs, attorneys' fees, management preparation time, witness fees, and travel expenses incurred by us or representatives.

- g. No interest in Competitive Businesses. You must comply with the non-competition and restrictive covenants set forth in more detail in Section 10 below.
- h. All amounts you owe under this Agreement or any other Franchise Agreement you have with us must be paid through the method we designate, which may include electronic fund transfer, in the manner we designate unless we specify otherwise. You must also authorize us to withdraw money for fees or payments that we paid to a third-party. You agree to adequately fund your pre-authorized account for each fees or payments when due.
- i. You must (i) permit us and our agents to enter upon the Franchised Business premises at any time for the purpose of conducting inspections of your operations; (ii) cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, (iii) upon notice from us or our agents, and without limiting our other rights under this Agreement, you must 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 we determine, in addition to any other rights or remedies available to us under this Agreement or applicable law, we will 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 upon demand.
- j. Regarding your technology, and accounting requirements:
  - i. You must, at your sole cost, purchase, use, maintain and update a Studio management system and computer system (collectively, the "Computer System") we specify from time to time for use in the operation of the Studio. The Computer System has various components, including designated computer hardware and software, a computerized point-of-sale system (the "POS System"), and related services. You may be required to obtain some of these components and services directly from us, our affiliates or designated or approved suppliers. You may incur monthly fees for QuickBooks (as the Effective Date, we require you to use QuickBooks online), ISP, ASP, data polling services and the like. You must also use our designated chart of accounts and accounting aggregation software (such as Qvinci) that allows us remote, online access to your QuickBooks online account. We will have independent, unlimited access to all information and data related to the operation of your Franchised Business, including information and data in your Computer System, including continuous independent access to same. We may, at our option, periodically change the POS System or components of the POS System that we designate or approve for all similarly situated BODY20 Studios. No contract limits the frequency or cost of this obligation. Without limiting the foregoing, you acknowledge that we may enter into one or more arrangements with suppliers of customer relationship management ("CRM") services and we may require you to pay any and all fees charged by such CRM service provider directly, or, if we pay the CRM service provider on your behalf, we may require you to pay to us the CRM fee in the amount we designate, which amount may include a mark-up for administrative charges and costs and expenses.

You are responsible for (i) the acquisition, operation, maintenance, and upgrading of any computer hardware and software used in connection with operation of the Franchised Business in accordance with our requirements; and (ii) any and all consequences that may arise if the computer hardware and software is not properly maintained, operated, and upgraded. We have the right to require you to enter into a separate maintenance agreement for computer hardware and software and to pay all charges associated

therewith. Upon our request, you must promptly acquire, install, update or replace any computer hardware and/or computer software, as we designate.

- ii. You agree to install any upgrades or changes we require to update the POS System including software compatible with our hardware. You agree that the software you are required to use, if permitted by law has remote access capabilities and that we or our team designee will, from time to time, remotely access the POS System in order to maintain system security, upload funds, perform routine system maintenance, provide technical support, increase operational efficiencies, install updates to software program and/or applications, or install or remove software programs and/or applications. We may also retrieve information such as transactional data, technical data, membership data including names, addresses, and phone numbers, from your POS System at any time.
- iii. You must submit your monthly financial reports and sales points by the 20th day of the following month, unless we designate a different date. We have the right to access your QuickBooks, Computer System and your POS System and retrieve monthly sales data, including statements of your gross sales during the preceding month, together with such other data or information as we may require. If your QuickBooks, POS System or Computer System is not functioning due to your failure to pay the monthly charges for the QuickBooks, POS System, and/or your Computer System, or due to your negligence, and we are unable to retrieve such reports, a late fee of \$100 per day will be assessed for untimely submission. We reserve the right to require you to use our designated suppliers to provide mandated reports and records, including bookkeeping services providers, at any time during the term.
- k. You will present to customers, which includes all prospects and members, any customer surveys or evaluation forms we require your customers to participate in as well as any marketing surveys performed by or for us.
- l. You will keep, and make available to us upon a written request, complete business records exclusively for BODY20 Studios for the current year and for the immediate past five (5) years, including control sheets, sales report sheets, membership applications, membership release forms, deposit slips, business and personal bank statements, cancelled checks, sales and purchase records, business and personal tax returns, schedule K-1 forms, cash receipt journals, cash disbursements journals, payroll registers, general ledgers, financial statements, and other similar records and information we may request. These records must be separate from the records kept for any other businesses in which you have interest. During the term of this Agreement, you have to submit your monthly financial reports and sales points by the 20<sup>th</sup> of the following month, or on such other date as we designate. We shall also have the right to access your POS System and retrieve monthly sales data including statements of your Gross Sales during the preceding month, together with such other data or information as we may require. If your POS System is not functioning due to your failure to pay the monthly charges for the POS System, or your negligence and we are unable to retrieve such reports, a late fee of \$100 will be assessed for untimely submission.
- m. You agree that we have the right to examine your books, records and any electronic data necessary to perform an audit or other analysis. You also grant us permission to examine, without prior notice to you all records of your purchases from a supplier, and you authorize such suppliers to release your purchase records to use at such time and place as we request. You will allow us and our representatives to conduct an audit, review your business operations and records, including POS System reports, perform audio and visual recordings to the extent permitted by law, and otherwise access all areas of your Studio without prior knowledge at any time or your employees are on your Studio premises. Upon our written request, you will make photocopies of all documents we request and forward them to us or our representatives as we designate. We will reimburse you for the reasonable cost of photo-copying these documents. If we notified you in writing of an audit at least five (5) days in advance and you fail to produce

- your books and records at a time of the audit, you will be responsible for all costs we incur.
- i. If we determine, after conducting an audit, that you under-reported memberships and/or Gross Sales by more than two percent (2%) of your reported memberships and/or Gross Sales, you will pay us the Continuing Fees, as applicable, advertising contributions and other charges that were not reported, plus interest and late fees provided in subparagraph (the "Overdue Amount"). If you fail to submit all of your information to be audited, we may estimate your sales and charge the overdue amount based upon the estimate. We will not impose the Overdue Amount if you can show that you fully completed all of our control sheets, sign-in sheets and systems in an accurate manner each week and that your under-reporting was due to employee theft that you could not detect with our control systems.
- n. Regarding the Brand Fund:
- i. We intend to deposit Brand Fund Fees into a separate brand fund account (the "Brand Fund Account"). You will not be able to make any decision or exercise any authority over the manner in which the Brand Fund Account monies are used or allocated by us, and you will not have any ownership interest in material produced or commissioned by the Brand Fund Account. In administering the Brand Fund Account, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. You will not have any rights to access the Brand Fund Account or, except as expressly set forth below, to obtain any statements related to the account.
  - ii. We or our designee will direct all programs financed by the Brand Fund Account, with sole discretion over the creative concepts and materials. The Brand Fund Account may periodically furnish you with samples of marketing, brand building and promotional formats and materials, which you may use during the term of your Franchise Agreement. We will direct all advertising programs and will have sole discretion to approve the creative concepts, materials, and media used in the advertising programs and their placement and allocation. Advertising may be conducted on a national, regional, and/or local basis through use of the Brand Fund Account, as we determine in our sole discretion. We have complete discretion over the expenditure of Brand Fund Fees.
  - iii. The Brand Fund Account may be used to satisfy the costs of maintaining, administering, directing, creating, and producing advertising, as we determine in our sole discretion. Without limiting the foregoing, we may, in addition to other expenditures, use Brand Fund Fees and the Brand Fund Account for any or all of the following: the cost of preparing and conducting television, internet, radio, magazine, social media, and newspaper advertising campaigns; media accessible through mobile applications or similar technology; direct mail and outdoor billboard advertising; brochures, ad slicks, local search engines (i.e. Google); participation in and attendance at community events, franchise expos, and health expos; public relations activities; employing advertising agencies; collect customer data; for social networking site development and maintenance; operate and acquire promotional vehicles; media placement; market research, market surveys, and development; creation of service menu designs and graphics; customer incentive programs; sponsorships, marketing meetings and sales incentives; development of webpages; creative and production costs, artwork, printing; development of promotional activities; administrative costs and salaries for marketing support personnel; develop and maintain application software designed to run on computers and similar devices, including smart phones and tablets; and/or providing other advertising materials to franchised BODY20 Studios. We may, but are not required, to advertise the franchised BODY20 Studios and the services they offer in various media, including television, Internet, social media, radio, magazine and newspaper advertising campaigns, direct mail and outdoor billboard advertising. We may, but are not required, to use outside advertising agencies, which may be regional or national.
  - iv. You acknowledge and understand that the Brand Fund Account is not a trust fund. We will

not have any fiduciary duty to you or to any franchisee in connection with the collections or expenditures of Brand Fund Account monies or any other aspect of the Brand Fund Account's monies.

- v. We are permitted to perform any Brand Fund functions through third party designees and/or ourselves through our employees, representatives, agents, or affiliates, in which case we are permitted to compensate ourselves or our affiliate from Brand Fund Fees for the reasonable cost of performing those functions, including reasonable allocations of overhead and administrative expenses. We are permitted to establish a separate entity to receive payments and administer the Brand Fund, in which case we may require you to submit Brand Fund Fees directly to that separate entity. We may spend an amount that is greater or less than Brand Fund Fees collected in any given year and we have the right to borrow funds from any lender, including from us and any related parties, to cover Brand Fund expenditures or commitments.
- vi. We will account for the Brand Fund separately from our other accounts or assets (but we are not required to maintain a separate bank account). You may request a copy of an unaudited annual statement of operations for the Brand Fund (the "Fund Statement") for the most recently concluded fiscal year, but you must do so on or before March 31st of the year immediately following the end of the fiscal year. For clarity, you must submit a written request for the Fund Statement by March 31st in order to receive the Fund Statement for the most recently concluded fiscal year. Upon our timely receipt of such written request, we will provide a copy of the Fund Statement to you within thirty (30) days of its issuance. We may use Brand Fund Fees to cover the costs and expenses incurred in connection with the preparation and issuance of the Fund Statement.
- vii. Although the Brand Fund Account is intended to be perpetual, we may terminate the account at any time. If terminated, any unspent Brand Fund Fees will be used, in our discretion, on marketing, promotion and/or public relations purposes. We may also, at our discretion, distribute any unspent Brand Fund Fees to our franchisees in proportion to their respective contributions during the previous period we deem appropriate.
- viii. We do not anticipate for the advertising paid for out of the Brand Fund to be used principally for the purpose of soliciting franchisees, however we may include statements about the availability of information regarding the Body20 franchise opportunity and the purchase of a Franchised Business in any advertising or other items produced, circulated and/or distributed using Brand Fund Fees.
- ix. Vendors and suppliers may, if we permit or require, contribute to the Brand Fund. We are under no obligation to use any Brand Fund Fees to conduct any advertising in your or any other franchisee's Territory; however, we reserve the right use Brand Fund Fees to conduct such advertising in our sole discretion.
- o. You must spend at least \$3,500 each month on local advertising and digital marketing in your geographic area. At our request, you must give us an advertising expenditure report to show your compliance with the local advertising expenditure requirement. Any money not spent on your local advertising campaign shall be due and owing to us as a Brand Fund Fee to be used for marketing purposes in our discretion. You are not permitted to use any advertising, promotional or marketing materials without first securing our prior written approval. You may, at your discretion, participate in a local advertising cooperative with other franchisees in your area. Cooperatives will usually be based on practical geographic divisions like cities, counties, and states. A cooperative, if established, will allow franchisee members to coordinate advertising and marketing efforts and programs, and to maximize the efficient use of local advertising media. We assume no responsibility for how any such cooperative will administer funds collected from you and other franchisees in your market area. These funds are ordinarily administered in accordance with the direction of the cooperative members. Activities of the

cooperative will generally be determined by its members, except that we reserve the right to approve the use of any advertising and promotional materials developed by the cooperative before it is disseminated to the public.

- p. We reserve the right to require you to offer services, memberships, and products at prices not to exceed the prices we publish from time to time, to the fullest extent permitted under applicable law. We reserve the right to require you to offer and participate in all promotions we designate at any time, including charitable promotions, loyalty programs, discounts, and other promotions, at your sole cost and expense. We may communicate the details of any gift card or loyalty program in written communications, including via the Manual. You are responsible for ensuring compliance with all applicable laws, rules and regulations, including in connection with your participation in any and all such promotions, programs and discounts.
- q. You must participate in any member reciprocity programs, membership transfer policies and programs, and similar programs for members of BODY20 Studios, including the terms and conditions we periodically specify for (a) providing Studio access to members of other BODY20 Studios; (b) honoring memberships covering some or all BODY20 Studios and providing Studio access to those members; (each BODY20 Studio bearing, or sharing in, the costs and expenses associated with participating in any of these programs).
- r. You understand and acknowledge that we may, in our sole discretion, form an Advertising Advisory Council (the "Council"). If formed, the Council members will consist of Body20 franchisees. The Council will serve in an advisory capacity only. We have the authority to dissolve, change and reform the Council in our discretion at any time.
- s. You will make prompt payments of all charges you owe to us, our affiliates, your vendors and the landlord of the premises under this Agreement and any other franchise agreement you have with us, in addition to Service Fees and advertising contributions, or sales tax, other taxes, any debts of the Studio and any other BODY20 Studios you operate as they become due.
- t. You will always indicate your status as an independent franchise operator to others and on any documents or information released by you in conjunction with your Body 20 Studio. You will display the following notice in a prominent place at your Studio: **"This Body20 Studio is an independently owned and operated Body20 franchise."**
- u. Regarding your use of the Marks:
  - i. You will use the Marks in conjunction with your Studio only as we permit and provide in this Agreement and in accordance with the Manual. You will not use the Marks in a manner that degrades, diminishes or detracts from the goodwill associated with the Marks, nor will you use the Marks in the manner, in our sole opinion, is scandalous, immoral, or satirical. You will promptly change the manner of such use upon our request. You do not have and you will not acquire any ownership rights in the Marks, and you will not register or attempt to register any of the Marks. You agree to assign and transfer to us your rights in or registration of the Marks or copyrights. You agree not to contest the validity or ownership of any of the Marks or to assist any other person to do so. Reference to the Marks in this Agreement include any additional or replacement Marks associated with the system that we authorize you to use. All present or future goodwill associated with the Marks belongs to us and/or our affiliates.
  - ii. You will operate and promote your Studio under the tradename we designate which may include "BODY20", or other name(s) we direct without prefix or suffix added to the name. You will not use the word "Body" or "20" as part of a corporate, limited liability company or partnership name. Any sign face mirroring the name "BODY20" or "BODY20" will remain our property even though you may have paid a third- party to make the sign face. We have the right to physically remove any such sign face from any Studio premises if we believe it

is necessary to protect the goodwill associated with the Marks.

- iii. You will not register an Internet domain name that contains the word “Body20”, “Body Twenty,” or any domain associated with your Franchised Business. We, or our designee, may, in our sole discretion, develop a webpage or website for your Franchised Business and we may require you to pay to us or our designee a web page development fee. You agree to submit all proposed content for any webpage and/or website to us and obtain our prior written approval before posting any such content.
- iv. Except as approved in advance in writing by us, 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 Studio, including any profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site (“Social Media Site”). The term Social Media Site includes, without limitation, Internet-based applications which allow for certain creation in exchange of user, generated content including, but not limited to, blogs, micro blogs, social networks, and photo and video sharing sites. You may not establish or maintain any Social Media Sites and/or mobile or internet-based applications (or any comparable future developed technology). We have the right to establish and implement social media guidelines and policies at any time, and we have the right to discontinue, modify and supplement any social media guidelines and policies as we determine in our sole discretion. You must comply with any and all established social media guidelines and policies, and you are responsible for ensuring that your managers and employees comply with the guidelines and procedures. We have the right to modify our policies governing media and Internet usage at any time in writing, whether in the Manual or otherwise. Without limiting the foregoing, at our request, you must remove any information we deem inappropriate, or that we determine is not in the best interest of the System. We may require you to cancel or assign to us, any domains and/or social media site you might operate in conjunction with your Franchised Business, including if: (a) you violate this sub- paragraph; or (b) we later determine that your domain name or social media site creates consumer confusion regarding the Marks or the BODY20 brand.
- v. Regarding Confidential and Member Information:
  - i. You acknowledge and understand that we may disclose to you, and you may be privy to, certain Confidential Information during the term of this Agreement. “Confidential Information” includes: site selection criteria and methodologies; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating BODY20 Studios, including information in the Manual; marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for BODY20 Studios; knowledge of specifications for and suppliers of, and methods of ordering, products and services that BODY20 Studios use and/or sell; knowledge of the operating results and financial performance of BODY20 Studios; member information and customer communication and retention programs, along with data used or generated in those programs; graphic designs and related intellectual property; and any other information we reasonably designate as confidential or proprietary.
  - ii. During the term of this Agreement and, at all times after expiration, transfer or termination, you and your owners (a) may not use any Confidential Information in any other business or capacity, whether during or after the Franchise Agreement’s term; (b) must keep the Confidential Information absolutely confidential, for as long as the information is not in the public domain; (c) may not make unauthorized copies of any Confidential Information disclosed in written or other tangible or intangible form; (d) must adopt and implement all reasonable procedures that we periodically designate to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to Studio

personnel and others needing to know that Confidential Information to operate the Studio, and using confidentiality and non-competition agreements with those having access to Confidential Information (and we have the right to regulate the form of agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights); and (e) may not sell, trade or otherwise profit in any way from the Confidential Information, except during the Franchise Agreement's term using methods we approve.

- iii. You must comply with our system standards, other directions from us, and all applicable laws and regulations regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of member information on your Computer System or otherwise in your possession or control and, in any case, employ reasonable means to safeguard the confidentiality and security of Member Information. "Member Information" means names, contact information, financial information and other personal information of or relating to the Studio's members and prospective members. If there is a suspected or actual breach of security or unauthorized access involving your Member Information, you must notify us immediately after becoming aware of the occurrence and specify the extent to which Member Information was compromised or disclosed.
  - iv. We and our affiliates will, through the Computer System or otherwise, have access to member information. We and our affiliates may use member information in our and their business activities, but during the Franchise Agreement's term, we and our affiliates will not use the member information that we or they learn from you or from accessing the Computer System to compete directly with your BODY20 Studio. When the Franchise Agreement expires or terminates, we and our affiliates may make all disclosures and use the member information in any manner that we or they deem necessary or appropriate. You must secure from your members, prospective members and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the member information to us and our affiliates, and for us and our affiliates to use that member information, in the manner that the Franchise Agreement contemplates.
  - v. You must promptly disclose to us all ideas, concepts, techniques or materials relating to a BODY20 Studio that you or your owners, employees or contractors create (collectively, "Innovations"). Innovations are our sole and exclusive property, part of the system, and works made-for-hire for us. If any Innovation does not qualify as a work made-for-hire for us, you assign ownership of that Innovation, and all related rights to that Innovation, to us and must sign (and cause your owners, employees and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person for any Innovations. You may not use any Innovation in operating the Studio or otherwise without our prior approval.
  - vi. You must provide us with a business email address and cellular phone number that you usually use to receive electronic communication and calls from us or our affiliates. You must also accept credit card payments as well as contactless information and mobile devices for payments and participation in any rewards or loyalty programs we conceive at your expense to maintain a competitive advantage in our industry.
  - vii. You will be required, in our sole discretion, to invest and implement new technology and digital innovation at your own expense, which may include but not be limited to, acceptance of debit cards and the use of biometric and Wi-Fi-related technology and software applications. You acknowledge that you will enter into software license agreements and consent to technology programs in conjunction with operating your Studio. In this regard, you consent to our remote access to your POS System.
9. **RELOCATION.** You may not relocate the Franchised Business unless you (a) obtain our prior

written consent, which may be granted or withheld in our sole and absolute discretion, and (b) meet and satisfy all of the following conditions (the "Relocation Conditions"): (i) you must not be in default of any of your obligations under this Agreement or any other agreement between you (and/or any of your affiliates) and us (and/or any of our affiliates); (ii) you and all of your owners have executed the Personal Guaranty agreeing to be bound by your obligations under this Agreement; (iii) you secure a replacement site within the Territory that meets our then-current criteria and have submitted the proposed lease agreement to us for our review and approval; (iv) you agree to complete the build-out and equipping of the approved relocation site so that it meets our then-current standards and specifications in effect at the time of the relocation; (v) you and your owners have executed a general release in a form satisfactory to us of any and all claims against us, our affiliates, parents, subsidiaries, and their respective members, managers, directors, officers, shareholders, partners, agents, representatives, servants and employees in their corporate and individual capacities; (vi) you must re-open the new location within three months after we approve the proposed new location; (vii) you must pay to us an agreed upon fee during the period in which the Franchised Business is not in operation; and (viii) you must pay all expenses and liabilities to terminate the lease from the former location and any relocation expenses as they become due. You will be responsible for all expenses, costs and payments due for the new location. If, through no fault of your own, you lose possession of the premises for the Approved Site due to a force majeure event, we will allow you to relocate the Franchised Business to another location, subject to your compliance with the Relocation Conditions.

## **10. COVENANTS NOT TO COMPETE.**

- a. *During the term of this Agreement.* You specifically acknowledge that, by virtue of your being a franchisee of the System, you will receive valuable specialized training and confidential information, including, without limitation, information regarding the System operational, sales, promotional and marketing methods and techniques. You covenant that during the Term, except as we may otherwise approve in writing, neither you, nor any of your officers, directors, members, managers, shareholders, partners or owners, your spouse, or the spouse of any of the aforementioned individuals (collectively "Restricted Parties"), will, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company or corporation: own, maintain, engage in, be employed by, or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with (a) any fitness studio or other business that provides fitness or exercise classes, any fitness or exercise marketing or consulting business, or any business offering products of a similar nature to those of the BODY20 Studio, or (b) in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses (each a "Competing Business" or "Competitive Business"). Furthermore, the Restricted Parties shall not divert, or attempt to divert, any prospective customer to a Competing Business in any manner.
  - (a) *After the term of this Agreement.* For two (2) years after the expiration, termination or non-renewal of this Agreement or after you have assigned your interest in this Agreement, the Restricted Parties shall not own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend Competing Business: (a) at the site of your former franchised Studio (including the actual site of your former Studio); or (b) at the site of any other franchised Studio; or (c) within a thirty-five (35) mile radius of (i) the site of your former franchised Studio (including the actual site of your former Studio), or (ii) any other BODY20 Studio, whether franchised or owned by us or any of our affiliates.
- b. *After the term of this Agreement,* and for two (2) years after the expiration, termination or non-renewal of this Agreement or after Franchisee has assigned its interest in this Agreement, the Restricted Parties shall not (i) solicit business from customers of your former Studio, or (ii) contact any of your suppliers or vendors for any competitive business purpose.
- c. You expressly agree that the existence of any claims you may have against us, whether or not

arising out of this Agreement, shall not constitute a defense to the enforcement of the covenants in this paragraph. You acknowledge and agree that in view of the nature of the BODY20 system and our business, the restrictions contained in this paragraph are reasonable and necessary to protect the legitimate interests of our business, our system, the Marks, and us. You further acknowledge and agree that your violation of the terms of this paragraph will cause irreparable injury to us for which no adequate remedy at law is available, and you accordingly agree that we shall be entitled to preliminary and permanent injunctive relief and damages, as well as, an equitable accounting of all earnings, profits, and other benefits arising from such violation, which remedies shall be cumulative and in addition to any other rights or remedies to which we shall be entitled. You agree to waive any bond that may be required or imposed in connection with the issuance of any preliminary or provisional relief. You shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this paragraph. If you violate any restriction contained in this paragraph, and it is necessary for us to seek equitable relief, the restrictions contained herein shall remain in effect until two (2) years after such relief is granted. If you contest the enforcement of this paragraph and enforcement is delayed pending litigation, and if we prevail, the period of noncompetition shall be extended for an additional period equal to the period of time that enforcement of this paragraph is delayed.

- d. You agree that the provisions of this covenant not to compete are reasonable. If, however, any court should find this paragraph to be unenforceable and/or unreasonable, the court is authorized and directed to reduce the scope or duration (or both) of the provision(s) in issue to the extent necessary to render it enforceable and/or reasonable and to enforce the provision so revised. We shall have the right, in our discretion, to reduce the scope of any covenant not to compete set forth in this Agreement, or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you shall comply with any covenant as so modified.

## **11. TRANSFER OF INTEREST; OPERATION BY FRANCHISOR.**

- a. **Transfer by Us.** We shall have the right to assign or transfer this Agreement and all of our rights and privileges under this Agreement to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: the assignee shall, at the time of such assignment, be capable of performing our obligations under this Agreement, and the assignee shall expressly assume and agree to perform such obligations. Specifically, and without limitation to the foregoing, you expressly affirm and agree that we may sell our assets, our rights to the Marks and our system outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and, with regard to any or all of the foregoing sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof). Nothing contained in this Agreement shall require us to remain in the physical fitness business or to offer the same products and services, whether or not bearing our Marks, in the event that we exercise our rights under this Agreement to assign our rights in this Agreement.
- b. **Transfer by You and Your Owners.** Neither you nor any of your owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in the Franchised Business, or in you without our prior written consent; provided, however, that our prior written consent shall not be required for a transfer of less than a five percent (5%) interest in a publicly-held corporation. For such purposes, and under this Agreement in general, a publicly-held corporation is a "Reporting Company" as that term is defined by the Securities Exchange Act of 1934. "You" is defined as either you, any immediate or remote successor to any part of your interest in the Franchised Business, any individual, partnership, corporation or

other legal entity which directly or indirectly controls you, if you are a business entity, or any, or any general partner or any limited partner (including any corporation which controls, directly or indirectly, any general or limited partner) if you are a partnership. You must notify us in writing at least sixty (60) days prior to the date of the intended assignment. Any purported assignment or transfer, by operation of law or otherwise, not having our prior written consent shall be null and void and shall constitute a material breach of this Agreement, for which we may then terminate without opportunity to cure pursuant to the terms of this Agreement.

If you (and your owners) are in full compliance with this Agreement, then, subject to the other provisions of this section, we will not unreasonably withhold our consent to a transfer that meets all of the requirements of this section. A non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners are of good character and meet our then applicable standards for BODY20 franchise owners (including no ownership interests in, or performance of services for, a competitive business). If the proposed transfer is of this Agreement or a controlling ownership interest in you or one of your owners, or is one of a series of transfers (regardless of the time period over which these transfers take place) which, in the aggregate, transfer this Agreement or a controlling ownership interest in you or one of your owners, then we may, in our sole discretion, require any or all of the following as conditions of our approval:

- i. All of your accrued monetary obligations and all other outstanding obligations to us, our subsidiaries, affiliates and suppliers shall be up to date, fully paid and satisfied;
- ii. You shall not be in default of any provision of this Agreement, any amendment of this Agreement or successor to this Agreement, any other franchise agreement or other agreement between you and us, or our subsidiaries, affiliates or suppliers;
- iii. You and each of your partners, shareholders, officers and directors shall have executed a general release under seal, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;
- iv. The transferee shall demonstrate to our satisfaction that the transferee meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related experience, our testing criteria or otherwise); has at least the same managerial and financial criteria required of new franchisees; and shall have sufficient equity capital to operate the Franchised Business;
- v. The transferee shall enter into a written assignment, under seal and in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement. If the transferee is not an individual, then the shareholders, partners or other owners of the transferee shall jointly and severally guarantee your obligations under this Agreement in writing in a form satisfactory to us;
- vi. At our option, the transferee shall execute (and/or, upon our request, shall cause all interested parties to execute) for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the standard form of Franchise Agreement then being offered to new franchisees and such other ancillary agreements as we may require for the Franchised Business, which agreements shall supersede this Agreement in all respects and the terms of which agreements may differ materially from the terms of this Agreement, including, without limitation, a higher Service Fee, Royalty Fees and advertising contributions and the implementation of other fees;

- vii. The transferee shall upgrade, at the transferee's expense, the Franchised Business to conform to the then current specifications being used in new BODY20 Studios, and shall complete the upgrading and other requirements within the time specified by us. If the Franchised Business is subject to a mandatory remodel within twelve (12) months of the anticipated transfer, the location must be remodeled at the time of transfer, or upon approval by us, at our option, the transferor must escrow with us an amount we deem sufficient to fully accomplish the remodel, and the transferee must agree to complete the remodel within twelve (12) months of the transfer;
- viii. You (and your owners) shall remain liable for all direct and indirect obligations to us in connection with the Franchised Business prior to the effective date of the transfer, shall continue to remain responsible for your and their obligations of nondisclosure, noncompetition and indemnification as provided elsewhere in this Agreement, and shall execute any and all instruments reasonably requested by us to further evidence such liability;
- ix. At the transferee's expense, the transferee and its manager and employees shall complete any training programs then in effect for current franchisees upon such terms and conditions as we may reasonably require unless we have previously trained such employees;
- x. The transferee shall have signed an acknowledgement of receipt of all required legal documents, such as the Disclosure Document and the then current Franchise Agreement and ancillary agreements;
- xi. The transferor shall pay to us a transfer fee equal to fifty percent (50%) of the then-current, applicable initial franchise fee to cover our administrative expenses in connection with the proposed transfer; and
- xii. The transferor must provide us with a copy of the agreements of purchase and sale between the transferor and the transferee. The terms and price of the proposed transaction between the transferor and a transferee shall be fair and reasonable in our sole discretion and based upon our good faith judgment. You acknowledge that this right of approval shall not create any special liability or duty on our part to the transferor or the proposed transferee.

You may not grant a security interest in the Franchised Business or in any of its assets unless the secured party agrees that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure your default. Notwithstanding the foregoing, we shall not be construed as a guarantor or surety for you.

You acknowledge and agree that each of the foregoing conditions of transfer which must be met by you and the transferee are necessary and reasonable to assure such transferee's full performance of the obligations under this Agreement.

You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you and are granted in reliance upon the individual or collective character, skill, aptitude, and business and financial capacity of you and/or your owners. You have represented to us that you are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of your rights and obligations under this Agreement.

You understand and acknowledge that any sale or assignment of your interest, right or license under this Agreement must be to an approved transferee who will assume the status of a BODY20 Studio franchisee, and you will notify the proposed transferee of your responsibilities and obligations under this Franchise Agreement, including, but not limited to, protection of the Proprietary Marks and the System.

- c. **Transfer for Convenience of Ownership**. If the proposed transfer is to a corporation or limited liability company formed solely for the convenience of ownership, our consent to such transfer may, in our sole discretion, be conditioned on the following requirements:
- i. You and all other owners (if you are more than one individual) will be required to personally, jointly and severally, guarantee your full performance under this Agreement;
  - ii. The corporation, limited liability company or other business entity shall be newly organized, and its charter, bylaws and other organizational documents shall provide that its activities are confined exclusively to operating the business contemplated under this Agreement;
  - iii. You must maintain management control and own a majority or controlling interest in the corporation or limited liability company;
  - iv. You and the transferee corporation or limited liability company must enter into our designated form of Assignment and Assumption Agreement pursuant to which (i) the transferee corporation or limited liability company must expressly assume all of your obligations under this Agreement, (ii) you will remain bound by the terms and conditions of this Agreement; and (iii) you and the transferee will release us from any and all claims arising before the effective date of the Assignment and Assumption Agreement;
  - v. Each of your corporate stock certificates or other evidence of ownership shall have conspicuously endorsed upon its face a statement in a form satisfactory to us that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers or assignments by this Agreement; and
  - vi. Copies of the articles of incorporation, bylaws or other governing documents of the corporation or limited liability company, including resolutions of the board of directors authorizing entry into this Agreement, shall be furnished to us.

Transfers of ownership interests in the corporation or limited liability company will be subject to Section 11.b. above. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

- d. **Our Right of First Refusal**. Any party who holds an interest (as we reasonably determine) in you or in the Franchised Business and who desires to accept any bona fide offer from a third party to purchase his interest shall notify us in writing of each such offer and, except as otherwise provided in this Agreement, we shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party less any amount of the purchase price attributable to fees payable to brokers or intermediaries, the Marks or the system. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. In the event that we elect to purchase the seller's interest, closing on such purchase must occur by the later of: (a) the closing date specified in the third-party offer; or (b) within thirty (30) days from the date of notice to the seller of our election to purchase. Our right to exercise the option afforded by this section shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this section with respect to a proposed transfer.

In the event the consideration, terms and/or conditions offered by a 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 Franchised Business proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree, within a reasonable time, on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by a third party, then the reasonable equivalent will be determined by three independent appraisers who collectively

will conduct one appraisal. We will appoint one appraiser, you will appoint one appraiser and the two party-appointed appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within fifteen (15) days after we notify you that we are exercising our right of first refusal, and the two appraisers so chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party- appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the fees and expenses of the third appraiser chosen by the two party- appointed appraisers. The appraisers are obligated to complete their appraisal within thirty (30) days after the third appraiser's appointment.

- e. **Transfer Upon Death or Disability.** Upon the death, mental incapacity or disability of you (if you are a natural person) or that of any owner who is a natural person, we shall consent to the transfer of said interest in you, the Franchised Business or this Agreement to the spouse, heirs or relative by blood or by marriage, of you or said owner, whether such transfer is made by will or by operation of law, if, in our sole discretion and judgment, such person or persons meet our educational, managerial and business standards; possess a good moral character, business reputation and credit rating; have the aptitude and ability to conduct the Franchised Business; have at least the same managerial and financial criteria required by new franchisees and have sufficient equity capital to operate the Franchised Business. If said transfer is not approved by us, the executor, administrator or personal representative of such person shall transfer his or her interest to a third party approved by us within six months after such death, mental incapacity or disability. Such transfer shall be subject to our right of first refusal and to the same conditions as any inter vivos transfer.
- f. **Effect of Consent to Transfer.** Our consent to a transfer of this Agreement and the Franchised Business or any interest in you (if you are a legal entity) does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Franchised Business or the transferee, or a waiver of any claims we may have against you (or your owners) or of our right to demand exact compliance with any of the terms or conditions of this Agreement or any other agreement by any transferor or transferee.
- g. **Operation of the Franchised Business by Us.** In order to prevent any interruption of the business of the Franchised Business and any injury to the goodwill and reputation thereof which would cause harm to the Franchised Business and thereby depreciate the value thereof, you authorize us, and we shall have the right, but not the obligation, to operate said Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement, in the event that: (a) any of your owners is absent or incapacitated by reason of illness or death and that you are not, therefore, in our sole judgment, able to do the business licensed under this Agreement; or (b) any allegation or claim is made against the Franchised Business, you or any of your principals, directors, shareholders, members, partners or employees, involving or relating to misrepresentations or any fraudulent or deceptive practice. In the event that we operate the Franchised Business, we at our option shall not be obligated to operate it for a period of more than ninety (90) days. All revenues from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account and the expenses of the Franchised Business, including Service Fees, as well as expenses for our representative, shall be charged to said account. If, as provided in this section, we elect to temporarily operate the Franchised Business on your behalf, you agree to indemnify and hold us harmless from any and all claims arising from the acts and omissions of our representatives and us.

## **12. DEFAULT AND TERMINATION.**

- a. **Default With No Opportunity To Cure.** You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately upon receipt of notice

from us to you, upon the occurrence of any of the following events:

- i. If you fail, refuse or neglect to pay promptly any monies owing to us or our subsidiaries or affiliates or suppliers, including any amounts due under any promissory note you execute in our favor, within ten days of your receipt of notice that such monies are past due, or you fail to submit the financial information or other reports required by us under this Agreement;
- ii. If you become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by you or such a petition is filed against and consented to by you, or if you are adjudicated as bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of or other custodian (permanent or temporary) of your business or assets is appointed by any court of competent jurisdiction, or if proceedings for a conference with a committee of creditors under any state, federal or foreign law should be instituted by or against you, or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed), or if execution is levied against your operating location or property, or suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days, or if any substantial real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal or constable;
- iii. If you fail to locate an approved site for the Franchised Business within ninety (90) days from the Effective Date of this Agreement, unless otherwise agreed to in writing by us;
- iv. If you fail to open the Franchised Business for business within ~~six (6)~~ nine (9) months from the Effective Date of this Agreement, unless otherwise agreed to in writing by us;
- v. If you abandon the Franchised Business or cease to do business at the Franchised Business for three or more consecutive days, excluding holidays, or lose the right to possession of the premises upon which the Franchised Business is located or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located; provided, however, that if any such loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of yours, the premises are damaged or destroyed by an event of Force Majeure (as defined herein), such that they cannot, in our judgment, reasonably be restored within one hundred and twenty (120) days, then, in either such event, you shall have sixty (60) days to identify an alternative location for the operation of the Franchised Business (the "Substituted Site") and submit all information reasonably requested by us in connection with the Substituted Site for our review and approval. Our approval of the Substituted Site shall not be unreasonably withheld; but may be conditioned upon the payment of an agreed minimum fee to us during the period in which the Franchised Business is not in operation. Notwithstanding the foregoing, we shall have a right to terminate this Agreement if you are not in possession of the Substituted Site and open for business to the general public within six months of your receipt of our approval of the Substituted Site;
- vi. If you fail to operate and maintain the computerized POS System or other computer systems in accordance with our requirements and guidelines as outlined in the Operations Manual, or if you attempt to modify the POS System or other computer systems without our prior written approval;
- vii. If you understate by two percent (2%) or more your Gross Sales in connection with any report required to be submitted to us;
- viii. If you (or any of your owners) have made any material misrepresentation or omission in this Agreement or any other agreement to which you are a party with us;
- ix. If you (or any of your owners) in our determination repeatedly engage in the excessive use of alcohol and/or abuse of drugs or engage in any one or more incidence of violence or

abusive behavior within your Franchised Business jeopardizing the health, safety or welfare of employees or the public;

- x. If you, by act or omission, permit a continued violation in connection with the operation of the Franchised Business of any law, ordinance, rule or regulation of a governmental agency, including, but not limited to, a violation of the Anti-Terrorism Laws, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief therefrom;
- xi. If you fail to obtain and maintain all required licenses under state and local law for the establishment and operation of the Franchised Business;
- xii. If you misuse or make any unauthorized use of the Marks, engage in any business or market any service or products under a name or mark which is confusingly similar to the Marks, or otherwise materially impair the goodwill associated therewith or our rights therein;
- xiii. If a threat or danger to public health, safety or welfare results from the construction, maintenance or operation of the Franchised Business;
- xiv. If you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense that we reasonably believe is likely to have an adverse effect on our system, the Marks, the goodwill associated therewith or our interest therein;
- xv. If a judgment or a consent decree against you, or any of your officers, directors, shareholders or partners is entered in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on our system, the Marks, the goodwill associated therewith or our interest therein;
- xvi. If you (or any of your owners) purport to transfer any rights or obligations under this Agreement to any third party without our prior written consent, contrary to any of the terms of this Agreement;
- xvii. If you (or any of your owners) fail to comply with any of the restrictive covenants contained in this Agreement;
- xviii. If you (or any of your owners) disclose or divulge the contents of the Manual or any other trade secrets or Confidential Information provided to you by us, except as otherwise expressly permitted by this Agreement;
- xix. If you knowingly maintain false books or records, or submit any false statements, applications or reports to us or any assignee of ours;
- xx. If you willfully and repeatedly engage in a course of conduct which constitutes a misrepresentation or a deceptive or unlawful act or practice in connection with your sale of the services and products offered at the Franchised Business;
- xxi. If you fail to strictly comply with our product and quality control standards and specifications, fail to have any suppliers approved by us as required by this Agreement, or otherwise fail to meet any other significant specifications or guidelines set forth in the Manual and do not cure such failure within ten days after you receive written notice from us;
- xxii. If any other franchise agreement issued to you by us is terminated for any reason;

- xxiii. If you receive three or more notices of default under this Agreement during the term of this Agreement, whether or not such defaults are cured after notice;
  - xxiv. If you (or any of your owners) engage in any illegal, immoral or unethical acts or any act in violation of our mission and values, as determined by us;
  - xxv. If you default under your lease agreement for the premises on which your Studio is located, or under any other agreement to which you are party with us, or any parent or subsidiary corporation or any other affiliated entity of ours, and fail to cure said default within the grace period (if any) provided for in such agreement, regardless of whether we in fact terminate such agreement;
  - xxvi. If you relocate your Studio without obtaining our prior written approval;
  - xxvii. If your entering into this Agreement or operating thereunder violates or breaches any confidentiality or non-competition agreement previously existing between you and others prior to your entry of this Agreement;
  - xxviii. If you fail to maintain at all times a qualified Operating Principal meeting our requirements;
  - xxix. If you fail to comply with the training requirements set forth in this Agreement, including the Instructor Certification Training; or
  - xxx. If your (or any of your owners') assets, property or interests are blocked under any Anti-Terrorism Laws, or you (or any of your owners) otherwise violate any such law, ordinance or regulation.
- b. **Default With 30 Day Opportunity To Cure.** Except as otherwise provided in paragraph 10.a. of this Agreement, you shall have thirty (30) days after receiving from us a written notice of default within which to remedy any default described in this paragraph and provide evidence of compliance to us. If any such default is not cured within that time, or such longer period as applicable law may require, this Agreement, at our option, shall terminate without further notice to you effective immediately upon the expiration of the thirty (30)-day period or such longer period as applicable law may require. You shall be in default under this Agreement for any failure to comply substantially with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by updates to the Manual, or for any failure to carry out the terms of this Agreement in good faith. Such defaults shall include, without limitation, the occurrence of any of the following events:
- i. If you fail to maintain any of the standards or procedures prescribed by us in this Agreement, the Manual, or any part thereof, any other franchise agreement between you and us, or any other written agreements between you and us or otherwise;
  - ii. If you fail to comply with your duties set forth in this Agreement or to perform any obligation owing to us or to observe any covenant or agreement made by you, whether such obligation, covenant or agreement is set forth in this Agreement or in any other agreement with us including, but not limited to, any other franchise agreement by and between you and us or any entity related to us;
  - iii. If you fail to adequately promote the Franchised Business as provided in the Manual or otherwise in writing;
  - iv. If you fail to maintain and timely submit to us any: (a) reports, including, but not limited to, financial statements, and copies of tax returns; or (b) any reports, compliance items or

- other documentary items referenced in this Agreement, in the Manual as updated and revised or otherwise, as we may designate from time to time;
- v. If you fail to maintain our quality control standards with respect to your use of signage and other uses of the Marks;
  - vi. If you fail to attend and successfully complete any mandatory training program, telephone conference call, or other mandatory event, unless attendance is excused or waived, in writing, by us;
  - vii. If you fail to participate in the ~~FCU~~High Performance program;
  - viii. If you fail to meet the member retention and/or minimum Gross Sales requirements;
  - ix. If you fail to obtain our prior written approval of any and all advertising, marketing or promotional plans and materials in whatever form used by you in connection with your promotion of the Franchised Business or otherwise fail to comply with our policies and procedures with respect to advertising, marketing or promotion; or
  - x. If you fail to maintain proper insurance as required in this Agreement and in our Manual.
- c. **Cross Default.** Any default by you under any other agreement between us and any of our affiliates as the one party, and you or your affiliates as the other party, that is so materials as to permit us to terminate or declare a default under such other agreement will be deemed to be a default of this Agreement, and we will have the right, at our option, to terminate this Agreement, effective immediately upon notice to you.
  - d. **No Right or Remedy.** No right or remedy conferred upon or reserved to us by this Agreement is exclusive of any other right or remedy provided or permitted by law or equity.
  - e. **Default and Termination.** The events of default and grounds for termination described in this paragraph shall be in addition to any other grounds for termination contained elsewhere in this Agreement or otherwise.
  - f. **Alternative Remedies to Termination.** Notwithstanding anything contained herein to the contrary, in those circumstances under which we have the right to terminate this Agreement, we also have (i) the option, to be exercised in our sole discretion, to choose alternative remedies to our right to terminate the entire Agreement and (ii) the right to exercise all remedies available to us at law or in equity, including without limitation specific performance and damages (including punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity. Without limiting the foregoing, if we issue you a notice of default for failure to pay Continuing Fees due pursuant to this Agreement, or if you commit any other default under this Agreement, and you do not cure such default before the expiration of thirty (30) calendar days after your receipt of a notice of default, we may, in lieu of exercising our right to terminate this Agreement, exercise any or all of the following alternative remedies: (a) disable your access to and use of any and all software and any and all other services available to you or that you otherwise use in connection with the operation of the Studio for the duration of the period during which your default remains uncured, (b) restrict you or any of your staff's attendance (whether virtual or in person) at any training, meetings, workshops and/or conventions, (c) refuse to sell or furnish to you any advertising or promotional materials, (d) permanently reduce the size of your Territory, and/or (e) increase your Continuing Fees to an amount equal to twice the Continuing Fees for the duration of the period during which your default remains uncured.

13. **OBLIGATIONS UPON TERMINATION.** Upon termination or expiration of this Agreement, all rights granted under this Agreement to you shall forthwith terminate, and you shall observe and perform the following:

- a. **Cessation of Operation.** You shall immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a franchisee of ours.
- b. **Cessation of Use of Proprietary Marks.** You shall immediately and permanently cease to use, in any manner whatsoever, any equipment, format, confidential methods, client data base, programs, literature, procedures and techniques associated with the System, the name BODY20 and any other Marks and distinctive trade dress, forms, slogans, uniforms, signs, symbols or devices associated with our system. In particular, you shall cease to use, without limitation, all signs, fixtures, furniture, equipment, advertising materials or promotional displays, uniforms, stationery, forms and any other articles which display the Marks associated with the system.
- c. **Cancellation of Name.** You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Marks or any of our other trademarks, trade names or service marks, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.
- d. **Assignment of Lease.** You shall, at our option, assign to us any interest which you have in any lease or sublease for the premises of the Franchised Business by executing the Conditional Assignment of Lease attached as Exhibit "D". In the event we elect to exercise our option to acquire such lease or sublease, we shall pay for any furniture, equipment, supplies and signs acquired by us as a result of such assignment, at your cost or fair market value (whichever is less), less any sums of money owed by you to us and less any sums of money necessary to upgrade and renovate the premises to meet our then current standards for a BODY20 Studio and less any sums necessary to acquire clear title to the lease or sublease interest. In the event that we are unable to agree on the fair market value of said items, an independent appraiser shall be appointed by us to determine the fair market value of said items. The determination of said appraiser shall be final and binding upon the parties. You shall pay the costs and expenses associated with the appointment of an independent appraiser.

In the event that we do not elect to exercise our option to acquire such lease or sublease, you shall make such modifications or alterations to the premises of the Franchised Business immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other BODY20 Studios; and shall make such specific additional changes thereto as we may reasonably request for that purpose. In the event you fail or refuse to comply with these requirements, we shall have the right to enter upon the premises of the Franchised Business 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 upon demand.

- e. **Our Right to Continue Operations.** Upon the expiration or termination of this Agreement for any reason, we shall have the right (but not the obligation) to immediately enter the premises of the Franchised Business and continue to provide services to clients of the Franchised Business for such period as we deem necessary and practical to: (a) exercise our option to purchase the Franchised Business and/or assume the lease for the premises pursuant; and/or (b) prevent injury to the goodwill and reputation of the Proprietary Marks. We will be responsible for all operating expenses of the Franchised Business during such period of time. We shall have no other obligations to you in connection with our operation of the Franchised Business following the termination or expiration of this Agreement.

- f. **Non-Usage of Marks.** You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks or trade dress, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Marks or trade dress, and agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition.
- g. **Prompt Payment Upon Default; Liquidated Damages.**
- i. You shall promptly pay all sums owing to us and our subsidiaries, affiliates and suppliers. In the event of termination for your default, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of us against any and all of the personal property, machinery, fixtures, equipment and inventory owned by you and on the premises of the Franchised Business at the time of default.
- ii. You and we agree that if this Agreement is terminated as a result of your default before the expiration of the Term, it would be impossible to calculate with reasonable rescission the losses that would be incurred by us because of the unpredictability of future business conditions, inflationary prices, the impact on our reputation from having closed a location, our ability to replace the Franchised Business in the same market and other factors. Accordingly, if this Agreement is terminated as a result of any default by you, we will be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the aggregate Continuing Fees due to us during the thirty-six (36) full calendar months during which the Franchised Business was open and operating immediately before the termination date. If the Franchised Business has not been open and operating for thirty-six (36) months before the termination date, liquidated damages will be equal to the average monthly Continuing Fees due to us for all months during which the Franchised Business was open and operating multiplied by thirty-six (36), or the number of months remaining in the then-current term of this Agreement, whichever is less.
- h. **Payment of Costs.** You must pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of this Agreement in all efforts (including pre-litigation) to obtain injunctive or other relief for the enforcement of any provision of this paragraph or any other obligation under this Agreement.
- i. **Return of Materials.** You must immediately turn over to us all copies of all materials in your possession including the Manual, all records, files, instructions, correspondence, Member Information, customer database, brochures, agreements, disclosure statements and any and all other materials relating to the operation of the Franchised Business in your possession, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, excepting only your copy of this Agreement, any correspondence between you and us, and any other documents which you reasonably need for compliance with any provision of law. All costs of delivering all materials required by this sub-paragraph shall be borne by you.
- j. **Assignment of Telephone Listings.** You must promptly notify the appropriate telephone company and all telephone directory listing agencies of the termination or expiration of your right to use any telephone number and any regular, classified or other telephone directory listings associated with any Marks and authorize the transfer of same to us or, at our direction, instruct the telephone company to forward all calls made to the telephone numbers to numbers we specify. You must sign and deliver to us our standard form of Conditional Assignment of Telephone Numbers and Listings (the current form of which is attached as Exhibit "~~G~~E"), simultaneous with your execution of this Agreement. You acknowledge that, as between us and you, we have the sole right to and interest in all telephone numbers and directory listings

associated with any Marks. You authorize us and appoint us and any officer of ours as your attorney in fact, to direct the appropriate telephone company and all listing agencies to transfer all such listings to us upon termination or expiration of this Agreement.

- k. **Option to Purchase.** Upon expiration or termination of this Agreement, we shall have the right (but not the obligation) to purchase any or all of the furnishings, equipment, signs, fixtures, supplies, materials and other assets related to the operation of the Franchised Business, at your cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, the fair market value will be determined by three independent appraisers who collectively will conduct one appraisal. We will appoint one appraiser, you will appoint one appraiser and the two party-appointed appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within fifteen (15) days after we notify you that we are exercising our option to purchase the assets of the Franchised Business, and the two appraisers so chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party-appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the fees and expenses of the third appraiser chosen by the two party-appointed appraisers. The appraisers are obligated to complete their appraisal within thirty (30) days after the third appraiser's appointment. With respect to our option under this paragraph, we shall purchase assets only and shall assume no liabilities. Our election to purchase the assets must be exercised by written notice to you within thirty (30) days after termination or expiration of this Agreement. If we elect to exercise any such option, we shall have the right to set off from the purchase price:
- (a) all amounts due from you to us or any of our affiliates; (b) your portion of the cost of any appraisal conducted hereunder; and (c) any costs incurred in connection with any escrow arrangement (including reasonable legal fees and costs). We shall have the unrestricted right to assign this option to any other party, without your consent.
- l. **Covenant of Further Assurances.** You shall execute any legal document that may be necessary to effectuate the termination of this Agreement and shall furnish to us, within 30 days after the effective date of termination, written evidence satisfactory to us of your compliance with the foregoing obligations.
- m. **Compliance with Covenants.** You must comply with all applicable covenants that, by their nature, survive expiration or termination of this Agreement, including those discussing confidentiality, non-competition, and non-solicitation, in this Agreement.
- n. **No Further Interest.** Other than as specifically set forth above, you shall have no interest in the Franchised Business upon termination or expiration of this Agreement. We will have no further obligations under this Agreement.
14. **CHANGES AND MODIFICATIONS.** This Agreement may be modified only by a written agreement signed by you and us. We reserve and shall have the sole right to make changes in the Manual, including all parts thereof, the system and the Marks at any time and without prior notice to you. You shall promptly alter any signs, products, business materials, business methods, or related items, at your sole cost and expense, upon receipt of written notice of such change or modification in order to conform to our revised specifications.

You understand and agree that due to changes in competitive circumstances, presently unforeseen changes in the needs of clients, and/or presently unforeseen technological innovations, the system must not remain static, in order that it best serve the interests of us, our franchisees and the system. Accordingly, you expressly understand and agree that we may from time to time change the components of the BODY20 system, including, but not limited to, altering the programs, services, methods, standards, forms, policies and procedures of that system; adding to, deleting from or modifying those programs, services and products which the Franchised Business is authorized to offer; and changing, improving or modifying the Marks. Subject to the other provisions of this Agreement, you expressly agree to abide by any such modifications, changes, additions, deletions

and alterations.

15. **TAXES AND INDEBTEDNESS PAYMENT.** You shall promptly pay when due, all taxes levied or assessed by any federal, state or local tax authority and any and all other indebtedness incurred by you in the operation of the Franchised Business. You shall pay to us an amount equal to any sales tax, gross receipts tax or similar tax imposed on us with respect to any payments to us required under this Agreement, unless the tax is credited against income tax otherwise payable by us. In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon. You shall comply with all federal, state, and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, licenses and bonds necessary for the full and proper operation and management of the Franchised Business, including, without limitation, required licenses to do business and provide services, fictitious name registration and sales tax permits. Copies of all subsequent inspection reports, warnings, certificates and ratings, issued by any governmental entity during the term of this Agreement in connection with the conduct of the Franchised Business which indicate your failure to meet or maintain the highest governmental standards or less than full compliance by you with any applicable law, rule or regulation, shall be forwarded to us by you within three (3) days of your receipt thereof. You shall notify us in writing within three days 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, which may adversely affect the operation or financial condition of the Franchised Business. Additionally, any and all consumer related complaints shall be answered by you within fifteen (15) days after receipt thereof or such shorter period of time as may be provided in said complaint. A copy of said answer shall be forwarded to us within three (3) days of the date that said answer is forwarded to the complainant.
16. **INDEPENDENT CONTRACTOR.** You understand and agree that this Agreement does not create a fiduciary relationship between us and you, that you shall be an independent contractor. 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. During the term of this Agreement and any extensions or renewals of this Agreement, you shall hold yourself out to the public as an independent contractor operating the Franchised Business pursuant to a license from us and as an authorized user of the system and the Marks which are owned by us or our affiliates. We do not have the power to hire, supervise or fire your employees, and except as expressly provided in this Agreement, we may not control your funds or expenditures thereof or in any other way exercise dominion or control over the Franchised Business. You agree that you are solely responsible for all decisions relating to employees, agents and independent contractors that you may hire to assist in the operation of your Franchised Business. You agree that any employee, agent or independent contractor that you hire will be your employee, agent or independent contractor and not our employee, agent, or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Franchised Business in compliance with federal, state and local employment laws. Your management-level employees and employees who attend our initial training must, for brand protection purposes, execute the Non-Compete Agreement attached hereto as Exhibit "**HF**". We may make suggestions and may provide guidance relating to such matters, however it is entirely your responsibility to determine whether to adopt, follow and/or implement any of our suggestions or guidance. Notwithstanding anything contained in this Agreement to the contrary, mandatory specifications, standards and operating procedures, including as set forth in any Manual, do not include the terms or conditions of employment for any of your employees, nor do they include mandated or required personnel policies or procedures. You must provide conspicuous notice on all employee application forms and employment agreements that you are an independent

contractor operating a franchised business under license from us and that, if employed, the applicant will not be an employee of ours or any of its affiliates.

17. **INDEMNIFICATION**. It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we shall, in no event, assume liability for or be deemed liable under this Agreement as a result of any such action or by reason of any act or omission of you in your conduct of the Franchised Business or any claim or judgment arising therefrom against us. You agree at all times to defend at your own cost, and to indemnify and hold harmless to the fullest extent permitted by law, us and our affiliates, successors, assigns and designees of either entity, and our respective directors, officers, employees, agents, shareholders, designees, and representatives (we and all others referred to collectively as “Indemnities”) from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: your alleged infringement or any other violation or any other alleged violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; your alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard; libel, slander or any other form of defamation by you; your alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement; any acts, errors or omissions of you or any of your agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives; latent or other defects in the Franchised Business, whether or not discoverable by you or us; the inaccuracy, lack of authenticity or nondisclosure of any information by any customer of the Franchised Business; any services or products provided by you at, from or related to the operation of the Franchised Business; any services or products provided by any affiliated or nonaffiliated participating entity; any action by any customer or member of the Franchised Business; and, any damage to the property of you or us, our agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of us or any of our agents or employees, or resulted from any strict liability imposed on us or any of our agents or employees.
18. **NO FALSE REPRESENTATIONS**. Except as otherwise expressly authorized by this Agreement, neither party to this Agreement will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between you and us is other than that of Franchisor and Franchisee. We do not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, nor will we be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business franchised by this Agreement.
19. **NO WAIVER**. No failure by us to exercise any power reserved to us by this Agreement, or to insist upon strict compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of our right to demand exact compliance with any of the terms in this Agreement. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any right under this Agreement or the right to declare any subsequent breach or default and to terminate this Franchise Agreement prior to the expiration of its term. Subsequent acceptance by us of any payments due to us under this Agreement shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants, or conditions of this Agreement.
20. **NOTICES**. Any and all notices required or permitted under this Agreement shall be in writing and

shall be personally delivered or mailed by regular U.S. mail, or by certified mail, return receipt requested, or dispatched by overnight delivery service, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Us:                   Body20 Global USA, LLC  
  1221 Brickell Avenue, Suite 900  
  Miami, FL 33131  
  Attn.: Christopher Pena

Notices to You:                   \_\_\_\_\_

  \_\_\_\_\_

  \_\_\_\_\_

  \_\_\_\_\_

With a copy to:                   Fisher Zucker LLC  
  21 South 21<sup>st</sup> Street  
  Philadelphia, PA 19103  
  Attn.: JoyAnn Kenny

Any notice shall be deemed to have been given at the date and time of mailing. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us therefore and such approval or consent shall be obtained in writing.

**21. RELEASE OF PRIOR CLAIMS.** In accordance with the Original Franchise Agreement and to induce execution by the Franchisor of the new Franchise Agreement and acceptance of the terms set forth therein, the Franchisee with the intent of binding itself and its successors, affiliates, heirs, assigns, attorneys, and principal owners, hereby releases and forever discharges the Franchisor and its parents, affiliates, subsidiaries, divisions, successors and assigns, and other related companies and each of their officers, directors, shareholders, affiliated Franchisees, agents, and representatives of any kind (collectively, "Released Parties") from and against any and all liabilities, claims, grievances, demands, charges, actions and causes of action whatsoever which first arose prior to and through the date on which this Release becomes effective, including but not limited to, any and all claims arising under or pursuant to any constitution, common law, statute, regulation, executive order or ordinance (and specifically from and against any and all liabilities, claims, grievances, demands, charges, actions and causes of action whatsoever related to the Original Franchise Agreement). In addition, the Franchisee expressly waives the benefit of any statute or rule of law that, if applied to this Release, would otherwise exclude from its binding effect any claims not known by the Franchisee to exist. The Franchisee also agrees that the Franchisee will not institute any claims for damages or for other relief by charge or otherwise, nor will the Franchisee authorize, encourage, or induce any other person or entity, governmental or otherwise, to enter into any claim for damages or for other relief via administrative or legal proceedings against the Released Parties for any such claims. The Franchisee agrees and acknowledges that: (a) no promise or inducement for this Release has been made to the Franchisee except as set forth herein; (b) this Release is executed by the Franchisee freely and voluntarily and without reliance upon any statement or representation by the Franchisor or anyone acting on its behalf other than as set forth herein; (c) the Franchisee has read and fully understands this Release and the meaning of its provisions; (d) the Franchisee is legally competent to enter into this Release and understands the meaning of Franchisee's responsibility therefore; (e) Franchisee has been given sufficient time to consider this Release and its terms; and (f) Franchisee has been advised to consult with an attorney prior to entering into this Release.

**21.22. ENTIRE AGREEMENT.** This Agreement, inclusive of all exhibits hereto, constitutes the entire, full and complete agreement and understanding between the parties and supersedes any and all prior agreements, no other representations, promises, warranties or agreements have induced you to execute this Agreement with us. Both parties acknowledge and agree that there

are no oral or written representations, promises, assurances, warranties, covenants, “side-deals”, rights of first refusal, options or understandings other than those expressly contained in this Agreement. This Agreement supersedes all prior agreements, no other representations, promises, warranties, assurances, covenants, “side deals”, rights of first refusal, options or understandings having induced you to execute this Agreement. The Parties agree that, in entering into this Agreement, they are each relying on their own judgment, belief and knowledge as to any claims and further acknowledge that no promise, inducement or agreement or any representations and warranties not expressed herein have been made to procure their agreement hereto. The parties further acknowledge that they have read, fully understand and fully agreed to the terms of this Agreement. Except for those permitted to be made unilaterally by us hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations we made in the franchise disclosure document we furnished to you.

## 22.23. NATURE AND SCOPE; SEVERABILITY; AND CONSTRUCTION

- a. **Nature and Scope.** We and you have entered into this Agreement for the sole purpose of authorizing you to use the intellectual property rights licensed by this Agreement in the operation of a single business operation at the Approved Site location during the term of this Agreement in which those specific service and product items designated by us for sale in such locations are offered for sale in individual, face-to-face transactions with patrons visiting this fixed location (and equivalent telephone or mail transactions accepted as a convenience to that customer group). All consideration being furnished by you to us during the course of performance of this Agreement has been determined based on the limited rights and other limitations expressed in this Agreement. No other rights have been bargained for or paid for. This provision is intended to define the nature and extent of the parties’ mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties further acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain.
- b. **Severability.** Every part of this Agreement is severable. If for any reason any part of this Agreement is held to be invalid, that determination will not impair any other part, or the rest, of this Agreement; provided, however, that if we determine that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, we, at our option, may terminate this Agreement. If any part of this Agreement that restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy. If any applicable law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of “good cause”, or the taking of some other action not required hereunder, the prior notice, “good cause” standard and/or other action required by such law shall be substituted for the comparable provisions hereof. If any part of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable under applicable law, we may modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.
- c. **Covenants.** You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though you were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we

are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

- d. **Construction.** All captions in this Agreement are intended solely for the convenience of the parties, and none of the captions shall be deemed to affect the meaning or construction of any provision of this Agreement or any part thereof, nor shall such captions otherwise be given any legal effect. All references in this Agreement to the masculine, neuter or singular shall be construed to include the feminine, neuter or plural, where applicable. Unless otherwise specified, all references to number of days means calendar days and not business days. This Agreement may be executed in multiple counterparts, each of which when so executed shall be deemed an original, and all of which shall constitute one and the same instrument.
- e. **Force Majeure.** If, as a result of hurricane, tornado, typhoon, flooding, lightning, blizzard and other unusually severe weather, earthquake, avalanche, volcanic eruption, fire, riot, insurrection, terrorism, war, explosion, unavoidable calamity or other act of God (a “**Force Majeure**”), compliance by any party with the terms of this Agreement is rendered impossible or would otherwise create an undue hardship upon any party, all parties shall be excused from their respective obligations under this Agreement for the duration of the Force Majeure and for a reasonable recovery period thereafter, but otherwise this Agreement shall continue in full force and effect. However, such delays or events do not excuse payments of amounts owed at any time, including, without limitation your Continuing Fee payment obligations.
- f. **Timing is of the Essence.** Time is of the essence. It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words “**from**” and “**commencing on**” (and the like) mean “**from and including**”; and the words “**to,**” “**until**” and “**ending on**” (and the like) mean “**to but excluding**.” Indications of time of day mean Miami, Florida time.
- g. **No Third-Party Beneficiaries.** Except as otherwise expressly provided herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors and personnel, and such of your and our respective successors and assigns as may be contemplated any rights or remedies under or as a result of this Agreement.
- h. **Agreement Effective Upon Execution by Franchisor.** This Agreement will not become effective until signed by one of our authorized representatives. You and we each agree to promptly execute and deliver such further documents and take such further action as may be necessary in order to carry out the intent and purposes of this Agreement.
- i. **Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent or suggestion, or if we delay or neglect our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on and will not assume any obligation or liability to you.
- j. **Our Judgment.** Whenever we exercise a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise such right and/or discretion on the basis of our judgment of what is in our best interests. “Best interests” includes what 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 (a) there may have been other alternative decisions or actions that could have been taken; (b) our decision or action taken promotes our financial or other individual interest; or (c) our decision or the action it takes

may apply differently to different franchisees or any company-owned Studios. In the absence of an applicable statute, we will have no liability to you for any such decision or action. The exercise of the right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions.

## **23.24. ENFORCEMENT**

- a. **Mediation.** You and we agree that we have reached this Agreement in good faith and in belief that it is advantageous to each of us. In recognition of the enormous strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, you and we pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action by us under Section 25.a(i) below, before beginning any legal action or arbitration, the parties agree to mediate any dispute, controversy or claim between you and/or any of your owners, affiliates, officers, directors, shareholders, guarantors, employees, owners or members (each a "Franchisee Related Party"), on the one hand, and us, and/or any of our affiliates, officers, directors, shareholders, members, guarantors, employees, representatives, independent contractors or owners (each a "Franchisor Related Party"), on the other hand, including, without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) any lease or sublease for your Franchised Business; (c) any loan or other finance arrangement between us, any of our affiliates and you; (d) the parties' relationship; (e) events occurring prior to the entry into this Agreement; (f) the Studio; or (g) any System standard, in accordance with the procedures set forth in this Section 25.a, inclusive of all subparts. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement. The mediation must take place at a place that we designate within fifty (50) miles of where our principal office is located at the time of the demand for mediation is made (if you and we cannot agree on a location, the mediation will be conducted at our headquarters). The mediation shall be conducted by either a mutually agreed-upon mediator or, failing such agreement within a reasonable period of time (not to exceed 15 days) after either party has notified the other of its desire to seek mediation, by the American Arbitration Association in accordance with its Commercial Mediation Procedures. Absent agreement to the contrary, the mediator shall be experienced in the mediation of disputes between franchisors and franchisees. You and we agree that any statements made by either you or us in any such mediation proceeding will not be admissible in any subsequent arbitration or legal proceeding. Each party will bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate. Nevertheless, both you and we have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. However, the parties must immediately and contemporaneously submit the dispute for non-binding mediation. If the parties are unable to resolve the claim, controversy, or dispute within ninety (90) days after the mediator has been chosen, then, unless such time period is extended by the written agreement of the parties, either party may bring an arbitration proceeding in accordance with paragraph 25.b. below. The mediation provisions of this Agreement are intended to benefit and bind certain third-party non-signatories, and all of your and our owners and affiliates.

- i. Unless we agree in writing otherwise, the mediation and arbitration provisions of Sections 25.a and 25.b, inclusive of all subparts, shall not apply to: (a) any claim by us or any Franchisor Related Party relating to your or any Franchisee Related Party's failure to pay any fee due to us under this Agreement; (b) any claim by us or any Franchisor Related Party relating to your or any Franchisee Related Party's failure to comply with confidentiality covenant set forth in this Agreement; (c) any claim by us or any Franchisor Related Party relating to your, or any Franchisee Related Party's failure to comply with any non-competition covenant set forth in this Agreement; and/or (d) any claim by us or any Franchisor Related Party relating to your or any

Franchisee Related Party's use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act (collectively, the "Excluded Claims").

- b. **Arbitration.** EXCEPT FOR EXCLUDED CLAIMS, ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, IF NOT RESOLVED BY THE NEGOTIATION AND MEDIATION PROCEDURES DESCRIBED ABOVE, MUST BE DETERMINED WITHIN 50 MILES OF WHERE OUR PRINCIPAL OFFICES ARE LOCATED AT THE TIME THE DEMAND FOR ARBITRATION IS FILED WITH THE AMERICAN ARBITRATION ASSOCIATION ("AAA"). (IF YOU AND WE CANNOT AGREE ON A LOCATION, THE ARBITRATION WILL BE CONDUCTED AT OUR HEADQUARTERS). THIS ARBITRATION CLAUSE WILL NOT DEPRIVE US OF ANY RIGHT WE MAY OTHERWISE HAVE TO SEEK PROVISIONAL INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION. THE ARBITRATOR MUST HAVE SUBSTANTIAL EXPERIENCE IN FRANCHISE LAW AND WITH COMMERCIAL DISPUTES. THE PARTIES ASK THAT THE ARBITRATOR LIMIT DISCOVERY TO THE GREATEST EXTENT POSSIBLE CONSISTENT WITH BASIC FAIRNESS IN ORDER TO MINIMIZE THE TIME AND EXPENSE OF ARBITRATION. IF PROPER NOTICE OF ANY HEARING HAS BEEN GIVEN, THE ARBITRATOR WILL HAVE FULL POWER TO PROCEED TO TAKE EVIDENCE OR TO PERFORM ANY OTHER ACTS NECESSARY TO ARBITRATE THE MATTER IN THE ABSENCE OF ANY PARTY WHO FAILS TO APPEAR. BOTH PARTIES WAIVE ANY RIGHTS THEY MAY HAVE TO DEMAND TRIAL BY JURY OR TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. THE ARBITRATOR WILL HAVE NO POWER TO: (A) STAY THE EFFECTIVENESS OF ANY PENDING TERMINATION OF FRANCHISE; (B) ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY; OR (C) MAKE ANY AWARD THAT MODIFIES OR SUSPENDS ANY LAWFUL PROVISION OF THIS AGREEMENT. THE PARTY AGAINST WHOM THE ARBITRATORS RENDER A DECISION MUST PAY ALL EXPENSES OF ARBITRATION. ANY COURT OF COMPETENT JURISDICTION MAY ENTER JUDGMENT UPON ANY AWARD.
- c. **Notice and Opportunity to Cure.** As a mandatory condition precedent prior to your taking any legal or other action against us, whether for damages, injunctive, equitable or other relief (including, but not limited to, rescission), based upon any alleged act or omission of ours, you shall first give us 90 days prior written notice and opportunity to cure such alleged act or omission, or to resolve such matter.
- d. **Governing Law.** Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 and the sections following it) or other federal law, this Agreement and the relationship created hereby are governed by Florida law, excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. References to any law or regulation also refer to any successor laws or regulations and any implementing regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.
- e. **Jurisdiction and Venue.** You and we each consent and irrevocably submit to the exclusive jurisdiction and venue of the state and federal courts of competent jurisdiction for Palm Beach County, Florida, and waive any objection to the jurisdiction and venue of such courts. This exclusive choice of jurisdiction and venue provision does not restrict the ability of the parties to confirm or enforce judgments or awards in any appropriate jurisdiction.
- f. **Waiver of Jury Trial.** YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US AND/OR YOUR AND OUR RESPECTIVE AFFILIATES.
- g. **Waiver of Punitive Damages** EXCEPT FOR YOUR OBLIGATIONS TO US AND CLAIMS FOR UNAUTHORIZED USE OF THE MARKS OR CONFIDENTIAL INFORMATION, YOU

AND WE EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING THE CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

- h. **Limitations of Claims** ANY AND ALL CLAIMS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE ACT OR EVENT GIVING RISE TO SUCH CLAIM OR ONE (1) YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST, EXCEPT FOR CLAIMS FOR: (A) INDEMNIFICATION; OR (B) UNAUTHORIZED USE OF THE CONFIDENTIAL INFORMATION OR MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT OUR RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.
- i. **Specific Performance/Injunctive Relief**. Nothing in this Agreement shall bar our right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and your sole remedy, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived).
- j. **Cumulative Rights and Remedies**. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, to be exclusive of any other right or remedy provided or permitted in this Agreement, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy. Nothing contained herein shall bar our right to obtain injunctive relief against threatened conduct that may cause us loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.
- k. **Private Disputes**. Any dispute and any litigation or arbitration will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis. Any such proceeding will not be consolidated with any other proceeding involving any other person, except for disputes involving affiliates of the parties to such litigation.

**24-25. ATTORNEYS' FEES.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or other proceeding or if either you or we are required to enforce or defend this Agreement in a judicial or other proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

**25-26. JOINT AND SEVERAL LIABILITY.** The term "Franchisee", "you" or "your" shall include all persons who succeed to the interest of the original Franchisee by transfer or operation of law and shall be deemed to include not only the individual or entity defined as the "Franchisee" in the introductory paragraph of this Agreement, but shall also include all partners of the entity that executes this Agreement, in the event said entity is a partnership; all shareholders of the entity that executes this Agreement, in the event said entity is a corporation; and all members of the entity that executes this Agreement, in the event said entity is a limited liability company. If two or more persons are at any time the "Franchisee" under this Agreement, whether as partners or joint

venturers, their obligations and liabilities to us shall be joint and several.

26:27. **SURVIVAL.** It is agreed by the parties to this Agreement that whenever performance by a party is contemplated to extend beyond the expiration or termination of this Agreement, such performance obligation shall survive the expiration or termination of this Agreement and continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, until such performance is satisfied in full or the obligation, by its nature, expires. Examples include indemnification, payment, de-identification, post-term restrictive covenants, and dispute resolution proceedings.

*{Signature Page Follows}*

**IN WITNESS WHEREOF**, the parties to this Agreement have duly executed, sealed and delivered this Agreement in triplicate on the day and year first above written (regardless of the actual date of signature).

**FRANCHISEE:** \_\_\_\_\_ **FRANCHISOR: BODY20 GLOBAL USA, LLC**

Sign: \_\_\_\_\_ Sign: \_\_\_\_\_

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

\_\_\_\_\_

Name: Christopher Pena

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

*FRANCHISEE:*

\_\_\_\_\_

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

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

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

Sign: \_\_\_\_\_

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

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

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

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Name:

Title:

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**EXHIBIT "A" TO THE BODY20 GLOBAL USA, LLC FRANCHISE AGREEMENT**

**APPROVED SITE AND TERRITORY**



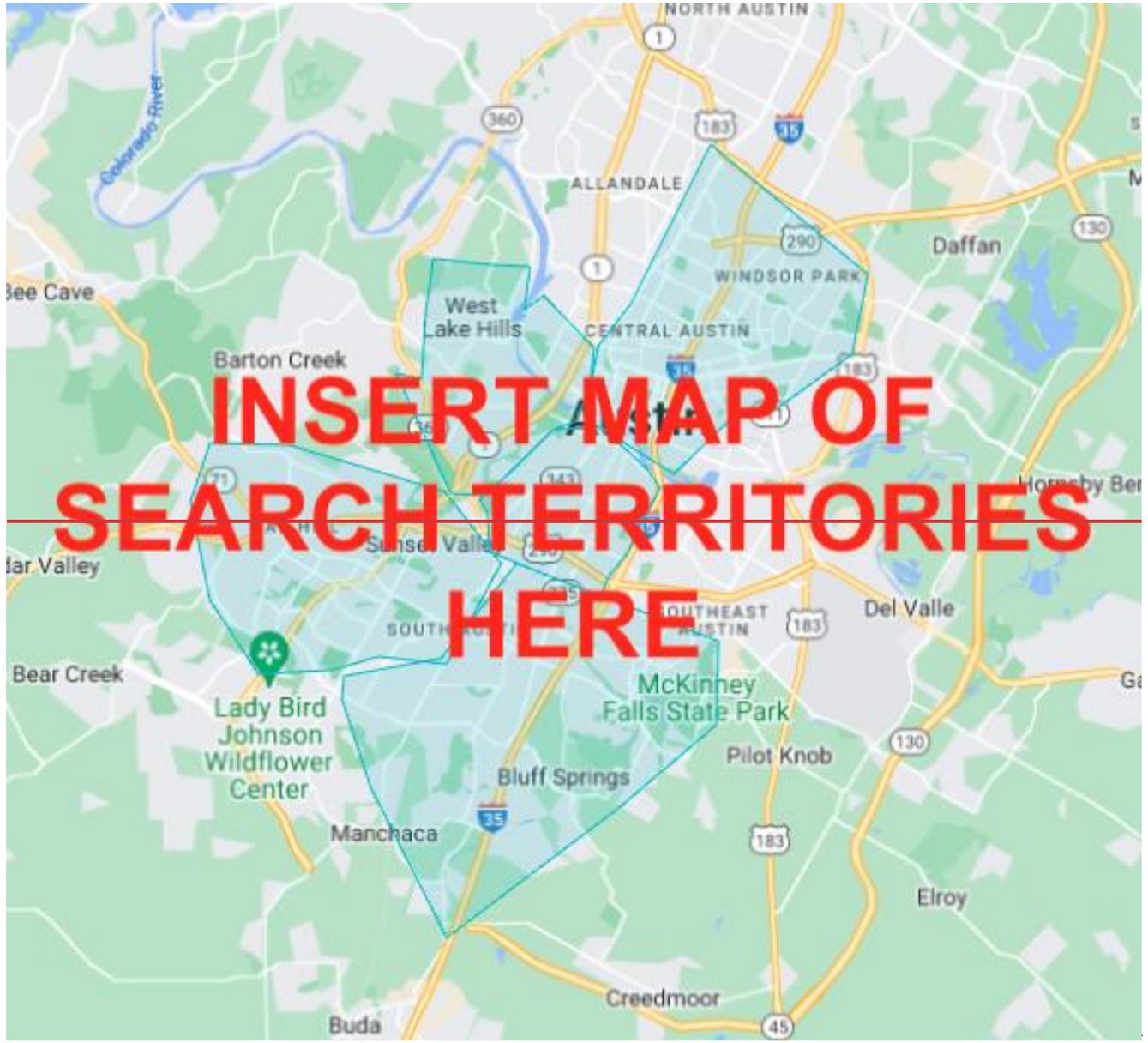
## APPROVED SITE AND TERRITORY

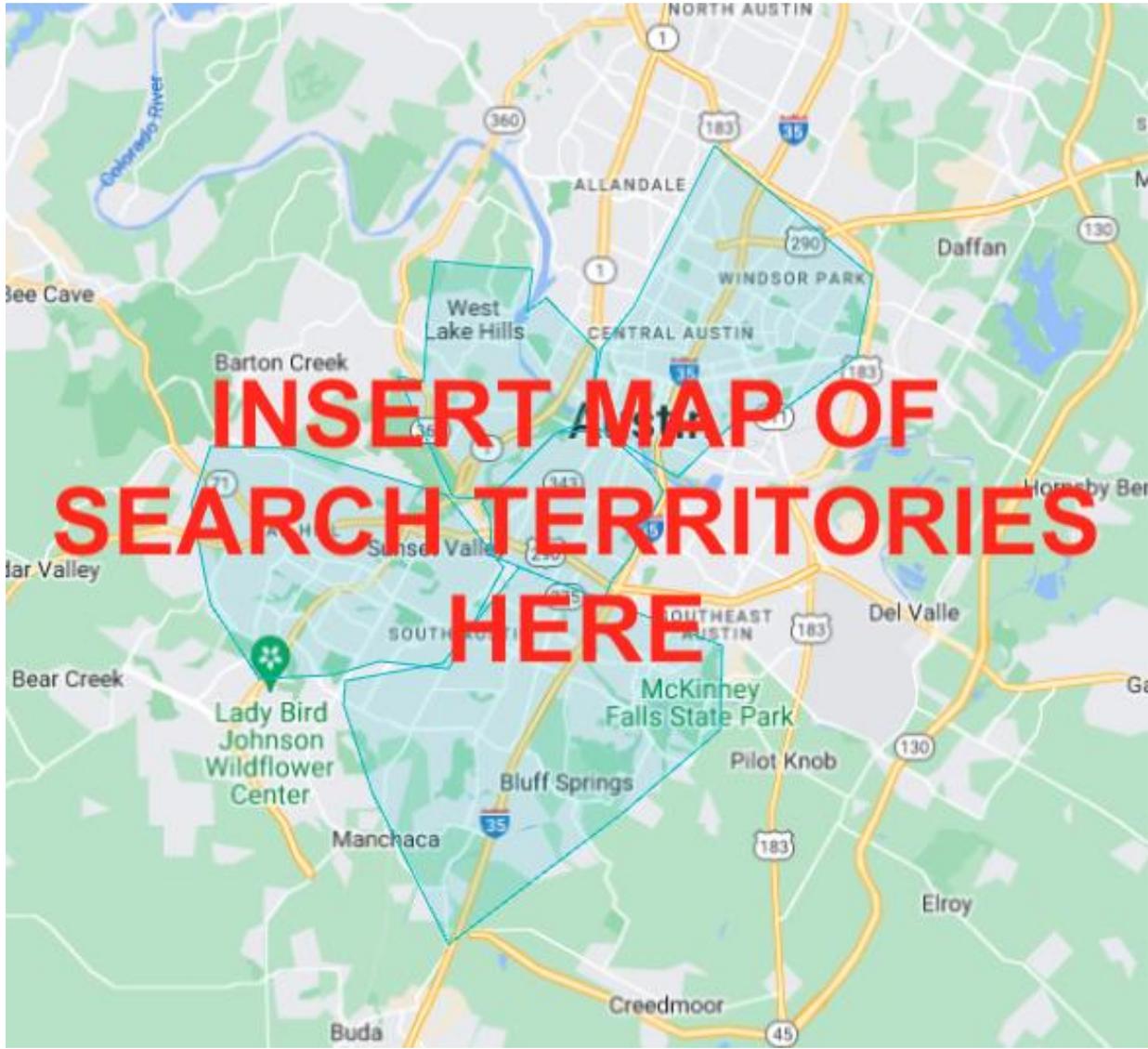
### 1. If the Approved Site has not been determined as of the Effective Date:

If the Approved Site has not been determined as of the Effective Date of this Agreement, Franchisee must secure the Approved Site in accordance with the terms and conditions of the Franchise Agreement within the general area described as follows (the "Designated Area"):

[If Franchise Agreement only] The Approved Site must be located in the zone shaded and bordered in blue, identified and shown in the map below.

[If Part of an Area Development Agreement] The Approved Site must be located in one of the **NUMBER (#)** zones identified in the Development Area designated in the Development Agreement entered into by and between Franchisor and Franchisee simultaneously with the execution of this Agreement and shown in the map below shaded and bordered in blue.





*Note: Once Franchisee secures an Approved Site within the Designated Area in accordance with the requirements set forth in the Franchise Agreement, the parties will update this Approved Site and Territory Exhibit to reflect the Approved Site and the Territory.*

**2. If the Approved Site has been determined as of the Effective Date:**

The Approved Site is as follows: \_\_\_\_\_  
\_\_\_\_\_

The Territory under this Agreement (if applicable) will be: \_\_\_\_\_:



**FRANCHISEE:  
LLC**

Sign: \_\_\_\_\_  
\_\_\_\_\_

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

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

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

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

Sign: \_\_\_\_\_  
\_\_\_\_\_

Sign: \_\_\_\_\_

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

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

**FRANCHISOR: BODY20 GLOBAL USA,**

Sign:

Print:

Print:

Title:

Date:

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

**EXHIBIT "B" TO THE BODY20 GLOBAL USA, LLC FRANCHISE AGREEMENT**

**STATEMENT OF OWNERSHIP INTERESTS**

**STATEMENT OF OWNERSHIP INTERESTS**

Effective Date: This Statement of Ownership Interests is current and complete as of

\_\_\_\_\_, \_\_\_\_\_.

1. **Form of Owner.** My official name is \_\_\_\_\_. I am a (check one):

- General Partnership
- Corporation
- Limited Partnership
- Limited Liability Company
- Other; Specify: \_\_\_\_\_

2. **Business Entity.** I was incorporated or formed on \_\_\_\_\_ under the laws of the State of \_\_\_\_\_. I have not conducted business under any name other than my corporate, limited liability company, or partnership name and the name(s) \_\_\_\_\_. The following is a list of all persons who have management rights and powers (e.g., officers, directors, managers, partners, etc.) and their positions, as of the Effective Date shown above:

Name of Person	Position(s) Held
_____	
_____	
_____	
_____	

3. **Owners.** The following list includes the full name and mailing address of each person who is one of my owners (as defined in the Franchise Agreement), including all shareholders, partners, members, or other investors owning or holding a direct or indirect interest in me, and fully describes the nature of each person’s interest (attach additional sheets if necessary):

Owner’s Name and Address	Nature of Interest	% of Ownership Interest in Franchisee

4. **Operating Principal.** My Operating Principal is: \_\_\_\_\_ (must be one of the individuals listed in paragraph 3 above). I understand that I may not change the Operating Principal without Franchisor’s prior written approval.

5. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

**FRANCHISEE:**  
Sign: \_\_\_\_\_  
Name: \_\_\_\_\_

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

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

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

\_\_\_\_\_  
Sign: \_\_\_\_\_

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

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

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

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

Name: Title:

**EXHIBIT "C" TO THE BODY20 GLOBAL USA, LLC FRANCHISE AGREEMENT**

**OWNERS' GUARANTY**

## OWNERS' GUARANTY

This Owners' Guaranty (the "**Guaranty**") is given this on \_\_\_\_\_ by the undersigned, \_\_\_\_\_, in connection with the Franchise Agreement dated \_\_\_\_\_ between **Body20 Global USA, LLC** ("Franchisor") and \_\_\_\_\_ ("Franchisee").

~~by the undersigned, \_\_\_\_\_, in connection with the Franchise Agreement dated \_\_\_\_\_ between **Body20 Global USA, LLC** ("Franchisor") and \_\_\_\_\_ ("Franchisee").~~

In consideration of, and as an inducement to, the execution of the Franchise Agreement by Franchisor, each of the undersigned and any other parties who sign counterparts of this Guaranty (individually, a "Guarantor" and collectively, the "Guarantors") hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, that Franchisee will punctually perform its obligations and pay all amounts due under the Franchise Agreement, including (without limitation), amounts due for initial franchise fees, royalties, advertising fund contributions and purchases of equipment, materials, and supplies.

Each Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty and the undertakings of the owners in the Franchise Agreement are in partial consideration for, and a condition to, the granting of a franchise in the Franchise Agreement, and that Franchisor would not have granted such rights without the execution of this Guaranty and such undertakings by each Guarantor.

Each Guarantor waives:

- a. acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and
- b. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and
- c. protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
- d. any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- e. all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this Guaranty (including by way of counterparts); and
- f. any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

- (i) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors; and
- (ii) he or she will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; and

- (iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- (iv) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Franchise Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Franchise Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor under the Franchise Agreement; and
- (v) Franchisee's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor individually, jointly and severally, also makes all of the covenants, representations, warranties and agreements of your owners set forth in the Franchise Agreement and is obligated to perform thereunder (which include, among other things, the MEDIATION AND ARBITRATION OF DISPUTES and WAIVERS OF JURY TRIAL RIGHTS AND PUNITIVE DAMAGES).

Additionally, with respect to the individual designated as the Operating Principal, the Operating Principal acknowledges that the undertakings by Operating Principal under this Guaranty are made and given in partial consideration of, and as a condition to, Franchisor's grant of franchise rights as described herein; Operating Principal individually, jointly and severally, makes all of the covenants, representations and agreements of Franchisee and Operating Principal set forth in the Franchise Agreement and is obligated to perform hereunder.

If Franchisor is required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevails in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

**IN WITNESS WHEREOF**, each Guarantor has hereunto affixed his signature on the same day and year as the Franchise Agreement was executed.

*GUARANTORS*

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**GUARANTOR(S):** \_\_\_\_\_

**Sign:** \_\_\_\_\_



**EXHIBIT "D" TO THE BODY20 GLOBAL USA, LLC FRANCHISE AGREEMENT**  
**ADDENDUM TO LEASE AGREEMENT CONDITIONAL ASSIGNMENT OF LEASE**

**ADDENDUM TO LEASE AGREEMENT CONDITIONAL ASSIGNMENT OF LEASE**

**ADDENDUM TO LEASE AGREEMENT CONDITIONAL ASSIGNMENT OF LEASE**

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**Landlord/Lessor:**

**Tenant/Lessee:** \_\_\_\_\_:

Notice Address:

Notice Address:

\_\_\_\_\_

Franchisor: BODY20 GLOBAL USA, LLC  
Notice Address: ~~1221 Brickell Avenue~~ 207 San Jacinto Boulevard, Suite ~~900, Miami, Florida~~  
33131301, Austin, TX 78701

Date: Effective as of the Date of the Lease Between Landlord and Tenant (the "Lease")  
Leased Premises/Location of Leased Site: (Center Name/Address):;

\_\_\_\_\_

Landlord, Franchisor, and Tenant agree to this addendum ("Addendum") as follows:

1. Tenant is a **BODY20 STUDIO** Franchisee. The Leased Premises shall be used for the operation of a physical fitness business under the name BODY20, under the trade name **BODY20 STUDIO**, or any name authorized by the Franchisor, as further defined in Section/Article \_\_\_\_ of the Lease. The Landlord acknowledges that such use shall not violate any existing exclusives granted to any other existing tenant of the Landlord.

2. Landlord shall provide Franchisor, at Franchisor's then current Notice Address, with copies of any written Notice of Default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor, at Franchisor's option, the right (but not the obligation) to cure any Default under the Lease

(should Tenant fail to do so) within 15 days after the expiration of the period in which Tenant may cure the Default.

3. In the event of a Default of the Lease by Tenant, or the default of the Franchise Agreement by Tenant, and upon written notice to Landlord by Franchisor to accept written assignment of the Lease to Franchisor as replacement tenant ("Agreement Notice"), Franchisor shall become Tenant of the Leased Premises and shall become liable for all obligations under the Lease arising after the date of the Assignment Notice.

4. The Lease shall not be modified or canceled with regard to Franchisor's rights under this Addendum without the prior written approval of Franchisor.

Landlord/Lessor \_\_\_\_\_ Tenant/Lessee/Franchisee

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

**LANDLORD/LESSOR: \_\_\_\_\_ TENANT/LESSEE/FRANCHISEE:**

Sign: \_\_\_\_\_ Sign: \_\_\_\_\_

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

\_\_\_\_\_ Print: \_\_\_\_\_

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

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

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

\_\_\_\_\_ Sign: \_\_\_\_\_

\_\_\_\_\_ Print: \_\_\_\_\_

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

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

**FRANCHISOR: BODY20 GLOBAL USA, LLC / ~~FRANCHISOR~~**

Sign: \_\_\_\_\_

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

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

---

Title:

Date:

**EXHIBIT "E" TO THE BODY20 GLOBAL USA, LLC FRANCHISE AGREEMENT**

**FRANCHISEE TRAINING ACKNOWLEDGMENT FORM**

**Franchisee Training Acknowledgement Form**

**Opening Date** \_\_\_\_\_ **Today's Date** \_\_\_\_\_

**Franchisee Name** \_\_\_\_\_

**Studio Address** \_\_\_\_\_

*Please answer the following questions and, where applicable, circle the correct answer:*

**1. Did you complete the Initial Training Program?**

YES \_\_\_\_\_ NO \_\_\_\_\_

**2. Did you complete the Training Exam?**

YES \_\_\_\_\_ NO \_\_\_\_\_ NA \_\_\_\_\_

**3. Did you receive adequate training during the Initial Training in each area?** \_\_\_\_\_

YES \_\_\_\_\_ NO \_\_\_\_\_

**4.**

**5. Did you feel that more attention was needed in any one area of Training?**

YES \_\_\_\_\_ NO \_\_\_\_\_

If "YES" please describe:

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

**6. How would you rate the knowledge base and effectiveness of the class trainer? (circle)**

POOR \_\_\_\_\_ GOOD \_\_\_\_\_ EXCELLENT \_\_\_\_\_

**7. Overall, the BODY20 Studio franchise training was:**

POOR \_\_\_\_\_ GOOD \_\_\_\_\_ EXCELLENT \_\_\_\_\_

**8. Do you feel that you require additional training in any aspect of the business?** \_\_\_\_\_ YES

NO \_\_\_\_\_

If "YES", please describe:

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

**9. Did you receive adequate training in each of the following areas?**

Regulations and Compliance

YES \_\_\_\_\_ NO \_\_\_\_\_

Sales and Marketing

YES \_\_\_\_\_ NO \_\_\_\_\_

Employee Management

YES \_\_\_\_\_ NO \_\_\_\_\_

Operations, Point of Sale System (POS)

YES  NO

Equipment

YES  NO

**10. If You Answered "NO" to any of the above, please explain:**

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

**11. Are there any changes or improvements you would suggest for our training program(s)?**

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

*Franchisee*

**Signature** \_\_\_\_\_

*Trainer Signature* \_\_\_\_\_

**NOTE: After completing this form, please mail to: Body20 Global USA, LLC; Attn.: Christopher Pena, 1221 Brickell Avenue, Suite 900, Miami, Florida 33131**

**EXHIBIT "F" TO THE BODY20 GLOBAL USA, LLC FRANCHISE AGREEMENT**

**ELECTRONIC FUNDS AUTHORIZATION FORM**

**ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION**

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**Franchisee Information:**

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Franchisee Name \_\_\_\_\_ Studio Loc. \_\_\_\_\_

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Franchisee Mailing Address (street) \_\_\_\_\_ Franchisee Phone No. \_\_\_\_\_

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Contact Name, Address and Phone number (if different than above) \_\_\_\_\_

---

Franchisee Fax No. \_\_\_\_\_ Franchisee E-mail Address \_\_\_\_\_

---

*Bank Account Information:*

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Bank Name \_\_\_\_\_ Bank Account No. \_\_\_\_\_

---

Bank Mailing Address (street) \_\_\_\_\_ Bank Routing No. [ : \_\_\_\_\_ ]: (9 characters)

---

Bank Mailing Address (city, state, zip) \_\_\_\_\_ Bank Phone No. \_\_\_\_\_

---

**Payee Information:** Body20 Global USA, LLC

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**Authorization:** The Franchisee hereby authorizes the Bank to honor and charge the Bank Account for electronic funds transfers or drafts drawn on the Bank Account and payable to the Payees. The Franchisee agrees to execute such additional documents as may be reasonably requested by the Payees or the Bank to evidence the interest of this EFT Authorization. This authority shall remain in full force and effect until the Payees have received written notification from the Franchisee in such time and manner as to afford the Payees and the Bank to act on such notice. The Franchisee understands that the termination of this authorization does not relieve the Franchisee of its obligations to make payments to the Payees.

Signature: \_\_\_\_\_

Federal Tax ID No.: \_\_\_\_\_

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

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***INDEMNIFICATION OF BANK***

In consideration of the Bank's compliance with the foregoing request and authorization, the Payees agree with respect to any action by the Bank in compliance with the foregoing request and authorization to indemnify the Bank and hold the Bank harmless for, from and against any loss the Bank may suffer as a consequence of the Bank's actions from or in connection with the execution and issuance of any electronic fund transfer or draft, whether or not genuine, purporting to be executed by the Payees and received by the Bank in the regular course of business for the purpose of payment, except to the extent such loss caused by the negligence or willful misconduct of the Bank.

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**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**  
**Return via Email at franchise@BODY20.com or U.S. First Class Mail to Body20 Global USA, LLC; Attn.: Christopher Pena, 1221 Brickell Avenue, Suite 900, Miami, Florida 33131**

EXHIBIT "G" TO THE BODY20 GLOBAL USA, LLC FRANCHISE AGREEMENT

**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS**

## CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

**THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS** (this "Assignment") is effective as of \_\_\_\_\_ between **BODY20 GLOBAL USA, LLC** a Florida limited liability company, with its principal place of business at ~~1221 Brickell Avenue, 207 San Jacinto Blvd.~~ Suite ~~900, Miami, Florida 33131~~ 301, Austin, TX 78701 ("we," "us" or "our") and ("you" or "your"). You and we are sometimes referred to collectively as the "parties" or individually as a "party."

### **BACKGROUND INFORMATION:**

We have simultaneously entered into the certain Franchise Agreement (the "Franchise Agreement") dated as of \_\_\_\_\_ with you, pursuant to which you plan to own and operate a BODY20 Studio (the "Franchised Business"). BODY20 franchises use certain proprietary information, knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the "System"). We identify BODY20 and various components of our system by certain trademarks, trade names, service marks, trade dress and other commercial symbols as we designate (collectively the "Marks"). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings of the Franchised Business if the Franchise Agreement is terminated.

### **OPERATIVE TERMS:**

You and we agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.

2. **Conditional Assignment:** You assign to us, all of your right, title and interest in and to those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "Numbers and Listings") associated with the Marks and used from time to time in connection with the operation of the Franchised Business. This Assignment is for collateral purposes only. We will have no liability or obligation of any kind arising from or in connection with this Assignment, unless we notify the telephone company, the provider of a voice over internet phone, and/or the listing agencies with which you have placed telephone directory listings (collectively, the "Telephone Company") to effectuate the assignment of the Numbers and Listings to us. Upon termination or expiration of the Franchise Agreement we will have the right and authority to ownership of the Numbers and Listings. In such event, you will have no further right, title or interest in the Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the date on which the assignment is effective. As between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Numbers and Listings.

3. **Power of Attorney:** You irrevocably appoint us as your true and lawful attorney-in-fact to: (a) direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate the assignment. Notwithstanding anything else in the Assignment, however, you will immediately notify and instruct the Telephone Company to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to so notify the Telephone Company. If you fail to promptly direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us, we will direct the Telephone Company to do so. The Telephone Company may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Numbers and Listings upon such termination or expiration. The assignment will become immediately and automatically effective upon Telephone Company's receipt of such notice from you or us. If the Telephone Company requires that you and/or we sign the Telephone Company's

assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, our signature on such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and we will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us pursuant to the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

4. **Indemnification**: You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the “Indemnified Parties”) harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company.

5. **Binding Effect**: This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. **Assignment to Control**: This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company.

7. **Attorney’s Fees, Etc.**: In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys’ fees, costs and expenses from the non-prevailing party. The term “**attorneys’ fees**” means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. **Severability**: If any of the provisions of this Assignment or any section or subsection of this Assignment are held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law and Forum**: This Assignment is governed by Florida law. The parties will not institute any action against any of the other parties to this Assignment except in the state or federal courts of general jurisdiction in Palm Beach County, Florida, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

**{Signatures Follow on Next Page}**

~~ASSIGNOR: ASSIGNEE~~

**FRANCHISEE:** \_\_\_\_\_

**FRANCHISOR: BODY20 GLOBAL USA, LLC**

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

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

Sign: \_\_\_\_\_

Sign: \_\_\_\_\_

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

Name: ~~Christopher Pena~~ Print: \_\_\_\_\_

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

Title: ~~President~~ \_\_\_\_\_

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

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

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

Sign: \_\_\_\_\_

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

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

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

**EXHIBIT "F" TO THE BODY20 GLOBAL USA, LLC FRANCHISE AGREEMENT**

*THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS is accepted and agreed to by:*

\_\_\_\_\_  
(TELEPHONE COMPANY)

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

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

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

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

EXHIBIT "1" TO THE BODY20 GLOBAL USA, LLC FRANCHISE AGREEMENT

**NON-DISCLOSURE AND NON-COMPETITION AGREEMENT**





(collectively, the “Operating System”) and the logotypes, service marks and trademarks now or hereafter involved in the operation of a BODY20 Studio using the style, trademark, service mark, and trade names **BODY20 and/or BODY20**, as we designate (collectively, the “Trademarks”), and the good will associated therewith, and has granted to Employer the right and license to operate a licensed BODY20 Studio using the Operating System and the Trademarks subject to the continuing control by Franchisor of the dissemination and use of the Operating System and the Trademarks;

(b) Employee has obtained or will obtain knowledge of the Operating System in connection with its association with or employment by either Franchisor and/or Employer, which knowledge obtained or to be obtained by Employee was unknown to it prior to said employment and/or the execution of this Agreement, and which knowledge is a prerequisite for Employee’s employment; and

(c) Because the protection of the Operating System and the Trademarks is vital to the continued success of Franchisor and franchisees of Franchisor, Franchisor is unwilling to permit Employer to disclose to Employee the Operating System except upon the terms set forth in this Agreement, including the requirements of confidentiality, nondisclosure and noncompetition as set forth in this Agreement.

4. Ownership of Operating System and Trademarks. Employee acknowledges and agrees that Franchisor and/or its affiliate is the sole and exclusive owner of all right, title and interest in and to the Operating System and the Trademarks, and that the Operating System and the Trademarks shall be used by Employee only in accordance with the terms hereof. Employee shall acquire no right, title or interest in or to the Operating System and/or the Trademarks. Employee shall not, directly or indirectly, at any time during or after the term of Employee’s employment by or association with Employer’s BODY20 Studio, do or cause to be done any act or thing disputing, attacking, or in any way impairing or intending to impair Franchisor’s right, title, or interest in or to the Operating System or the Trademarks. Employee shall immediately notify Employer of all infringements of the Operating System or the Trademarks by others that come to Employee’s attention and of all challenges to or limitations on Franchisor’s use of the Operating System or any of the Trademarks.

5. Nondisclosure of Confidential Information. The parties hereto acknowledge that during the period in which the Employee is employed by or associated with Employer (the “Employment Period”), the Employee shall use, receive, conceive or develop Confidential Information (as that term is defined in *Section 6* below). Employee covenants and agrees that during the Employment Period and at all times thereafter, Employee shall not, except with the prior written consent of Employer or Franchisor, which consent shall be granted or denied at the Employer’s or Franchisor’s sole and absolute discretion, or except if acting solely for the benefit of Employer in connection with Employer’s business and in accordance with the Employer’s business practices and policies, at any time disclose, divulge, report, transfer or use, for any purposes whatsoever, any of such Confidential Information which has been used, received, conceived or developed by Employee. Employee also recognizes that such Confidential Information represents a valuable asset of the Employer and Franchisor and is required to ensure the effective and successful conduct of their respective businesses.

6. Confidential Information. For purposes of this Agreement, the term “**Confidential Information**” shall mean all of the following materials and information that Employee uses, receives, conceives or develops or has used, received, conceived or developed, in whole or in part, in connection with Employee’s employment by or association with Employer:

- (a) The Operating System and Trademarks;
- (b) The contents of any manuals or other written materials of Franchisor, Employer, or any of Franchisor’s subsidiaries or affiliates;
- (c) The names and information relating to customers and prospective customers of Employer, or other persons, firms, corporations or other entities with whom the Employee has contact with on behalf of Employer or to whom any other employee of Employer has provided goods or services at any time; The terms of various agreements between Employer and any third parties, including without limitation, the terms of customer agreements, vendor or supplier agreements, lease agreements, advertising agreements and the like;

(d) Any data or database, or other information compiled by Employer, including, but not limited to, client lists, customer information, information concerning Employer, or any business in which Employer is engaged or contemplates becoming engaged, any company that Employer engages in business, any client, prospective client or other person, firm or corporation to whom or which Employer has provided services or goods or to whom or which any employee of Employer has provided services or goods on behalf of Employer, or any compilation, analysis, evaluation or report concerning or deriving from any data or database, or any other information;

(e) All policies, procedures, strategies and techniques regarding the services performed by Franchisor, training, marketing and sales of Franchisor, specifically including but not limited to the Operating System and Trademarks, either oral or written, and assorted lists containing information pertaining to clients and prospective clients; and

(f) Any other information, data, know-how or knowledge of a confidential or proprietary nature observed, used, received, conceived or developed by Employee in connection with Employee's employment by Employer.

7. Use and Return of Confidential Information.

(a) The Employee agrees that under no circumstance and at no time shall any of the Confidential Information be taken from Employer's premises and that under no circumstances and at no time shall any of the Confidential Information be duplicated, in whole or in part, without the express written permission of Employer, which permission may be granted or denied in its sole and absolute discretion.

(b) The Employee agrees that, upon termination of employment with Employer, Employee shall return to Employer all such Confidential Information, which is in Employer's possession regardless of the form in which any such materials are kept.

(c) The Employee covenants and agrees that all right, title and interest in any Confidential Information shall be and shall remain the exclusive property of Employer and/or Franchisor. Employee agrees to promptly disclose to Employer all Confidential Information developed in whole or in part by Employee within the scope of this Agreement and to assign to Employer and/or Franchisor any right, title or interest Employee may have in such Confidential Information. Employee agrees to turn over to the Employer all physical manifestations of the Confidential Information in Employee's possession or under Employee's control at the request of Employer.

8. In-Term Non-Competition. In order to protect the goodwill of the Operating System and Trademarks, during the term of Employee's employment by or association with Employer, Employee shall not, directly or indirectly:

(a) Directly or indirectly divert, or attempt to divert, any business opportunity or customer of Employer, Franchisor or any licensed BODY20 Studio to any competitor, or do or perform, directly or indirectly, any act injurious or prejudicial to the goodwill associated with the Operating System and the Trademarks; or

(b) Develop, own, manage, operate, be employed by or have any interest in any business or facility (other than a licensed BODY20 Studio), which is competitive with a BODY20 Studio, wherever located.

9. Post-Term Non-Competition. In order to protect the goodwill of the Operating System and Trademarks, for a period of two years following the termination of Employer's employment by or association with Employer, for any reason, Employee shall not, directly or indirectly:

(a) Directly or indirectly divert, or attempt to divert, any business opportunity or customer of Employer, Franchisor or any BODY20 Studio to any competitor, or do or perform, directly or indirectly, any act injurious or prejudicial to the goodwill associated with the Operating System and the Trademarks;

(b) Develop, own, manage, operate, be employed by or have any interest in any business or facility (other than a licensed BODY20 Studio) which is in any way competitive with a BODY20 Studio, and which is located at the premises of the former BODY20 Studio or within a radius of 35 miles of the Employer's BODY20 Studio or any other BODY20 Studio (whether company-owned, affiliate-owned or franchised).

At no time during or after the term of Employee's employment by or association with Employer shall Employee use or duplicate the Operating System or the Trademarks, except

pursuant to a valid license from Franchisor. Employee expressly agrees that the restrictive covenants contained in Sections 8 and 9: (i) are reasonable as to time and geographical area; (ii) do not place an unreasonable burden on Employee; and (iii) are supported by adequate consideration to Employee.

10. At-Will Employment. The mere entering into this Agreement by Employee shall not operate so as to require Employer to continue to employ Employee, and Employee hereby represents and warrants to Employer that Employee has not received any promises or guarantees, implied or express, of such continued employment by or association with Employer. Employee agrees that this Agreement shall be applicable to Employee regardless of whether the termination of its employment by or association with Employer occurs at the instance of Employee or Employer and, if at the instance of Employer, regardless of whether the termination was for cause. Employee further agrees that Employee's breach of this Agreement shall be grounds for the termination of Employee's employment.

11. Enforcement and Remedies. Employee agrees that a breach or default of the terms of this Agreement will cause irreparable harm to Employer and/or Franchisor and, therefore, in the event of any such breach or default, Employer and/or Franchisor shall be entitled to injunctive relief, specific performance, or other equitable relief. Employer and/or Franchisor shall be entitled to a restraining order or injunction without bond and without specific proof of irreparable harm and without specific proof of an inadequate remedy at law. Any specific right or remedy set forth in this Agreement shall not be exclusive but shall be cumulative to other remedies available to Employer and/or Franchisor under this Agreement or at law or in equity, including injunctive relief, specific performance and recovery of money damages. The failure of Employer and/or Franchisor to enforce any of the provisions of this Agreement shall not constitute a waiver thereof or otherwise operate to limit any of Employer's and/or Franchisor's rights hereunder. The existence of any claim, defense or cause of action that Employee may have against Employer and/or Franchisor, regardless of cause or origin, shall not constitute a defense against the enforcement of this Agreement by Employer and/or Franchisor against Employee.

12. Toll Period. In the event Employee shall violate any provision of this Agreement as to which there is a specific time period during which Employee is prohibited from taking certain actions or from engaging in certain activities, as set forth in such provision, then, such violation shall toll the running of such time period from the date of such violation until such violation shall cease. Successors and Assigns. This Agreement shall be binding upon Employee and his or her heirs, personal representatives, successors and assigns, and shall inure to the benefit of Employer and Franchisor (Franchisor being an intended third-party beneficiary hereof, with independent rights to enforce this Agreement) and their respective heirs, personal representatives, successors and assigns. Employee expressly agrees that this Agreement shall be assignable by Employer to a successor to the business of Employer and Employee hereby expressly consents to such assignment. Franchisor's rights under this Agreement are fully assignable and transferable and shall inure to the benefit of Franchisor's affiliates, successors and assigns.

13. Miscellaneous:

(a) Time is of the essence of this Agreement and of every term, covenant and condition hereof.

(b) The headings in this Agreement are for convenience only and are not to be construed as a part of this Agreement or in any way defining, limiting or amplifying the provisions hereof.

(c) If Employer or Franchisor retains an attorney or institutes a suit against Employee in any way connected with this Agreement or its enforcement, or to utilize remedies for its breach, they (if prevailing) shall be entitled to recover from Employee reasonable attorneys' fees (not to exceed actual attorneys' fees incurred) and all costs in connection with said enforcement or suit, whether or not suit is filed or, if filed, is prosecuted to judgment.

(d) This Agreement shall be governed by, construed and enforced under the laws of the State of \_\_\_\_\_ whose courts shall have jurisdiction over any legal proceedings arising out of this Agreement, and \_\_\_\_\_ County, \_\_\_\_\_ shall be the place of venue for any such action or proceedings. *[Insert State and County where Employer's Franchised Business is*

located]

(e) The invalidity or unenforceability of any covenant, term or condition of this Agreement, or any portion of any covenant, term or condition of this Agreement, shall not affect any other covenant, term or condition or portion thereof and this Agreement shall remain in effect as if such invalid or unenforceable covenant, term or condition (or portion thereof) were not contained herein; provided that the invalidity of any such provision does not materially and adversely affect the expected benefits accruing to any party hereunder.

(f) This Agreement contains the entire agreement between the parties and supersedes all prior and contemporaneous understandings, representations, warranties, and agreements. This Agreement shall not be amended or modified, except in writing signed by all parties hereto.

**14. WAIVER OF JURY TRIAL. EMPLOYEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES THE RIGHT EMPLOYEE MAY HAVE TO A TRIAL BY JURY OF, UNDER, OR IN CONNECTION WITH EMPLOYEE'S EMPLOYMENT WITH EMPLOYER, THIS AGREEMENT, OR ANY AGREEMENT OR DOCUMENT EXECUTED IN CONJUNCTION HERewith OR ANY COURSE OF CONDUCT, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY RELATING HERETO OR THERETO.**

15. Acknowledgment. Employee acknowledges that Employee understands the terms and conditions set forth in this Agreement and has had adequate time to consider whether to agree to them and to consult a lawyer, if Employee wished to do so. IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

**EMPLOYER:**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

**EMPLOYEE:**

\_\_\_\_\_

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

Sign: \_\_\_\_\_

Sign: \_\_\_\_\_

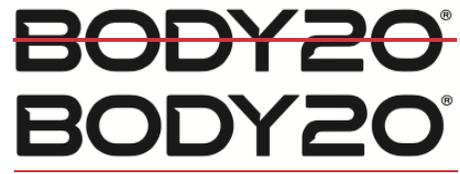
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Title: \_\_\_\_\_ Title: \_\_\_\_\_

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

**EXHIBIT "C" TO THE BODY20 GLOBAL USA, LLC DISCLOSURE DOCUMENT**

**AREA DEVELOPMENT AGREEMENT**



**BODY20 GLOBAL USA, LLC**  
**AREA DEVELOPMENT AGREEMENT**

DEVELOPER

DATE



that we have no ongoing obligations such as training or operational assistance to you under this Agreement. All ongoing and further obligations to you in opening the Studios shall be provided pursuant to the applicable Franchise Agreement between you and us for each Studio you are required to open under this Agreement. If you are a legal entity, each of your direct and indirect owners must sign our then-current form of personal guaranty agreement agreeing to be individually bound by your obligations under this Agreement. A sample copy of the personal guaranty, which is subject to change as we designate, is attached to this Agreement as Exhibit B.

## 1.2 Minimum Development Obligations

1.2.1 You must comply with the terms and conditions of this Agreement and you must comply with the following "Minimum Development Obligations": (i) secure a site and enter into a lease agreement for each Studio you are required to develop under this Agreement on or before the lease execution deadline set forth in Exhibit A attached hereto (the "Lease Execution Deadlines"), (ii) develop and open each Studio you are required to develop under this Agreement on or before the opening deadline set forth in Exhibit A attached hereto (the "Opening Deadlines"), and (iii) have open and in operation within the Development Zones, not less than the cumulative number of Studios identified in Exhibit A to this Agreement; (collectively, the "Minimum Development Obligation"). **YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS AGREEMENT AND THAT YOUR RIGHTS UNDER THIS AGREEMENT ARE SUBJECT TO TERMINATION IF YOU DO NOT STRICTLY COMPLY WITH THE MINIMUM DEVELOPMENT OBLIGATIONS.**

1.2.2 For each Studio you are required to develop under this Agreement, you must enter into our then-current form of Franchise Agreement and pay to us our then-current initial franchise fee, within the time periods set forth in this Agreement. You may form newly established, separate affiliate entities that share the identical ownership structure as Developer, to enter into the lease agreements and franchise agreements for each Studio you are required to open under this Agreement (each a "Developer Affiliate"). You, each of your owners, and each owner of each Developer Affiliate, as applicable, shall enter into a personal guaranty agreement in the form attached to the applicable Franchise Agreement, which form may be materially different from the form attached to the FDD you received prior to entering into this Agreement. You also acknowledge and agree that the estimated initial investment figures presented in the FDD you received prior to entering into this Agreement are estimates only and are subject to modification, including increases related to modifications to specifications and requirements to develop Studios. You must designate one (1) individual who shall be designated in Exhibit A attached hereto, who has the authority to, and does in fact, actively direct your business affairs related to your obligations under this Agreement and has the authority to sign on your behalf all contracts and commercial documents (your "Responsible Owner"). Your Responsible Owner shall exert his or her best efforts to the development of the Studios pursuant to this Agreement and, absent our prior approval, may not engage in any other business or activity that requires substantial management responsibility or time commitments.

| Agreement.

1.2.3 You have no right to sublicense or sub franchise your rights under this agreement.

### **1.3 Force Majeure**

If you are unable to meet the Minimum Development Obligation requirement solely as the result of force majeure, including, but not limited to, war, riot, strikes, material shortages, floods, earthquakes, and other acts of God, or by governmental action or force of law, which results in the inability of you to construct or operate Studios in the Development Zones, and which you could not, by the exercise of due diligence, have avoided, the Development Periods will be extended by the amount of time the force majeure exists, provided that if any force majeure continues for a period in excess of six (6) months, we may terminate this Agreement upon written notice to you.

### **1.4 Reservation of Rights**

You acknowledge and agree that we have the right to open and operate, and to grant others the right to open and operate Studios anywhere outside of the Development Zones as we deem appropriate in our sole and absolute discretion. This Agreement is not a franchise agreement and you do not have any right to use the Marks in any manner by virtue of this Agreement. You have no right under this Agreement to subfranchise or sublicense others to operate a Studio or use the System or the Marks. Without limiting the foregoing, we reserve all rights to do anything within the Development Zones, including, without limitation, the following: (i) offer and sell, and authorize others to offer and sell, any goods and services in, at or from any location outside of the Development Zones; (ii) manufacture, distribute, offer and sell, and authorize others to manufacture, distribute, offer and sell, any goods and/or services in, at or from any location, including any location within the Development Zones either: (a) through alternative channels of distribution, including sales on the Internet, through kiosk locations, through print and online catalogs, and in retail locations; or (b) under any names or trademarks other than the Marks. For the purposes of this provision, alternative channels of distribution include any channels not explicitly authorized for use by Developer under any franchise agreement executed pursuant to this Agreement; (iii) merge with, acquire, or be acquired by, including through purchase or sale of substantially all assets, any other person or entity, including any competitor of Franchisor or Developer (each an “M&A Transaction”), and continue to conduct in any location any business engaged in by the merging, acquiring, or acquired person or entity, including any business directly competitive with Studios developed by Developer under this Agreement regardless of where the business is located and to permit the business to operate under the Marks or any other name; (iv) use the Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including the sale of products through retail stores and via the internet, without regard to location; (v) develop, or become associated with, other concepts (either directly or through affiliate entities) and grant franchises under such concepts for locations anywhere, including in the Development Zones; and (vi) use and license to engage in any other activities not expressly prohibited in this Agreement. In the event of an M&A Transaction, Franchisor has the right to require you to convert the Studios developed pursuant to this Agreement to a different name and Developer hereby agrees to: (a) participate, at Developer’s expense in any such conversion; and (b) waive any and all claims, demands or damages arising from or related to the loss of the Mark, the System or any association or affiliation with the Marks or the System.

**1.5 Non-Public Access Venues.** We also have the right to develop, open and operate, and to license others the right to develop, open and operate, Studios located in Non-Public Access Venues, including within the Development Zones. For purposes of this Agreement, the term Non-Public Access Venues shall mean private businesses, military bases, government institutions, private clubs, and other Studios that are not accessible to the general public.

## **2. DEVELOPMENT FEE.**

**2.1 Development Fee.** You must pay to us a “Development Fee” in the amount designated in Exhibit A immediately upon execution of this Agreement. The Development Fee is paid to us in consideration of the rights we grant you pursuant to this Agreement. Accordingly, the Development Fee is deemed fully earned by us upon execution of this Agreement and is non-refundable, even if you fail to develop one or more of the Studios.

## **3. STUDIO SITE SELECTION; FRANCHISE AGREEMENT EXECUTION PROCEDURES.**

**3.1 Studio Site Selection.** You must, on your own initiative and at your sole cost and expense, locate and secure an acceptable site for each Studio you are required to develop under this Agreement, and enter into a valid, binding lease agreement on or before the applicable Lease Execution Deadline. You must advise us in writing of your proposed site for each Studio and you must submit to us a complete site report and application (containing demographic, commercial and other information that we or our designee may require). We are relying on your knowledge of the real estate market in your Development Zones. Our prior approval is required in writing for each Studio location. Each site must meet our confidential site evaluation criteria. In accepting or rejecting a proposed site, we will consider such matters as we deem material, including demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses (including other System Studios), the nature of other businesses in proximity to the site and other commercial characteristics and the size of the premises, appearance, and other physical characteristics of the premises. We will approve or disapprove your proposed site within thirty (30) days after we receive all of the materials you are required to provide to us. Our approval of a site will be by delivery of written notice to you. If you do not receive a written notice of approval within thirty (30) days after receipt of the requisite materials to approve or disapprove a proposed site, your proposed site is considered disapproved. We will not unreasonably withhold approval of any proposed site if it meets our then-current site criteria. ***You acknowledge and agree that our approval of a proposed site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Studio or any other purpose. Our approval of a site indicates that we believe that the site meets our then acceptable criteria. Without limiting the foregoing, you acknowledge and agree that we are not responsible of the site fails to meet your or our expectations or if the Studio you develop at the site fails.*** We have the right to require you to use our designated suppliers for site selection and real estate development services. We will notify you in writing of any such requirement, and, you must, immediately upon your receipt of such written notification, comply with any and all such requirements at your sole cost and expense.

### **3.2 Lease Approval/Execution Procedures.**

3.2.1 You must present to us for our approval the lease for each premises from which you will operate each Studio you are required to develop under this Agreement **before you sign the lease for such Studio**. You must cause your landlord to include the provisions we require in your lease agreement for each Studio. For each Studio you are required to develop under this Agreement, both you, and the landlord for the applicable leased premises, must enter into our then-current form of Collateral Assignment of Lease. The Collateral Assignment of the Lease includes important provisions that protect our interests. If your landlord refuses to sign the Collateral Assignment of the Lease in the form we require, we have the right to reject your proposed site for the applicable Studio.

3.2.2 Each lease for each Studio must provide that we (or our designee) may, at our sole option, upon the termination, expiration or proposed transfer of the Franchise Agreement for such location, take an assignment of your interest in the lease, without the payment of additional consideration (other than a reasonable assignment fee), and without liability for obligations you accrued as of the date of the assignment of the lease. Our review of any lease prior to its execution will not be for the purpose of approving the legal aspects, economics, or rental terms of such lease. Accordingly, we will have no responsibility to you with regard to the economics, legality or enforceability of any lease. You further acknowledge that our approval and the rendering of assistance in the selection of a location does not constitute a representation, promise, warranty or guaranty by us that the Studio operated at that approved site will be profitable or otherwise successful. You are required to provide us with a copy of your fully executed lease for each Studio immediately upon your receipt of a fully executed copy thereof, and any amendments or renewals to the lease, to ensure that at all times we have a complete copy of the then-current lease for each Studio.

### **3.3 Franchise Agreement Execution Requirements.**

For each Studio you are required to develop under this Agreement, you (or a Developer Affiliate approved by us) shall sign our then-current form of franchise agreement, which agreement may contain materially different terms and conditions as compared to the form of franchise agreement attached to the FDD provided to you prior to your execution of this Agreement, no later than the earlier to occur of (a) the date you execute the lease agreement for the Studio; or (b) five (5) calendar days after you receive our written approval of the proposed site for the Studio. Notwithstanding the foregoing, in consideration of the

Development Fee you pay to us under this Agreement, you will not be required to pay an initial franchise fee under the Franchise Agreements executed pursuant to this Agreement. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of the Studio that is the subject of such Franchise Agreement, with the exception of the opening deadlines, which shall be governed by this Agreement.

#### **4. RELATIONSHIP OF PARTIES**

##### **4.1 Relationship of Parties**

4.1.1 You will function as an independent party and not as our agent or representative, but rather as a franchisee under our Franchise Agreements. You and we are not and will never be considered joint ventures, partners, employees, employer or agents one for the other. Neither will have the power to bind or obligate the other except as otherwise outlined in this Agreement and/or the Franchise Agreements. No representation will be made by either party to anyone that would create any apparent agency, employment or partnership except as otherwise outlined in this Agreement.

4.1.2 In all public and private records, documents, relationships, and dealings, you will indicate that you are an independent contractor operating pursuant to this Agreement.

4.1.3 You will maintain your records and accounts to clearly indicate that you and your employees are not our employees. You will be solely responsible to hire your own employees, including determinations about a prospective person's background, experience, character and immigration status. You must provide written notification to each person you intent to hire as an employee advising such person that the Franchisor is not their employer.

4.1.4 You will pay all of your development, travel, tax, operating, sales, and other costs and expenses directly or indirectly incurred in fulfilling your obligations under this Agreement. You will hold us harmless for all such costs and expenses.

#### **5. TERM AND TERMINATION**

##### **5.1 Term**

Unless sooner terminated, the term of this Agreement ("the Term") will begin on the Effective Date and will end on the earlier to occur of: (a) the date the final Studio you are required to develop under this Agreement has opened; or (b) the Opening Deadline for the last Studio you are required to open under this Agreement. You do not have any right to renew this Agreement.

##### **5.2 Termination**

We have the right to terminate this Agreement, effective immediately upon delivery of written notice to you, if you commit a Material Default under this Agreement.

Each of the following events shall be deemed a "Material Default" under this Agreement:

- (a) Your failure to meet any of your Minimum Development Obligations.
- (b) Any conduct on your part that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of the brand or System.
- (c) The termination of any Franchise Agreement entered into by and between Franchisor, its successors or assigns, and you and/or any Developer Affiliate.
- (d) If you or any Developer Affiliate commits a default under any Franchise Agreement or other agreement between us and you or any Developer Affiliate, which default remains uncured beyond all applicable notice and cure periods.
- (e) If you violate any of your confidentiality or non-competition obligations under this Agreement.

- (f) If you default under any other obligation under this Agreement and such default is not cured before the expiration of fifteen (15) calendar days following your receipt of a written notice of default from us.

A termination of this Agreement is not deemed to be a termination of any Franchise Agreement entered into by and between you and us, or any Developer Affiliate and us. You are not be entitled to any refund of any of the Development Fee if we terminate this Agreement in accordance with the terms hereof.

### **5.3 Effects of Termination**

Upon the expiration of the term, or upon termination of this Agreement, regardless of the cause for termination, you will have no further right to open or operate additional Studios which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between you and us which is in full force and effect. You acknowledge that during and after the expiration or earlier termination of this Agreement, we may open and operate, and license others the right to open and operate one or more Studios anywhere in the Development Zones, subject to any territorial rights granted to you or any Developer Affiliate, as applicable, under any Franchise Agreement then in effect.

## **6. TRANSFER AND SUCCESSION**

### **6.1 Assignment by Us**

We may assign this Agreement, or any of our rights and privileges to any other person, firm or corporation without your prior consent; provided that, in respect to any assignment resulting in the subsequent performance by the assignee of our functions, the assignee will expressly assume and agree to perform our obligations.

### **6.2 Assignment by You**

Your rights and obligations under this Agreement are personal to you and are not assignable at all. Without our prior written permission, you will not voluntarily or involuntarily sell, transfer, assign, encumber, give or otherwise alienate the whole or any part of this Agreement, your assets, or the ownership of any of your rights under this Agreement. We have entered this Agreement in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence we repose in you or your principal officers or partners who will actively and substantially participate in the development and operation of the Studios you are required to develop under this Agreement.

## **7. COVENANTS: NON COMPETITION/CONFIDENTIALITY/COMPLIANCE WITH LAWS**

### **7.1 Non-Compete**

7.1.1 You and each of your owners, officers and agents will not, during the Term of this Agreement, directly, indirectly or through, on behalf of, or in conjunction with any person or legal entity:

- (a) participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business (as defined below); or

- (b) divert, or attempt to divert any present or prospective business or customer of any Studio to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

For purposes of this Agreement, the term "Competitive Business" shall mean any (i) fitness studio or other business that provides fitness or exercise classes, any fitness or exercise marketing or consulting business, or any business offering products of a similar nature to those of the BODY20 Studio, or (ii) any other business offering products and services offered or authorized for sale by System franchisees (each a "Competing Business"), or (iii) any business offering or granting licenses or franchises for the right to

operate a Competing Business; provided, however, that this Section does not apply to Developer's operation of any other BODY20 Studio pursuant to a license or franchise agreement with Franchisor.

7.1.2 During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Zones; (b) within a twenty-five (25) mile radius of the Development Zones; or (c) within a twenty-five (25) mile radius of any Studio in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.

7.1.3 You acknowledge and agree that the restricted periods set forth in Section 7.1 (inclusive of all subparts) shall be tolled during any time in which you are in violation of your obligations. We may require you to obtain written agreements from your owners, officers, directors, employees and agents to not compete against us and to not disclose our trade secrets and confidential information. These agreements will be in a form we approve.

7.1.4 If for any reason, any provision of any of the covenants not to compete set forth in Section 7.1 (inclusive of all subparts) is determined to exceed any lawful scope and limit as to duration, geographic coverage, or otherwise, it is agreed that provision will nevertheless be binding to the full scope or limit allowed by applicable laws or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

7.1.5 You agree that damages alone cannot adequately compensate us if there is a violation of any of your non-competition covenants and that injunctive relief is essential for our protection. You therefore agree that in any case of any alleged breach or violation of this section, we may seek injunctive relief without posting any bond or security, in addition to all other remedies that may be available to us at equity or law.

## **7.2 Communication of Information**

During the Term of this Agreement and thereafter, you will not communicate or divulge to any person or entity the contents of the System Manuals, or any other non-public information related to the System or the operation of the Studios. Under no circumstances will you or your agents communicate or divulge to any person or entity any trade secrets, confidential information or personal contacts relating to the System or Studios operating under the System during the Term of this Agreement or thereafter.

## **7.3 You to Cease Using Names and Marks**

Except to the extent permitted under then current Franchise Agreements, upon expiration or termination of this Agreement, whatever the cause for termination, you will immediately cease using the Marks and our names, logos, service marks, trademarks and other marks, symbols or materials suggesting that you were related to us or the System in any way. You acknowledge that all of these are our exclusive property and that you are allowed to use them only in connection with your work as our sales and service agent or franchisee. You may use them only pursuant to the provisions of any relevant franchise agreements between the parties.

## **7.4 Compliance with Applicable Laws.**

You must, at your sole cost and expense, comply with all federal, state, city, municipality and local laws, ordinances, rules and regulations applicable to your obligations under this Agreement. You must, at your expense, be absolutely and exclusively responsible for determining all licenses and permits

required by law for your Studios, for qualifying for and obtaining all such licenses and permits, and maintaining all such licenses and permits in full force and effect.

## **8. DISPUTE RESOLUTION**

### **8.1 Mediation.**

8.1.1 The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action brought by us under Section 8. 3 of this Agreement, and with the exception of injunctive relief or specific performance actions, before the filing of any arbitration, you and we agree to mediate any dispute,

controversy or claim between us and/or any of our affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisor Related Party"), on the one hand, and you and/or any of your affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Developer Related Party"), including without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; or (c) the events occurring prior to the entry into this Agreement. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement.

8.1.2 Mediation will be conducted Palm Beach County, Florida (or, if Franchisor's corporate headquarters is no longer in Palm Beach County, Florida, the county where Franchisor's corporate headquarters is then-located). Persons authorized to settle the dispute must attend each mediation session in person. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Mediation Notice"). The Mediation Notice must specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other such relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. Upon receipt of the Mediation Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice. If the parties have been unable to resolve any such dispute within twenty (20) days after the date the Mediation Notice is provided by the Initiating Party to the other party, either party may initiate a mediation procedure in accordance with this provision. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section.

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the authorized person designated by each party an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the authorized persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party.

The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

8.1.3 The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or

admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

## **8.2 Arbitration**

8.2.1 Except as qualified below and in Section 8.3, and if not resolved by the negotiation and mediation procedures set forth in Section 8.1, any dispute, controversy or claim between Developer and/or a Developer Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement, (b) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Development Zones, (e) the scope or validity of the arbitration obligation under this Agreement, (f) any System standard; (g) any claim based in tort or any theory of negligence; and/or (h) any lease or sublease for any Studio, shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures.

8.2.2 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. The arbitration must take place in Palm Beach County, Florida (or, if our corporate headquarters is no longer in Palm Beach County, Florida, the county where our corporate headquarters is then-located). The arbitration will be heard before one arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in Palm Beach County, Florida.

8.2.3 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; (3) certify a class or a consolidated action; or (4) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator shall have the right to make a determination as to any procedural matters that court of competent jurisdiction would be permitted to make in the state in which our main office is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether Section **8.2** is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

8.2.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

8.2.5 The arbitrator shall have subpoena powers limited only by the laws of the State of Florida. The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of Florida. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of Florida.

8.2.6 Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

8.2.7 The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

8.2.8 We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek recovery of those costs against you.

### **8.3 Exceptions to Arbitration**

Notwithstanding Section 8.1 or Section 8.2, the parties agree that the following claims will not be subject to mediation or arbitration:

(a) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

(b) any action in ejectment or for possession of any interest in real or personal property; or

(c) any claim by us: (a) relating to your failure to pay any fee due to us under this Agreement; (b) relating to your failure to comply with the confidentiality and non-competition covenants set forth in this Agreement; and/or (c) and/or our affiliates relating to your use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

## **9. MISCELLANEOUS PROVISIONS**

### **9.1 Choice of Law and Venue; Limitation of Claims; Jury Trial Waiver; Class Action Waiver; Waiver of Damages**

9.1.1 You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement and the Franchise Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. This Agreement shall take effect upon its acceptance and execution by Franchisor. All matters relating to mediation or arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1, et. seq.). Except to the extent governed by the Federal Arbitration Act or other federal law, this Agreement, the franchise and all claims arising from or in any way related to the relationship between Franchisor, and/or any of its affiliates, on the one hand, and Developer, and any of Developer's owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the state of Florida, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

9.1.2 In the event the arbitration clause set forth in Section 8.2 is inapplicable or unenforceable, and subject to Franchisor's right to obtain injunctive relief in any court of competent jurisdiction, the following provision shall govern: The parties hereby expressly agree that the United States District Court for the Southern District of Florida (or, if our corporate headquarters is no longer in Palm Beach County, Florida, the applicable District Court where our corporate headquarters is then-located), or if such court lacks subject matter jurisdiction, the State Superior Court in Palm Beach County, Florida (or, if our corporate headquarters is no longer in Palm Beach County, Florida, the county where our corporate headquarters is then-located), shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further

agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. Developer acknowledges and agrees that this Agreement has been entered into in the State of Florida and that Developer is to receive valuable and continuing services emanating from Franchisor's headquarters. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision. Developer acknowledges and agrees that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of all of the members of the System.

9.1.3 Except for claims arising from your non-payment or underpayment of amounts you owe to us, or claims related to your unauthorized use of the Marks, any and all claims arising out of or related to this Agreement or the relationship of the parties will be barred unless a judicial or arbitration proceeding, as required under this Agreement, is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims, and that any action not so brought shall be barred, whether as a claim, counterclaim, defense or setoff. You hereby acknowledge and agree that you may not maintain any action against us or any of our principals, officers, directors, agents, employees, parents, subsidiaries, affiliates, successors or assigns (each a "BODY20 Global Related Party") unless (a) you deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to you, (b) you strictly adhere to the negotiation and mediation procedures set forth in this Agreement, and (c) you file an arbitration within one (1) year after the notice is delivered.

9.1.4 **Waiver of Rights. THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE AS FOLLOWS:**

9.1.5 **Jury Trial. The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in this Agreement is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.**

9.1.6 **Damage Waiver. The parties hereto and each of them EXPRESSLY WAIVE(S) ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES; *except that* this waiver and limitation shall not apply with respect to (a) your obligation to indemnify us pursuant to any provision of this Agreement, or (b) any claims we bring against you and/or your guarantors and/or your owners for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of your confidentiality or non-competition covenants under this Agreement, and/or any cause of action under the Lanham Act, and we shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.**

9.1.7 The parties hereto and each of them EXPRESSLY AGREE(S) THAT IN THE EVENT OF ANY FINAL DETERMINATION, ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that we may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

9.1.9 **No Class or Collective Actions. You agree that any arbitration, or, if applicable, litigation, between you (or any of your owners or guarantors), on the one hand, and us or any BODY20**

Global Related Party, on the other hand, will be on such party's individual claim and that the claim or claims subject to arbitration and/or litigation shall not be arbitrated or litigated on a class-wide, associational or collective basis.

## **9.2 Enforcement**

9.2.1 Either party may seek to obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

9.2.2 We shall be entitled to recover from you all of our costs and expenses, including attorneys' fees, accounting fees, expert witness fees, and any other reasonably incurred fees, if we are the prevailing party in any action, including arbitration, litigation, any motion to compel arbitration, and/or any action on appeal, with you and/or any of your owners or Guarantors, including, without limitation, any action: (a) to enforce the terms of this Agreement; (b) for violation of this Agreement; or (c) for violation of the Lanham Act or other state or federal statutes. Without limiting the generality of the foregoing, if we incur costs and expenses due to your failure to pay when due amounts owed to us our affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, you agree, whether or not we initiate a formal arbitration or legal proceeding, to reimburse us for all of the costs and expenses that we incur including, without limitation, reasonable accounting, attorneys' and related fees and costs.

## **9.3 Relationship of You to Us**

The parties intend by this Agreement to establish the relationship of franchisor and developer and/or independent contractors. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of us for any purpose whatsoever. Neither party is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer. All employees hired by or working for you will be your employees and will not, for any purpose, be deemed our employees or subject to our control. You must provide written notification to each of your employees that each such employee is employed by you, and not us. You must file your own tax, regulatory and payroll reports with respect to your employees and operations.

## **9.4 Your Indemnification**

9.4.1 You agree to protect, defend and indemnify us, and all of our past, present and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys and designees (the "Indemnified Parties") and hold each of the Indemnified Parties harmless from and against any and all damages, costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or related to your rights or obligations under this Agreement.

9.4.2 You represent and warrant that you have full and legal capacity to enter into this Agreement and into the Franchise Agreements and that they will not violate any provision or restriction in any contractual relationship you or your owners have with any third party.

## **9.5 Waiver and Delay**

9.5.1 The following will not constitute a waiver of the provisions of this Agreement with respect to any subsequent breach or a waiver by us of our right at any time to require exact and strict compliance with the provisions of this Agreement or of the franchise agreements:

- (a) Waiver by us of any breach or series of breaches or defaults in your performance,
- (b) Our failure, refusal or neglect to exercise any right, power or option given to us under this

Agreement or under any franchise agreement between us and you, or

(c) Our failure, refusal or neglect to insist upon strict compliance with or performance of your obligations under this Agreement or any other franchise agreement between you and us.

This applies to this Agreement and to any franchise agreement between the parties whether entered into before, after or contemporaneously with the execution of this Agreement and whether or not related to the Studios.

#### **9.6 Survival of Covenants**

The covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement, will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

#### **9.7 Successors and Assigns**

This Agreement will be binding upon and inure to the benefit of our successors and assigns and will be binding upon and inure to your benefit and your heirs, executors, administrators, successors and assigns, subject to the prohibitions against assignment contained above.

#### **9.8 Joint and Several Liability**

If ~~you~~'you' consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

**9.9 Agreements with Other Developers.** You acknowledge that other BODY20® franchisees and/or developers have or may be granted franchises or development rights at different times and in different situations, and further acknowledge that the provisions of such agreements may vary substantially from those contained in this Agreement.

#### **9.10 Entire Agreement**

Except for the Franchise Agreements that may be executed between the parties, this Agreement expresses the sole and complete understanding between the parties concerning the subject matter hereof. This Agreement, including the Exhibits attached hereto, is the entire agreement between the parties with respect to the subject matter hereof. No other prior agreements concerning the subject matter hereof, written or oral, will be deemed to exist or to bind the parties, and all prior agreements, understandings and representations, are merged into this Agreement and superseded by it. Nothing in this Agreement is intended to disclaim the representations we made in the FDD provided to you prior to your execution of this Agreement. You represent that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in this Agreement. No officer, employee, or agent of ours has any authority to make any representation or promise not contained in this Agreement or in the FDD. You agree that you have executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties. **Time is of the essence for this Agreement.**

#### **9.11 Titles for Convenience**

Section and paragraph titles used in this Agreement are for convenience only and will not affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

#### **9.12 Gender**

All terms used in any number or gender will extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any section or paragraph may require.

#### **9.13 Severability**

Nothing contained in this Agreement will require the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail. In such event the provisions of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, section, paragraph, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

**9.14 Counterparts**

This Agreement may be executed in any number of counterparts; each of which will be deemed an original and all of which together will be deemed the same instrument.

**9.15 Notices**

Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally, by email, or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and addressed as follows:

Notices to Franchisor: BODY20 Global USA, LLC  
1221 Brickell Avenue, 207 San Jacinto Blvd., Suite 900,  
Miami, FL 33131-301  
Austin, TX 78701  
Attn.: Christopher Pena

With a copy to: Fisher Zucker, LLC  
21 South 21st Street  
Philadelphia, PA 19103  
Attn.: JoyAnn Kenny

Notices to Developer: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of email, upon transmission, or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

**9.16 Submission of Agreement**

The submission of this Agreement does not constitute an offer and this Agreement will become effective only upon the execution by you and us. **THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT WILL HAVE BEEN ACCEPTED AND SIGNED BY FRANCHISOR.**

**9.17 Acknowledgments & Representations**

9.17.1 You, and your shareholders, members and partners, as applicable, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement. You and they have obtained the advice of counsel concerning entering this Agreement. You and they understand the nature of this Agreement and intend to comply with and to be bound by it. You acknowledge that you have conducted an independent investigation of the System, the Franchisor and the Studios, and recognize that, like any

other business, the business venture contemplated by this Agreement involves business risks. Your success in this business is not guaranteed, is speculative and depends, to an important extent, upon your ability as an independent businessperson. We do not represent or warrant that any Studio will achieve any certain level of sales or be profitable. We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. By signing this Agreement, you acknowledge that you have entered into it after making an independent investigation of the System.

9.17.2 You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of this franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your entering into this Agreement and granting you the rights under this Agreement in reliance upon all of your representations.

9.17.3 You understand that neither we, nor any of our representatives or agents with whom you have met have made, and are not making, any guarantees, express or implied, as to whether or not the Studios you develop under this Agreement will break even, be successful or profitable. You acknowledge that the franchise opportunity is a newly offered opportunity with a limited track record and a limited operating history. You accept all risks, including the risk of loss of your entire investment. You acknowledge that neither we nor any of our representatives and/or agents with whom you have met or corresponded with, have, in any way, represented or promised any specific amounts of earnings or profits in association with any of any Studio, including the Studios you are obligated to develop under this Agreement.

9.17.4 You will exert your best efforts and full time to carrying out the terms, covenants and conditions of this Agreement in good faith.

9.17.5 You acknowledge that you received our FDD at least fourteen (14) calendar days prior to the date on which this Agreement was executed and that you have read the FDD. You acknowledge that the FDD is a disclosure document, not a contract, and that this Agreement embodies the entire contractual agreement between the parties.

*{Signature Page Follows}*

**IN WITNESS WHEREOF**, this Agreement has been executed on the day and date first set forth.

~~above.~~

**DEVELOPER:**

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

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

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

**FRANCHISOR: BODY20 GLOBAL USA, LLC**

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

~~Name: Christopher Pena, President~~

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

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

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

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

Sign: \_\_\_\_\_ Sign: \_\_\_\_\_

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

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

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

Sign: \_\_\_\_\_

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

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

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

**EXHIBIT "A" TO DEVELOPMENT THE BODY20 GLOBAL USA, LLC FRANCHISE AGREEMENT**

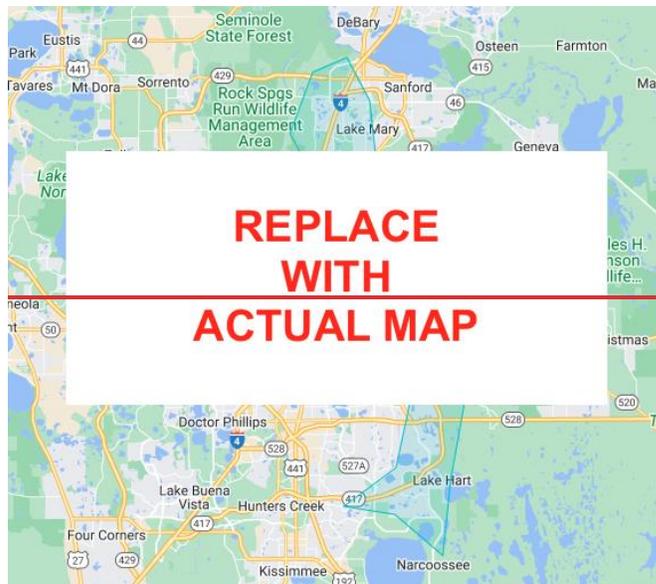
**1. APPROVED SITE AND TERRITORY**

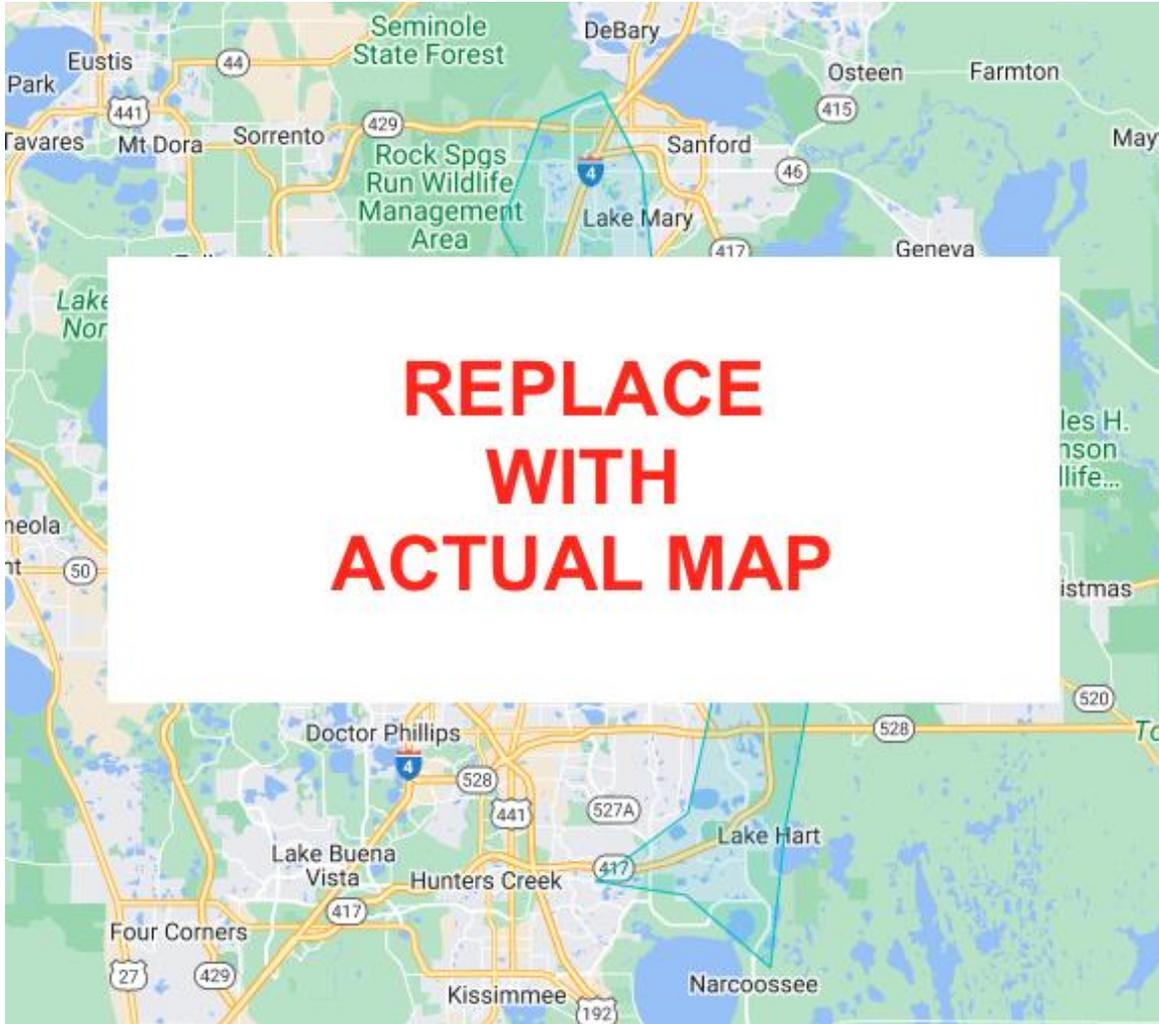
**APPROVED SITE AND TERRITORY**

**1. DEVELOPMENT ZONES**

Developer agrees to Develop a total of \_\_\_\_\_**NUMBER (#)** Studios according to the Minimum Development Obligations set forth in Section 2 of this Exhibit A. Developer acknowledges and agrees that the development area is broken up in to \_\_\_\_\_**NUMBER (#)** separate “Zones” , each such zone shaded in blue, as displayed in the map below (each a “Zone”).

Developer is required to open one (1) Studio in each of the \_\_\_\_\_**NUMBER (#)** Zones. Once Developer opens a Studio in a particular Zone, the Area Development Agreement will be deemed automatically amended to remove the Zone in which the Studio is located (each a “Removed Zone”) and Developer will have no further rights under the Area Development Agreement with respect to any and all Removed Zones. Without limiting the foregoing, Developer acknowledges and agrees that Franchisor shall have the right to develop, open and operate, and to license others the right to develop, open and operate one or more BODY20® Studios in each of the Removed Zones, subject only to the protected territory rights set forth under each of the Franchise Agreements executed by Developer (or its affiliate) for Studios operating in each such Removed Zone.





2. **MINIMUM DEVELOPMENT OBLIGATIONS**

Developer agrees to open ~~THREE (3)~~**NUMBER0 (#)** Studios, one in each of the Development Zones as set forth in Section 1 of this Exhibit A, according to the following Schedule:

Column A	Column B	Column C	Column D
Studio #	Lease Execution Deadline	Opening Deadline	Cumulative Number of Studios To Be Opened and Operating By Opening Deadline Designated in Column C
1	3 months prior to the Opening Deadline for Studio #1	9 months from the Effective Date	1

2	3 months prior to the Opening Deadline for Studio #2	18 months from the Effective Date	2
3	3 months prior to the Opening Deadline for Studio #3	27 months from the Effective Date	3

3. **DEVELOPMENT FEE.** The Development Fee is \$\_\_\_\_\_.

4. **RESPONSIBLE OWNER:**

~~Responsible Owner~~ Name: \_\_\_\_\_  
~~Responsible Owner~~ Address: \_\_\_\_\_  
~~Responsible Owner~~ Telephone Number: \_\_\_\_\_  
~~Responsible Owner~~ Email Address: \_\_\_\_\_  
~~Percentage~~ Ownership Interest: \_\_\_\_\_

5. **DEVELOPER INFORMATION:**

\_\_\_\_ Individual                      \_\_\_\_\_ Legal Entity

Name of Individual(s) or Legal Entity (as applicable): \_\_\_\_\_

If Legal Entity:

State of formation/~~incorporation~~: \_\_\_\_\_

: \_\_\_\_\_ Date of formation: \_\_\_\_\_

Ownership Information:

Owner Name	Owner Address	Percentage Ownership Interest

**[Signature Page Follows]**

**DEVELOPER:**

**FRANCHISOR: BODY20 GLOBAL USA, LLC**

Sign: \_\_\_\_\_

Sign: \_\_\_\_\_

\_\_\_\_\_

Print: \_\_\_\_\_ Print: \_\_\_\_\_

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

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

Title:

\_\_\_\_\_:

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

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

\_\_\_\_\_:

Sign: \_\_\_\_\_

Print: \_\_\_\_\_

Sign: \_\_\_\_\_

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

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

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

**EXHIBIT "B" TO ~~DEVELOPMENT~~ THE BODY20 GLOBAL USA, LLC FRANCHISE AGREEMENT**

**PERSONAL GUARANTY**

## PERSONAL GUARANTY

This Personal Guaranty is given on \_\_\_\_\_ by \_\_\_\_\_  
(whether one or multiple persons or entities, the "Guarantor").

1. In consideration of, and as an inducement to, the execution of the Development Agreement (the "Development Agreement") by BODY20 Global USA, LLC("Franchisor"), and \_\_\_\_\_ ("Developer"), Guarantor hereby personally and unconditionally:

(i) guarantees to Franchisor, and its successor and assigns, for the term of the Development Agreement and as provided in the Development Agreement, that Developer will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Development Agreement; and (ii) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Development Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Guarantor waives the right to assert as a defense to Franchisor's claims under this Guaranty that Franchisor had the right to procure any insurance on Developer's account.

2. Guarantor waives: (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (iv) any right Guarantor may have to require that an action be brought against Developer or any other person as a condition of liability.

3. Guarantor consents and agrees that: (i) Guarantor's direct and immediate liability under this Guaranty is joint and several; (ii) Guarantor will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (iii) liability is not contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and (iv) liability is not diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may grant to Developer or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which is continuing and irrevocable during the term of the Development Agreement.

4. Guarantor represents and warrants that, by signing the Guaranty: (i) any financial statements and other financial information that Guarantor has submitted to Franchisor are limited to the separate property of Guarantor and any marital property (community property) against which Franchisor is entitled to enforce its rights under this Guaranty and do not include any separate property of Guarantor's spouse against which Franchisor may not enforce this Guaranty; and (ii) if no signature appears below for Guarantor's spouse, Guarantor is either not married or, if married, is a resident of a state that does not require the consent of both spouses to encumber the assets of a marital estate (i.e., community property).

5. Guarantor hereby consents and agrees that:

(a) Guarantor's liability under this undertaking is direct, immediate, and independent of the liability of, and is joint and several with, Developer and the other parties who may be held liable for Developer's performance of the Franchise Agreement;

(b) Guarantor will render any payment or performance required under the Development Agreement upon demand if Developer fails or refuses punctually to do so;

(c) Franchisor is entitled to proceed against Guarantor and Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action or having obtained any judgment against Developer; and

(d) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking (including any amounts expended in pursuing payment from Developer) or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

**IN WITNESS WHEREOF**, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed.

**GUARANTOR(S)**

**Percentage Ownership in Developer**

Signature: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ %  
\_\_\_\_\_ %

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

Signature: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ %  
\_\_\_\_\_ %

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

A-20 Name: \_\_\_\_\_

|

|

**EXHIBIT "D" TO THE BODY20 GLOBAL USA, LLC DISCLOSURE DOCUMENT**

**OPERATIONS MANUAL TABLE OF CONTENTS**

**EXHIBIT "E" TO THE BODY20 GLOBAL USA, LLC DISCLOSURE DOCUMENT**

**STATE SPECIFIC ADDENDA AND RIDERS**

## **CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

1. 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.

2. OUR WEBSITE, ~~www.bodytwenty.com~~[www.bodytwenty.com](http://www.bodytwenty.com)/ [www.body20.com](http://www.body20.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov)

3. California Business and Professions Code sections 20000 through 20043 (the "Act") provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

4. Section 31125 of the California Corporations Code requires the franchisor to give you a disclosure document, in a form and containing information that the Commissioner of the Department of Financial Protection and Innovation may by rule or order require, before solicitation of a proposed material modification of an existing franchise.

5. The Franchise Agreement requires binding arbitration. The arbitration will occur in Palm Beach County, Florida with the costs being borne equally by both parties but reimbursable to the prevailing party. 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 provision of a franchise agreement that restricts venue to a forum outside of California.

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

7. The highest applicable interest rate in the State of California is 10%.

8. The Franchise Agreement contains a covenant not to compete that extends beyond the termination or transfer of the franchise. This provision may not be enforceable under California Law.

9. The Franchise Agreement requires you to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (Corporations Code §§31000-31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000-20043).

10. 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.

11. The agreements contain a liquidated damage clause, under Civil Code, Section 1671, certain liquidated damage clauses are enforceable.

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

13. Neither the franchisor, nor any person or franchise broker listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934 (15 U.S.C.A. §78A *et seq.*), suspending or expelling these persons from membership in such association or exchange.

14. The Franchise Disclosure Document is amended to include the following:

“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 (a) 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.”

**CALIFORNIA ADDENDUM TO THE BODY20 GLOBAL USA, LLC**  
**FRANCHISE AGREEMENT**

THE FOLLOWING ADDENDUM SHALL APPLY TO FRANCHISE AGREEMENTS ENTERED INTO WITH CALIFORNIA FRANCHISEES:

The Franchise Agreement is hereby amended to state the following:

“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 (a) 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.”

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**BODY20 GLOBAL USA, LLC**

**FRANCHISEE :** \_\_\_\_\_

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

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

**CALIFORNIA ADDENDUM TO THE BODY20 GLOBAL USA, LLC**  
**AREA DEVELOPMENT AGREEMENT**

THE FOLLOWING ADDENDUM SHALL APPLY TO AREA DEVELOPMENT AGREEMENTS ENTERED INTO WITH CALIFORNIA FRANCHISEES:

The Area Development Agreement is hereby amended to state the following:

“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 (a) 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.”

**BODY20 GLOBAL USA, LLC**

**DEVELOPER :** \_\_\_\_\_

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

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

## **ILLINOIS ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT**

Notwithstanding anything in the Franchisor's FDD to the contrary, the parties agree and acknowledge as follows:

Illinois law governs the Franchise Agreement and Development Agreement with regards to any state-specific claim arising out of Illinois franchise laws or franchise regulations.

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

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

In conformance with Section 41 of the Illinois 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.

**ILLINOIS ADDENDA TO THE FRANCHISE AGREEMENT  
AND AREA DEVELOPMENT AGREEMENT**

**The Franchise Agreement and Development Agreement are specifically amended as follows:**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987 (as amended), the parties to the attached Franchise Agreement and, if applicable, Development Agreement, agree as follows:

Illinois law shall govern the Franchise Agreement and Development Agreement with regards to any and all claims arising out of or based upon an Illinois franchise-specific law or regulation that is applicable to the sale/awarding of the franchise right(s) at issue.

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

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

In conformance with Section 41 of the Illinois 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.

The Franchise Agreement is amended to state the following: "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 (a) 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."

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**BODY20 GLOBAL USA, LLC**

**FRANCHISEE :** \_\_\_\_\_

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

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

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

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

## **MARYLAND ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT**

The Maryland Division of Securities requires the following specific disclosures to be made to prospective Maryland franchisees, and the amendments to the (i) Franchise Disclosure Document, and (ii) Franchise Agreement that have been agreed to by the parties:

1. Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C Section 101 *et seq.*).
2. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Regulation and Disclosure Law.
4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
5. All representations of requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**MARYLAND ADDENDA TO THE FRANCHISE AGREEMENT**

The Franchise Agreement is amended as follows:

1. Section 14.2(b) of the Franchise Agreement is amended to provide that a franchisee may sue in Maryland for claims arising under the Maryland Franchise Regulation and Disclosure Law. Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
2. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
3. Any general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. The Franchise Agreement is amended to state the following: "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 (a) 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."

**BODY20 GLOBAL USA, LLC**

**FRANCHISEE :** \_\_\_\_\_

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

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

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

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

**FOR TRANSACTIONS REGULATED BY THE MICHIGAN FRANCHISE  
INVESTMENT LAW ONLY**

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

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

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. 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.
3. A provision that permits a franchisor to terminate a franchise before 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 more than 30 days, to cure such failure.
4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise agreement 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 the franchisor's intent not to renew the franchise.
5. 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.
6. 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.
7. 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:
  - (a) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards;

(b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor;

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

(d) 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.

8. 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).

9. 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan  
Consumer Protection Division  
Attn: Franchisee  
670 G. Mennen Williams Building  
525 West Ottawa  
Lansing, Michigan 48933  
Telephone Number: (517) 373-7117

**MINNESOTA ADDEDNDA TO THE FRANCHISE DISCLOSURE DOCUMENT**

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce 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.

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

The Franchise Agreement is amended to state the following: "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 (a) 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."

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**BODY20 GLOBAL USA, LLC**

**FRANCHISEE :** \_\_\_\_\_

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

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

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

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

**MINNESOTA ADDENDA TO THE FRANCHISE AGREEMENT AND AREA  
DEVELOPMENT AGREEMENT**

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce 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.

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

The Franchise Agreement is amended to state the following: "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 (a) 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."

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**BODY20 GLOBAL USA, LLC**

**FRANCHISEE :** \_\_\_\_\_

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

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

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

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

**DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW**

“The State of South Carolina has not required and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.”

## **VIRGINIA ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for BODY20 Global USA, LLC for the use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for a default or termination stated in the development 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 Franchise Agreement is amended to state the following: "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 (a) 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."

**WASHINGTON ADDENDUM TO THE BODY20 GLOBAL USA, LLC FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT AND RELATED AGREEMENTS**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The Franchise Agreement and Area Development Agreement are amended to state the following: "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 (a) 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."

The undersigned does hereby acknowledge receipt of this addendum.

DATED: \_\_\_\_\_  
FRANCHISOR: BODY20 GLOBAL USA, LLC

DATED: \_\_\_\_\_

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

(Signature)

DATED: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

(Signature) \_\_\_\_\_ (Signature)

**EXHIBIT "F" TO THE BODY20 GLOBAL USA, LLC DISCLOSURE DOCUMENT**

**ROSTER OF CURRENT AND FORMER FRANCHISEES  
AS OF DECEMBER 31, 2022**

|

2023

## ROSTER OF CURRENT AND FORMER FRANCHISEES

(a) **Operational Franchisees.** The following are the names, addresses and telephone numbers of all BODY20 franchisees as of December 31, ~~2022~~2023 (updated through April ~~2023~~2024):

Franchisee	Franchisee Contact	Address	Open Status	Phone Number
<b>ARIZONA</b>				
Esbensshade, LLC	Kenton and Briana Esbensshade	35 E Warner Road Gilbert, AZ 85926	OPEN	(480) 690-6238
	Kenton and Briana Esbensshade	Phoenix, AZ	SNO	(971) 719-0467
EMS Fitness North Scottsdale, LLC	Martez Killens	16459 North Scottsdale Road, Unit C101, Scottsdale, AZ 85254	OPEN	(480) 597- 1934
CLGD Enterprises, LLC	Gerard and Cassie Richards	7650 South McClintock Drive, Ste 101 Tempe, AZ 85284	OPEN	(480) 235-5814
	Gerard and Cassie Richards	Ahwatukee, AZ	SNO	(480) 235-5814
	Alexia Bertsatos	Phoenix, AZ	SNO	(480) 235-5814
<b>CALIFORNIA</b>				
	James Robbins	Southern California	SNO	(480) 250-2178
	Cesar and Connie Vazquez	Fresno, CA	SNO	(559) 283-3391
	Robert Kellner	San Diego, CA	SNO	(480) 235-5814
	James Robbins and Ruth Hammond	Southern California	SNO	(480) 235-5814
<b>COLORADO</b>				
JH Fitness One, LLC	Joseph Hunt	8000 E Belleview Avenue, Ste E10, Greenwood Village, CO 80111	OPEN	(303) 265-7009
Bumps are the Road, LLC	Joseph Hunt	17021 Lincoln Avenue, Suite 68, Parker, CO 80134	OPEN	(818) 424-1906
SOGO 1, LLC	Brendon Reimer	3519 E Harmony Road, Suite 150, Fort Collins, CO 80528	7/22/24	(970) 305-5609
	Brendon Reimer	Boulder, CO		

			SNO	(720) 670-7203
Hartova, LLC	Gabriel and Tara Tovar	2255 West 136th Avenue, Suite A100, North Broomfield, CO 80023	OPEN	(303) 381-1545
Zade, LLC	Anne and Michael Zilvitis	162 Adams Street, Suite 100, Denver, CO 80206	OPEN	(303) 807-9279
<b>FLORIDA</b>				
	Zack Moliver	100 Plaza Real South, Suite A, Boca Raton, FL 33432	11/19/24	(954) 610-2956
	Brittany Crowley, Francis Crowley	12511 South Dixie Highway, Pinecrest, FL 33156	11/19/24	(305) 807-4939
A&M Champion Enterprises	Amy Hearne and Michael Yorio	240 A1AN, Ponte Vedra Beach, FL 32082	11/21/24	(631) 827-5993
	Abraham Douglas Jay	1881 NE 26th Street, Suite 100-101, Wilton Manors, FL 33305	11/19/24	(954) 654-0774
Codice Holdings, LLC	Paul Westra, Alex Reid, Frank Zaffere, Sean Guerin, Drew Haynie	4587 Weston Road, Suite 4587, Weston, FL 33331	OPEN	(954) 361-2618
Workout with Cathy, LLC	Arun Datwani	7036-60 West Palmetto Park Road, Boca Raton, FL 33433	8/3/23	(201) 674-5882
WRZ Fitness, LLC	Zeeshan Zafar	7541 West Sand Lake Road, Orlando, FL 32819	12/27/23	(516) 451-3731
Gardenia Enterprises of South Florida, LLC	Ramon Caraballo	203 Dixie Boulevard, Delray Beach, FL 33444	3/21/24	(561) 577-6405
CL Management Company, Inc.	Cheryl Leslie	11021 Southern Boulevard, Suite 170, Royal Palm Beach, FL 33411	OPEN	(561) 221-6597
Emaire Health South Tampa, LLC	Stafford Burrowes	3809 Northdale Boulevard, Tampa, FL 33624	OPEN	(647) 296-0823
Right Triangle Group, LLC	Ivan Nieves and Erik Delgado	15959 Pines Boulevard, Unit 15, Pembroke Pines, FL 33027	SNO	(404) 295-9650
Right Triangle Group, LLC	Ivan Nieves and Erik Delgado	South Florida	SNO	(754) 732-2534
RUN JT ENTERPRISES, LLC	Tara and John McLain	Orlando, FL	SNO	(407) 748-8838
<b>GEORGIA</b>				
Brookhaven EMS Fitness, LLC	Jason and Leslie Cohen	3930 Peachtree Rd, Ste 202, Brookhaven, GA 30319	OPEN	(770) 843-1180

Amplified Fitness, LLC	Heidi Underwood	3655 Roswell Road, Suite 200, Atlanta, GA 30342	OPEN	(404) 617-4001
KLWF1 LLC	Eugene Chayevsky	1100 Johnson Ferry Road, Suite 270, Marietta, GA 30068	OPEN	(770) 450-6127
KLWF2, LLC	Eugene Chayevsky	Roswell, GA	SNO	(678) 268-4676
Pettus Fitness, LLC	Reginald "Tim" and Lilly Pettus	West Cobbb, GA	SNO	(770) 843-1180
Decatur EMS, LLC	Tim Vanderham and Marci Nessing	Atlanta, GA	OPEN	(605) 695-1219
<b>ILLINOIS</b>				
RTIL Corp	Rebecca and Erik Haass	808 East Ogden Avenue, Westmont, IL 60559	8/31/23	(630) 468-1461
	Rebecca and Erik Haass	Chicago, IL	SNO	(630) 468-1461
Phalanx Fitness	Christopher McGuire	1166 W Madison Street, Chicago, IL 60607	SNO	(605) 695-1219
Fervor Fitness, LLC	Derrick Shenk, Brian Rush, Stephen Silzer	Chicago, IL	SNO	(605) 695-1219
<b>INDIANA</b>				
SLR Fitness Performance	Sharon Sadowski and Ryan Hayes	Indiana, IN	SNO	(773) 426-2423
<b>KANSAS</b>				
AmyMasonG Fitness 1, LLC	Amy and Mason Gilliland	4057 West 83rd Street, Prairie Village, KS 67208	8/22/24	(913) 259-7096
Lenexa Fit, LLC	Matthew Jones	16962 City Center Drive, Lenexa, KS 66219	OPEN	(913) 254-9610
<b>MASSACHUSETTS</b>				
	Chris Reohr, Tom Reohr, Adnai Mendez	Boston, MA	SNO	(917) 608-9795
<b>MICHIGAN</b>				
BAML Holding, LLC	Bryan Proctor	25030 Woodward Avenue, Royal Oak, MI 48067	OPEN	(248) 237-4559
	Jorge and Adrienne Campuzano	2845 Thornhills Avenue SE, Suite P, Grand Rapids, MI 49546	OPEN	(616) 327-4739
	Krupa and Rajan Patel	Northville, MI	SNO	(678) 596-6757

<b>MISSOURI</b>				
Triton Midwest, LLC	Anthony and Tristina Phelps	Brentwood, MO	SNO	(228) 365-5587
<b>NEBRASKA</b>				
MSBFIT, LLC	Mark and Stephanie Boyens	17857 Pierce Plaza, Omaha, NE 68130	SNO	(402) 243-1579
<b>NEVADA</b>				
Choc20 Summerlin, LLC	Andrew and Elizabeth Anderson, Scott and Michelle Anderson	4280 South Hualapai Way, Las Vegas, NV 89147	OPEN	(725) 218-3270
	Daniel and Shannon Gettings	18144 Wedge Pkwy ste #6, Reno, NV 89511	SNO	(602) 820-9198
<b>NEW JERSEY</b>				
Codice Holdings, LLC	Paul Westra, Alex Reid, Frank Zaffere, Sean Guerin, Drew Haynie	2153 S Highway 35, Unit 5, Sea Girt, NJ 08750	SNO	(732) 305-8061
Codice Holdings, LLC	Paul Westra, Alex Reid, Frank Zaffere, Sean Guerin, Drew Haynie		SNO	(917) 613-5705
B-Squared Total Fitness, Inc.	Jan and Larisa Belote, Ted and Pamela Bourroum		SNO	(732) 996-6963
Swan Song Fitness, LLC	Michael Brand and Bob McQuillan	906 Route 73 N, Marlton, NJ 08053	SNO	(856) 203-6756
<b>NEW YORK</b>				
	Caitlin Holtz	3000 Monroe Avenue, Rochester, NY 14618	8/21/24	(585) 867-9500
J.E.C. Health Corp	James E Carlson	275 Route 25A, Suite 28, Miller Place, NY 11764	SNO	(631) 683-3543
<b>NORTH CAROLINA</b>				
Granderson Ventures, LLC	Toby Brody, Calvin Brody	14835 Ballantyne Village Way, Suite B-100, Charlotte, NC 28277	OPEN	(980) 215-9964
Granderson Ventures, LLC	Toby Brody, Calvin Brody	7930 Skyland Ridge Parkway, Suite 105, Raleigh, NC 27549	OPEN	(984) 263-5304

Granderson Ventures, LLC	Toby Brody, Calvin Brody	316 Colonades Way, Suite C202, Cary, NC 27518	OPEN	(919) 351-1548
TM2M, Corp.	Michelle and Anthony Acolla, Michelle and Michael Bastianelli		SNO	(702) 521-2053
<b>OHIO</b>				
	Scott Collett	Mason, OH	SNO	(513) 773-1444
	Paul Bautista		SNO	(702) 521-2053
<b>OKLAHOMA</b>				
Poole Anchor 1, LLC	Jerry and Cheri Poole	6425 Avondale Drive, Nichols Hills, OK 73116	OPEN	(405) 653-9260
<b>OREGON</b>				
Poole Anchor 1, LLC	Jake and Darla Stutevoss	4015 Mercantile Drive, Suite 165, Lake Oswego, OR 97035	OPEN	(503) 365-6898
Poole Anchor 1, LLC	Jake and Darla Stutevoss	Portland, OR	SNO	(561) 482-8108
Poole Anchor 1, LLC	Matthew Klinke	Happy Valley	SNO	(971) 645-8221
<b>PENNSYLVANIA</b>				
Charlie et al I, LLC	Anthony and Lauren Fuoco	126 Enclave Drive, Suite 104, Seven Fields, PA 16046	OPEN	(412) 218-2639
Life After Forty, Inc.	Brian and Jennifer Pellegrino		SNO	(908) 256-9522
<b>SOUTH CAROLINA</b>				
EWGM Holdings, LLC	Eric and Wendy Mathis	712 S Shelmore Boulevard, Suite 101, Mount Pleasant, SC 29464	3/21/24	(843) 388-5074
<b>TENNESSEE</b>				
	Dustin Brewer	1201 Liberty Pike, Suite 109, Franklin, TN 37067	OPEN	(919) 5927663
<b>TEXAS</b>				
Bold Bodies - One, LLC	Nancy and Chris Miller	1620 N Hardin Boulevard, Suite 800, McKinney, TX 75071	4/27/23	(469) 324-3268
Bold Bodies - Two, LLC	Nancy and Chris Miller	926 Watters Creek Boulevard, Allen, TX 75013	OPEN	(469) 324-3268

EMS Fitness Heights, LLC	Prashant and Bhavika Patel	600 N Shepherd Drive, Suite 451, Houston, TX 77007	3/23/24	(832) 476-7492
True & Fab Investments	Juan Fabregat	1713 Post Oak Boulevard, Houston, TX 77056	OPEN	(713) 324-9241
HSVATX9, LLC	Ben Hudson and Bryan Frnka	San Antonio, TX	SNO	(512) 731-9812
Do Estim, LLC	Orlen and Dory Howell	937 William D Fitch Parkway, Suite 301, College Station, TX 77845	OPEN	(979) 216-9524
	Miriam Mejia and Antwain McGothlin	4747 Research Forest Drive, Suite 165, Woodlands, TX 77381	OPEN	(281) 205-4535
	Miriam Mejia	Austin, TX	SNO	(512) 925-7220
	Miriam Mejia, Antwain McGothlin, Austin Wighaman	3810 N Quinlan Park, Suite 160, Austin, TX 78732	OPEN	(555) 555-5555
	Miriam Mejia and Austin Wighaman	4005 Market Street, Suite 110, Bee Cave, TX 78738	OPEN	(512) 807-0591
	Kivash Naidoo		SNO	(555) 555-5555
ARCA Preston Hollow, LLC	Abhilash Donepudi and Chaithanya Tatineni	7865 Firefall Way, Suite 140, Dallas, TX 75230	OPEN	(719) 235-8141
	Abhilash Donepudi and Chaithanya Tatineni	Legacy Dallas, TX	SNO	(719) 235-8141
AC Mak, LLC	Royce and Teena Makil	11411 Coit Road, Suite 120, Frisco, TX 75035	OPEN	(631) 848-8709
Starville Group, LLC	Glenn Odell and Hans Reed	1420 West Grand Parkway South, Suite 300, Katy, TX 77494	OPEN	(713) 620-8657
Corpus Viginti Inc.	Frederick Blue	4680 Windhaven Parkway, Suite 100, The Colony, TX 75056	OPEN	(469) 902-8922
House of Hightower, LLC	Zach and Christina Hightower	3835 Bellaire Blvd, Ste B, Houston, TX 77025	OPEN	(903) 520-2482
VO2 Health & Fitness, LLC	Siva Karuturi	1400 Shoal Creek, Suite F130, Highland Village, TX 75077	OPEN	(214) 532-0429
	Siva Karuturi		SNO	(555) 555-5555

	Jaime and January De Los Santos	5401 S Farm to Market 1626, Suite 105, Kyle, TX 78640	OPEN	(555) 555-5555
	Cody and Kendahl Kelly	4853 Sweetwater Boulevard, Suite 18-B, Sugar Land, TX 77479	OPEN	(281) 703-6143
	Garrett Ball	5600 Colleyville Boulevard, Suite 5600 E, Colleyville, Texas 76034	OPEN	(214) 629-7152
	Asad Jiwani and Zain Meghani		SNO	(555) 555-5555
	Zeljko and Mary Bosnjak	5250 Farm to Market 2920, Spring, TX 77388	SNO	(555) 555-5555
	Bowen and Kenneth Durrett		SNO	(555) 555-5555
	Raghu Karuturi		SNO	(555) 555-5555
	Kivash Naidoo	West Plano, TX	SNO	(214) 725-9928
<b>UTAH</b>				
Thor Muscles, LLC	Kim Eastman and Brad Wyman	13351 S Rock Wren Lane, Suite PD-Y2, Riverton, UT 84096	OPEN	(801) 418-9750
Psoas Muscles, LLC	Kim Eastman and Brad Wyman	11078 S State Street. Suite 104, Sandy, UT 84070	OPEN	(385) 295-9108
	Devan Bennion and Jordan Lewis	Sugar House, UT	SNO	(253) 797-3171
EMS Fit SLC, LLC	Ali DeSano and Monte Blunk	Salt Lake City, UT	SNO	(206) 949-3089
	David Tuckfield	Salt Lake City, UT	SNO	(512) 576-2481
<b>VIRGINIA</b>				
NOVA EMS Fitness, LLC	Kevin Cheung	21435 Epicere Plaza, Unit 160, Sterling, VA 20164	9/14/21	(703) 596-8022
Loudon Fitness Specialists, LLC	Samuel Zimmermann	Leesburg, VA	SNO	(203) 216-8220

**(b) List of Area Developers**

Name of Area Developer Entity	Contact Person	Address	Telephone Number	Development Area (List States)	Date of ADA (Month / Year)
MKKB Holdings, LLC	Martez Killens	16459 North Scottsdale Road, Unit C101, Scottsdale, AZ 85254	(480) 597- 1934	Arizona	8/20/22
	Kenton and Briana Esbenshade	Phoenix, AZ	(971) 719-0467	Arizona	4/27/23
	James Robbins and Ruth Hammond	AZ and CA	(303) 881-5843	Arizona, California	1/31/23
	Alexia Bertsatos	Phoenix, AZ	(480) 277-4120	Arizona	
	Cesar and Connie Vazquez	CA	(559) 287-4437	California	12/20/23
JH Fitness One, LLC	Joseph Hunt	8000 E Belleview Avenue, Suite E10, Greenwood Village, CO 80111	(303) 265-7009	Colorado	11/3/21
Zade, LLC	Anne Zilvitis	Cherry Creek (Denver), CO	(303) 807-9279	Colorado	3/30/22
	Brendon Reimer	Boulder, CO	(720) 670-7203	Colorado	4/28/22
Emaire Health South Tampa, LLC	Stafford Burrowes	South Tampa, FL	(647) 296-0823	Florida	7/15/22
Right Triangle Group, LLC	Ian Nieves and Erik Delgado	South Florida	(404) 295-9650	Florida	11/29/22
	Tara and John McLain	Gainesville, FL	(407) 748-8838	Florida	1/31/23
Brookhaven EMS Fitness, LLC	Jason Cohen	3930 Peachtree Rd, Ste 202, Brookhaven, GA 30319	(770) 843-1180	Georgia	1/17/22
	Heidi Underwood	3655 Roswell Road, Suite 200, Atlanta, GA 30342	(404) 6174001	Georgia	4/28/22
KLW Fitness, LLC	Eugene Chayevsky	Roswell (Atlanta), GA	(917) 250-9231	Georgia	10/19/22
Decatur EMS, LLC	Timothy Vanderham and Marci Nensing	Atlanta, GA	(605) 695-1219	Georgia	10/21/22
RTIL Corp	Rebecca and Erik Haass	808 East Ogden Avenue, Westmont, IL 60559	(630) 468-1461	Illinois	4/22/22
	Christopher McGuire	Chicago (Old Town), IL	(917) 504-4044	Illinois	9/7/22
Ferver Fitness	Derrick Shenk, Brian Rush, Stephen Silzer	Chicago, IL	(773) 459-7686	Illinois	10/2/23
	Sharon Sadowski and Ryan Hayes	Indianapolis, IN	(773) 426-2423	Indiana	4/26/23
	Amy and Mason Gilliland	4057 West 83rd Street, Prairie Village, KS 67208	(785) 550-3013	Kansas	10/17/21
	Matthew Jones	16962 City Center Drive, Lenexa, KS 66219	(913) 579-5167	Kansas	7/27/22
	Chris Reohr, Tom Reohr, Adnai Mendez	Boston, MA	(917) 608-9795	Massachusetts	4/21/22
	Bryan Proctor	25030 Woodward Avenue, Royal Oak, MI 48067	(248) 237-4559	Michigan	10/7/21
	Jorge and Adrienne Campuzano	2845 Thornhills Avenue SE, Suite P, Grand Rapids, MI 49546	(616) 327-4739	Michigan	4/8/22
Triton Midwest, LLC	Anthony and Tristina Phelps	Brentwood, MO	(228) 365-5587	Missouri	12/20/21
	Mark and Stephanie	17857 Pierce Plaza, Omaha, NE	(402) 243-1579	Nebraska	8/16/22

Name of Area Developer Entity	Contact Person	Address	Telephone Number	Development Area (List States)	Date of ADA (Month / Year)
	Boyens	68130			
	Andrew and Elizabeth Anderson, Scott and Michelle Anderson	4280 South Hualapai Way, Las Vegas, NV 89147	(725) 218-3270	Nevada	4/28/22
Codice Holdings, LLC	Paul Westra, Alexander Reid, Frank Zaffere, Sean Guerin, Drew Haynie	Coastal NJ	(917) 613-5705	New Jersey	3/31/23
B-Squared Total Body Fitness, Inc.	Jan and Larisa Belote, Ted and Pamela Borroum	Northern NJ	(732) 996-6963	New Jersey	11/16/22
Granderson Ventures, LLC	Calvin Brody, Toby Brody	14835 Ballantyne Village Way, Suite B-100, Charlotte, NC 28277	(980) 215-9964	North Carolina	11/15/21
	Calvin Brody, Toby Brody	7930 Skyland Ridge Parkway, Suite 105, Raleigh, NC 27549	(984) 263-5304	North Carolina	11/15/21
	Calvin Brody, Toby Brody	316 Colonades Way, Suite C202, Cary, NC 27518	(919) 351-1548	North Carolina	11/15/21
TM2M, Corp.	Michelle and Anthony Accola, Michelle and Michael Bastianelli	Charlotte, NC	(702) 521-2053	North Carolina	1/26/23
	Scott Collett	Mason, OH	(513) 773-1444	Ohio	10/11/22
	Jerry Poole	6425 Avondale Drive, Nichols Hills, OK 73116	(405) 653-9260	Oklahoma	3/16/22
JD Voss Enterprises, Inc.	Jake and Darla Stutevoss	Portland, Oregon	(561) 482-8108	Oregon	8/29/22
	Matthew Klinke	Portland, Oregon	(971) 645-8221	Oregon	1/31/23
Charle et al I, LLC	Anthony and Lauren Fuoco	126 Enclave Drive, Suite 104, Seven Fields, PA 16046	(412) 218-2639	Pennsylvania	12/17/21
	Michael Brand	Phoenixville Pop-Up (Philadelphia), PA	(267) 6065346	Pennsylvania	4/28/22
	Miller Family	1620 N Hardin Boulevard, Suite 800, McKinney, TX 75071	(469) 324-3268	Texas	11/24/21
BM Stewart Holdings	Bruce Stewart sold to BAM Fitness and resold then to Donepudi	Legacy Dallas, TX	(719) 235-8141	Texas	11/21/22
EMS Fitness Heights, LLC	Prashant and Bhavika Patel	600 N Shepherd Drive, Suite 451, Houston, TX 77007	(832) 476-7492	Texas	10/19/20
HSVSATX9, LLC	Ben Hudson and Bryan Frnka	San Antonio North, TX	(512) 731-9812	Texas	2/11/22
Do Estim, LLC	Orlen and Dory Howell	937 William D Fitch Parkway, Suite 301, College Station, TX 77845	(979) 216-9524	Texas	3/30/22
Mejia Physio, LLC	Miram Mejia	4747 Research Forest Drive, Suite 165, Woodlands, TX 77381	(281) 205-4535	Texas	3/31/22
Mejia Physio, LLC	Miram Mejia	Austin, TX	(512) 925-7220	Texas	2/22/23
BAM Fitness Ventures, LLC	Austin Wighaman/Mike Pottorff	4005 Market Street, Suite 110, Bee Cave, TX 78738	(512) 807-0591	Texas	11/30/22
	BAM Fitness Ventures, LLC sold to Kivash Naidoo	Dallas (West Plano), TX	(214) 724-9928	Texas	2/28/23

Name of Area Developer Entity	Contact Person	Address	Telephone Number	Development Area (List States)	Date of ADA (Month / Year)
	Abhilash Donepudi and Chaithanya Tatineni	Preston Hollow (Dallas), TX	(719) 235-8141	Texas	4/21/22
AC Mak, LLC	Royce and Teena Makil	Frisco (Dallas), TX	(631) 848-8709	Texas	6/19/22
Saffiniti Group, Inc	Sean Studzinski	5600 Colleyville Boulevard, Suite 5600-E, Colleyville, TX 76034	(214) 629-7152	Texas	6/23/22
Starville Group, LLC	Glenn Odell and Hans Reed	Katy (Houston), TX	(713) 620-8657	Texas	7/28/22
Corpus Viginti Inc.	Frederick Blue	4680 Windhaven Parkway, Suite 100, The Colony, TX 75056	(469) 902-8922	Texas	8/10/22
	Jaime and January De Los Santos	Dripping Springs, TX	(979) 571-9699	Texas	2/23/23
	Cody and Kendahl Kelly	Houston, TX	(281) 703-6143	Texas	2/23/23
	Garrett Ball	Austin, TX	(970) 769-0382	Texas	4/21/22
	Kim Eastman and Brad Wyman	Draper, UT	(832) 967-7287	Utah	9/30/22
	Kevin Cheung	21435 Epicere Plaza, Unit 160, Sterling, VA 20164	(703) 596-8022	Virginia	12/20/21
	Samuel Zimmermann	Leesburg, Virginia	(203) 216-8220	Virginia	2/23/23
	James Robbins	Southern California	(480) 250-2178	California	4/20/23
Life After Forty, Inc.	Brian and Jennifer Pellegrino	Allentown, PA	(908) 256-9522	Pennsylvania	11/11/22
	Dustin Brewer	Nashville (Murfreesboro), TN	(919) 5927663	Tennessee	10/25/21

(b) **Former Franchisees.** The following are the names, last known home addresses and home telephone numbers of all franchisees that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a BODY20 Franchise Agreement during the most recently completed fiscal year (since January 1, 2023) or who have not communicated with us within 10 weeks of the effective date of this Franchise Disclosure Document:

Location/ City, State	Franchisee	Telephone Number	Reason
Westport, CT	Jay and Nancy Arnold , Max Arnold, Jack Arnold	(203) 214-8947	
Dallas, TX	Bruce Stewart	(214) 208-9532	transfer of license for unopened Studio
Boca Raton, FL	Jairo Espinoza	(561) 332-6950	
Jacksonville, FL	Anthony Grider and Danielle Borg	(210) 383-3593	termination
Durbin Pavilion, FL	Todd King	(904) 716-6843	termination
Ft. Collins	Chris Eberle and Tara Hopkins	(813) 417-3650	Transfer to existing franchisee

<b>Location/ City, State</b>	<b>Franchisee</b>	<b>Telephone Number</b>	<b>Reason</b>
Austin, TX	Mike Pottorff	(512) 947-5906	Left the franchisee entity
Chicago, IL	John and Elaine D'Amico	(708) 646-3738	De-branded
Phoenix	Jeff Flannery	(303) 881-5843	Transfer to existing franchisee
Dallas, TX	Sean Studzinski	(214) 629-7152	Transfer to existing franchisee

## ROSTER OF CURRENT AND FORMER FRANCHISEES

(a) **Operational Franchisees.** The following are the names, addresses and telephone numbers of all BODY20 franchisees as of December 31, 2022 (updated through April 2023):

FRANCHISEE	Franchisee Contact	Address	Opening Status	Telephone Number
<b>ARIZONA</b>				
	Kenton and Briana Esbenshade	Mesa, AZ	SNO	(971) 719-0467
MKKB Holdings, LLC	Martez Killens	16459 North Scottsdale Road, Unit C101, Scottsdale, AZ 85254	SNO	(480) 597- 1934
CLGD Enterprises, LLC	Gerard and Cassie Richards	Chandler North, AZ	SNO	(480) 235-5814
	Jeff Flannery	Phoenix, AZ	SNO	(303) 881-5843
<b>CALIFORNIA</b>				
	James Robbins	Southern California	SNO	(480) 250-2178
<b>COLORADO</b>				
JH Fitness One, LLC	Joseph Hunt	8000 E Belleview Avenue, Suite E10, Greenwood Village, CO 80111	Apr-23	(303) 265-7009
	Joseph Hunt	Parker, CO	SNO	(818) 424-1906
	Chris Eberle and Tara Hopkins	3519 E Harmony Road, Suite 150, Fort Collins, CO 80528	Jul-22	(970) 305-5609
Hartova, LLC	Gabriel and Tara Tovar	2255 West 136th Avenue, Suite A100, North Broomfield, CO 80023	SNO	(303) 381-1545
	Travis Robertson	Broomfield, CO	SNO	(970) 420-9660
Zade, LLC	Anne Zilvitis	Cherry Creek (Denver), CO	SNO	(303) 807-9279
	Brendon Reimer	Boulder, CO	SNO	(720) 670-7203
<b>FLORIDA</b>				
TK Management Team, LLC	Todd King	70 Durbin Pavilion Drive, St Johns, FL 32259	Mar-21	(904) 716-6843
	Danielle Borg	210 3rd Avenue South, Jacksonville Beach, FL 32250	Dec-19	(954) 609-2195
Caraballo Moliver Investments	Zack Moliver	100 Plaza Real South, Suite A, Boca Raton, FL 33432	Nov-19	(954) 610-2956
Crowley Family	Brittany Crowley, Francis Crowley	12511 South Dixie Highway, Pinecrest, FL 33156	Nov-19	(305) 807-4939
A&M Champion Enterprises	Amy Hearne, Michael Yorio	240 A1AN, Ponte Vedra Beach, FL	Nov-21	(631) 827-5993
Golden State, LLC	Jairo Espinoza	9704 Clint Moore Road, Unit A110, Boca Raton, FL 33432	Dec-20	(561) 332-6950
	Abraham Douglas Jay	1881 NE 26th Street, Suite 100-101, Wilton Manors, FL 33305	Nov-19	(954) 654-0774

FRANCHISEE	Franchisee Contact	Address	Opening Status	Telephone Number
Codice Holdings, LLC	Paul Westra, Alexander Reid, Frank Zaffere, Sean Guerin, Drew Haynie	4587 Weston Road, Suite 4587, Weston, FL 33331	SNO	<a href="tel:(954)361-2618">(954) 361-2618</a>
	Arun Datwani	7036-60 West Palmetto Park Road, Boca Raton, FL 33433	SNO	(201) 674-5882
WRZ Fitness, LLC	Zeeshan Zafar	7541 West Sand Lake Road, Orlando, FL 32819	SNO	(516) 451-3731
Caraballo Moliver Investments	Ramon Caraballo	203 Dixie Boulevard, Delray Beach, FL 33444	Mar-21	(561) 577-6405
	Daniel Perez	Doral, FL	SNO	(305) 878-7385
	Abraham Douglas Jay	Fort Lauderdale, FL	SNO	(954) 654-0774
Elite Lifestyle Labs	Anthony Grider, Danielle Borg	Southside (Jacksonville), FL	SNO	(210) 383-3593
CL Management Company, Inc.	Cheryl Leslie	11021 Southern Boulevard, Suite 170, Royal Palm Beach, FL 33411	SNO	(610) 563-7771
Emaire Health South Tampa, LLC	Stafford Burrowes	South Tampa, FL	SNO	(647) 296-0823
Right Triangle Group, LLC	Ian Nieves and Erik Delgado	South Florida	SNO	(404) 295-9650
Codice Holdings, LLC	Paul Westra, Alexander Reid, Frank Zaffere, Sean Guerin, Drew Haynie	Jupiter, FL	SNO	(917) 613-5705
Under Pressure, LLC	Tara and John McLain	Gainesville, FL	SNO	(407) 748-8838
<b>GEORGIA</b>				
Brookhaven EMS Fitness, LLC	Jason Cohen	3930 Peachtree Rd, Ste 202, Brookhaven, GA 30319	SNO	(770) 843-1180
	Heidi Underwood	3655 Roswell Road, Suite 200, Atlanta, GA 30342	SNO	(404) 6174001
KLW Fitness, LLC	Eugene Chayevsky	Roswell (Atlanta), GA	SNO	917-250-9231
Decatur EMS, LLC	Timothy Vanderham and Marci Nessing	Atlanta, GA	SNO	605-695-1219
<b>ILLINOIS</b>				
Achiever, III Corporations	John and Elaine Amico	8061 W 95th Street, Hickory Hills, IL 60457	Mar-21	<a href="tel:(708)529-1936">(708) 529-1936</a>
RTIL Corp	Rebecca and Erik Haass	808 East Ogden Avenue, Westmont, IL 60559	SNO	<a href="tel:(630)468-1461">(630) 468-1461</a>
	Christopher McGuire	Chicago (Old Town), IL	SNO	
<b>INDIANA</b>				
	Sharon Sadowski and Ryan Hayes	Indianapolis, IN	SNO	(773) 426-2423

FRANCHISEE	Franchisee Contact	Address	Opening Status	Telephone Number
<b>KANSAS</b>				
	Amy and Mason Gilliland	4057 West 83rd Street, Prairie Village, KS 67208	Aug-22	(785) 550-3013
	Matthew Jones	16962 City Center Drive, Lenexa, KS 66219	SNO	(913) 579-5167
<b>MASSACHUSETTS</b>				
	Chris Reohr, Tom Reohr, Adnai Mendez	Boston, MA	SNO	917-608-9795
<b>MICHIGAN</b>				
	Bryan Proctor	25030 Woodward Avenue, Royal Oak, MI 48067	SNO	(248) 237-4559
	Jorge and Adrienne Campuzano	2845 Thornhills Avenue SE, Suite P, Grand Rapids, MI 49546	SNO	(616) 327-4739
<b>MISSOURI</b>				
Triton Midwest, LLC	Anthony and Tristina Phelps	Brentwood, MO	SNO	(228) 3655587
<b>NEBRASKA</b>				
	Mark and Stephanie Boyens	17857 Pierce Plaza, Omaha, NE 68130	SNO	<a href="tel:4022431579">(402) 243-1579</a>
<b>NEVADA</b>				
	Andrew and Elizabeth Anderson, Scott and Michelle Anderson	4280 South Hualapai Way, Las Vegas, NV 89147	SNO	<a href="tel:7252183270">(725) 218-3270</a>
<b>NEW JERSEY</b>				
Codice Holdings, LLC	Paul Westra, Alexander Reid, Frank Zaffere, Sean Guerin, Drew Haynie	2153 S Highway 35, Unit 5, Sea Girt, NJ 08750	SNO	<a href="tel:7323058061">(732) 305-8061</a>
Codice Holdings, LLC	Paul Westra, Alexander Reid, Frank Zaffere, Sean Guerin, Drew Haynie	Coastal NJ	SNO	(917) 613-5705
B-Squared Total Body Fitness, Inc.	Jan and Larisa Belote, Ted and Pamela Borroum	Northern NJ	SNO	732-996-6963
<b>NEW YORK</b>				
	Caitlin Holtz	3000 Monroe Avenue, Rochester, NY 14618	Aug-21	
	James E Carlson	275 Route 25A, Suite 28, Miller Place, NY 11764	SNO	(631) 683-3543
<b>NORTH CAROLINA</b>				
Granderson Ventures, LLC	Calvin Brody, Toby Brody	14835 Ballantyne Village Way, Suite B-100, Charlotte, NC 28277	Jan-23	<a href="tel:9802159964">(980) 215-9964</a>

FRANCHISEE	Franchisee Contact	Address	Opening Status	Telephone Number
	Calvin Brody, Toby Brody	7930 Skyland Ridge Parkway, Suite 105, Raleigh, NC 27549	SNO	<a href="tel:9842635304">(984) 263-5304</a>
	Calvin Brody, Toby Brody	316 Colonades Way, Suite C202, Cary, NC 27518	Feb-23	<a href="tel:9193511548">(919) 351-1548</a>
TM2M, Corp.	Michelle and Anthony Accola, Michelle and Michael Bastianelli	Charlotte, NC	SNO	(702) 521-2053
<b>OHIO</b>				
	Scott Collett	Mason, OH	SNO	(513) 773-1444
<b>OKLAHOMA</b>				
	Jerry Poole	6425 Avondale Drive, Nichols Hills, OK 73116	SNO	<a href="tel:4056539260">(405) 653-9260</a>
<b>OREGON</b>				
JD Voss Enterprises, Inc.	Jake and Darla Stutevoss	4015 Mercantile Drive, Suite 165, Lake Oswego, OR 97035	SNO	<a href="tel:5033656898">(503) 365-6898</a>
JD Voss Enterprises, Inc.	Jake and Darla Stutevoss	Portland, Oregon	SNO	<a href="tel:5614828108">(561) 482-8108</a>
	Matthew Klinke	Portland, Oregon	SNO	(971) 645-8221
<b>PENNSYLVANIA</b>				
Charle et al I, LLC	Anthony and Lauren Fuoco	126 Enclave Drive, Suite 104, Seven Fields, PA 16046	SNO	(412) 218-2639
	Michael Brand	Phoenixville Pop-Up (Philadelphia), PA	SNO	(267) 6065346
Life After Forty, Inc.	Brian and Jennifer Pellegrino	Allentown, PA	SNO	(908) 256-9522
<b>SOUTH CAROLINA</b>				
EWGM Holdings, LLC	Eric and Wendy Mathis <i>Acquired operational location from prior owner in 2021</i>	712 S Shelmore Boulevard, Suite 101, Mount Pleasant, SC 29464	Mar-21	<a href="tel:8433885074">(843) 388-5074</a>
<b>TENNESSEE</b>				
	Dustin Brewer	Nashville (Murfreesboro), TN	SNO	(919) 5927663
<b>TEXAS</b>				
	Miller Family	1620 N Hardin Boulevard, Suite 800, McKinney, TX 75071	Mar-23	(469) 324-3268
	Abhilash Donepudi and Chaithanya Tatineni	Legacy Dallas, TX	SNO	(719) 235-8141
EMS Fitness Heights, LLC	Prashant and Bhavika Patel	600 N Shepherd Drive, Suite 451, Houston, TX 77007	Mar-23	<a href="tel:8324767492">(832) 476-7492</a>
True & Fab Investments	Juan Fabregat	1713 Post Oak Boulevard, Houston, TX 77056	May-22	<a href="tel:7133249241">(713) 324-9241</a>

FRANCHISEE	Franchisee Contact	Address	Opening Status	Telephone Number
HSVSATX9, LLC	Ben Hudson and Bryan Frnka	San Antonio North, TX	SNO	<a href="tel:5127319812">(512) 731-9812</a>
Do Estim, LLC	Orlen and Dory Howell	937 William D Fitch Parkway, Suite 301, College Station, TX 77845	SNO	<a href="tel:9792169524">(979) 216-9524</a>
Mejia Physio, LLC	Miram Mejia	4747 Research Forest Drive, Suite 165, Woodlands, TX 77381	SNO	<a href="tel:2812054535">(281) 205-4535</a>
Mejia Physio, LLC	Miram Mejia	Austin, TX	SNO	(512) 925-7220
BAM Fitness Ventures, LLC	Austin Wighaman/Mike Pottorff	4005 Market Street, Suite 110, Bee Cave, TX 78738	Nov-21	<a href="tel:5128070591">(512) 807-0591</a>
	Abhilash Donepudi and Chaithanya Tatineni	Preston Hollow (Dallas), TX	SNO	(719) 235-8141
AC Mak, LLC	Royce and Teena Makil	Frisco (Dallas), TX	SNO	(631) 848-8709
Saffiniti Group, Inc	Sean Studzinski	5600 Colleyville Boulevard, Suite 5600 E, Colleyville, Texas 76034	SNO (June 2023)	(214) 629-7152
Starville Group, LLC	Glenn Odell and Hans Reed	Katy (Houston), TX	SNO	(713) 620-8657
Corpus Viginti Inc.	Frederick Blue	4680 Windhaven Parkway, Suite 100, The Colony, TX 75056	SNO	<a href="tel:4699028922">(469) 902-8922</a>
	Zach and Christina Hightower	Houston Memorial, TX	SNO	(903) 520-2482
VO2 Health & Fitness, LLC	Siva Karuturi	Highland Village (Dallas), TX	SNO	(214) 532-0429
	Jaime and January De Los Santos	Dripping Springs, TX	SNO	(979) 571-9699
	Cody and Kendahl Kelly	Houston, TX	SNO	(281) 703-6143
	Kivash Naidoo	Dallas, TX	SNO	(214) 725-9928
	Garrett Ball	Austin, TX	SNO	(970) 769-0382
<b>UTAH</b>				
	Kim Eastman and Brad Wyman	Draper, UT	SNO	(832) 967-7287
<b>VIRGINIA</b>				
	Kevin Cheung	21435 Epicere Plaza, Unit 160, Sterling, VA 20164	SNO	(703) 596-8022
	Samuel Zimmermann	Leesburg, Virginia	SNO	(203) 216-8220

**(b) List of Area Developers**

Name of Area Developer Entity	Contact Person	Address	Telephone Number	Development Area (List States)	Date of ADA (Month / Year)
MKKB Holdings, LLC	Martez Killens	16459 North Scottsdale Road, Unit C101, Scottsdale, AZ 85254	(480) 597- 1934	Arizona	8/20/22
	Jeff Flannery	Phoenix, AZ	(303) 881-5843	Arizona	1/31/23
JH Fitness One, LLC	Joseph Hunt	8000 E Belleview Avenue, Suite E10, Greenwood Village, CO 80111	(303) 265-7009	Colorado	11/3/21
	Joseph Hunt	Parker, CO	(818) 424-1906	Colorado	
Zade, LLC	Anne Zilvitis	Cherry Creek (Denver), CO	(303) 807-9279	Colorado	3/30/22
	Brendon Reimer	Boulder, CO	(720) 670-7203	Colorado	4/28/22
Golden State, LLC	Jairo Espinoza	9704 Clint Moore Road, Unit A110, Boca Raton, FL 33432	(561) 332-6950	Florida	
Elite Lifestyle Labs	Anthony Grider, Danielle Borg	Southside (Jacksonville), FL	(210) 383-3593	Florida	6/22/22
Emaire Health South Tampa, LLC	Stafford Burrowes	South Tampa, FL	(647) 296-0823	Florida	7/15/22
Right Triangle Group, LLC	Ian Nieves and Erik Delgado	South Florida	(404) 295-9650	Florida	11/29/22
Under Pressure, LLC	Tara and John McLain	Gainesville, FL	(407) 748-8838	Florida	1/31/23
Brookhaven EMS Fitness, LLC	Jason Cohen	3930 Peachtree Rd, Ste 202, Brookhaven, GA 30319	(770) 843-1180	Georgia	1/17/22
	Heidi Underwood	3655 Roswell Road, Suite 200, Atlanta, GA 30342	(404) 6174001	Georgia	4/28/22
KLW Fitness, LLC	Eugene Chayevsky	Roswell (Atlanta), GA	(917) 250-9231	Georgia	10/19/22
Decatur EMS, LLC	Timothy Vanderham and Marci Nessing	Atlanta, GA	(605) 695-1219	Georgia	10/21/22
RTIL Corp	Rebecca and Erik Haass	808 East Ogden Avenue, Westmont, IL 60559	(630) 468-1461	Illinois	4/22/22
	Christopher McGuire	Chicago (Old Town), IL	(917) 504-4044	Illinois	9/7/22
	Sharon Sadowski and Ryan Hayes	Indianapolis, IN	(773) 426-2423	Indiana	4/26/23
	Amy and Mason Gilliland	4057 West 83rd Street, Prairie Village, KS 67208	(785) 550-3013	Kansas	10/17/21
	Matthew Jones	16962 City Center Drive, Lenexa, KS 66219	(913) 579-5167	Kansas	7/27/22
	Chris Reohr, Tom Reohr, Adnai Mendez	Boston, MA	(917) 608-9795	Massachusetts	4/21/22
	Bryan Proctor	25030 Woodward Avenue, Royal Oak, MI 48067	(248) 237-4559	Michigan	10/7/21
	Jorge and Adrienne Campuzano	2845 Thornhills Avenue SE, Suite P, Grand Rapids, MI 49546	(616) 327-4739	Michigan	4/8/22
Triton Midwest, LLC	Anthony and Tristina Phelps	Brentwood, MO	(228) 3655587	Missouri	12/20/21
	Mark and Stephanie Boyens	17857 Pierce Plaza, Omaha, NE 68130	(402) 243-1579	Nebraska	8/16/22
	Andrew and Elizabeth Anderson, Scott and Michelle Anderson	4280 South Hualapai Way, Las Vegas, NV 89147	(725) 218-3270	Nevada	4/28/22
Codice Holdings, LLC	Paul Westra, Alexander Reid, Frank Zaffere, Sean Guerin,	Coastal NJ	(917) 613-5705	New Jersey	3/31/23

Name of Area Developer Entity	Contact Person	Address	Telephone Number	Development Area (List States)	Date of ADA (Month / Year)
	Drew Haynie				
B-Squared Total Body Fitness, Inc.	Jan and Larisa Belote, Ted and Pamela Borroum	Northern NJ	(732) 996-6963	New Jersey	11/16/22
Granderson Ventures, LLC	Calvin Brody, Toby Brody	14835 Ballantyne Village Way, Suite B-100, Charlotte, NC 28277	(980) 215-9964	North Carolina	11/15/21
	Calvin Brody, Toby Brody	7930 Skyland Ridge Parkway, Suite 105, Raleigh, NC 27549	(984) 263-5304	North Carolina	11/15/21
	Calvin Brody, Toby Brody	316 Colonades Way, Suite C202, Cary, NC 27518	(919) 351-1548	North Carolina	11/15/21
TM2M, Corp.	Michelle and Anthony Accola, Michelle and Michael Bastianelli	Charlotte, NC	(702) 521-2053	North Carolina	1/26/23
	Scott Collett	Mason, OH	(513) 773-1444	Ohio	10/11/22
	Jerry Poole	6425 Avondale Drive, Nichols Hills, OK 73116	(405) 653-9260	Oklahoma	3/16/22
JD Voss Enterprises, Inc.	Jake and Darla Stutevoss	Portland, Oregon	(561) 482-8108	Oregon	8/29/22
	Matthew Klinke	Portland, Oregon	(971) 645-8221	Oregon	1/31/23
Charle et al I, LLC	Anthony and Lauren Fuoco	126 Enclave Drive, Suite 104, Seven Fields, PA 16046	(412) 218-2639	Pennsylvania	12/17/21
	Michael Brand	Phoenixville Pop-Up (Philadelphia), PA	(267) 6065346	Pennsylvania	4/28/22
	Miller Family	1620 N Hardin Boulevard, Suite 800, McKinney TX 75071	(469) 324-3268	Texas	11/24/21
BM Stewart Holdings	Bruce Stewart sold to BAM Fitness and resold then to Donepudi	Legacy Dallas, TX	(719) 235-8141	Texas	11/21/22
EMS Fitness Heights, LLC	Prashant and Bhavika Patel	600 N Shepherd Drive, Suite 451, Houston, TX 77007	(832) 476-7492	Texas	10/19/20
HSVSATX9, LLC	Ben Hudson and Bryan Frnka	San Antonio North, TX	(512) 731-9812	Texas	2/11/22
Do Estim, LLC	Orlen and Dory Howell	937 William D Fitch Parkway, Suite 301, College Station, TX 77845	(979) 216-9524	Texas	3/30/22
Mejia Physio, LLC	Miram Mejia	4747 Research Forest Drive, Suite 165, Woodlands, TX 77381	(281) 205-4535	Texas	3/31/22
Mejia Physio, LLC	Miram Mejia	Austin, TX	(512) 925-7220	Texas	2/22/23
BAM Fitness Ventures, LLC	Austin Wighamam/Mike Pottorff	4005 Market Street, Suite 110, Bee Cave, TX 78738	(512) 807-0591	Texas	11/30/22
	BAM Fitness Ventures, LLC sold to Kivash Najdoo	Dallas (West Plano), TX	(214) 724-9928	Texas	2/28/23
	Abhilash Donepudi and Chaithanya Tatineni	Preston Hollow (Dallas), TX	(719) 235-8141	Texas	4/21/22
AC Mak, LLC	Royce and Teena Makil	Frisco (Dallas), TX	(631) 848-8709	Texas	6/19/22
Saffiniti Group, Inc	Sean Studzinski	5600 Colleyville Boulevard, Suite 5600-E, Colleyville, TX 76034	(214) 629-7152	Texas	6/23/22
Starville Group, LLC	Glenn Odell and Hans Reed	Katy (Houston), TX	(713) 620-8657	Texas	7/28/22
Corpus Viginti Inc.	Frederick Blue	4680 Windhaven Parkway, Suite 100, The Colony, TX 75056	(469) 902-8922	Texas	8/10/22

Name of Area Developer Entity	Contact Person	Address	Telephone Number	Development Area (List States)	Date of ADA (Month / Year)
	Jaime and January De Los Santos	Dripping Springs, TX	(979) 571-9699	Texas	2/23/23
	Cody and Kendahl Kelly	Houston, TX	(281) 703-6143	Texas	2/23/23
	Garrett Ball	Austin, TX	(970) 769-0382	Texas	4/21/22
	Kim Eastman and Brad Wyman	Draper, UT	(832) 967-7287	Utah	9/30/22
	Kevin Cheung	21435 Epicere Plaza, Unit 160, Sterling, VA 20164	(703) 596-8022	Virginia	12/20/21
	Samuel Zimmermann	Leesburg, Virginia	(203) 216-8220	Virginia	2/23/23
	James Robbins	Southern California	(480) 250-2178	California	4/20/23
Life After Forty, Inc.	Brian and Jennifer Pellegrino	Allentown, PA	(908) 256-9522	Pennsylvania	11/11/22
	Dustin Brewer	Nashville (Murfreesboro), TN	(919) 5927663	Tennessee	10/25/21

(b) **Former Franchisees.** The following are the names, last known home addresses and home telephone numbers of all franchisees that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a BODY20 Franchise Agreement during the most recently completed fiscal year (since January 1, 2023) or who have not communicated with us within 10 weeks of the effective date of this Franchise Disclosure Document:

Location	Franchisee	Telephone Number	City, State
Arnold BD Development, LLC	Jay and Nancy Arnold , Max Arnold, Jack Arnold	(203) 214-8947	Westport, CT
Dallas, TX	Bruce Stewart	(214) 208-9532	Dallas, TX (transfer of license for unopened Studio in 2022)

**EXHIBIT "G" TO THE BODY20 GLOBAL USA, LLC DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

**BODY20 GLOBAL USA, LLC**

FINANCIAL REPORT  
AS OF DECEMBER 31, 2023

**BODY20<sup>®</sup>**

**BODY20 GLOBAL USA, LLC**

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## **Independent Auditor's Report**

To the Members  
Body20 Global USA, LLC  
Miami, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying balance sheets of Body20 Global USA, LLC as of December 31, 2023, and 2022 and the related statements of operations, members' equity (deficit) and cash flows for the years ended December 31, 2023, 2022 and 2021 and the accompanying notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Body20 Global USA, LLC as of December 31, 2023, and 2022 and the results of their operations and their cash flows for the years ended December 31, 2023, 2022 and 2021 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 Body20 Global USA, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***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 Body20 Global USA, LLC's ability to continue as a going concern for one year after the date that the financial statements are 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Body20 Global USA, LLC'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 Body20 Global USA, LLC's ability to continue as a going concern for a reasonable period of time.

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

*Reese CPA LLC*

Ft. Collins, Colorado  
April 30, 2024

**BODY20 GLOBAL USA, LLC**  
**BALANCE SHEETS**

	<b>AS OF DECEMBER 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS:</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 163,101	\$ 805,093
Accounts receivable, net	579,058	390,449
Contract acquisition costs, current	452,863	329,339
Prepaid expenses	86,064	2,500
<b>TOTAL CURRENT ASSETS</b>	<b>1,281,086</b>	<b>1,527,381</b>
<b>NON-CURRENT ASSETS</b>		
Property and equipment	33,040	43,869
Intangible assets	2,337,553	2,119,377
Contract acquisition costs	3,392,261	2,616,436
Other assets	4,078	11,035
<b>TOTAL ASSETS</b>	<b>\$ 7,048,018</b>	<b>\$ 6,318,098</b>
<b>LIABILITIES AND MEMBERS' EQUITY (DEFICIT):</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 957,962	\$ 596,529
Non-refundable deferred franchise fee, current	609,308	402,725
Due to related party	751,879	-
Notes payable, member	150,000	-
Customer deposits	26,532	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,495,681</b>	<b>999,254</b>
<b>LONG-TERM LIABILITIES</b>		
Non-refundable deferred franchise fee	4,601,781	3,417,359
Notes payable, member	-	150,000
Notes payable	149,900	149,900
<b>TOTAL LIABILITIES</b>	<b>7,247,362</b>	<b>4,716,513</b>
<b>MEMBERS' EQUITY (DEFICIT)</b>	<b>(199,344)</b>	<b>1,601,585</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</b>	<b>\$ 7,048,018</b>	<b>\$ 6,318,098</b>

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

**BODY20 GLOBAL USA, LLC**  
**STATEMENTS OF OPERATIONS**

**YEARS ENDED DECEMBER 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>			
Franchise sales	\$ 2,978,745	\$ 3,684,588	\$ 540,752
Royalty fees	840,018	339,218	281,412
Product sales	117,462	1,789,455	510,849
Other fees	864,225	414,289	156,710
<b>TOTAL REVENUE</b>	<u>4,800,450</u>	<u>6,227,550</u>	<u>1,489,723</u>
<b>COST OF SALES</b>	777,091	1,815,727	511,640
<b>GROSS PROFIT</b>	<u>4,023,359</u>	<u>4,411,823</u>	<u>978,083</u>
<b>OPERATING EXPENSES</b>			
Payroll and related costs	2,634,138	2,125,492	995,012
General and administrative	1,268,605	848,709	481,336
Professional fees	588,157	279,592	220,969
Advertising and marketing	273,055	138,590	123,858
Franchise related costs	1,013,809	409,681	116,777
Depreciation	21,596	19,614	18,321
<b>TOTAL OPERATING EXPENSE</b>	<u>5,799,360</u>	<u>3,821,678</u>	<u>1,956,273</u>
<b>OPERATING INCOME (LOSS)</b>	(1,776,001)	590,145	(978,190)
<b>OTHER INCOME (EXPENSE)</b>			
Other income	-	-	80,501
Interest expense	(24,928)	(26,172)	(28,055)
<b>TOTAL OTHER INCOME (EXPENSE)</b>	<u>(24,928)</u>	<u>(26,172)</u>	<u>52,446</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (1,800,929)</u>	<u>\$ 563,973</u>	<u>\$ (925,744)</u>

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

**BODY20 GLOBAL USA, LLC**  
**STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

	<u>Member Contributions</u>	<u>Accumulated (Deficit)</u>	<u>Total Members' Equity</u>
<b>BALANCE, DECEMBER 31, 2020</b>	<b>\$ 3,291,297</b>	<b>\$ (1,767,941)</b>	<b>\$ 1,523,356</b>
Member contributions	440,000	-	440,000
Net (loss)	-	(925,744)	(925,744)
<b>BALANCE, DECEMBER 31, 2021</b>	<b>3,731,297</b>	<b>(2,693,685)</b>	<b>1,037,612</b>
Net income	-	563,973	563,973
<b>BALANCE, DECEMBER 31, 2022</b>	<b>3,731,297</b>	<b>(2,129,712)</b>	<b>1,601,585</b>
Net (loss)	-	(1,800,929)	(1,800,929)
<b>BALANCE, DECEMBER 31, 2023</b>	<b><u>\$ 3,731,297</u></b>	<b><u>\$ (3,930,641)</u></b>	<b><u>\$ (199,344)</u></b>

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

**BODY20 GLOBAL USA, LLC**  
**STATEMENTS OF CASH FLOWS**

	<b>YEARS ENDED DECEMBER 31,</b>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss)	\$ (1,800,929)	\$ 563,973	\$ (925,744)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation & Amortization	21,596	19,614	18,321
Recognition of non-refundable deferred franchise fees	(542,995)	(471,838)	(181,052)
Recognition of contract acquisition costs	413,806	212,069	37,209
Forgiveness of COVID-19 loan	-	-	(44,896)
Changes in assets and liabilities			
Accounts receivable	(188,609)	(252,065)	(47,941)
Prepaid expense	(83,564)	-	-
Contract acquisition costs	(1,313,155)	(2,270,875)	(724,520)
Other assets	6,957	(3,625)	-
Accounts payable	361,433	197,356	269,064
Customer deposits	26,532	-	-
Deferred rent	-	-	(7,447)
Non-refundable deferred franchise sales	1,934,000	2,379,000	1,402,250
<b>Net cash provided (used) by operating activities</b>	<u>(1,164,928)</u>	<u>373,609</u>	<u>(204,756)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	(10,767)	(8,847)	(3,860)
Purchase of intangible assets	(218,176)	(193,099)	-
Sales of property and equipment	-	-	-
<b>Net cash (used) by investing activities</b>	<u>(228,943)</u>	<u>(201,946)</u>	<u>(3,860)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Member contributions	-	-	440,000
Advances from related party	751,879	-	-
Proceeds from notes payable, member	-	-	150,000
<b>Net cash provided by financing activities</b>	<u>751,879</u>	<u>-</u>	<u>590,000</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(641,992)	171,663	381,384
<b>CASH, beginning of year</b>	<u>805,093</u>	<u>633,430</u>	<u>252,046</u>
<b>CASH, end of year</b>	<u>\$ 163,101</u>	<u>\$ 805,093</u>	<u>\$ 633,430</u>
<b>SUPPLEMENTAL DISCLOSURES</b>			
Cash paid for interest	\$ 12,268	\$ 2,547	\$ 3,153
Cash paid for taxes	\$ -	\$ -	\$ -

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

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Body20 Global USA, LLC ("the Company") was formed on January 3, 2017, (Inception) in the State of Florida as a limited liability company. The Company offers qualified persons or business entities Body20 Studio franchises for the operation of a personal training fitness studio that offers full body training exercises utilizing state of the art technology and equipment through membership and voucher sales in a protected territory using the "Body20" and "Body Twenty Studio" marks.

Parent

Body20 Holdings, LLC, is a Delaware limited liability company formed on December 21, 2022.

Affiliates

Body20 IP, LLC ("Body20 IP"), is a Delaware limited liability company formed on March 10, 2023. Body20 IP is an intellectual property holding company that owns the principal marks and licenses them to us for use in connection with the administration and expansion of the Body20 Franchise System. Body20 IP does not, and has never, offered franchises in any line of business and does not currently engage in, nor has it previously engaged in, any other line of business.

Body20 Equipment, LLC ("Body20 Equipment") is a Delaware limited liability company formed on March 10, 2023. Body20 Equipment offers and sells certain equipment and items to Body20 System franchisees. Body20 Equipment does not, and has never, offered franchises in any line of business, and does not currently engage in, nor has it previously engaged in, any other line of business.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2023, and 2022.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounts Receivable

Accounts receivable arise in the normal course of business through franchise sales and royalties earned. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any allowance for doubtful accounts as of December 31, 2023, and 2022 and did not charge-off any accounts receivable during years ended December 31, 2023, 2022 and 2021.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years).

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

The Company's balance sheet as of December 31, 2023, and 2022 has intangible assets in the amount of \$1,916,278 classified as intellectual property that was acquired in a change of control transaction. The Company has determined that there was no impairment of the Company's intangible assets as of December 31, 2023, and 2022.

Income Taxes

The Company has elected to be taxed as a partnership under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state franchise taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Income Taxes (continued)*

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's members.

*Revenue Recognition, Non-refundable Deferred Franchise Fees, and Contract Acquisition Assets*

The Company recognizes revenues under the guidance of ASC 606, "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a qualified party purchases a franchise, the Company grants the franchisee the right to operate the franchised business in a designated territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("symbolic intellectual property" or "IP"). Revenues related to the designated territory and IP are continuing monthly royalty fees are the greater of \$1,500 each month or 8% of gross sales for the first six months. Thereafter the monthly royalty fee is the greater of \$1,500 each month or 7% of gross sales. Revenue from continuing monthly royalty fees is billed monthly and is recognized as revenue when earned. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees.

Revenue from initial franchise fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory rights and symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin or fair market value approach. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the good or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a contract acquisition asset and are recognized as expense when the related performance obligation has been satisfied.

*Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2023, 2022 and 2021 were \$273,055, \$138,590, and \$123,858.

*Fair Value of Financial Instruments*

The Company's financial instruments primarily consist of cash and cash equivalents, accounts receivable and accounts payable. The carrying amounts approximate fair value due to their short maturities.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and account receivables. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

**NOTE 2 – CONTRACTS WITH CUSTOMERS**

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31,	
	2023	2022
<b>Contract Acquisition Costs:</b>		
Balance beginning of year	\$ 2,945,775	\$ 887,431
Implementation of new revenue standard	-	-
Deferral of contract acquisition costs	1,313,155	2,270,413
Recognition of contract acquisition costs	(413,806)	(212,069)
Balance at end of year	\$ 3,845,124	\$ 2,945,775
<b>Deferred Non-refundable Franchise Fees:</b>		
Balance beginning of year	\$ 3,512,084	\$ 1,492,922
Implementation of new revenue standard	-	-
Deferral of non-refundable franchise fees	2,130,000	2,379,000
Recognition of non-refundable franchise fees	(542,995)	(359,838)
Balance at end of year	\$ 5,099,089	\$ 3,512,084
<b>Deferred pre-opening obligations revenue</b>	\$ 112,000	\$ 308,000

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)**

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and contract acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2023, is as follows:

	Contract Acquisition Costs	Non-refundable Franchise Fees
Year ending December 31:		
2024	\$ 452,863	\$ 609,308
2025	444,904	595,142
2026	444,904	594,025
2027	444,904	594,025
2028	444,904	213,000
Thereafter	1,612,645	2,493,589
	\$ 3,845,124	\$ 5,099,089

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2023, 2022, and 2021, is as follows:

	2023	2022	2021
Performance obligations satisfied at a point in time	\$ 4,257,455	\$ 5,867,712	\$ 1,388,671
Performance obligations satisfied through the passage of time	542,995	359,838	101,052
Total revenues	\$ 4,800,450	\$ 6,227,550	\$ 1,489,723

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and Equipment consist of the following at December 31,

	2023	2022
Leasehold improvements	\$ 8,406	\$ 8,406
Equipment	107,789	97,022
	116,195	105,428
Accumulated depreciation	(83,155)	(61,559)
	\$ 33,040	\$ 43,869

Depreciation expense was \$21,596, \$19,614, and \$18,321 for the years ended December 31, 2023, 2022 and 2021.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – LONG TERM DEBT**

The following is a summary of long-term debt at December 31:

	2023	2022
Note payable with the Small Business Administration under EIDL COVID-19 relief. Face amount of \$150,000, payable in 360 monthly installments of \$731 including interest at the rate of 3.75% Final payment due on May 15, 2050. Collateralized by assets of the Company.	\$ 149,900	\$ 149,900
Less current maturities	-	-
	\$ 149,900	\$ 149,900

The maturities of the long-term debt are as follows:

Year ending December 31:

2024	\$ -
2025	-
2026	242
2027	1,340
2028	1,392
Thereafter	146,926
	\$ 149,900

Interest expense was \$5,625, \$5,625, and \$5,625 for the years ended December 31, 2023, 2022, and 2021, respectively. Under the terms of the borrowing the Company began making payments on the note in 2023. Payments will be applied first to interest and then to principal. Accrued interest on the note at December 31, 2023, and 2022 was \$9,455, \$14,795, and \$9,170, respectively and is included in accounts payable on the accompanying balance sheet.

**NOTE 5 – NOTE PAYABLE, MEMBER**

During 2021 the Company borrowed \$150,000 from one of the Company’s members. The note bears interest the rate of 12%. The principal and accrued interest are due February 15, 2024. The loan is collateralized by an equity interest in the Company. Interest expense was \$18,000, \$18,000, and \$15,732 for the years ended December 31, 2023, 2022, and 2021, respectively. Accrued interest on the note as December 31, 2023, and 2022 was \$51,732, and \$33,732, respectively and is included in accounts payable on the accompanying balance sheet.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – AFFILIATE TRANSACTIONS**

During the year the Company has provided purchasing and sales support for Body20 Equipment. The Company has received payments of \$2,527,793 and made payments and incurred personnel and other costs of \$1,775,914. As of December 31, 2023, amounts collected in excess of payments and costs were \$ 751,879.

**NOTE 7 – COVID-19 RELIEF**

During 2020, the Company was loaned \$44,896 under the Paycheck Protection Program (“PPP Loan”) for COVID-19 relief. As of December 31, 2020, the Company had not received notice of the forgiveness of that debt from the Small Business Administration and it is reported a current maturity of long-term debt in the attached balance sheet for December 31, 2020. During 2021 the Company received forgiveness of the debt and the forgiveness is reported in other income for the year ended December 31, 2021.

During 2021, the Company was loaned \$35,605 under the Paycheck Protection Program (“PPP Loan”) for COVID-19 relief. The Company received forgiveness of the debt and the forgiveness is reported in other income for the year ended December 31, 2021.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

**NOTE 10 - SUBSEQUENT EVENTS**

Date of Management’s Evaluation

Management has evaluated subsequent events through April 30, 2024, the date on which the financial statements were available to be issued.

**BODY20 GLOBAL USA, LLC**

FINANCIAL REPORT  
AS OF DECEMBER 31, 2022

**BODY20<sup>®</sup>**

# BODY20 GLOBAL USA, LLC

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## **Independent Auditor's Report**

To the Members  
Body20 Global USA, LLC  
Miami, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying balance sheets of Body20 Global USA, LLC as of December 31, 2022, and 2021 and the related statements of operations, members' equity and cash flows for the years ended December 31, 2022, 2021 and 2020 and the accompanying notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Body20 Global USA, LLC as of December 31, 2022, and 2021 and the results of their operations and their cash flows for the years ended December 31, 2022, 2021 and 2020 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 Body20 Global USA, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***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 Body20 Global USA, LLC's ability to continue as a going concern for one year after the date that the financial statements are 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Body20 Global USA, LLC'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 Body20 Global USA, LLC's ability to continue as a going concern for a reasonable period of time.

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

*Reese CPA LLC*

Ft. Collins, Colorado  
April 7, 2023

**BODY20 GLOBAL USA, LLC**  
**BALANCE SHEETS**

	<b>AS OF DECEMBER 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS:</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 805,093	\$ 633,430
Accounts receivable, net	390,449	138,384
Contract acquisition costs, current	329,339	103,048
Prepaid expenses	2,500	2,038
<b>TOTAL CURRENT ASSETS</b>	<u>1,527,381</u>	<u>876,900</u>
<b>NON-CURRENT ASSETS</b>		
Property and equipment	43,869	54,636
Intangible assets	2,119,377	1,926,278
Contract acquisition costs	2,616,436	784,383
Other assets	11,035	7,410
<b>TOTAL ASSETS</b>	<u>\$ 6,318,098</u>	<u>\$ 3,649,607</u>
<b>LIABILITIES AND MEMBERS' EQUITY:</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 596,529	\$ 399,173
Non-refundable deferred franchise fee, current	402,725	172,825
Notes payable, current	-	1,605
<b>TOTAL CURRENT LIABILITIES</b>	<u>999,254</u>	<u>573,603</u>
<b>LONG-TERM LIABILITIES</b>		
Non-refundable deferred franchise fee	3,417,359	1,740,097
Notes payable, member	150,000	150,000
Notes payable	149,900	148,295
<b>TOTAL LIABILITIES</b>	<u>4,716,513</u>	<u>2,611,995</u>
<b>MEMBERS' EQUITY</b>	1,601,585	1,037,612
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u>\$ 6,318,098</u>	<u>\$ 3,649,607</u>

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

**BODY20 GLOBAL USA, LLC**  
**STATEMENTS OF OPERATIONS**

	<b>YEARS ENDED DECEMBER 31,</b>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>			
Franchise sales	\$ 3,684,588	\$ 540,752	\$ 206,744
Royalty fees	339,218	281,412	239,902
Product sales	1,789,455	510,849	49,196
Other fees	414,289	156,710	-
<b>TOTAL REVENUE</b>	<u>6,227,550</u>	<u>1,489,723</u>	<u>495,842</u>
<b>COST OF SALES</b>	1,806,589	511,640	82,223
<b>GROSS PROFIT</b>	<u>4,420,961</u>	<u>978,083</u>	<u>413,619</u>
<b>OPERATING EXPENSES</b>			
Payroll and related costs	2,125,492	995,012	428,785
General and administrative	848,709	481,336	165,129
Professional fees	279,592	220,969	225,395
Advertising and marketing	138,590	123,858	160,405
Franchise related costs	418,819	116,777	106,032
Depreciation	19,614	18,321	17,505
<b>TOTAL OPERATING EXPENSE</b>	<u>3,830,816</u>	<u>1,956,273</u>	<u>1,103,251</u>
<b>OPERATING (LOSS)</b>	590,145	(978,190)	(689,632)
<b>OTHER INCOME (EXPENSE)</b>			
Other income	-	80,501	5,000
Interest expense	(26,172)	(28,055)	-
<b>TOTAL OTHER INCOME</b>	<u>(26,172)</u>	<u>52,446</u>	<u>5,000</u>
<b>NET (LOSS)</b>	<u>\$ 563,973</u>	<u>\$ (925,744)</u>	<u>\$ (684,632)</u>

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

**BODY20 GLOBAL USA, LLC**  
**STATEMENTS OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

	<u>Member Contributions</u>	<u>Accumulated (Deficit)</u>	<u>Total Members' Equity</u>
<b>BALANCE, DECEMBER 31, 2019</b>	<b>\$ 3,141,479</b>	<b>\$ (1,209,550)</b>	<b>\$ 1,931,929</b>
Adoption of new revenue standard	-	126,241	126,241
Member contributions	149,818	-	149,818
Net (loss)	-	(684,632)	(684,632)
<b>BALANCE, DECEMBER 31, 2020</b>	<b>3,291,297</b>	<b>(1,767,941)</b>	<b>1,523,356</b>
Member contributions	440,000	-	440,000
Net (loss)	-	(925,744)	(925,744)
<b>BALANCE, DECEMBER 31, 2021</b>	<b>3,731,297</b>	<b>(2,693,685)</b>	<b>1,037,612</b>
Net income	-	563,973	563,973
<b>BALANCE, DECEMBER 31, 2022</b>	<b><u>\$ 3,731,297</u></b>	<b><u>\$ (2,129,712)</u></b>	<b><u>\$ 1,601,585</u></b>

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

**BODY20 GLOBAL USA, LLC**  
**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31,**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss)	\$ 563,973	\$ (925,744)	\$ (684,632)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation & Amortization	19,614	18,321	17,505
Recognition of non-refundable deferred franchise	(471,838)	(181,052)	19,465
Recognition of contract acquisition costs	212,069	37,209	(51,665)
Forgiveness of COVID-19 loan	-	(44,896)	-
Changes in assets and liabilities			
Accounts receivable	(252,065)	(47,941)	(90,443)
Contract acquisition costs	(2,270,875)	(724,520)	(148,455)
Other assets	(3,625)	-	-
Accounts payable	197,356	269,064	109,371
Deferred rent	-	(7,447)	-
Non-refundable deferred franchise sales	2,379,000	1,402,250	604,000
<b>Net cash provided (used) by operating activities</b>	<u>373,609</u>	<u>(204,756)</u>	<u>(224,854)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	(8,847)	(3,860)	(11,406)
Purchase of intangible assets	(193,099)	-	(10,000)
Sales of property and equipment	-	-	-
<b>Net cash (used) by investing activities</b>	<u>(201,946)</u>	<u>(3,860)</u>	<u>(21,406)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Member contributions	-	440,000	149,818
Proceeds from notes payable	-	-	194,796
Proceeds from notes payable, member	-	150,000	-
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>590,000</u>	<u>344,614</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	171,663	381,384	98,354
<b>CASH, beginning of year</b>	<u>633,430</u>	<u>252,046</u>	<u>153,692</u>
<b>CASH, end of year</b>	<u>\$ 805,093</u>	<u>\$ 633,430</u>	<u>\$ 252,046</u>
<b>SUPPLEMENTAL DISCLOSURES</b>			
Cash paid for interest	\$ 2,547	\$ 3,153	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

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

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Body20 Global USA, LLC ("the Company") was formed on January 3, 2017, (Inception) in the State of Florida as a limited liability company. The Company offers qualified persons or business entities Body20 Studio franchises for the operation of a personal training fitness studio that offers full body training exercises utilizing state of the art technology and equipment through membership and voucher sales in a protected territory using the "Body20" and "Body Twenty Studio" marks.

Outlets in Operation

Changes in the number of operating outlets for the years ended December 31, 2022, 2021 and 2020 consist of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Outlets in operation, beginning	12	8	8
Outlets opened	3	4	1
Outlets terminated or closed	-	-	(1)
Outlets in operation, ending	<u>15</u>	<u>12</u>	<u>8</u>
Franchised Outlets	15	12	8
Affiliate owned Outlets	1	-	-

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2022, and 2021.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounts Receivable

Accounts receivable arise in the normal course of business through franchise sales and royalties earned. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any allowance for doubtful accounts as of December 31, 2022, and 2021 and did not charge-off any accounts receivable during years ended December 31, 2022, 2021 and 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years).

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

The Company's balance sheet as of December 31, 2022, and 2021 has intangible assets in the amount of \$1,916,278 classified as intellectual property that was acquired in a change of control transaction. The Company has determined that there was no impairment of the Company's intangible assets as of December 31, 2022, and 2021.

Income Taxes

The Company has elected to be taxed as a partnership under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state franchise taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Income Taxes (continued)*

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's members.

*Revenue Recognition, Non-refundable Deferred Franchise Fees, and Contract Acquisition Assets*

The Company recognizes revenues under the guidance of ASC 606, "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a qualified party purchases a franchise, the Company grants the franchisee the right to operate the franchised business in a designated territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("symbolic intellectual property" or "IP"). Revenues related to the designated territory and IP are continuing monthly royalty fees are the greater of \$1,500 each month or 8% of gross sales for the first six months. Thereafter the monthly royalty fee is the greater of \$1,500 each month or 7% of gross sales. Revenue from continuing monthly royalty fees is billed monthly and is recognized as revenue when earned. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees.

Revenue from initial franchise fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory rights and symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin or fair market value approach. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the good or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a contract acquisition asset and are recognized as expense when the related performance obligation has been satisfied.

*Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022, 2021 and 2020 were \$138,590, \$123,858, and \$160,405.

*Fair Value of Financial Instruments*

The Company's financial instruments primarily consist of cash and cash equivalents, accounts receivable and accounts payable. The carrying amounts approximate fair value due to their short maturities.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and account receivables. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

**NOTE 2 – CONTRACTS WITH CUSTOMERS**

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31,	
	2022	2021
<b>Contract Acquisition Costs:</b>		
Balance beginning of year	\$ 887,431	\$ 200,120
Implementation of new revenue standard	-	-
Deferral of contract acquisition costs	2,270,413	724,520
Recognition of contract acquisition costs	(212,069)	(37,209)
Balance at end of year	\$ 2,945,775	\$ 887,431
<b>Deferred Non-refundable Franchise Fees:</b>		
Balance beginning of year	\$ 1,492,922	\$ 611,724
Implementation of new revenue standard	-	-
Deferral of non-refundable franchise fees	2,379,000	982,250
Recognition of non-refundable franchise fees	(359,838)	(101,052)
Balance at end of year	\$ 3,512,084	\$ 1,492,922
<b>Deferred pre-opening obligations revenue</b>	\$ 308,000	\$ 420,000

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)**

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and contract acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2022, is as follows:

	Contract Acquisition Costs	Non-refundable Franchise Fees
Year ending December 31:		
2023	\$ 329,339	\$ 402,725
2024	321,548	396,308
2025	313,589	382,142
2026	313,589	381,025
2027	313,589	381,025
Thereafter	1,354,121	1,568,859
	\$ 2,945,775	\$ 3,512,084

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2022, 2021, and 2020, is as follows:

	2022	2021	2020
Performance obligations satisfied at a point in time	\$ 5,867,712	\$ 1,388,671	\$ 444,098
Performance obligations satisfied through the passage of time	359,838	101,052	51,744
Total revenues	\$ 6,227,550	\$ 1,489,723	\$ 495,842

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and Equipment consist of the following at December 31,

	2022	2021
Leasehold improvements	\$ 8,406	\$ 8,406
Equipment	97,022	88,175
	105,428	96,581
Accumulated depreciation	(61,559)	(41,945)
	\$ 43,869	\$ 54,636

Depreciation expense was \$19,614, \$18,321, and \$17,505 for the years ended December 31, 2022, 2021 and 2020.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – LONG TERM DEBT**

The following is a summary of long-term debt at December 31:

	2022	2021
Note payable with the Small Business Administration under EIDL COVID-19 relief. Face amount of \$150,000, payable in 360 monthly installments of \$731 including interest at the rate of 3.75% Final payment due on May 15, 2050. Collateralized by assets of the Company.	\$ 149,900	\$ 149,900
Less current maturities	-	(1,605)
	\$ 149,900	\$ 148,295

The maturities of the long-term debt are as follows:

Year ending December 31:

2023	\$ -
2024	-
2025	-
2026	-
2027	1,207
Thereafter	148,693
	\$ 149,900

Interest expense was \$5,625, \$5,625, and \$3,545 for the years ended December 31, 2022, 2021, and 2020, respectively. Under the terms of the borrowing the Company will begin payments on the note in 2023. Payments will be applied first to interest and then to principal. Accrued interest on the note at December 31, 2022, and 2021 was \$14,795 and \$9,170, respectively and is included in accounts payable on the accompanying balance sheet.

**NOTE 5 – NOTE PAYABLE, MEMBER**

During 2021 the Company borrowed \$150,000 from one of the Company’s members. The note bears interest the rate of 12%. The principal and accrued interest are due February 15, 2024. The loan is collateralized by an equity interest in the Company. Interest expense was \$18,000, and \$15,732 for the years ended December 31, 2022, and 2021, respectively. Accrued interest on the note as December 31, 2022, and 2021 was \$33,732 and \$15,732, respectively and is included in accounts payable on the accompanying balance sheet.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – COVID-19 RELIEF**

During 2020, the Company was loaned \$44,896 under the Paycheck Protection Program (“PPP Loan”) for COVID-19 relief. As of December 31, 2021, the Company had not received notice of the forgiveness of that debt from the Small Business Administration and it is reported a current maturity of long-term debt in the attached balance sheet. During 2021 the Company received forgiveness of the debt and the forgiveness is reported in other income for the year ended December 31, 2021.

During 2021, the Company was loaned \$35,605 under the Paycheck Protection Program (“PPP Loan”) for COVID-19 relief. The Company received forgiveness of the debt and the forgiveness is reported in other income for the year ended December 31, 2021.

The Company also received an EIDL grant of \$5,000 under the terms of the CARES Act for COVID-19 relief. The grant has been reported as other income in the attached statements of operations for the year ended December 31, 2020.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

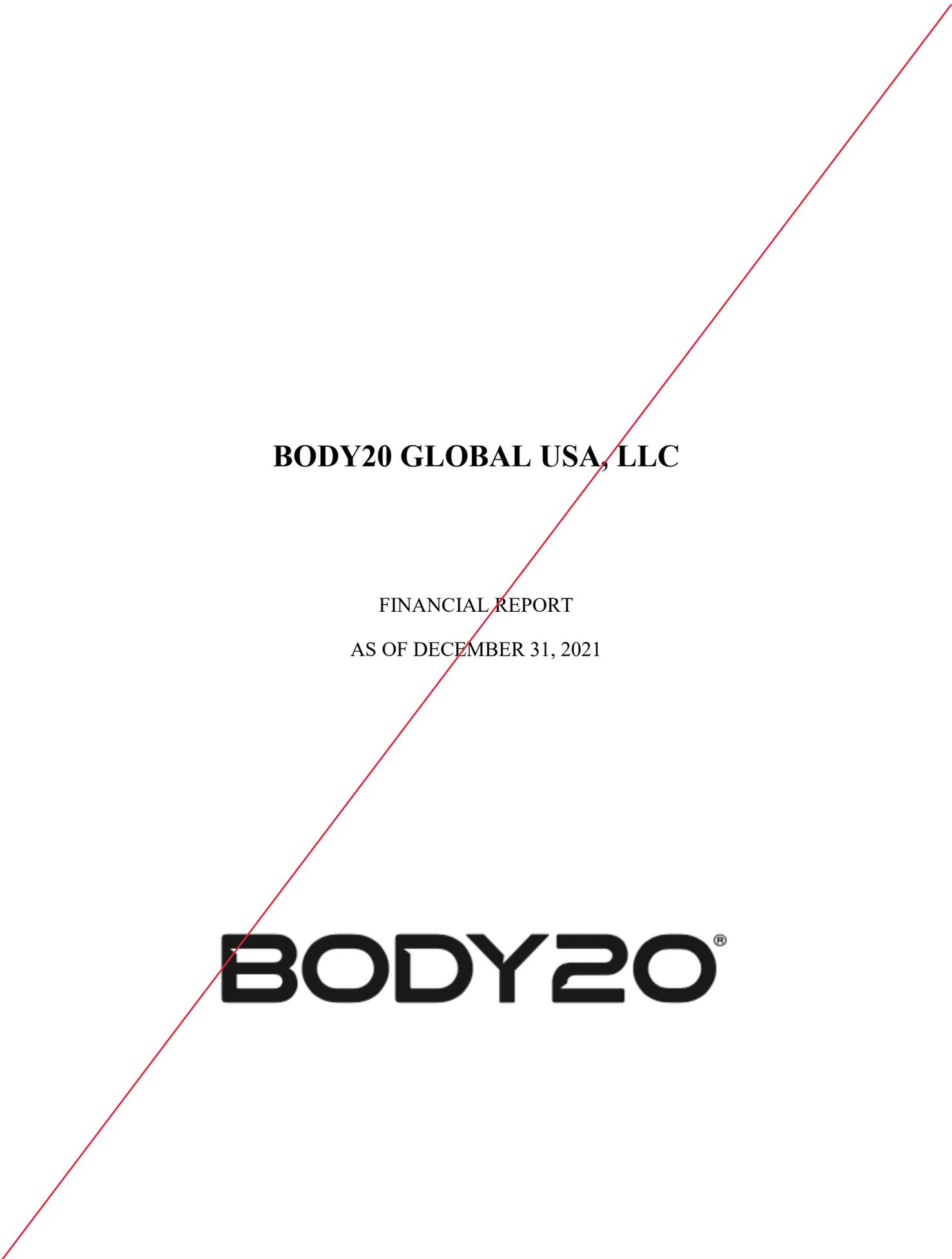
Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

**NOTE 10 - SUBSEQUENT EVENTS**

Date of Management’s Evaluation

Management has evaluated subsequent events through April 7, 2023, the date on which the financial statements were available to be issued.



**BODY20 GLOBAL USA, LLC**

FINANCIAL REPORT  
AS OF DECEMBER 31, 2021

**BODY20<sup>®</sup>**

**BODY20 GLOBAL USA, LLC**

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**Independent Auditor's Report**

To the Members  
Body20 Global USA, LLC  
Wilton Manors, Florida

**Report on the Financial Statements**

We have audited the accompanying balance sheets of Body20 Global USA, LLC as of December 31, 2021, and 2020 and the related statements of operations, members' equity and cash flows for the years ended December 31, 2021, 2020 and 2019 and the accompanying notes to financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Body20 Global USA, LLC as of December 31, 2021, and 2020 and the results of their operations and their cash flows for the years ended December 31, 2021, 2020 and 2019 in accordance with accounting principles generally accepted in the United States of America.

*REESE CPA LLC*

Thornton, Colorado  
March 18, 2022

**BODY20 GLOBAL USA, LLC  
BALANCE SHEETS**

	<b>AS OF DECEMBER 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>ASSETS:</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 633,430	\$ 252,046
Accounts receivable, net	138,384	90,443
Contract acquisition costs, current	103,048	30,596
Prepaid expenses	2,038	2,038
<b>TOTAL CURRENT ASSETS</b>	<b>876,900</b>	<b>375,123</b>
<b>NON-CURRENT ASSETS</b>		
Property and equipment	54,636	69,097
Intangible assets	1,926,278	1,926,278
Contract acquisition costs	784,383	169,524
Other assets	7,410	7,410
<b>TOTAL ASSETS</b>	<b>\$ 3,649,607</b>	<b>\$ 2,547,432</b>
<b>LIABILITIES AND MEMBERS' EQUITY:</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 399,173	\$ 137,556
Non-refundable deferred franchise fee, current	172,825	67,850
Notes payable, current	1,605	44,896
<b>TOTAL CURRENT LIABILITIES</b>	<b>573,603</b>	<b>250,302</b>
<b>LONG-TERM LIABILITIES</b>		
Non-refundable deferred franchise fee	1,740,097	623,874
Notes payable, member	150,000	-
Notes payable	148,295	149,900
<b>TOTAL LIABILITIES</b>	<b>2,611,995</b>	<b>1,024,076</b>
<b>MEMBERS' EQUITY</b>	<b>1,037,612</b>	<b>1,523,356</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 3,649,607</b>	<b>\$ 2,547,432</b>

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

**BODY20 GLOBAL USA, LLC**  
**STATEMENTS OF OPERATIONS**

	YEARS ENDED DECEMBER 31,		
	2021	2020	2019
<b>REVENUES</b>			
Franchise sales	\$ 540,752	\$ 206,744	\$ 133,490
Royalty fees	281,412	239,902	212,557
Product sales	510,849	49,196	-
Other fees	156,710	-	-
<b>TOTAL REVENUE</b>	1,489,723	495,842	346,047
<b>COST OF SALES</b>	511,640	82,223	192,121
<b>GROSS PROFIT</b>	978,083	413,619	153,926
<b>OPERATING EXPENSES</b>			
Payroll and related costs	995,012	428,785	400,656
General and administrative	481,336	165,129	337,385
Professional fees	220,969	225,395	156,563
Advertising and marketing	123,858	160,405	193,379
Franchise related costs	116,777	106,032	93,893
Depreciation	18,321	17,505	6,119
<b>TOTAL OPERATING EXPENSE</b>	1,956,273	1,103,251	1,187,995
<b>OPERATING (LOSS)</b>	(978,190)	(689,632)	(1,034,069)
<b>OTHER INCOME (EXPENSE)</b>			
Other income	80,501	5,000	-
Interest expense	(28,055)	-	-
Gain on sale of assets	-	-	90,208
<b>TOTAL OTHER INCOME</b>	52,446	5,000	90,208
<b>NET (LOSS)</b>	\$ (925,744)	\$ (684,632)	\$ (943,861)

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

**BODY20 GLOBAL USA, LLC**  
**STATEMENTS OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**

	<u>Member Contributions</u>	<u>Member Contribution Receivable</u>	<u>Accumulated (Deficit)</u>	<u>Total Members' Equity</u>
<b>BALANCE, DECEMBER 31, 2018</b>	<b>\$ 1,257,171</b>	<b>\$ (600,000)</b>	<b>\$ (39,095)</b>	<b>\$ 618,076</b>
Member contributions	252,308	-	-	252,308
Acquisition of controlling interest by members	1,632,000	-	284,278	1,916,278
Distributions	-	-	(510,872)	(510,872)
Member contributions receivable	-	600,000	-	600,000
Net (loss)	-	-	(943,861)	(943,861)
<b>BALANCE, DECEMBER 31, 2019</b>	<b>3,141,479</b>	<b>-</b>	<b>(1,209,550)</b>	<b>1,931,929</b>
Adoption of new revenue standard	-	-	126,241	126,241
Member contributions	149,818	-	-	149,818
Net (loss)	-	-	(684,632)	(684,632)
<b>BALANCE, DECEMBER 31, 2020</b>	<b>3,291,297</b>	<b>-</b>	<b>(1,767,941)</b>	<b>1,523,356</b>
Member contributions	440,000	-	-	440,000
Net (loss)	-	-	(925,744)	(925,744)
<b>BALANCE, DECEMBER 31, 2021</b>	<b><u>\$ 3,731,297</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (2,693,685)</u></b>	<b><u>\$ 1,037,612</u></b>

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

**BODY20 GLOBAL USA, LLC**  
**STATEMENTS OF CASH FLOWS**

	<b>YEARS ENDED DECEMBER 31,</b>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss)	\$ (925,744)	\$ (684,632)	\$ (943,861)
Adjustments to reconcile net (loss) to net cash provided by operating activities:			
Depreciation & Amortization	18,321	17,505	6,119
Recognition of non-refundable deferred franchise fees	(181,052)	19,465	-
Recognition of contract acquisition costs	37,209	(51,665)	-
Forgiveness of COVID-19 loan	(44,896)	-	-
Gain on sale of equipment	-	-	(90,208)
Changes in assets and liabilities			
Accounts receivables	(47,941)	(90,443)	21,640
Contract acquisition costs	(724,520)	(148,455)	-
Other assets	-	-	(7,410)
Accounts payable	269,064	109,371	4,350
Deferred rent	(7,447)	-	-
Non-refundable deferred franchise sales	1,402,250	604,000	104,500
<b>Net cash provided (used) by operating activities</b>	<u>(204,756)</u>	<u>(224,854)</u>	<u>(904,870)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	(3,860)	(11,406)	(81,315)
Purchase of intangible assets	-	(10,000)	-
Sales of property and equipment	-	-	213,239
<b>Net cash (used) by investing activities</b>	<u>(3,860)</u>	<u>(21,406)</u>	<u>131,924</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Member contributions	440,000	149,818	852,308
Proceeds from notes payable	-	194,796	-
Proceeds from notes payable, member	150,000	-	-
Member distributions	-	-	(510,872)
<b>Net cash provided by financing activities</b>	<u>590,000</u>	<u>344,614</u>	<u>341,436</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	381,384	98,354	(431,510)
<b>CASH, beginning of year</b>	<u>252,046</u>	<u>153,692</u>	<u>585,202</u>
<b>CASH, end of year</b>	<u>\$ 633,430</u>	<u>\$ 252,046</u>	<u>\$ 153,692</u>
<b>SUPPLEMENTAL DISCLOSURES</b>			
Cash paid for interest	\$ 3,153	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

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

**BODY20 GLOBAL USA, LLC**  
**STATEMENTS OF CASH FLOWS**  
**(CONTINUED)**

	<b>YEARS ENDED DECEMBER 31,</b>		
	2021	2020	2019
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>			
<b>Investing Activities</b>			
Acquisition of intangible assets	\$ -	\$ -	\$ (1,916,278)
<b>Financing Activities</b>			
Acquisition of controlling interest by members	\$ -	\$ -	\$ 1,632,000
Accumulated deficit at acquisition of intangible assets	\$ -	\$ -	\$ 284,278

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

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Body20 Global USA, LLC ("the Company") was formed on January 3, 2017, (Inception) in the State of Florida as a limited liability company. The Company offers to qualified persons or business entities Body20 Studio franchises for the operation of a personal training fitness studio that offers full body training exercises utilizing state of the art technology and equipment through membership and voucher sales in a protected territory using the "Body20" and "Body Twenty Studio" marks.

Outlets in Operation

Changes in the number of operating outlets for the years ended December 31, 2021, 2020 and 2019 consist of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Outlets in operation, beginning	8	8	5
Outlets opened	7	1	3
Outlets terminated or closed	-	(1)	-
Outlets in operation, ending	<u>15</u>	<u>8</u>	<u>8</u>
Franchised Outlets	15	8	8
Affiliate owned Outlets	-	-	-

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Cash and Cash Equivalents*

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2021, and 2020.

*Accounts Receivable*

Accounts receivable arise in the normal course of business through franchise sales and royalties earned. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any allowance for doubtful accounts as of December 31, 2021, and 2020 and did not charge-off any accounts receivable during years ended December 31, 2021, 2020 and 2019.

*Property, Plant & Equipment*

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years).

*Intangible Assets*

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

The Company's balance sheet at December 31, 2021, and 2020 has intangible assets in the amount of \$1,916,278 classified as intellectual property that was acquired in the transaction described in Note 5 below. The Company has determined that there was no impairment of the intangible assets as of December 31, 2021, and 2020.

*Income Taxes*

The Company has elected to be taxed as a partnership under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state franchise taxes has been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Income Taxes (continued)*

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's members.

*Revenue Recognition, Non-refundable Deferred Franchise Fees and Contract Acquisition Assets*

The Company recognizes revenues under the guidance of ASC 606, "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a qualified party purchases a franchise, the Company grants the franchisee the right to operate the franchised business in a designated territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("symbolic intellectual property" or "IP"). Revenues related to the designated territory and IP are continuing monthly royalty fees are the greater of \$1,500 each month or 8% of gross sales for the first six months. Thereafter the monthly royalty fee is the greater of \$1,500 each month of 7% of gross sales. Revenue from continuing monthly royalty fees is billed monthly and is recognized as revenue when earned. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees.

Revenue from initial franchise fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory rights and symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin or fair market value approach. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the good or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a contract acquisition asset and are recognized as expense when the related performance obligation has been satisfied.

*Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2021, 2020 and 2019 was \$123,858, \$160,405, and \$193,379.

*Fair Value of Financial Instruments*

The Company's financial instruments primarily consist of cash and cash equivalents, accounts receivable and accounts payable. The carrying amounts approximate fair value due to their short maturities.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Reclassification

Certain amounts in the prior period financial statements have been reclassified for comparative purposes to from general and administrative expense to franchise related costs to conform to the presentation in the current period financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and account receivables. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). Management has not yet determined the effect of the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CONTRACTS WITH CUSTOMERS**

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31,	
	2021	2020
<b>Contract Acquisition Costs:</b>		
Balance beginning of year	\$ 200,120	\$ -
Implementation of new revenue standard	-	71,209
Deferral of contract acquisition costs	724,520	148,455
Recognition of contract acquisition costs	(37,209)	(19,544)
Balance at end of year	\$ 887,431	\$ 200,120
<b>Deferred Non-refundable Franchise Fees:</b>		
Balance beginning of year	\$ 611,724	\$ 194,500
Implementation of new revenue standard	-	(55,032)
Deferral of non-refundable franchise fees	982,250	524,000
Recognition of non-refundable franchise fees	(101,052)	(51,744)
Balance at end of year	\$ 1,492,922	\$ 611,724
<b>Deferred pre-opening obligations revenue</b>	<b>\$ 420,000</b>	<b>\$ 80,000</b>

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and contract acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2021, is as follows:

	Contract Acquisition Costs	Non-refundable Franchise Fees
Year ending December 31:		
2022	\$ 103,048	\$ 172,825
2023	103,048	172,825
2024	95,506	170,075
2025	87,298	154,825
2026	87,298	151,909
Thereafter	411,233	670,463
	\$ 887,431	\$ 1,492,922

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2021, and 2020 is as follows:

	2021	2020
Performance obligations satisfied at a point in time	\$ 1,388,671	\$ 444,098
Performance obligations satisfied through the passage of time	101,052	51,744
Total revenues	\$ 1,489,723	\$ 495,842

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and Equipment consist of the following at December 31,

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 8,406	\$ 8,406
Equipment	88,175	84,315
	<u>96,581</u>	<u>92,721</u>
Accumulated depreciation	(41,945)	(23,624)
	<u>\$ 54,636</u>	<u>\$ 69,097</u>

Depreciation expense was \$18,321, \$17,505, and \$6,119 for the years ended December 31, 2021, 2020 and 2019.

**NOTE 4 – LONG TERM DEBT**

The following is a summary of long-term debt at December 31:

	<u>2021</u>	<u>2020</u>
Note payable with the Small Business Administration under EIDL COVID-19 relief. Face amount of \$150,000, payable in 360 monthly installments of \$731 including interest at the rate of 3.75% Final payment due on May 15, 2050. Collateralized by assets of the Company.	\$ 149,900	\$ 149,900
Note payable with the Small Business Administration under the Paycheck Protection Loan Program for COVID-19 relief. Face amount of \$44,896. Payment plus interest due on June 29, 2025 unless previously forgiven by the Small Business Administration under the terms of the program.	-	44,896
	<u>149,900</u>	<u>194,796</u>
Less current maturities	(1,605)	-
	<u>\$ 148,295</u>	<u>\$ 194,796</u>

The maturities of the long-term debt are as follows:

Year ending December 31:

2022	\$ 1,605
2023	1,667
2024	1,732
2025	1,799
2026	1,868
Thereafter	139,624
	<u>\$ 148,295</u>

**NOTE 5 – SALE OF ASSETS**

During 2019 the Company sold assets to an unrelated entity for \$233,000 with a book value of \$142,792 for a gain of \$90,208 reported as other income in the attached statement of operation for December 31, 2019.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – NOTE PAYABLE, MEMBER**

During 2021 the Company borrowed \$150,000 from one of the Company’s members. The note bears interest the rate of 12%. The principal and accrued interest are due February 15, 2024. The loan is collateralized by an equity interest in the Company.

**NOTE 7 – MEMBERS’ EQUITY**

On April 19, 2019, related members who owed 20% of the outstanding membership interest purchased an additional 40.8% of the membership interest in the Company. The purchase resulted in the related members owning a total of 60.8% of the total outstanding membership interests. This transaction resulted in a change in ownership control of the Company. In a contemporaneous agreement the selling member transferred all rights to the intellectual property owned by the selling member to the Company. The purchase price was \$1,632,000 plus the payment of a distribution from the Company of \$280,000. The acquisition of this membership interest has been recorded as a business combination under ASC Topic 805, “Business Combinations”, with identifiable assets acquired and liabilities assumed recorded at their fair values on the acquisition date. Fair value adjustments related to the transaction have been pushed down to the Company, resulting in assets and liabilities being recorded at fair value at the acquisition date of April 19, 2019.

The following table summarizes the historical carrying amounts, the acquisition accounting adjustments and acquisition-date fair values assigned to the net assets acquired as of the acquisition date:

	<b>As of April 19, 2019</b>		
	<b>Historical Carrying Amount</b>	<b>Acquisition Accounting Adjustment</b>	<b>Acquisition Date Fair Value</b>
<b>Assets:</b>			
Cash	\$ 977,539	\$ -	\$ 977,539
Inventory	2,038	-	2,038
Property and Equipment	17,222	-	17,222
Intangible Assets	-	1,916,278	1,916,278
Other Assets	7,410	-	7,410
<b>Total Assets</b>	<b>\$ 1,004,209</b>	<b>\$ 1,916,278</b>	<b>\$ 2,920,487</b>
<b>Liabilities:</b>			
Accounts payable	\$ 19,886	\$ -	\$ 19,886
<b>Net Assets</b>	<b>\$ 984,323</b>	<b>\$ 1,916,278</b>	<b>\$ 2,900,601</b>

The purchase price for the membership interest was in excess of the fair value of the net assets of the Company, therefore resulting in goodwill that has been assigned to the intellectual property transferred to the Company as described above.

In 2018 the Company’s members subscribed to membership interests totaling \$600,000. At December 31, 2019, all the subscribed amounts have been collected and are reflected as a reduction in member contributions receivable in the statement of members’ equity.

**BODY20 GLOBAL USA, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – COVID-19 RELIEF**

During 2020, the Company was loaned \$44,896 under the Paycheck Protection Program (“PPP Loan”) for COVID-19 relief. As of December 31, 2020, the Company had not received notice of the forgiveness of that debt from the Small Business Administration and it is reported a current maturity of long-term debt in the attached balance sheet. During 2021 the Company received forgiveness of the debt and the forgiveness is reported in other income for the year ended December 31, 2021.

During 2021, the Company was loaned \$35,605 under the Paycheck Protection Program (“PPP Loan”) for COVID-19 relief. The Company received forgiveness of the debt and the forgiveness is reported in other income for the year ended December 31, 2021.

The Company also received a EIDL grant of \$5,000 under the terms of the CARES Act for COVID-19 relief. The grant has been reported as other income in the attached statements of operations for the year ended December 31, 2020.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

Litigation

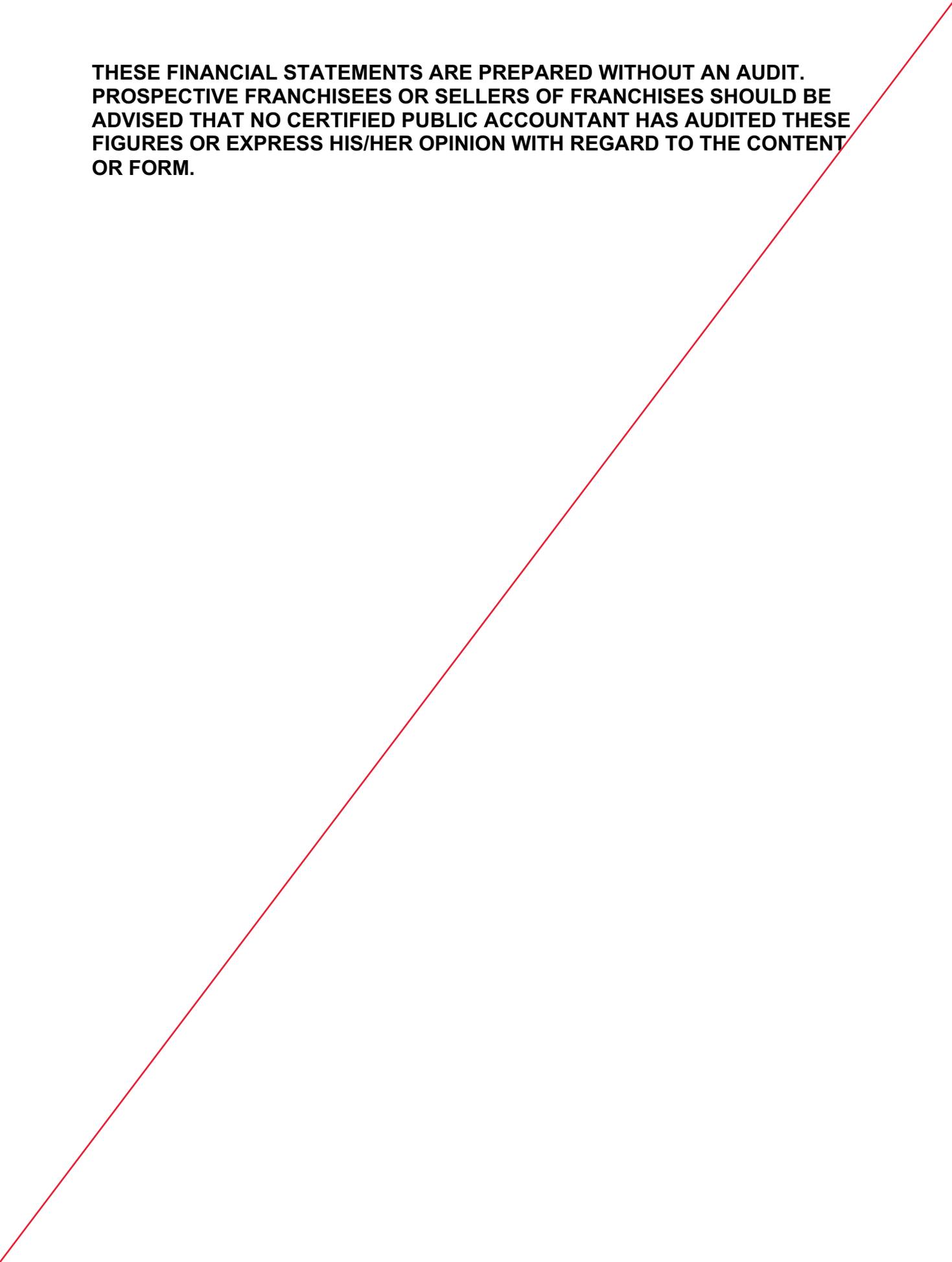
The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

**NOTE 10 - SUBSEQUENT EVENTS**

Date of Management’s Evaluation

Management has evaluated subsequent events through March 18, 2022, the date on which the financial statements were available to be issued.

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESS HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**



# BODY20

## Balance Sheet

As of March 31, 2023

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Wells Fargo 7189	372,423.07
<b>Total Bank Accounts</b>	<b>\$372,423.07</b>
Accounts Receivable	
Accounts Receivable (A/R)	649,276.31
<b>Total Accounts Receivable</b>	<b>\$649,276.31</b>
Other Current Assets	
Accrued Royalty Receivable	46,122.30
Inventory	1,968.00
Inventory Asset	0.00
License/Trademark	1,916,278.00
Partner Loan	0.00
Prepaid Expenses	80,532.45
Uncategorized Asset	0.00
Undeposited Funds	2,500.06
<b>Total Other Current Assets</b>	<b>\$2,047,400.81</b>
<b>Total Current Assets</b>	<b>\$3,069,100.19</b>
Fixed Assets	
Accumulated Depreciation	-61,559.00
Equipment	93,284.65
Furniture & Fixtures	5,835.73
Leasehold Improvements	8,406.25
<b>Total Fixed Assets</b>	<b>\$45,967.63</b>
Other Assets	
Accumulated Amortization	0.00
Body20 - TAMPA	10,000.00
Contract Acquisition Costs - Commissions	2,945,774.50
Investment in Body20 Houston Galleria	264,087.12
Security Deposit	7,410.46
<b>Total Other Assets</b>	<b>\$3,227,272.08</b>
<b>TOTAL ASSETS</b>	<b>\$6,342,339.90</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	534,505.26
<b>Total Accounts Payable</b>	<b>\$534,505.26</b>
Credit Cards	
New Amex	159,092.88
<b>Total Credit Cards</b>	<b>\$159,092.88</b>

# BODY20

## Balance Sheet

As of March 31, 2023

	TOTAL
Other Current Liabilities	
Accrued Commissions	0.00
Accrued Interest	48,527.00
Accrued Payroll	0.00
Arizona Department of Revenue Payable	9,126.00
Commissions Payable - Employee Payroll	0.00
Deferred Rent	0.00
Georgia Department of Revenue Payable	12,906.00
Illinois Department of Revenue Payable	4,328.00
Michigan Department of Treasury Payable	6,486.00
Nevada Department of Taxation Payable	4,517.78
New Jersey Division of Taxation Payable	3,580.20
Oklahoma Tax Commission Payable	4,765.86
Oregon Department of Revenue Payable	0.00
Out Of Scope Agency Payable	0.00
Payroll Liabilities	0.00
PPP	0.00
Sales Taxes Payable	0.00
Colorado Department of Revenue Payable	5,016.01
Florida Department of Revenue Payable	-516.85
Kansas Department of Revenue Payable	10,185.72
New York Department of Taxation and Finance Payable	6,497.20
North Carolina Department of Revenue Payable	313.75
Pennsylvania Department of Revenue Payable	77.96
Texas State Comptroller Payable	14,413.49
<b>Total Sales Taxes Payable</b>	<b>35,987.28</b>
Virginia Department of Taxation Payable	3,240.00
<b>Total Other Current Liabilities</b>	<b>\$133,464.12</b>
<b>Total Current Liabilities</b>	<b>\$827,062.26</b>
Long-Term Liabilities	
Deferred Revenue	3,512,083.99
Loan Payable - SBA	146,245.00
Loan Payable Kerry Breitbart	150,000.00
Non-refundable deferred Pre-opening Obligation Fees	308,000.00
<b>Total Long-Term Liabilities</b>	<b>\$4,116,328.99</b>
<b>Total Liabilities</b>	<b>\$4,943,391.25</b>
Equity	
Opening Balance Equity	0.00
Owner's Investment	0.00
Bob McQuillan	300,000.00
Body20 Global USA Holdings	20,000.00
Greg Breitbart	30,000.00
Kerry Breitbart	75,000.00

# BODY20

## Balance Sheet

As of March 31, 2023

	TOTAL
Mike Fleet	0.00
Pinnacle 5	15,000.00
<b>Total Owner's Investment</b>	<b>440,000.00</b>
Retained Earnings	1,035,344.41
Retained Earnings New Revenue Standard	126,241.00
Net Income	-202,636.76
<b>Total Equity</b>	<b>\$1,398,948.65</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$6,342,339.90</b>

# BODY20

## Profit and Loss by Month

January - March, 2023

	JAN 2023	FEB 2023	MAR 2023	TOTAL
<b>Income</b>				
Franchise License Fees				\$0.00
Franchise Fee Refund		-124,750.00	-83,000.00	\$ -207,750.00
Franchise Multi-Unit License Fees	610,000.00	520,000.00	400,000.00	\$1,530,000.00
Franchise Single Unit License Fees	35,000.00			\$35,000.00
<b>Total Franchise License Fees</b>	<b>645,000.00</b>	<b>395,250.00</b>	<b>317,000.00</b>	<b>\$1,357,250.00</b>
Product, Merchandise and Equipment Sales	75.00	75.00	75.00	\$225.00
EMS Equipment				\$0.00
Devices - Income	108,000.00	108,000.00	198,000.00	\$414,000.00
Lease Revenue	2,500.00	2,500.00	2,500.00	\$7,500.00
Parts/Suits - Income	7,796.32	605.32	5,404.23	\$13,805.87
<b>Total EMS Equipment</b>	<b>118,296.32</b>	<b>111,105.32</b>	<b>205,904.23</b>	<b>\$435,305.87</b>
Merchandise and Apparel Wholesale Sales	20,595.55	43,224.61	38,565.50	\$102,385.66
Shipping Charges - Income	445.00	55.00	325.00	\$825.00
<b>Total Product, Merchandise and Equipment Sales</b>	<b>139,411.87</b>	<b>154,459.93</b>	<b>244,869.73</b>	<b>\$538,741.53</b>
Royalties (Income)	40,579.43	42,340.83	47,379.44	\$130,299.70
Prize/Challenge Winner Royalty Credits	-11,737.13	-18,249.84	-17,280.00	\$ -47,266.97
<b>Total Royalties (Income)</b>	<b>28,842.30</b>	<b>24,090.99</b>	<b>30,099.44</b>	<b>\$83,032.73</b>
Sales	430.28	134.88		\$565.16
Services, Fines and Fees				\$0.00
Additional Training Fees	12,800.00	12,850.00	3,675.00	\$29,325.00
Architecture Fees		7,000.00		\$7,000.00
Fines	1,900.00	1,500.00	7,100.00	\$10,500.00
Rebates			26,003.30	\$26,003.30
<b>Total Services, Fines and Fees</b>	<b>14,700.00</b>	<b>21,350.00</b>	<b>36,778.30</b>	<b>\$72,828.30</b>
Technology and Software Fees				\$0.00
Software and Technology Fees	44,398.00	48,716.00	50,684.00	\$143,798.00
<b>Total Technology and Software Fees</b>	<b>44,398.00</b>	<b>48,716.00</b>	<b>50,684.00</b>	<b>\$143,798.00</b>
Uncategorized Income			1,275.00	\$1,275.00
<b>Total Income</b>	<b>\$872,782.45</b>	<b>\$644,001.80</b>	<b>\$680,706.47</b>	<b>\$2,197,490.72</b>
<b>Cost of Goods Sold</b>				
Commissions on Franchise Sales				\$0.00
Commissions - Employee Payroll	65,600.00	42,600.00	7,629.93	\$115,829.93
Commissions - Guaranteed Payments	25,117.00	25,462.50	9,750.00	\$60,329.50
Commissions - Outside	153,000.00	111,000.00		\$264,000.00
<b>Total Commissions on Franchise Sales</b>	<b>243,717.00</b>	<b>179,062.50</b>	<b>17,379.93</b>	<b>\$440,159.43</b>
Cost of Goods Sold	0.00	0.00	0.00	\$0.00
Franchise Sales and Marketing Expenses				\$0.00
Tradeshaw and Convention Expenses	1,683.00	16,014.99	2,528.00	\$20,225.99
<b>Total Franchise Sales and Marketing Expenses</b>	<b>1,683.00</b>	<b>16,014.99</b>	<b>2,528.00</b>	<b>\$20,225.99</b>
Merchandise/Inventory COGS				\$0.00
Apparel and Merchandise	27,775.34	30,399.21	40,844.53	\$99,019.08

# BODY20

## Profit and Loss by Month

January - March, 2023

	JAN 2023	FEB 2023	MAR 2023	TOTAL
EMS Equipment				\$0.00
Devices - COGS	60,283.24	135,706.00	392,430.84	\$588,420.08
<b>Total EMS Equipment</b>	<b>60,283.24</b>	<b>135,706.00</b>	<b>392,430.84</b>	<b>\$588,420.08</b>
Shipping	5,254.11	8,442.60	10,701.54	\$24,398.25
<b>Total Merchandise/Inventory COGS</b>	<b>93,312.69</b>	<b>174,547.81</b>	<b>443,976.91</b>	<b>\$711,837.41</b>
Technology and Software Costs				\$0.00
Ask Nicely	580.00	580.00	580.00	\$1,740.00
Canva	1,142.99	1,006.49	977.99	\$3,127.47
CareerPlug	3,348.66	3,403.65	3,447.08	\$10,199.39
Emma	676.80	676.80	954.00	\$2,307.60
FranConnect	2,280.00	2,280.00	2,280.00	\$6,840.00
Letsignit	253.00	363.00	363.00	\$979.00
LightSpeed	1,264.00	1,412.00	1,482.00	\$4,158.00
Microsoft	1,420.12	1,996.03	1,920.71	\$5,336.86
Optisigns	300.00	493.43	500.00	\$1,293.43
Ring Central	3,233.10	3,192.62	3,250.09	\$9,675.81
Yext	1,229.83			\$1,229.83
ZipWhip	3,616.04	3,054.93	6,200.15	\$12,871.12
<b>Total Technology and Software Costs</b>	<b>19,344.54</b>	<b>18,458.95</b>	<b>21,955.02</b>	<b>\$59,758.51</b>
<b>Total Cost of Goods Sold</b>	<b>\$358,057.23</b>	<b>\$388,084.25</b>	<b>\$485,839.86</b>	<b>\$1,231,981.34</b>
<b>GROSS PROFIT</b>	<b>\$514,725.22</b>	<b>\$255,917.55</b>	<b>\$194,866.61</b>	<b>\$965,509.38</b>
Expenses				
Advertising & Marketing	21,933.52	16,159.78	54,284.09	\$92,377.39
Auto Expenses	1,673.89		1,034.26	\$2,708.15
Fuel	34.27	212.13	239.95	\$486.35
<b>Total Auto Expenses</b>	<b>1,708.16</b>	<b>212.13</b>	<b>1,274.21</b>	<b>\$3,194.50</b>
Bank Charges & Fees	393.36	75.00	30.00	\$498.36
Computer Service & Supplies	460.27	513.75	2,595.87	\$3,569.89
Contractors	51,079.20	24,898.75	38,629.00	\$114,606.95
Corporate Studio Expense		633.33	226.00	\$859.33
Donations	250.00			\$250.00
Dues & Subscriptions	403.44	8,082.10	574.52	\$9,060.06
Equipment Rental	496.22	353.22	353.22	\$1,202.66
Health Insurance	3,983.14	5,252.90	13,714.22	\$22,950.26
Vision/Dental Insurance	471.18	540.18	420.96	\$1,432.32
<b>Total Health Insurance</b>	<b>4,454.32</b>	<b>5,793.08</b>	<b>14,135.18</b>	<b>\$24,382.58</b>
Hiring Expense	2,838.55			\$2,838.55
Insurance	2,430.45	2,430.49	2,430.45	\$7,291.39
Interest Paid		178.29	200.69	\$378.98
Legal & Professional Services	21,078.29	50,621.30	25,859.35	\$97,558.94
Meals & Entertainment	21,652.90	24,758.59	18,861.24	\$65,272.73
Office Expense	519.46	949.02	1,068.49	\$2,536.97

# BODY20

## Profit and Loss by Month

January - March, 2023

	JAN 2023	FEB 2023	MAR 2023	TOTAL
Office Supplies & Software	5,602.40	1,442.58	7,061.54	\$14,106.52
Payroll Expenses				\$0.00
Employee Wages	132,122.86	130,657.24	163,768.94	\$426,549.04
Payroll Fees	593.00	521.00	967.00	\$2,081.00
Payroll Taxes	18,907.50	15,990.17	15,940.16	\$50,837.83
<b>Total Payroll Expenses</b>	<b>151,623.36</b>	<b>147,168.41</b>	<b>180,676.10</b>	<b>\$479,467.87</b>
Postage	50.77	3,455.27	214.95	\$3,720.99
QuickBooks Payments Fees	1,024.77	1,301.09	1,097.01	\$3,422.87
Rent & Lease	1,300.09	6,119.94	1,170.06	\$8,590.09
Sales SPIFFS/Incentives	30.00	20.00	246.45	\$296.45
Sales Tax	148.05	0.00	0.00	\$148.05
Telephone	270.39	270.39	370.39	\$911.17
Travel				\$0.00
Travel-Airfare, Train	8,864.05	17,932.07	19,368.97	\$46,165.09
Travel-Hotel	17,077.47	25,074.05	17,812.40	\$59,963.92
Travel-Mileage, Tolls & Parking	496.15	921.85	1,291.53	\$2,709.53
Travel-Taxi, Ground Transportation	3,296.77	5,172.58	7,087.06	\$15,556.41
<b>Total Travel</b>	<b>29,734.44</b>	<b>49,100.55</b>	<b>45,559.96</b>	<b>\$124,394.95</b>
Utilities	298.29	295.36	172.44	\$766.09
<b>Total Expenses</b>	<b>\$319,780.70</b>	<b>\$344,832.42</b>	<b>\$397,091.21</b>	<b>\$1,061,704.33</b>
<b>NET OPERATING INCOME</b>	<b>\$194,944.52</b>	<b>\$ -88,914.87</b>	<b>\$ -202,224.60</b>	<b>\$ -96,194.95</b>
Other Expenses				
Ask My Accountant			3,200.50	\$3,200.50
Guaranteed Payments				\$0.00
Chris Guaranteed Payments	11,000.00	10,000.00	11,500.00	\$32,500.00
QSHERA (health insurance)	1,942.66	1,766.66	2,031.99	\$5,741.31
<b>Total Chris Guaranteed Payments</b>	<b>12,942.66</b>	<b>11,766.66</b>	<b>13,531.99</b>	<b>\$38,241.31</b>
Greg Guaranteed Payments	22,000.00	20,000.00	23,000.00	\$65,000.00
<b>Total Guaranteed Payments</b>	<b>34,942.66</b>	<b>31,766.66</b>	<b>36,531.99</b>	<b>\$103,241.31</b>
<b>Total Other Expenses</b>	<b>\$34,942.66</b>	<b>\$31,766.66</b>	<b>\$39,732.49</b>	<b>\$106,441.81</b>
<b>NET OTHER INCOME</b>	<b>\$ -34,942.66</b>	<b>\$ -31,766.66</b>	<b>\$ -39,732.49</b>	<b>\$ -106,441.81</b>
<b>NET INCOME</b>	<b>\$160,001.86</b>	<b>\$ -120,681.53</b>	<b>\$ -241,957.09</b>	<b>\$ -202,636.76</b>

**EXHIBIT "H" TO THE BODY20 GLOBAL USA, LLC DISCLOSURE DOCUMENT**

**GENERAL RELEASE**

## GENERAL RELEASE

This General Release ("General Release") is made and entered into by \_\_\_\_\_  
(the "Franchisee") on ~~\_\_\_\_\_~~ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

- a. Franchisee had previously been established as a franchisee under the BODY20 franchise system pursuant to a Franchise Agreement executed by Franchisee and BODY20 Global USA, LLC (the "Franchisor") dated as of \_\_\_\_\_ (the "Original Franchise Agreement").
- b. The Franchisee currently proposes to renew its franchise relationship with the Franchisor under a new Franchise Agreement.
- c. As required under the Original Franchise Agreement, Franchisee is obligated to enter into this Release in connection with a renewal thereof.
- d. The Franchisee acknowledges that it understands the effect of this Release to disallow any claims by it for actions taken by the Franchisor in connection with the Original Franchise Agreement and further acknowledges and agrees that the Franchisor already has paid, or provided the Franchisee with, all of the obligations and benefits that the Franchisee was owed under the Original Franchise Agreement.

1. **Release.** In accordance with the Original Franchise Agreement and to induce execution by the Franchisor of the new Franchise Agreement and acceptance of the terms set forth therein, the Franchisee with the intent of binding itself and its successors, affiliates, heirs, assigns, attorneys, and principal owners, hereby releases and forever discharges the Franchisor and its parents, affiliates, subsidiaries, divisions, successors and assigns, and other related companies and each of their officers, directors, shareholders, affiliated Franchisees, agents, and representatives of any kind (collectively, "Released Parties") from and against any and all liabilities, claims, grievances, demands, charges, actions and causes of action whatsoever which first arose prior to and through the date on which this Release becomes effective, including but not limited to, any and all claims arising under or pursuant to any constitution, common law, statute, regulation, executive order or ordinance (and specifically from and against any and all liabilities, claims, grievances, demands, charges, actions and causes of action whatsoever related to the Original Franchise Agreement). In addition, the Franchisee expressly waives the benefit of any statute or rule of law that, if applied to this Release, would otherwise exclude from its binding effect any claims not known by the Franchisee to exist. The Franchisee also agrees that the Franchisee will not institute any claims for damages or for other relief by charge or otherwise, nor will the Franchisee authorize, encourage, or induce any other person or entity, governmental or otherwise, to enter into any claim for damages or for other relief via administrative or legal proceedings against the Released Parties for any such claims.

~~2. **Consideration Period.** The Franchisee acknowledges that the Franchisee has been given the opportunity to consider this Release for at least 14 days before its execution.~~

~~3.2.~~ **Knowing and Voluntary Waiver.** The Franchisee agrees and acknowledges that: (a) no promise or inducement for this Release has been made to the Franchisee except as set forth herein; (b) this Release is executed by the Franchisee freely and voluntarily and without reliance upon any statement or representation by the Franchisor or anyone acting on its behalf other than as set forth herein; (c) the Franchisee has read and fully understands this Release and the meaning of its provisions; (d) the Franchisee is legally competent to enter into this Release and understands the meaning of Franchisee's responsibility therefore; (e) Franchisee has been given sufficient time to consider this Release and its terms; and (f) Franchisee has been advised to consult with an attorney prior to entering into this Release.

IN WITNESS WHEREOF, the Franchisee hereby executes this Release.

**FRANCHISEE**

\_\_\_\_\_

By \_\_\_\_\_

Date \_\_\_\_\_

**EXHIBIT "I" TO THE BODY20 GLOBAL USA, LLC DISCLOSURE DOCUMENT**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

## BODY20 GLOBAL USA, LLC FRANCHISEE DISCLOSURE QUESTIONNAIRE\*

**NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES : CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE) : FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, DO NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.**

As you know, BODY20 GLOBAL USA, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a BODY20 franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes\_\_No\_\_ 1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?
- Yes\_\_No\_\_ 2. Did you receive the Franchise Agreement containing all material terms, at least seven calendar days before signing any binding agreement with us or an affiliate? (Note: This does not include changes to any agreement arising out of negotiations you initiated with us.)
- Yes\_\_No\_\_ 3. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes\_\_No\_\_ 4. Did you receive the Franchise Disclosure Document at least 14 calendar days before signing the Franchise Agreement or any related agreement, or before paying any funds to us or an affiliate?
- Yes\_\_No\_\_ 5. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
- Yes\_\_No\_\_ 6. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
- Yes\_\_No\_\_ 7. Have you reviewed the Franchise Disclosure Document, Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes\_\_No\_\_ 8. Do you acknowledge and understand that no parent or affiliate of ours promises to back us financially or otherwise guarantees our performance or commits to perform post-sale obligations for us?
- Yes\_\_No\_\_ 9. Have you discussed the benefits and risks of developing and operating a BODY20 franchise a BODY20 franchise with an existing BODY20 franchisee?

- Yes\_\_No\_\_ 10. Do you understand the risks of developing and operating a BODY20 franchise?
- Yes\_\_No\_\_ 11. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes\_\_No\_\_ 12. Do you understand we have not granted you any territorial rights, other than the right to your Protected Territory as indicated in the Franchise Agreement?
- Yes\_\_No\_\_ 13. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the production, distribution and sale of products and services under the BODY20 name or other mark, at any location or by any method of distribution, without regard to the location of other BODY20 franchises and these other BODY20 franchises or methods of distribution may compete with your unit and adversely affect its sales?
- Yes\_\_No\_\_ 14. Do you understand that, except where prohibited by the laws of your state, all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Florida, if not resolved informally or by mediation?
- Yes\_\_No\_\_ 15. Do you understand that you and your manager must satisfactorily complete the initial training course before we will allow the BODY20 studio to open?
- Yes\_\_No\_\_ 16. Is it true no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_\_No\_\_ 17. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of your BODY20 franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_\_No\_\_ 18. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for a BODY20 Studio meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?
- Yes\_\_No\_\_ 19. Do you acknowledge and understand that the Franchise Agreement, the Multi-Unit Development Agreement and related agreements are not effective until signed by us?

Yes\_\_No\_\_ 20. Do you understand that you will operate the franchised business as an independent contractor and that you will be entirely responsible for operating the franchised business in compliance with all applicable laws, including employment and labor laws?

Yes\_\_No\_\_ 21. Do you acknowledge and understand that the current and potential effects of the COVID-19 outbreak on the BODY20 franchise system and franchised locations are difficult to assess and that the duration and intensity of the impact is uncertain?

Yes\_ No\_\_ 22. Do you understand that the estimated initial investment expenditure disclosed in Item 7 of the FDD are estimates only and that the disclosed ranges are not assurances that your costs and expenses will fall within the disclosed ranges?

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

---

Nothing contained in this Questionnaire is intended to disclaim the representations we made in the Franchise Disclosure Document.

For Washington Prospects: This Questionnaire does not waive any liability that the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100.

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

**EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:**

Nothing contained in this Questionnaire is intended to disclaim the representations we made in the Franchise Disclosure Document.

**EXHIBIT "J" TO THE BODY20 GLOBAL USA, LLC DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES PAGE**

### **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, with the following effective dates:

<b><u>STATE</u></b>	<b><u>EFFECTIVE DATE</u></b>
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

In all other states that do not require registration, the effective date of this Disclosure Document is the issuance date on the cover page.

## 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, with the following effective dates:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
California	07/25/2023
Hawaii	Pending
Illinois	04/30/2023
Indiana	06/11/2023
Maryland	Pending
Michigan	06/11/2023
Minnesota	06/12/2023
New York	06/20/2023
North Dakota	Not Registered
Rhode Island	06/17/2023
South Dakota	05/19/2023
Virginia	06/01/2023
Washington	Pending
Wisconsin	04/30/2023

In all other states that do not require registration, the effective date of this Disclosure Document is the issuance date on the cover page.

**EXHIBIT "K" TO THE BODY20 GLOBAL USA, LLC DISCLOSURE DOCUMENT**

**RECEIPTS**

## 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 Body20 Global USA, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or 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 payment of any consideration, whichever occurs first.

If Body20 Global USA, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit "A" to this disclosure document).

The franchisor is Body20 Global USA, LLC, located at c/o Christopher J. Pena, 1221 Brickell Avenue, Suite 900, Miami, Florida 33131 with a phone number of (561) 465-5550.

We authorize the respective state agencies identified on Exhibit "A" to receive service of process for us if we are registered in the particular state.

Issuance Date: April 28, 2023.

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

<b>Check if Applicable</b>	<b>Name</b>	<b>Principal Business Address</b>	<b>Telephone Number</b>
	Christopher J. Pena	1221 Brickell Avenue, Suite 900, Miami, Florida 33131	(561) 465-5550
	Greg Breitbart	1221 Brickell Avenue, Suite 900, Miami, Florida 33131	(561) 465-5550
	Robert K. McQuillan	1221 Brickell Avenue, Suite 900, Miami, Florida 33131	(561) 465-5550
	Anna Bokeria	1221 Brickell Avenue, Suite 900, Miami, Florida 33131	(561) 465-5550
	Chad Klein	1221 Brickell Avenue, Suite 900, Miami, Florida 33131	(561) 465-5550
	Jarred Fajerski	1221 Brickell Avenue, Suite 900, Miami, Florida 33131	(561) 465-5550
	Matthew Maddox	1221 Brickell Avenue, Suite 900, Miami, Florida 33131	(561) 465-5550
	Ryan McEvoy	1221 Brickell Avenue, Suite 900, Miami, Florida 33131	(561) 465-5550
	Mike Oberholtzer	1221 Brickell Avenue, Suite 900, Miami, Florida 33131	(561) 465-5550
	Sydney Yeomans	1221 Brickell Avenue, Suite 900, Miami, Florida 33131	(561) 465-5550

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The franchisor is BODY20 Global USA, LLC, located at c/o Christopher J. Pena, ~~1221 Brickell Avenue~~ 207 San Jacinto Boulevard, Suite ~~900, Miami, Florida 33134~~ 301, Austin, TX 78701 with a phone number of (561) 465-5550.

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Issuance Date: May 17, 2024

I received a Disclosure Document dated May 17, 2024. (See the state effective date summary page for state effective dates.)

The principal business address and phone number of the franchise sellers below are 207 San Jacinto Boulevard, Suite 301, Austin, TX 78701 (561) 465-5550.

The Disclosure Document included the following Exhibits:

Check if Applicable	Name
	Jay Galluzzo
	Christopher J. Pena
	Robert K. McQuillan
	Ryan McEvoy
	Michael Elrick
	Chad Klein
	Ariel Benigno
	Anya Bokeria
	Matthew Maddox
	Sydney Yeomans

- A State Agencies & Administrators/ Agents for Service of Process
- B Form of Franchise Agreement (and Guaranty)
- C Area Development Agreement
- D Operations Manual Table of Contents
- E State Specific Addenda and Riders
- F Roster of Current and Former Franchisees
- G Financial Statements
- H General Release
- I Franchisee Disclosure Questionnaire
- J State Effective Dates
- K Receipts

**KEEP THIS COPY FOR YOUR RECORDS.**

Signature: \_\_\_\_\_

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

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

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te: \_\_\_\_\_

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 e-mail: info@BODY20.com

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