

FRANCHISE DISCLOSURE DOCUMENT



SNAP FITNESS, INC.

a Minnesota corporation
2411 Galpin Court, Suite 110
Chanhassen, MN 55317
(952) 474-5422
sales@liftbrands.com
<https://www.snapfitness.com/us/franchise-opportunities/>

The franchise offered is a SNAP FITNESS® Club (“**Club**”), which offers 24/7 gym access to members, group fitness, and personal training, using advanced fitness technologies and high-quality fitness equipment.

The total investment necessary to begin operation of a single Club ranges from \$430,800 to \$1,118,100. This includes \$51,067 to \$52,500 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact your Franchise Development Director at Snap Fitness, Inc., 2411 Galpin Court, Suite 110, Chanhassen, Minnesota 55317, (952) 474-5422 or at sales@liftbrands.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Minnesota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.

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.

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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- (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48909, Telephone (517) 335-7567.

THIS MICHIGAN NOTICE ONLY APPLIES TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “**we**” or “**us**” means Snap Fitness, Inc., the franchisor. “**You**” means the person or entity that buys the franchise. If the franchisee is a corporation, partnership or other entity, “**you**” includes the franchisee’s owners unless otherwise stated.

The Franchisor, its Parent and Affiliates

We are a Minnesota corporation incorporated on October 9, 2003. We initially were formed under the name AFC24 Hour Fitness, Inc., and changed our name to Snap Fitness, Inc. We currently do business only under our corporate name and under the trade name SNAP FITNESS®. Our principal place of business is 2411 Galpin Court, Suite 110, Chanhassen, MN 55317. Our agents for service of process are disclosed in Exhibit A to this Disclosure Document. We have been offering franchises described in this Disclosure Document since March 2004. We have never offered franchises in any other line of business.

We have no predecessor. We are a wholly owned subsidiary of Lift Brands, Inc. (“**Lift Brands**”), a Delaware corporation, which is our direct parent company. The name and principal business address of each of the companies that directly or indirectly control us and our parent company are as follows:

Name of Company	Principal Business Address	Ownership or Control of Company
TZP Capital Partners II, L.P. and TZP Capital Partners II-A (Blocker), L.P.	888 7th Avenue, 20th Floor New York, NY 10106	Our “Ultimate Parent”
Snap Investments, LLC	888 7th Avenue, 20th Floor New York, NY 10106	Majority owned by TZP Capital Partners II, L.P. and TZP Capital Partners II-A (Blocker), L.P.
Snap Fitness Equity, LLC	888 7th Avenue, 20th Floor New York, NY 10106	Majority-owned by Snap Investments, LLC
Snap Fitness Topco, LLC	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Majority-owned by Snap Fitness Equity, LLC
Snap Fitness Holdings, Inc.	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Wholly owned by Snap Fitness Topco, LLC
Lift Brands, Inc.	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Wholly owned by Snap Fitness Holdings, Inc.

SAP Insurance Inc. (“**SAP Insurance**”), a North Carolina corporation and licensed insurance company facilitates the SAPP insurance program (see Item 8 for additional information about insurance). Our wholly owned subsidiary, Wholesale Fitness Supply, LLC (formerly known as Snap Fitness Wholesale, LLC) (“**Wholesale Fitness Supply**”), a Minnesota limited liability company, may provide services or sell products to franchisees, including fulfillment items (access cards etc.). Our wholly owned subsidiary, Fitness On Demand, LLC, (“**FitnessOnDemand**”) offers FitnessOnDemand services.

SAP Insurance, Wholesale Fitness Supply and FitnessOnDemand each maintain their principal business address at 2411 Galpin Court, Suite 110, Chanhassen, MN 55317. SAP Insurance, Wholesale Fitness Supply and FitnessOnDemand have never: (i) operated a business similar to the one offered under this Disclosure Document; or (ii) offered franchises in any line of business.

We have wholly owned foreign subsidiaries that grant franchises and provide franchise support to SNAP FITNESS franchisees outside the United States. As of the date of this Disclosure Document, these are:

- *Lift Brands of Canada Inc. (formerly known as Snap Fitness of Canada Inc.)* (“**Snap Canada**”), a Canadian corporation. Snap Canada has offered SNAP FITNESS franchises in Canada since April 2008.

Snap Canada's address is Suite 2300, Bentall 5, 550 Burrard Street, Box 30, Vancouver, BC V6C 2B5, Canada.

- *Snap Fitness Mexico S. de R.L. de C.V. ("Snap Mexico")*, a Mexico limited liability entity. From January 2009 to August 2011, we offered SNAP FITNESS franchises directly in Mexico and from September 2011 to November 2012 Snap Mexico offered SNAP FITNESS franchises in Mexico. In December 2012, we appointed a master franchisee for Mexico. Snap Mexico's address is at Iglesia No 2, Torre E, Despacho 1204, Colonia Tizapan San Angel, Delegacion Alvaro Obregon 01090, Federal District, Mexico City.
- *Lift Brands (Australia) Pty Ltd (formerly known as Snap Fitness (Australia) Pty Ltd) ("Snap Australia")*, an Australian proprietary limited company. From June 2009 to April 2010, we directly offered SNAP FITNESS franchises in Australia and since April 2010 Snap Australia has offered SNAP FITNESS franchises in Australia. Snap Australia's address is Level 3, 545 Blackburn Road, Mount Waverley VIC 3149, Australia.
- *Lift Brands New Zealand Limited (formerly known as Snap Fitness New Zealand Limited) ("Snap New Zealand")*, a New Zealand limited company. Snap New Zealand has offered SNAP FITNESS franchises in New Zealand since November 2009. Snap New Zealand's address is Ground Floor, Princes Court, 2 Princes Street, Auckland 1010, New Zealand.
- *Lift Brands UK Limited (formerly known as Snap Fitness UK Limited) ("Snap UK")*, a UK limited company. Snap UK has offered SNAP FITNESS franchises in the UK since October 2009 and SNAP FITNESS franchises in Ireland since August 2016. Snap UK's address is Unit 2, 118 Putney Bridge Road, London SW15 2NQ, United Kingdom.
- *Lift Brands Development Spain, S.L. (formerly known as HITAM Investments, S.L.) ("Snap Spain")* a Spanish company. Snap Spain has offered SNAP FITNESS franchises in Spain since November 2018. Snap Spain's address is Calle Nicaragua 27-29, bajos 1a, 08029 Barcelona (Barcelona) Spain.

None of Snap Canada, Snap Mexico, Snap Australia, Snap New Zealand, Snap UK, or Snap Spain has ever operated a business of the type described in this Disclosure Document. While we do not directly operate a business of the type described in this Disclosure Document, we have several subsidiaries that do operate SNAP FITNESS clubs in the United States and internationally (see Item 20 for the U.S. locations).

Our affiliate, Health Fran, LLC ("**Health Fran**"), has the right to franchise 9ROUND® kickboxing gyms in Australia, New Zealand, and Europe. Our foreign subsidiaries noted above may also offer franchises for the 9ROUND brand.

Health Fran shares our principal business address at 2411 Galpin Court, Suite 110, Chanhassen, MN 55317. Health Fran has never offered franchises in any other line of business.

The Franchise Offered

We have developed a proprietary business format and system ("**System**"), offering 24-hour personal keycard access (except as restricted by law), as well as group fitness and personal training to our members, using advanced fitness technologies and high-quality fitness equipment; automated member billing and collection procedures and services; and use of our proprietary and confidential information. Our System includes a distinct interior layout, design, décor, color scheme, graphics, fixtures, and furnishings, operating and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate (collectively, the "**Standards**"). Clubs operating under the System are identified by the trade name and service mark "SNAP FITNESS" and other trademarks, service marks and trade identifiers that we designate (the "**Marks**").

We grant qualified candidates the right to operate a SNAP FITNESS Club according to a Franchise Agreement (see Exhibit C) and our Standards which will be communicated to you via our confidential operations manuals and guides (collectively, the “**Manual**”).

Area Developer Program

We also offer to qualified candidates the right to develop multiple SNAP FITNESS Clubs in accordance with an agreed upon development schedule (the “**Development Schedule**”) within a protected area (the “**Development Area**”) under the terms of an area development agreement (the “**Area Development Agreement**”) (see Exhibit C-2). If you sign an Area Development Agreement, you will sign a separate Franchise Agreement for each Club developed under your Area Development Agreement.

The Market and Competition

The market for fitness and workout clubs is well developed and very competitive. You will compete with other fitness clubs offering similar services, including national franchise systems and other regional or local chains. You also will compete to a certain extent with public recreation centers and not-for-profit community organizations, such as the YMCA. Before selecting a site for your Club, you should survey the area for existing competitors and, in new or undeveloped areas, be aware that a competitor may enter the market at any time.

Typically, services are sold to individuals. You may experience peak months and membership fluctuations. For example, January is typically a busier month for health club membership sales.

Industry Specific Laws and Regulations

You must operate your Club in full compliance with all applicable federal, state, and local laws, rules, regulations, orders, and ordinances. In addition to laws and regulations that apply to businesses generally, your Club will be subject to various federal, state, and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act. Further, you are solely responsible for complying with all employment, wage and hour laws, discrimination, sexual harassment, worker’s compensation, and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes.

The physical fitness industry, particularly providing services through for-profit clubs, is subject to extensive regulation at the local, state, and federal levels. Many states have enacted specific laws **(1)** regulating membership contract length and terms, advertising, and limitations on pre-opening sales, and **(2)** requiring bonding, buyer’s remorse cancellation rights for limited periods (usually three to ten days after sale), and cancellation and partial refund rights for medical or relocation reasons. At the federal level, health clubs who sell memberships on credit may be subject to the federal Truth-In-Lending Act and Regulation Z and various other credit-related statutes like the Equal Credit Act and Fair Debt Collection Practices Act.

Some states have laws that require and regulate the content of service contracts and/or that require the presence of at least one person trained in administering CPR and/or to use an external defibrillator. Many states also require that certain types of fitness centers be equipped with working defibrillators. Additionally, if you play music in your Club or offer FitnessOnDemand programming inside your Club you may be required to obtain a Public Performance License or other music permits and licenses.

You may also choose to offer tanning and some states and municipalities also have laws or regulations specific to tanning services. The state tanning laws include regulations requiring trained operators present during tanning, specific operating procedures and recordkeeping, registration, and other requirements. In addition, you are required to collect sales tax on tanning services and remit those taxes to the Internal Revenue Service.

It is solely your responsibility to comply with all applicable laws and regulations and to obtain and keep in force all necessary licenses and permits required by public authorities. Before purchasing the

franchise, we strongly urge you to hire an attorney to review local, state, and federal laws that may affect your operations or impact your operating costs.

ITEM 2
BUSINESS EXPERIENCE

Ty Menzies – Chief Executive Officer and Director

Ty Menzies joined Lift Brands in June 2020 and serves as our Chief Executive Officer and Director. From April 2018 to May 2020, Mr. Menzies served as the Chief Executive Officer of our subsidiary Lift Brands (Australia) Pty Ltd.

Paul Early – Chief Administrative Officer

Paul Early joined Lift Brands in January 2021 as our Chief Financial Officer and currently serves as our Chief Administrative Officer for Lift Brands and its subsidiaries. From October 2019 to January 2021, Mr. Early served as Chief Administration Officer for Gold Gym International, Inc (acquired by RSG Group, Inc. in August 2020) located in Dallas, Texas. From March 2017 to October 2019, Mr. Early served as Chief Financial Officer for Bread Zeppelin Management, LLC a fast-casual restaurant chain located in Dallas, Texas.

Brian Tietz – President of Franchise Operations

Brian Tietz joined Lift Brands in April 2019 as our Vice President of Franchise Support and currently serves as our President of Franchise Operations for Lift Brands. From March 1997 to March 2019, Mr. Tietz served in numerous leadership roles with Life Time Fitness, most recently as Regional Manager, located in Chanhassen, Minnesota.

Rose Minar – Chief Global Marketing & Experience Officer

Rose Minar joined Lift Brands in December 2020 as our Chief Marketing Officer and currently serves as our Chief Global Marketing & Experience Officer for Lift Brands and its subsidiaries. From September 2019 until November 2020, Ms. Minar served as Chief Strategist with Striped Sheep, LLC, specialized in international marketing and based in Chanhassen, Minnesota. From July 2018 until September 2019 Ms. Minar served as Brand Strategy Consultant for the Radisson Hotel Group, and from January 2016 to June 2018, served as their Vice President, Global Branding & Innovation, based in Minnetonka, Minnesota.

Andi Ruth-Negrini – Vice President, Franchise Sales & Global Franchise Administration

Andi Ruth-Negrini, CFE, joined Lift Brands in September 2021 as the Director of North American Franchising and currently serves as Vice President, Franchise Sales & Global Franchise Administration for Lift Brands and its subsidiaries. From January 2017 to September 2021, Ms. Ruth-Negrini was the Director of Franchise Development and Administration for Miracle-Ear, Inc., located in Minneapolis, Minnesota.

Peter Taunton – Founder

Peter Taunton founded the SNAP FITNESS concept and served as our President/CEO since our inception in October 2003 through December 2018 and currently serves as non-executive Chairman of the Board for Lift Brands, Inc. Mr. Taunton founded and currently serves as the CEO of Nautical Bowls Franchising, LLC located in Minnetonka, Minnesota since July 2021.

Daniel H. Galpern – Director

Daniel Galpern has served as our Director since December 2013. From August 2008 to December 2010, Mr. Galpern was a Senior Principal, and since January 2011 he has been a Partner of TZP Group, LLC, a private equity firm based in New York City, New York. Mr. Galpern also has served as a member of the Board of Directors of Children's Rights, Inc. with headquarters in New York City, New York since 2002,

as a Director of Assos of Switzerland, SA, with headquarters in Stabio, Switzerland, since 2015, as a Director of Hylan Datacom, LLC, with headquarters in Holmdel, New Jersey, since 2016, as Chairman of the Board of Christy Sports, LLC, with headquarters in Denver, Colorado, since November 2019, as a Director of SA Company, LLC, with headquarters in Boca Raton, FL since October 2020, as Chairman of Saxx Holdings, LLC, with headquarters in Vancouver, British Colombia, Canada since August 2021 and as Chairman of the Board of DanceOne, LLC, with headquarters in Los Angeles, California since September 2023.

Samuel L. Katz – Director

Samuel Katz has served as our Director since December 2013. Since March 2007, Mr. Katz has served as Managing Partner of TZP Group, LLC, a private equity firm based in New York City, New York. Mr. Katz also is a Director of PennantPark Investment Corporation and PennantPark Floating Rate Capital, Ltd., as well as Founder and President of YRF Darca and Board and Executive Committee member of YRF Darca and Darca Schools. Mr. Katz also serves as a member of the board of Directors of BQ Resorts, LLC, with headquarters in Las Vegas, Nevada since 2013, BigName Commerce with headquarters in Melville, New York since 2015, HomeRiver Group, with headquarters in New York City, New York since 2016, Pyramid Hotel Group, with headquarters in Boston, Massachusetts since 2016, Triangle Home Fashions Holdings, LLC, with headquarters in New York City, New York since 2018, Whitestone Home Furnishings, LLC (d/b/a The Saatva Company) with headquarters in New York City, New York since 2018, Dwellworks Investors, LLC, with headquarters in Cleveland, Ohio since 2018 and Re-Bath, LLC with headquarters in Phoenix, Arizona since 2021. Mr. Katz also serves as a member of the Board of Advisors of Columbia University Medical Center.

Kenneth S. Esterow – Director

Kenneth Esterow has served as our Director since March 2018. Since February 2018, Mr. Esterow has served as a Partner of TZP Group, LLC, a private equity firm based in New York City, New York. Since March 2018, Mr. Esterow has served as a Director of Pyramid Hotel Group with headquarters in Boston, Massachusetts and as a Director of Triangle Home Fashions with headquarters in East Brunswick, New Jersey.

**ITEM 3
LITIGATION**

Pending Actions

None.

Concluded Actions

SF Franchisee Association v. Snap Fitness, Inc., Case No.: 27-CV-19-20694, Minnesota State Court, Hennepin County. On December 16, 2019, the SF Franchisee Association (the “Association”), which is a group of SNAP FITNESS franchisees and former franchisees (the “Members”), filed an action against us alleging that we breached our obligations under the franchise agreement by requiring the Members to use club management software that allegedly failed to meet industry standards, was inadequate in fending off ransomware attacks and failed to properly limit damage caused by a ransomware attack. In the complaint, the Association seeks a declaratory judgement that: **(i)** we breached our obligations under the franchise agreement and the implied covenant of good faith and fair dealing by, among other things, requiring franchisees to purchase and use club management software that allegedly failed to include industry standard protections against ransomware attacks and/or failed to include adequate and timely response mechanisms to mitigate the damage caused by such a ransomware attack; **(ii)** these alleged material breaches of the franchise agreements and the implied covenant of good faith and fair dealing are incurable; and **(iii)** as a result of the incurable breaches the Members were entitled to terminate their franchise agreements. On May

20, 2021, the Association and Snap Fitness entered into a formal Settlement Agreement under which Snap Fitness and the Association agreed to the following material terms (subject to program terms and conditions) by which we would offer franchisees: **(i)** participation in \$2,500 per Club marketing match credit program; **(ii)** participation in \$2,000 modernization credit program; **(iii)** participation in transfer fee reduction program; **(iv)** participation in \$900 Global Convention Attendance program; **(v)** a release for any franchisees that have violated the non-compete provisions of their franchise agreement if they pay a percentage of liquidated damages, all outstanding accounts receivable, and a penalty of up to \$25,000 for each competing club, and also provide a release of claims against us; **(vi)** a release for any franchisees with clubs that were sold and are now operating as competing clubs in the same location if they pay a percentage of liquidated damages, all outstanding accounts receivable, and additional amounts for sale prices over a specific threshold, and also provide a release of claims against us and a two-year non-compete; **(vii)** a release for any franchisees with clubs that closed prior to December 31, 2020 if they pay their outstanding accounts receivable and provide a release of claims against us and a two-year non-compete.

Snap Fitness vs. John Mullins, JDM Advisors, Inc., and JDM Fitness, Inc., United States District Court, Case No. 0:20-cv-00522, District of Minnesota. On February 14, 2020, we filed a complaint against former franchisee, John Mullins, JDM Advisors, Inc., and JDM Fitness, Inc. (collectively “Mullins”) seeking declaratory and injunctive relief to restrain Mullins from using Snap Fitness’ valuable trademarks and confidential information, diverting Snap Fitness’ club members to a competing business and engaging in a competing business at the precise locations of their former Snap Fitness clubs. On March 19, 2020, we filed an amended complaint seeking declaratory relief to address Mullins’ efforts to assist a Snap Fitness competitor, in violation of the non-compete, confidentiality and trademark-related obligations that Mullins undertook in franchise agreements with Snap Fitness. On April 2, 2020, Mullins filed an answer to the amended complaint and counterclaims, alleging that we breached our obligations under the franchise agreement by requiring Mullins to use club management software that allegedly failed to meet industry standards, was inadequate in fending off ransomware attacks and failed to properly limit damage caused by a ransomware attack. In the complaint, Mullins seeks a declaratory judgement that: **(i)** we breached our obligations under the franchise agreement and the implied covenant of good faith and fair dealing by, among other things, requiring franchisees to purchase and use club management software that allegedly failed to include industry standard protections against ransomware attacks and/or failed to include adequate and timely response mechanisms to mitigate the damage caused by such a ransomware attack; **(ii)** these alleged material breaches of the franchise agreements and the implied covenant of good faith and fair dealing are incurable; and **(iii)** as a result of the incurable breaches Mullins was entitled to terminate their franchise agreements. Snap Fitness filed a Second Amended Complaint on May 28, 2020 to include Mullins’ violations of the liquidated damages obligations in their franchise agreements with Snap Fitness. On June 23, 2021, Mullins and Snap Fitness entered into a formal Settlement Agreement under which Mullins agreed to pay Snap Fitness \$115,000 and enter into a new two-year non-compete to settle the dispute.

Snap Fitness, Inc. v. Christina Clark; Jason Clark; CY Fitness, Inc.; & JC Fitness, Inc., American Arbitration Association, Case No. 012000152472. On October 13, 2020, we filed a demand for arbitration against former franchisees Christina Clark; Jason Clark; CY Fitness, Inc.; & JC Fitness, Inc. (“Clark”) alleging breach of contract related to transfer provisions, non-compete provisions, confidentiality provisions, and liquidated damages provisions. Snap Fitness seeks **(i)** an award of unspecified damages for breach of transfer provisions of the franchise agreements; **(ii)** an award of unspecified damages for breach of the non-compete provisions of the franchise agreements; **(iii)** an award of unspecified damages for breach of the confidentiality provisions of the franchise agreements; **(iv)** an award of liquidated damages in the amount of \$114,234.34; **(v)** an award of Snap Fitness’s attorneys’ fees and costs; and **(vi)** such other relief as the Court may deem just, equitable, or proper. On November 9, 2020, Clark filed an answer and counterclaim alleging that Snap Fitness breached the implied covenant of good faith and fair dealing, and breach of contract. On June 21, 2021, Clark and Snap Fitness entered into a formal Settlement Agreement

under which Clark agreed to pay Snap Fitness \$57,493.80 and enter into a new two-year non-compete to settle the dispute.

Robert Miller v. Snap Fitness Inc. & Peter Taunton, Case No.: 2019-CV-0584, Ohio State Court, Ashtabula County. On October 25, 2019, Robert Miller (“Miller”), a Snap Fitness franchisee located in Clinton, Ohio, filed an action against us and Mr. Taunton alleging claims of breach contract and unjust enrichment in connection with the opening and operation of several Snap Fitness locations. Miller seeks **(i)** an award of unspecified monetary damages in excess of \$100,000 for breach of contract and unjust enrichment; **(ii)** transfer in ownership in any remaining locations which exist; and **(iii)** any other available relief. On April 17, 2020, we filed an Answer, denying all of Plaintiff’s material allegations and asserting various affirmative defenses. On March 5, 2021 Plaintiff’s Notice of Voluntary Dismissal, Without Prejudice, was filed dismissing the complaint.

Snap Fitness, Inc. v. Wellness Plus, LLC; Eric Robicheaux; Erryca Robicheaux; and Gail Robicheaux American Arbitration Association, Case No. 012000021235. On March 6, 2020 we filed a demand for arbitration against franchisee, Wellness Plus, LLC; Eric Robicheaux; Erryca Robicheaux; and Gail Robicheaux (“Robicheaux”) alleging breach of the franchise agreement as a result of Robicheaux’s abandonment of the franchise. On March 25, 2020 Robicheaux filed an answer and counterclaims alleging that Snap Fitness breached the implied covenant of good faith and fair dealing and various franchise agreement provisions by requiring that Robicheaux use software that was inadequate to protect against the ransomware attack in November 2018. They also allege an unspecified amount of damages. On September 29, 2020, Robicheaux and Snap Fitness entered into a Settlement Agreement, under which Robicheaux agreed to pay \$15,000 to Snap Fitness in settlement of Snap Fitness’s claims for damages in the arbitration. On October 16, 2020, the parties stipulated to the dismissal of all claims and counterclaims in the arbitration with prejudice, with each party to bear its own costs, expenses, and attorneys’ fees.

Thomas Dwyer v. Snap Fitness, Inc., United States District Court, Southern District of Ohio, Case No. 1:17-cv-00455-MRB, originally filed May 25, 2017 in the Court of Common Pleas, Hamilton County, Ohio, Case No. 17-455. On May 25, 2017, Thomas Dwyer (“Dwyer”), a member of a franchisee-owned SNAP FITNESS Club located in Cincinnati, Ohio, filed a class action complaint against us citing four causes of action relating to a Club Enhancement Fee (“CEF”) charged by Dwyer’s franchised SNAP FITNESS Club (the “State Action”). In his complaint, Dwyer alleged breach of contract, unjust enrichment, violation of the Ohio Consumer Sales Practices Act, and violation of the Ohio Prepaid Entertainment Contract Act. Dwyer’s breach of contract and unjust enrichment claims are brought on behalf of a putative nationwide class of members who paid a CEF, and Dwyer’s violation of the Ohio Consumer Sales Practice Act and Ohio Prepaid Entertainment Contract Act claims are brought on behalf of a putative Ohio sub-class relating to any Ohio member who paid a CEF. On February 1, 2019, Dwyer and Snap Fitness entered into a Settlement Agreement, under which Snap Fitness agreed to pay \$2.9 million to a settlement fund for distribution to Dwyer and all Ohio State and nationwide class members. As part of the Settlement Agreement, Snap Fitness will pay up to \$350,000 in attorney’s fees and is responsible for all costs associated with the class administration of the settlement fund. On September 19, 2019, the Court issued a final order confirming the Settlement Agreement.

Snap Fitness, Inc. v. Sharon Lockhart and Fitness Design Enterprises, LLC, Case No. 4:16-CV-00005-CLC-CHS (E.D. Tenn.). On January 18, 2016, we filed a Complaint against Sharon Lockhart and Fitness Design Enterprises, LLC, a former SNAP FITNESS franchisee (collectively, “Lockhart”) alleging trademark infringement, false designation of origin, and breach of contract; seeking injunctive relief and monetary damages (the “Underlying Action”). On February 11, 2016, the court granted the parties’ Stipulated Order for Preliminary Injunction under which Lockhart agreed to comply with the confidentiality, post-term noncompete and de-identification obligations outlined in the franchise agreement pending a final resolution of the dispute. On March 8, 2017, the parties entered into a Full Settlement Agreement pursuant to which Lockhart agreed to: **(i)** assign the lease for its existing Snap Fitness Club to Snap Fitness; **(ii)** deliver certain

assets to Snap Fitness; **(iii)** transfer all member and billing information associated with member contracts to Snap Fitness; and **(iv)** comply with the post-term non-solicitation and post-term noncompete obligations outlined in the franchise agreement. Under the Full Settlement Agreement Snap Fitness was required to pay Lockhart \$30,000 and assume all obligations under the lease.

On July 13, 2017 Lockhart filed a Demand for Arbitration seeking enforcement of the Full Settlement Agreement. Sharon Lockhart and Fitness Design Enterprises, LLC v. Snap Fitness, Inc., American Arbitration Association, Case No. 01-17-0004-0985. On January 22, 2018, an Award of the Arbitrator was issued (collectively, the “Arbitration Award”). Under the Arbitration Award, we were required to pay Lockhart \$53,414.66, and the Arbitration Award reaffirmed Lockhart’s obligation to comply with the post-term noncompete and non-solicitation obligations.

Snap Fitness, Inc. v. Scott Estes, American Arbitration Association, Case No. 01-18-0001-3017, Minneapolis, MN. On March 21, 2018, we filed a demand for arbitration against a former franchisee, Scott Estes (“Estes”), alleging breach of the franchise agreement due to Estes’ abandonment of the franchise and failure to pay fees owed under the franchise agreement. On June 22, 2018, Estes filed an answer and counterclaim alleging that we violated federal and/or state franchise laws and breached our obligations under the franchise agreement. On October 29, 2018, an arbitrator issued a final award in our favor in the amount of \$99,497.89 and dismissed the counterclaim brought by Estes (the “Award”). On February 22, 2019, an Order confirming the Award was entered in our favor.

Litigation Against Franchisees in the Last Fiscal Year

During fiscal year 2023, Snap Fitness did not initiate any lawsuits against franchisees other than as described above.

Other than the eight actions noted above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

Paul Early, our Chief Administrative Officer, was employed as Chief Administration Officer at Gold’s Gym International, Inc., an affiliate of GGI Holdings, LLC, at the time of May 4, 2020 when GGI Holdings, LLC filed a bankruptcy petition under the liquidation provisions of Chapter 11 (In re: GGI Holdings LLC et al., Case No. 20-31318 in the United States Bankruptcy Court for the Northern District of Texas). The address and principal place of business for the debtor, GGI Holdings, LLC, is 4001 Maple Ave, Suite 200, Dallas, TX 75219. The date of confirmation for the reorganization plan was August 26, 2020.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You will pay us an initial franchise fee when you sign a Franchise Agreement. If you are acquiring franchise rights for a single Club, the initial franchise fee is \$39,500.

If you are an existing franchisee acquiring your second or subsequent Club, you are eligible for a reduced initial franchise fee of \$34,500.

The initial franchise fee is payable in full when the Franchise Agreement is signed, and is considered fully earned and non-refundable upon payment. Except for the differences described in this Item, the initial franchise fee is uniform for all new franchisees. Our standard initial franchise fee was different in the past, and some of our existing franchisees have the right to develop additional Clubs under existing agreements and on different terms. In addition, we have discounted the initial franchise fee in the past, and may discount it in the future in situations we deem appropriate.

We currently participate in the IFA's VetFran program and offer a \$5,000 discount off the initial franchise fee for qualified veterans. If you qualify for this program, the initial franchise fee for one Club is \$34,500.

Area Development Fee

If you sign an Area Development Agreement, you must develop a minimum of three Clubs within the Development Area. In connection with signing the Area Development Agreement you will pay us an Area Development Fee calculated as follows: \$89,500 for your first three Clubs and \$25,000 for each additional Club you agree to develop under the Area Development Agreement.

The Area Development Fee is payable in full when the Area Development Agreement is signed and is considered fully earned and non-refundable upon payment. That portion of the Area Development Fee paid for each Club to be developed under the Area Development Agreement will be applied to the initial franchise fee for each Club opened under the Area Development Agreement. As such, you will not pay us an initial franchise fee when you sign a Franchise Agreement for a Club developed under the Area Development Agreement. All other fees provided for in the Franchise Agreement will apply.

Grand Opening Marketing

We conduct an initial promotional campaign in accordance with our standards and specifications, which includes a required minimum amount of \$10,500 remitted to us 90 days prior to opening for the Grand Opening advertising and marketing of your Club and is non-refundable.

Door Access Fee

Prior to opening, you will be required to pay us or our affiliate a one-time fee of \$500 (the "Door Access Fee") for set-up of 24/7 member door access.

In 2023, the amounts paid by franchisees opening new SNAP FITNESS Clubs for the Door Access Fee was \$0. The Door Access Fee is payable in full in advance of opening, and is non-refundable upon payment. The Door Access Fee is uniform for all franchisees.

Snap Asset Protection Plan

We have established an insurance plan for the benefit of our franchisees called the Snap Asset Protection Plan (SAPP). You must have insurance from the date you sign your lease that meets our minimum requirements and may obtain insurance coverage through SAPP or from a different source provided your coverage meets our minimum requirements. The insurance premium is collected by us as the billing administrator and forwarded to the insurance providers and is non-refundable. We estimate the amount you pay for this insurance prior to opening will be \$567 to \$1,700. See Item 8 for additional information about insurance.

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**ITEM 6
OTHER FEES**

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenue	Monthly, upon invoice	See Note 2. Gross Revenue means the aggregate of all revenue derived from all goods and services sold by you from or relating to the Club.
National Marketing	Up to 4% of Gross Revenue, currently 2%	Monthly, upon invoice	See Note 2. Gross Revenue means the aggregate of all revenue derived from all goods and services sold by you from or relating to the Club.
Local Marketing Fund or Cooperative Advertising Contribution	\$200 per month (Note 3)	Monthly	See Item 11 for more information about our right to set up and require participation in a Local Marketing Fund or an Advertising Cooperative.
Local Marketing	\$400 per month	As incurred	See Item 11 for more information about participating in local promotional programs.
Snap Ads	Then-current minimum (currently \$325 per month) (Note 10)	Monthly, for a minimum of 3 months following Club Opening, Transfer, or Modernization.	See Note 10 and Item 11 for more information on participating in our digital advertising programs. This includes a management fee paid to Franchisor and counts towards Local Marketing spend.
Technology Fee	\$325 per month	Monthly, upon invoice	See Note 2 and Note 5. Subject to adjustment for CPI.
Door Access Cards	Then-current price (currently \$5.90) (Note 4)	As incurred	You must purchase any additional door access cards from us, our affiliate, or our designated supplier.
Insurance Reimbursement Processing Fee	\$45 per month	Monthly	Note 6
Medical Panic System	\$29.95 per month	Monthly	You pay us and we pay an approved supplier, or you pay a designated supplier directly, the monthly fee for this service.
Summit	Our then-current summit fee (currently,	Annual	Note 7

Type of Fee (Note 1)	Amount	Due Date	Remarks
	\$750 not including accommodations)		
Audits	Cost of audit plus interest	Immediately upon receipt of bill	You pay for cost of audit only if it shows an understatement of Memberships or revenue by 2% or more.
Mystery Shopper Fee	Cost of Mystery Shopper	Immediately upon receipt of bill	We reserve the right to require you to reimburse us for any mystery shopper program we implement.
Transfer Fee	\$5,000 if transferee is an existing SNAP FITNESS franchisee. If the transferee is new to the system, the transfer fee is equal to the then-current Initial Franchise Fee	Upon application for consent to transfer	Payable when you transfer your franchise. See Item 17 for additional information on transfers. Note 9
Renewal Fee	\$0	Not applicable	See Item 17 for more information.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable only if your non-compliance with the Franchise Agreement causes us to incur legal expenses.
Insurance	\$500 to \$667 per month	As incurred	See Item 8 for more information on the SAPP insurance program.
Interest and late fee	18% per annum in interest, late fee of the greater of 10% of past due or \$150 per month	Upon demand	Payable only if you fail to pay amounts owed to us or our affiliates when due.
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us if we are held liable for claims arising out of your franchise operations.
Supplier Review Fee	Our costs and expenses, which are currently expected to range between \$1,000 and \$3,000, although costs could exceed those amounts depending on the product.	As incurred	See Item 8 for more information on approved suppliers.
Additional Assistance or Training	Currently, \$250 per day plus travel costs	Immediately upon notice from us	Note 8

Type of Fee (Note 1)	Amount	Due Date	Remarks
Securities Offering Costs	Will vary under the circumstances	Upon demand	If you engage in a private offering of securities, we must review the prospectus or other offering documents and you will pay our costs and expenses (including attorney's fees) for that review.

Notes

(1) All fees are imposed by, payable to, and collected by us unless otherwise noted. All fees are imposed uniformly and are non-refundable upon payment. As noted in this Item 6 table, some fees paid to us are subject to adjustment each year over the ten-year agreement term based on increases in the Consumer Price Index (CPI). Adjustments based on the CPI will be made no more than once per year.

(2) For expiring Franchise Agreements whose annual Gross Revenue for the Club (as reported in the club management system) was more than \$220,000 for the previous 12 months of operation (measured from the actual date a renewal Franchise Agreement is signed) so long as Franchisee is in good standing and has met all the requirements for renewal ("Qualifying Franchisees"), Qualifying Franchisees may instead elect the following fee structure: **(i)** rather than a monthly Royalty Fee based on % of Gross Revenue, there is a Royalty Fee of \$660 per month, a Member Processing Fee of \$6.60 for each new member agreement, and a continuing Membership Maintenance Fee of \$0.70 per month per membership enrolled at the Club; **(ii)** the National Marketing Fee is \$485 per month rather than a % of Gross Revenue; and **(iii)** a \$325 Technology Fee (collectively, the "Legacy Fees"). All Legacy Fees are subject to increase during the term of the Franchise Agreement not to exceed the increase in the CPI. Qualifying Franchisees must meet the renewal conditions set forth in the expiring franchise agreement and will sign the Franchise Agreement Addendum attached as Exhibit F-3 if they elect the Legacy Fee option. The fee option for Qualifying Franchisees also will apply to an existing franchisee who is selling its Club and the Club's annual Gross Revenue (as reported in the club management system) was more than \$220,000 for the previous 12 months of operation (measured from the date we approve the transfer) ("Legacy Fee Threshold"). We make the final determination regarding whether a franchisee is eligible to select the Legacy Fee Addendum. During the term of the renewal Franchise Agreement, if Franchisee is in default, or does not meet the Legacy Fee Threshold for any one-year period of the renewal term, then we may terminate the Legacy Fees option and the standard fees will apply for the remaining term of the renewal franchise agreement, at our option.

(3) Each local advertising cooperative may elect to increase the monthly contribution if approved by a two-thirds majority of the cooperative members and the minimum contribution is subject to adjustment by an amount not to exceed the increase in the CPI. Clubs owned by us and our affiliates are also members of their respective local Cooperative and each company-owned club has the same voting rights as the franchised locations within the Cooperative. If our company-owned clubs comprise the majority of a given Cooperative the maximum and minimum fees for that Cooperative will be consistent with the range stated in this Item 6 (subject to adjustment for increases in the CPI).

(4) All door access/membership cards and/or member ID cards are in a numeral sequence and must be purchased through us.

(5) This includes, but is not limited to the website, door access, member management system, prospect engagement tool, member engagement tool, and other technology fees, some of which are paid to third party suppliers.

(6) We administer certain reimbursements of membership dues for insurance companies, affinity groups and national accounts. The current reimbursement processing fee is payable for any month that the reimbursements of membership dues for a Club from these accounts is \$35 or more.

(7) Payment of Summit fee is mandatory regardless of attendance.

(8) We may require you to receive additional training or assistance if you are not meeting our standards. You are responsible for the cost of that training or assistance at the then-current rate.

(9) Commencing May 10, 2024, and ending for transfers completed on or before April 30, 2025, Snap Fitness is offering a Transfer Fee Modification Program where Transfer Fees for the transfer of a Snap Fitness Club are reduced based on the purchase price as follows:

- For the transfer to a buyer who is an existing Snap Fitness franchisee, the transfer fee will be no more than \$5,000.
- For the transfer to a buyer who is new to the Snap Fitness system, the transfer fee will be \$10,000.
- If multiple clubs are being transferred between the same buyer and seller in a single transaction, one club will be charged the applicable transfer fee listed above, with each additional club charged a transfer fee of \$2,500 per club.

See Exhibit G.

(10) Current monthly amount of \$325 is comprised of a \$75 management fee and minimum \$250 ad spend. These amounts are subject to change at our discretion.

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ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount ⁽¹⁾ 4,000 - 6,000 Sq. Ft.		Amount ⁽¹⁾ 6,000 - 8,000 Sq. Ft.		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High	Low	High			
Initial Franchise Fee ⁽²⁾	\$39,500	\$39,500	\$39,500	\$39,500	Lump Sum	Upon signing of Franchise Agreement	Us
Build-Out Labor Costs ⁽³⁾	\$120,000	\$180,000	\$180,000	\$240,000	As arranged	As arranged	Approved suppliers and contractors
Leasehold Improvements ⁽³⁾	\$80,000	\$210,000	\$120,000	\$280,000	As arranged	As arranged	Approved suppliers and contractors
Exterior Signage	\$10,000	\$20,000	\$10,000	\$20,000	As arranged	As arranged	Approved suppliers
Furniture and Fixtures	\$25,500	\$30,500	\$45,000	\$56,300	As arranged	As arranged	Approved suppliers
Fitness Equipment ⁽⁴⁾	\$60,000	\$250,000	\$70,000	\$300,000	As arranged	As arranged	Approved suppliers
Technology	\$15,000	\$25,000	\$15,000	\$25,000	As arranged	As arranged	Approved suppliers
Door Access	\$500	\$500	\$500	\$500	Lump Sum	As arranged	Us
Grand Opening Marketing	\$10,500	\$10,500	\$10,500	\$10,500	As arranged	90 days before opening	Us
Occupancy (3-mo) ⁽⁵⁾	\$26,500	\$36,500	\$36,500	\$53,100	As arranged	As arranged	Landlord
Lease Deposits ⁽⁶⁾	\$8,800	\$12,200	\$12,200	\$17,700	As arranged	As arranged	Landlord
Insurance (3-mo) ⁽⁷⁾	\$1,500	\$1,700	\$1,700	\$2,000	As arranged	As arranged	Us or Insurer
Travel and Training Expenses ⁽⁸⁾	\$3,000	\$3,500	\$3,000	\$3,500	As arranged	As arranged	Airlines, hotel, restaurants, etc.
Professional Fees ⁽⁹⁾	\$5,000	\$20,000	\$5,000	\$20,000	As arranged	As arranged	Various third parties
Additional Funds ⁽¹⁰⁾	\$25,000	\$50,000	\$25,000	\$50,000	As arranged	As arranged	Various third parties
TOTAL⁽¹¹⁾	\$430,800	\$889,900	\$573,900	\$1,118,100			

The expenses in Item 7 are estimates of your initial investment for one location prior to commencing operations and for the first three months thereafter. The estimates above are based on Clubs with 4,000 to 8,000 square feet. Your estimated initial investment will vary depending on the square footage. We cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on how closely you follow the SNAP FITNESS system standards, your management skill, experience and business acumen, local economic conditions, acceptance by local consumers of our approved services, prevailing wage rates, competition, and other factors.

Notes

- (1) All payments are non-refundable unless otherwise permitted by a third-party supplier. The ranges in the Item 7 table for furniture and fixtures, fitness equipment, construction, leasehold improvements, and occupancy assumes you operate a 4,000 to 8,000 square foot Club. If you have a larger Club and/or choose to purchase additional equipment your costs may be higher. See Item 8 for more information about supplier sourcing. See Item 11 for additional information on the door access and technology system. Ranges in this table do not include estimates for shipping and freight fees, unless otherwise specified.
- (2) See Item 5 for a description of the Initial Franchise Fee and available discount according to our Area Development Agreement, the VetFran program and for existing franchisees.
- (3) The costs of construction and leasehold improvements depend upon the size and condition of the Club premises, the nature and extent of leasehold improvements required, the local cost of contract work and the location of your Club. In some cases, your landlord may agree to pay for some or all of the leasehold improvements as part of your lease negotiations. Ranges in this table assume site is delivered in “vanilla box” condition (i.e.: cement floor, ready to paint walls, working electrical outlets, lighting, plumbing, including plumbing rough ins for restroom facilities, finished ceiling, heating, and air conditioning).
- (4) You will need to lease or purchase fitness equipment. Most franchisees who choose to purchase equipment opt to finance the purchase. Our low-end estimate assumes a 20% downpayment on leased or financed equipment. Our high-end estimate assumes purchase of the equipment paid in full prior to commencing operations. Ranges for equipment costs include estimates for freight and installation fees.
- (5) The figures in the Item 7 table represent estimated three months’ occupancy. The occupancy expense may vary widely based on geographic location, size of the Club, local rental rates, and other factors.
- (6) Landlords may require a security deposit, and utility companies may require that you place a deposit prior to installing telephone, gas, and electricity and related utility services. A typical utility security deposit is one month’s expense. A typical lease deposit will be an amount equal to one month’s rent. These deposits may be refundable according to the agreements made with the utility companies and landlord.
- (7) See Item 8 for more information about our insurance requirements and our SAPP insurance program. This estimate includes premium for three months of our SAPP insurance plan. If you need additional insurance for your Club (for example, state required workers’ compensation or a surety bond), you may have additional costs. A surety bond may range from \$100 to \$500, depending on the state. Workers’ compensation coverage may range from \$450 to \$1,000 but may be more depending on the number of employees and your state requirements.
- (8) There is no separate training fee payable to us, as initial training is included in the Initial Franchise Fee. You must make arrangements and pay the expenses for you and your general manager to attend our training program, including transportation, lodging, meals and wages. See Item 11 for more information on training. The amount you spend will depend, in part, on the distance you must travel and the type of accommodations you choose. The estimate provided contemplates initial training of two people for three days, including travel, lodging, food, and miscellaneous expenses associated with two people traveling to our headquarters for training.

(9) We recommend that you hire your own attorney to help you evaluate this franchise offering, to identify the laws and regulations that may apply to your Club, to help you set up a business entity, to review and negotiate your lease(s), to assist you in adapting the Membership Agreement to laws and regulations in your state or locality, and for whatever other purpose you deem appropriate.

(10) The figures in the Item 7 table represent the estimated amount of working capital you will need to cover other initial operating expenses for a period of three months. These figures are estimates, and we cannot guarantee you will not have additional expenses starting the business. Expenses not included are hourly labor costs, permits and licensing and rent (beyond the rent estimate noted above). Some states may have staffing requirements that could increase this number significantly.

(11) To compile these estimates, we relied on our franchisees' and affiliates' experience in operating similar businesses and our experience in franchising the operation of SNAP FITNESS Clubs. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Your costs will depend on factors such as: how closely you follow our recommended System; your management skill, experience, and business acumen; local economic conditions; the time of year; the local market for our services; competition; and the sales level reached during the initial period.

You should also allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs.

ESTIMATED INITIAL INVESTMENT FOR AREA DEVELOPMENT AGREEMENT. If you sign an Area Development Agreement, your initial investment for your first Club will be the same as disclosed in the Item 7 table. You also will pay a one-time Area Development Fee as described in Item 5. This is the only additional initial investment for the Area Development Agreement. You also should be aware that your initial investment for your second and subsequent Clubs likely will be higher than the above estimates for your first Club due to inflation and other economic factors that may vary over time.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help ensure a uniform image and uniform quality of products and services throughout the SNAP FITNESS System, you must maintain and comply with our required quality standards. Any required standards exist to protect our interest in the System and the Marks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you.

Site Selection

You must operate the Club at a location that meets our site selection requirements and that we have approved. If you lease the location, you and the landlord must execute the standard form of lease addendum (attached to the Franchise Agreement as Attachment D).

You must construct and equip your Club according to our approved design, specifications, and standards. In addition to meeting our design specifications and standards, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state, and local laws. You also must use equipment (including hardware and software), signage, fixtures, furnishings, products, supplies, and marketing materials that meet our specifications and standards.

Approved and Designated Suppliers

We will provide you with a list of approved manufacturers, suppliers, and distributors ("**Approved Suppliers List**") and approved equipment, signs, supplies and other items or services necessary to operate the Club ("**Approved Supplies List**"). We, an affiliate, or a third-party vendor or supplier, may be the only approved supplier for certain products. The Approved Supplies List also may include other specific

products without reference to a particular manufacturer, or they may designate the specifications and/or standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List from time to time. We give you the approved lists as we deem advisable.

You may use in the operation of the Club only the proprietary or non-proprietary equipment that we specify and must purchase and lease all equipment that we designate (including the security system and In Club Technology from our approved suppliers). Zappy Limited (trading as Glofox) is currently the supplier for club management software and Stripe is currently the Payment Processor. If you choose to offer FitnessOnDemand programming from your Club, you must obtain the FitnessOnDemand software and equipment from our affiliate, Fitness On Demand, LLC. Except for these items and the SAPP insurance program, described below, neither we nor our affiliates currently are approved suppliers for any products or services. Except for any ownership interest in our affiliates and subsidiaries, none of our officers hold an interest in any of our suppliers.

Except for instances where we designate a single source supplier, if you wish to purchase any products or services for which we have established approved suppliers from an unapproved supplier, you may request our consent in writing. If we request, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality and safety standards. We generally will notify you of supplier approval or disapproval within 30 days of our receipt of all the information and samples we request. You must pay the reasonable cost of the inspection and evaluation and the actual cost of the test. The supplier also may be required to sign a supplier agreement. We may re-inspect the facilities and products of any supplier of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item.

We apply the following general criteria in approving a proposed supplier: **(i)** ability to make product in conformity with our specifications; **(ii)** reputation and integrity of supplier; **(iii)** financial condition and insurance coverage of the supplier; and **(iv)** system uniformity.

Insurance

You must participate in the SAPP insurance program unless you provide proof of insurance meeting our minimum limits outlined in the Franchise Agreement. The SAPP insurance program includes property, crime, general liability, hired and owned auto, professional liability, employment practices liability, and excess liability written by Mt. Hawley Insurance Company, headquartered in Peoria, Illinois. The cyber liability is written by Lloyds of London headquartered in London, UK. The SAPP insurance provides the following minimum coverages:

Type of Insurance	Minimum Amount
Commercial General Liability including Product Liability and Personal and Advertising Injury	\$1,000,000 per occurrence; \$2,000,000 general aggregate
Damage to Premises Rented to You	\$500,000
Medical Expenses	\$1,000 any one person
Professional liability (for owners and W2 employees)	\$1,000,000 per occurrence
Hired and Non-Owned Auto Liability	\$1,000,000 combined single limit

Type of Insurance	Minimum Amount
Property – Special Form, including mechanical breakdown and plate glass	\$300,000
Improvements and Betterments	Included
Business Income (12 months)	\$500,000
Employee Dishonesty	\$50,000 per occurrence
Cyber Liability (internet security and privacy insurance)	\$100,000 per Club
Employment Practices Liability Insurance (inclusive of first and third party)	\$50,000
Property and Crime Deductible	\$1,000
Defense Costs	In addition to policy limits
Commercial Excess Liability	\$5,000,000 per occurrence and \$5,000,000 general aggregate

In addition to participation in the SAPP insurance program, you must carry workers' compensation and employer's liability coverage as required by the jurisdiction in which you operate the Club.

All required insurance not included in the SAPP insurance program must be obtained from a responsible carrier or carriers acceptable to us (generally an AM Best rating of A- or better). All of the policies must name us and anyone else we designate with an insurable interest as additional insured and must include a waiver of subrogation in favor of each additional insured where applicable.

Marketing and Promotional Materials

You may use only marketing and promotional materials that meet our standards (see Item 11 for more information on advertising and marketing).

Revenue Derived from Franchisee Purchases and Leases

We and our affiliates derive revenue from franchisee purchases and leases to the extent that you purchase products or services directly from us or our affiliates. We and our affiliates also have arrangements with certain suppliers whereby we or our affiliate receive rebates from franchisee purchases or leases, which may be a fixed amount per transaction or percentage and could range from 2% to 60%.

During our fiscal year ended December 31, 2023, we and our affiliates derived approximately \$6,027,000 in revenue from the sale of goods or services to our franchisees worldwide, which amount represented approximately 11.4% of our total revenues of \$52,800,000 for that period. These figures were taken from our December 31, 2023 audited consolidated financial statements and accounting records.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your required purchases will represent approximately 95% of your total purchases in connection with establishing the franchised business (excluding the franchise fee and other non-goods expenditures), and over 90% of the ongoing costs that you will need to operate the business (excluding franchise fees and royalties and other non-goods expenditures).

Description of Purchasing Cooperatives; Purchasing Arrangements

We negotiate purchase arrangements for the benefit of the System but not on behalf of individual franchisees. This does not guarantee that the price for these products or services will be lower than other products or services on the market. We are not aware of any purchasing or distribution cooperatives in the System as of the date of this Disclosure Document. We do not provide you any material benefits (such as renewal rights or the right to acquire additional franchises) based on your purchases from approved or designated suppliers.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement (FA) Section in Area Development Agreement (AD)	Disclosure Document Item
a. Site selection and acquisition/lease	FA: Sections 2.B, 2.C and 5.A AD: Sections 1.4, 1.5 and 1.9	Items 7 and 11
b. Pre-opening purchases/leases	FA: Sections 5.A, 5.B, 5.C, 6.A and 6.D AD: Not Applicable	Items 5, 6, 7 and 8
c. Site development and other pre-opening requirements	FA: Sections 2.B, 2.C, 5.A, 5.B and 5.C AD: Sections 1.4, 1.5 and 1.9	Items 7, 8 and 11
d. Initial and ongoing training	FA: Sections 7.B, 7.C and 11.C.7 AD: Not Applicable	Items 5, 6 and 11
e. Opening	FA: Section 5.D AD: Not Applicable	Items 5 and 11
f. Fees	FA: Sections 6.L, 7.C, 7.E, 8, 9, 11.C.9 and 11.H AD: Sections 1.2 and 4.3	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	FA: Section 6 AD: Not Applicable	Items 6, 7, 8, 11, 14 and 16
h. Trademarks and proprietary information	FA: Sections 3, 6.I, 10.E, 10.F and 14.A AD: Section 1.3	Items 13 and 14
i. Restrictions on products/services offered	FA: Section 6 AD: Not Applicable	Items 6, 7, 8, 11, and 16

Obligation	Section in Franchise Agreement (FA) Section in Area Development Agreement (AD)	Disclosure Document Item
j. Warranty and customer services requirements	None for warranty. Customer services, see FA: Section 6 AD: Not Applicable	Items 6 and 11
k. Territorial development and sales quotas	FA: Sections 2.B and 2.C AD: Sections 1.1, 1.3, 1.4, 1.5 and 1.9	Item 12
l. Ongoing product/service purchases	FA: Section 6 AD: Not Applicable	Items 6, 7 and 8
m. Maintenance, appearance, modernization and remodeling requirements	FA: Section 5 AD: Not Applicable	Items 8 and 11
n. Insurance	FA: Section 10.C AD: Not Applicable	Items 6, 7 and 8
o. Advertising	FA: Section 8 AD: Not Applicable	Items 6, 7 and 11
p. Indemnification	FA: Section 10.B AD: Not Applicable	Not Applicable
q. Owner's participation/management/staffing	FA: Sections 7 and 15.F AD: Not Applicable	Item 15
r. Records/reports	FA: Sections 6.E, 9.G and 9.H AD: Not Applicable	Not Applicable
s. Inspections/audits	FA: Sections 5.C, 6.F and 9.H AD: Not Applicable	Items 6 and 11
t. Transfer	FA: Section 11 AD: Sections 3.1 and 3.2	Items 6 and 17
u. Renewal	FA: Section 4 AD: Not Applicable	Item 17
v. Post-termination obligations	FA: Sections 10.D and 14 AD: Section 2.3	Item 17
w. Non-competition covenants	FA: Section 10.D AD: Not Applicable	Item 17
x. Dispute resolution	FA: Section 12 AD: Sections 4.1, 4.2 and 4.3	Item 17

Obligation	Section in Franchise Agreement (FA) Section in Area Development Agreement (AD)	Disclosure Document Item
y. Other (describe)	FA: Not Applicable AD: Not Applicable	Not Applicable

ITEM 10 FINANCING

As of the date of this Disclosure Document we do not offer direct or indirect financing and we do not guarantee your note, lease, or obligation.

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

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

Pre-Opening Obligations

Before you open your Club, we will:

1. Provide you with site selection criteria and general design requirements for your Club (Franchise Agreement, Sections 5.A and 5.C).
2. Provide you with the Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 6.D).
3. Provide you with access to an electronic version of the Manual that details the specifications and procedures incidental to the operation of the Club (Franchise Agreement, Section 6.H).
4. Provide the training programs described below (Franchise Agreement, Sections 7.B and 7.C).
5. Provide grand opening services and promotional materials (Franchise Agreement, Section 8.B).

Ongoing Obligations

During the operation of your Club, we will:

1. Provide you with membership services, including administering certain aspects of reciprocity and membership billing (Franchise Agreement, Section 6.C and 6.P).
2. Provide updates to the Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 6.D).
3. Provide ongoing support and service as we determine necessary (Franchise Agreement, Section 6.F).
4. Provide refresher training courses as we determine necessary (Franchise Agreement, Section 7.C).

Our Obligations Under the Area Development Agreement

An area developer will sign the initial Franchise Agreement under the Development Schedule at the time the Area Development Agreement is signed. Our obligations under the Franchise Agreement apply to an area developer. Each time an area developer signs another Franchise Agreement, our obligations are activated for the new Club to be established. We do not have separate obligations under the Area Development Agreement.

Advertising and Marketing

Local Marketing

You must use your best efforts to aggressively promote and advertise the Club in your local area and participate in any local promotional programs that we establish (subject to applicable law). You must spend a minimum of \$4,800 per year (an average of \$400 per month) on local advertising. We strongly recommend that you spend money every month on local advertising, but you may want to spend more on local advertising during peak months and less during non-peak months. If you fail to spend at least \$4,800 each year on local advertising, we reserve the right to collect any deficiency from you and deposit the amount in the National Marketing Fund (defined below). For a minimum of three months following Club opening, transfer of the Club, or modernization of the Club, you must participate in our Snap Ads digital advertising program and meet our then-current minimum spend requirement (currently \$325 per month) each month during this period, which shall count towards your monthly required local advertising spend.

Any marketing material not designed or provided by us must be pre-approved; you must submit your marketing materials to us for approval prior to use (print, electronic or other forms of media) and actively promote your Club and the System through use of approved local marketing and marketing materials. We will not unreasonably withhold approval of your marketing materials if they are factually accurate and current, dignified, up-to-date, and in good condition, adhere to brand standards, and accurately depict the SNAP FITNESS Marks. The marketing materials will be deemed approved if we do not disapprove or comment within 10 business days of receipt.

National Marketing Fund

As of the date of this Disclosure Document, we operate and manage a National Marketing Fund (the “**Marketing Fund**”) to advertise and promote Clubs in the System. You will pay us the monthly National Marketing Fee. We will deposit the National Marketing Fee in the Marketing Fund which is part of our general account. We may use the Marketing Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, including the cost of: **(i)** preparing and conducting print, point-of-sale, radio, television, internet, electronic, out-of-home, and billboard advertising; **(ii)** conducting e-commerce website activities; **(iii)** updating and hosting a website (including the development of locator programs); **(iv)** providing market intelligence through analytics to the System; **(v)** conducting member interviews, focus groups and surveys; **(vi)** providing creative development services including the development and modification of Club design and trade dress, logos, graphics and vehicle wraps; **(vii)** obtaining sponsorships and endorsements; **(viii)** developing and conducting contests, sweepstakes and other prize promotions; **(ix)** developing and administering member loyalty programs, coupons and gift certificates; **(x)** engaging advertising and marketing agencies and public relations firms; and **(xi)** any other expenses for developing and promoting the brand or System.

We also may use the Marketing Fund to develop advertising and promotional materials for regional and local advertising and marketing cooperatives and for use in each franchisee’s local market. In certain markets, we may assist a franchisee with its initial advertising and promotional activities to increase brand awareness. We have an in-house marketing staff that assists in developing and placing national, local and regional advertising and other matters. We also contract with various outside advertising and marketing agencies and third party vendors to produce certain advertising and promotional materials and to create and implement public relations campaigns. We will determine the use of the monies in the Marketing Fund. We are reimbursed for reasonable administrative costs, salaries and overhead incurred in administering or providing services to the Marketing Fund.

We are not required to spend any particular amount of the Marketing Fund on marketing, advertising or production in the area in which your Club is located. National Marketing Fees not spent in any fiscal year will be carried over for future use. We may make loans to the Marketing Fund bearing reasonable interest

to cover any deficit of the Marketing Fund and cause the Marketing Fund to invest in a surplus for future use by the Marketing Fund. National Marketing Fees will not be used for advertising principally directed at the sale of franchises, provided our general marketing materials may reference franchise sales available. At your written request, we will provide you with an annual unaudited statement of the receipts and disbursements of the Marketing Fund.

All Snap Fitness franchisees are required to pay the National Marketing Fee, provided the amount of the National Marketing Fee may vary depending on the National Marketing Fee amount in effect at the time the franchisee signed a franchise agreement. All company or affiliate owned Clubs will contribute to the Marketing Fund on the same basis as similarly situated franchisees.

During our last fiscal year ending December 31, 2023, the Marketing Fund was spent as follows: 15% on administrative expenses, 36% on local marketing support, 23% on media placement, 21% on advertising tools and technology, and 5% on production.

Local Marketing Fund or Cooperative

We have the right to designate, as we deem appropriate, any geographical area in which at least two SNAP FITNESS franchises are located as a “designated advertising area” for the purposes of establishing a local marketing fund that we control (“**Local Marketing Fund**”) or local or regional advertising cooperative controlled by its members (“**Cooperative**”). If a Local Marketing Fund or Cooperative is established in your market, you will be required to participate and contribute. Any amount contributed to a Local Marketing Fund or Cooperative will be in addition to, and not in lieu of, the National Marketing Fee. We have the right to determine the amount of contribution, in our sole judgment, provided that aggregate monthly contributions will not exceed \$200 per month (subject to adjustment for increases in the Consumer Price Index) unless a 2/3 vote of the members of the Cooperative approves a higher fee. Any contributions you make to a Local Marketing Fund or Cooperative will count toward the minimum local advertising expenditure noted above.

If we establish a Cooperative in your area, you must participate in the Cooperative and its programs, execute any participating documents we require and abide by its bylaws. A Cooperative may vote to increase the required contribution amount referenced above if approved by members representing at least two-thirds of the Clubs in the Cooperative. Each Club in the Cooperative will have one vote. Clubs owned by us and our affiliates will be a member of the Cooperative and will make the same contribution and have the same voting rights as franchised locations. Each Cooperative will be required to adopt governing bylaws that meet our approval and that we may require the Cooperative to amend from time to time. We will provide the Cooperative with a sample form of bylaws that the Cooperative must use, and we must approve, containing certain terms and conditions that we require, although the bylaws will not modify the voting structure described in this paragraph. Each Cooperative must submit to us its meeting minutes on our request. A Cooperative must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. Each Cooperative must use only an approved media buyer and advertising agency approved by us. The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative. If you wish to obtain an accounting of your local Cooperative you may do so by submitting your request in writing to the officers of the Cooperative. We reserve the right to administer the Cooperatives’ funds and will require payment from its members via electronic funds transfer. The governing documents are available for review upon reasonable request. We reserve the right to require advertising and marketing cooperatives to be formed, changed, dissolved, or merged.

Grand Opening Marketing

We conduct an initial promotional campaign in accordance with our standards and specifications, which includes a required minimum amount of \$10,500 remitted to us 90 days prior to opening for the Grand Opening advertising and marketing of your Club.

Franchise Advisory Council

We have established a Franchise Advisory Council (the “FAC”). The FAC currently consists of a minimum of ten franchisees elected by our United States and Canada franchisees, and two appointed members. FAC Members serve a two-year term. The FAC serves in an advisory capacity to provide advice on advertising, marketing and general business initiatives. We have the power to form, change or dissolve the FAC.

Technology System and Video Surveillance Equipment

You must acquire and use all computer hardware and related accessories and peripheral equipment, including door access components, panic system, camera and surveillance equipment, televisions, and related items that we prescribe for use by the Club (“**In Club Technology**”). You may not use any cash registers or computer hardware, accessories, or peripheral equipment that we have not approved for use. Requirements for use may include, among other things, connection to remote servers, off-site electronic repositories, and high-speed Internet connections, and establishment of one or more e-mail accounts.

You must: **(i)** use any proprietary software programs, system documentation manuals, and other proprietary materials that we provide to you in connection with your operation of the Club; **(ii)** input and maintain in your computer such data and information as we prescribe in the Manual and other written directives; **(iii)** purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever we adopt such new or upgraded programs, manuals, and materials system-wide. You must enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner we prescribe, and pay all fees imposed by us or any third-party software and software service providers hereunder. As technology or software is developed in the future, we may, as we deem appropriate, require you to: **(i)** add memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software; and **(ii)** replace or upgrade the In Club Technology and software as we prescribe. There are no contractual limitations on the cost or frequency for updating or upgrading In Club Technology and software.

The In Club Technology collects and compiles customer identification data, other membership data, and door entry data. We may independently access from a remote location, at any time, all information (including member information) input to and compiled by In Club Technology (including video surveillance equipment) or an off-site server. We estimate the cost of the In Club Technology, including video surveillance equipment, to be \$15,000 to \$25,000. The estimated annual cost of any optional or required maintenance, updating, upgrading, or support for In Club Technology is estimated to be approximately \$2,000-\$3,000 per year over the ten-year term of the initial Franchise Agreement.

Site Selection

You will select the site for the Club within the Preliminary Designated Area that will be identified in the Summary Pages when you sign the Franchise Agreement. You will identify a site within the Preliminary Designated Area (or if no sites are available in the Preliminary Designated Area, in proximity to it) for our acceptance. In evaluating the site, we will consider the following factors: demographics, visibility, ability to reflect image to be portrayed by SNAP FITNESS businesses, access and parking, and market type (rural, suburban, and urban). Within 15 days after you have submitted all requested information concerning the site, we will notify you whether or not the site is accepted. You must open the Club within one (1) year after the Franchise Agreement is signed.

Typical Length of Time Before You Open Your Club

The typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the franchise, and the opening of your business is approximately six to twelve months from the execution of the Franchise Agreement. Factors that may impact this length of time may include whether you have a site selected upon execution of the Franchise Agreement, your ability to obtain a site,

prepare a site survey, arrange leasing and financing, make leasehold improvements, install equipment and signs, decorate the Club, meet local requirements and other similar factors.

You must open the Club for business no later than one (1) year after the Franchise Agreement is signed. If you sign an Area Development Agreement, the opening schedule for each Club you agree to develop will be outlined in the Development Schedule attached to your Area Development Agreement. The timelines for securing a site and opening a Club under the Development Schedule will supersede any Franchise Agreement deadlines. If you fail to acquire an acceptable site or begin operations within the required time periods, we may terminate the Franchise Agreement or Area Development Agreement, or, at our election, may cancel any designated area protection afforded in the Franchise Agreement (Franchise Agreement, Sections 2.B, 2.C and 13.D) or Area Development Agreement (Area Development Agreement, Section 2.2).

Manual

You must operate your SNAP FITNESS Clubs consistent with the required standards and specifications outlined in the Manual. The Manual also may contain recommended practices, policies, and guidelines that you may, but are not required to, follow.

The Table of Contents for the Manual, including number of pages on each subject and total number of pages, is included herein as Exhibit E. In addition to the Manual, we also communicate operations information to franchisees through system bulletins and our online franchisee portal.

INITIAL TRAINING PROGRAM

We provide the following initial training to at least two people in your organization (including your general manager), which attendees must complete to our satisfaction. We provide ongoing webinars with relevant educational content and franchisee panels, and reserve the right to offer virtual or in-person training in our sole discretion. Our training program is two days and includes:

Subject	Hours of Classroom Training	Hours of On-the-job Training	Location	Instructor
Brand Heritage, Mission and Domestic Vision	0.5	Note 1	Chanhassen, Minnesota	Note 2
Our Members and Brand Experience Overview	0.5	Note 1	Chanhassen, Minnesota	Note 2
Operation Excellence in Business Planning, Market Strategy and Product Offering	5	Note 1	Chanhassen, Minnesota	Note 2
Marketing Foundations and Marketing Planning	2	Note 1	Chanhassen, Minnesota	Note 2
Sales, Onboarding and Retaining Members	4	Note 1	Chanhassen, Minnesota	Note 2
Franchise Software and Resource Overview	4	Note 1	Chanhassen, Minnesota	Note 2
TOTAL	16	Note 1	Note 1	Note 2

Notes

(1) In addition to the on-site (or virtual) training program, additional onboard training is provided via one-on-one calls, video courses, site visits, and workshops. The additional onboard training includes 26 hours of training provided by Onboarding Coaches, Franchise Business Coaches, the club software support team, and the Marketing team. Topics as part of the onboard training include completing a competitive marketplace analysis, the lead generation/marketing process, the sales process, personal training, club culture, member retention and software training.

(2) Initial training will be conducted by our training staff which is led by our Franchise Onboarding Team. Our team includes the following industry professionals:

- Brian Tietz is our President of Franchise Operations and joined Snap Fitness in April 2019. He has served in numerous leadership roles within the fitness industry since 2001.
- Kelli Nadeau is our Senior Franchise Business Coach and joined Snap Fitness in October 2020. She is a former swim coach and sales/marketing professional. Kelli currently owns Snap Fitness Foley in Minnesota and has been in the fitness industry since 2007.
- Matt Krause is our Sr. Director of Franchise Support and joined Snap Fitness in June 2019. Since 2002, he has been in the fitness industry, serving in numerous roles over that time including Operations Manager, Sales Advisor, Personal Trainer, Personal Training Manager and Senior Personal Training Manager.
- Kurt Goodrich is our Onboarding Manager and has been with Snap Fitness since 2014. He has been in the fitness industry since 2012, including roles featuring personal training, managing, and over-seeing our corporately owned locations for three years. Kurt also owns two Snap Fitness clubs located in Winnipeg, and Steinbach, Manitoba, Canada.
- Lisa Boyer is our Program Manager and Marketing Lead and has been with Snap Fitness since 2022. Lisa started in 2004 in the fitness industry, including roles as a club owner, group fitness instructor, personal trainer, and life coach.

Other individuals who are involved in our initial training program include: The Marketing Team, the club software support team, the Supply Chain Management team, and the Finance team, including:

- Rose Minar is our Chief Marketing Officer and joined Snap Fitness in December of 2020. She has experience in marketing and brand strategy with leading global hospitality companies since 2001.
- Suzanne Haag is our Director of Marketing and has been with Snap Fitness since May 2023. She leads the marketing efforts for our US and Canadian franchisees and guides our field marketing and digital support teams. She has served in marketing roles since 2005 at General Mills, at a non-profit organization, and most recently at Regis Corp, the largest franchisor of hair salons in North America.
- Joel Obermeyer is our Global Support Representative and has been with Snap Fitness for over five years. He has been in the fitness industry experience at multiple brands as a Personal Trainer and General Manager since 2013.

The primary materials used in connection with the initial training program include the Manual, training guides and videos, presentation materials and other materials.

Unless we agree in writing that you may designate someone else to attend training, you must complete to our satisfaction this training program within 30 days of signing your location lease, or in a transfer situation, within 60 days of signing your Franchise Agreement. If you have a general manager at the time you begin

operations, the general manager also must complete training to our satisfaction. The program lasts approximately three days. We do not charge for this training, but you must pay the travel and living expenses and supply costs for you and your employees. Training will occur at our headquarters in Chanhassen, Minnesota, or may be virtual, as designated by us.

The training is subject to change and may be offered by any of these personnel or by such individuals as we may designate from time to time who have experience related to specialized services or products that may be offered as part of the franchised business.

Periodically, we may offer additional training programs and we may charge a fee for attending these training programs. You must also pay the travel and living expenses and supply costs for you and your employees. If you designate a new general manager after the initial training program, the new general manager must complete the training to our satisfaction. We reserve the right to charge a fee to train any replacement general manager. In addition, we may hold and require that your Principal Owner (this is, a person who owns a 25% or greater interest in the franchisee entity) and general manager or other designated employees attend, at your expense, any conference, meeting, summit or seminar to present new methods and programs for operation, training, management, sales or marketing and we reserve the right to charge you a fee (currently, \$750 per Club) to attend any conference, meeting or summit we hold.

ITEM 12

TERRITORY

When the Franchise Agreement is signed, you will select a general geographic area in which you intend to operate your Club (“**Preliminary Designated Area**”). We generally will approve your selection unless we determine, in our sole judgment, that it may negatively affect the interest of another SNAP FITNESS franchisee or is otherwise unavailable for development under our current policies.

Your Preliminary Designated Area will be identified on the Summary Pages of the Franchise Agreement. Within one (1) year after the Franchise Agreement Effective Date, you must open the Club within the Preliminary Designated Area; provided that, if no sites are available in the Preliminary Designated Area, we generally will approve a site in proximity to the Preliminary Designated Area. Once you have acquired the site, we will complete the Franchise Agreement to reflect the site (which will become the Club’s “**Authorized Location**”) and to define your “**Designated Area**” around the Authorized Location. If the site you acquire is within the Preliminary Designated Area, your Designated Area will be substantially the same as your Preliminary Designated Area in terms of size, shape or demographics. Once defined in Attachment A and provided you comply with the terms of your Franchise Agreement, your Designated Area will remain constant throughout the initial term of the franchise.

A minimum Designated Area will consist of one city block and, in suburban and rural areas, may be as large as a three-mile radius from the anticipated location. The actual size and boundaries of your Designated Area will depend upon a variety of factors, including the population base; density of population; growth trends of population; the density of residential and business entities; and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas.

Unless approved by us, all membership sales must be made either face-to-face or through our website, although you may solicit membership sales within your Designated Area by mail, telemarketing (so long as you abide by the no-call lists) or other non-face-to-face basis. You may solicit, advertise, and accept memberships online or outside your Designated Area only with our prior written approval or according to our then-current policies. There are no other restrictions on your right to solicit or accept memberships inside or outside of your Designated Area. You may not sell merchandise or services through other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. During the term of

this Agreement, however, neither we nor our affiliates will develop or operate, or grant to anyone else the right to develop or operate, a SNAP FITNESS Club physically located in the Designated Area (except Special Sites described below). We and our affiliates have the right to develop and operate and grant others the right to develop and operate SNAP FITNESS Clubs outside the Designated Area, regardless of their proximity to the Designated Area or any negative impact they may have on your Club.

We and our affiliates also have the right to develop and operate, and grant others the right to develop and operate, fitness clubs and other businesses under a different trademark within and outside the Designated Area, which may be similar to or competitive with SNAP FITNESS Clubs.

Certain locations are by their nature unique and separate in character from sites generally developed as SNAP FITNESS Clubs (“**Special Sites**”). These Special Sites are excluded from the Designated Area and we have the right to develop, license or franchise Clubs at these locations within or outside your Designated Area: (1) military bases; (2) public transportation facilities, including, without limitation, airports, railway stations, limited access highway travel plazas and other transportation terminals; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) hotels, resorts or similar short-term lodging; (6) apartment or condominium complexes; and (7) corporate office buildings or office parks.

We reserve to ourselves all other rights to use the System and Marks anywhere and in any manner including, without limitation, the right to offer, sell or distribute items such as training videos, equipment, athletic gear, etc., associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods, without compensation to any franchisee. These distribution channels or methods may include, without limitation, retail stores, mail order, wholesale or the internet (or any other existing or future form of electronic commerce). For instance, we currently offer online member enrollment through www.snapfitness.com. Our reserved rights also include the right for us or our affiliates to provide and to license third parties to provide the FitnessOnDemand program, and other ancillary programs developed by or for us or our affiliates, at host locations (such as apartments, condo associations, corporate office buildings, schools, community centers and other gyms and fitness centers).

We will not operate, franchise, or license the operation of a fitness club offering 24/7 keycard access and substantially similar to a SNAP FITNESS club in your Designated Area, except in connection with our acquisition of a multi-unit brand. If we acquire a multi-unit brand (through a stock purchase, asset purchase, merger, or otherwise), we or our affiliate may operate, franchise, or license the operation of the acquired brand within and outside the Designated Area, without offering any rights or compensation to you.

There are no restrictions on our rights to solicit or accept orders inside or outside of your Designated Area. We are not required to compensate you for soliciting or accepting orders in the Designated Area.

Continuation of your Designated Area does not depend on the achievement of a certain sales volume, market penetration or other contingency. You do not have any right to sublicense or sub-franchise within or outside of the Designated Area. You do not receive the right to acquire additional franchises within or outside of your Designated Area (although we may allow you to open another club if you sign another Franchise Agreement with us and meet our requirements).

If you fail to open the Club within one (1) year after the Franchise Agreement Effective Date, instead of terminating this Agreement, we may eliminate the Designated Area protection and open that area for development by us or another franchisee. We also may unilaterally modify your Designated Area upon renewal or if you transfer your franchise rights (see Item 17). Other than described above, we have no right to modify your territorial rights except by mutual written consent of the parties.

You may relocate your Club under certain circumstances and subject to our approval, as is stated in Section 5.G of the Franchise Agreement.

Area Development Agreement

If you and we enter into an Area Development Agreement requiring you to open and operate multiple SNAP FITNESS Clubs in a Development Area, we will not develop or operate or grant anyone else a franchise to develop and operate a SNAP FITNESS Club in the Development Area except for Special Sites (as defined above) and except for any existing SNAP FITNESS clubs located in the Development Area at the time you sign the Area Development Agreement (the “**Existing Clubs**”) prior to the earlier of: **(i)** the expiration or termination of the Area Development Agreement; **(ii)** the date on which you must execute the Franchise Agreement for your last Club pursuant to the terms of the Development Schedule; or **(iii)** the date on which the Designated Area for your final Club under the Area Development Agreement is determined. Upon the earliest occurrence of any of the foregoing events: **(i)** the Development Area will expire; and **(ii)** we will be entitled to develop and operate, or to franchise others to develop and operate SNAP FITNESS Clubs in the Development Area, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated.

We determine the Development Area in an Area Development Agreement using the same criteria that is used in defining a Designated Area for one Club. However, the Development Area must be able to support the number of clubs you intend to establish in that area.

The rights and restrictions described above regarding what we and our affiliates can and cannot do in a franchisee’s Designated Area for a single Club are generally the same for the Development Area set forth in an Area Development Agreement. We are not required to pay you if we exercise any of the rights specified above inside your Development Area. In addition, we may terminate the Area Development Agreement if you: **(i)** fail to exercise options to enter into Franchise Agreements with us within any period on the Development Schedule; **(ii)** fail to comply with any other terms and conditions of the Area Development Agreement; **(iii)** make or attempt to make a transfer or assignment in violation of the Area Development Agreement; or **(iv)** fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which you and we or our affiliates are parties.

ITEM 13 **TRADEMARKS**

The Franchise Agreement licenses you to use the “**Snap Fitness**” service mark, as well as other trademarks, service marks, trade names and commercial symbols. We own and have registered the following principal Marks on the Principal Register of the U.S. Patent and Trademark Office and have filed all required affidavits and maintenance documents.

[Remainder of page intentionally left blank]

Trademark	Register	Registration Date	Registration Number
Snap Fitness 24/7 and Design snap fitness ^{24/7}	Principal	Application Date: July 30, 2021	90858365*
Snap Fitness 24/7 and Design snap ^{24/7} fitness	Principal	Application Date: July 30, 2021	90858367*
SNAP FITNESS & Design 	Principal	March 4, 2008	3391628
SNAP FITNESS	Principal	June 20, 2006	3107672
SNAP FITNESS FAST-CONVENIENT-AFFORDABLE & Design 	Principal	April 25, 2006	3084847

We also claim common law rights to variations of our SNAP FITNESS logo and other supplementary marks used from time to time in the operation of the franchise. *Our application for the “SNAP FITNESS 24/7” logo is pending and filed based on actual use. These non-registered trademarks do not provide the same legal benefits and rights as a federally registered trademark. If our right to use our trademark is challenged, you may have to change to an alternative Mark, which may increase your expenses.

Your use of the Marks and any goodwill is to our and our affiliate’s exclusive benefit and you retain no rights in the Marks. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks including the adoption of new Marks, new program offerings, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. You must comply, at your cost, within a reasonable time if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the Marks.

If there is any infringement of, or challenge to, your use of the Marks, you must immediately notify us, and we will take action that we deem appropriate. We have the right to control all administrative proceedings and litigation involving the Marks. The Franchise Agreement does not require us to take affirmative action if notified of the claim. The Franchise Agreement also does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding based on your use of the Marks, or if the proceeding is resolved unfavorably to you. If we determine that a

trademark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents, pending patent applications, or copyrights currently registered that are material to the franchise, although we do claim copyright ownership and protection for the design elements of our Marks, and the content of our Manual, training materials, web site, and promotional and other materials.

There are currently no effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including but not limited to the Manual. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the Manual and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the Manual at your cost.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

During the term of the Franchise Agreement, you or your general manager must devote sufficient time and best efforts to the management of the Club. You are expected to stay informed about our organizational plans, initiatives, and direction by regular review of communications sent to you electronically or otherwise.

You or your general manager must provide direct on-premises supervision to the Club. The general manager must complete our training course. The General Manager need not have any equity interest in the franchisee or the business entity that owns or operates the franchise. If the General Manager fails to satisfactorily complete the training program, you may designate a different individual and you must notify us immediately. We may request that you are present at the Club for any inspection or evaluation we conduct.

All officers, directors, members and all managers, instructors and other employees having access to our proprietary information must execute non-disclosure agreements in a form we accept. If we so require, your managers, instructors and other employees receiving training from us must execute covenants not to compete in a form that we approve.

Any individual or entity that holds, directly or indirectly, a 25% or greater equity interest in the franchisee must sign a personal guaranty. We reserve the right to require additional guarantors based on the financial qualification or ownership structure of the proposed franchisee.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer at the Club all of the products, equipment and services that we periodically require and you may not offer at the Club any unapproved products or use the premises for any purpose other than the operation of the Club. We have the unlimited right to change the types of authorized services you may offer.

If permitted by state and local law, you must be open for business every day of the week for 24 hours. You may solicit and accept memberships within your Designated Area. We may periodically negotiate contracts with corporations, affinity groups and insurance plans that will require that certain terms or discounts be offered to members of that corporation, affinity group or insurance plan by all franchisees at all locations (“**National Accounts**”). You must provide the special terms and/or discounts to these National Accounts. You are not otherwise limited in the customers to whom you may sell products or services.

You may not install or maintain on the Club premises any gaming, entertainment or vending machine without our prior written approval and you must agree to participate in any vending or media program we establish for the system.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement	Summary
a.	Length of the franchise term	FA: Section 4.A AD: Section 2.1	Term is 10 years Term depends on the number of Clubs to be developed under the Area Development Agreement as specifically set forth in the Development Schedule.
b.	Renewal or extension	FA: Section 4.B AD: Not Applicable	Renewal for unlimited additional 10-year terms No renewal rights under the Area Development Agreement.
c.	Requirements for franchisee to renew or extend	FA: Section 4.B	You must give us written notice of your decision to renew at least six months but not more than 12 months before the end of the expiring term; you must sign our then-current form of Franchise Agreement, the terms and conditions of which may be materially different than the terms and conditions of our current Franchise Agreement and which may contain terms less favorable to you, including different fees and a different Designated Area; you must sign our then-current form of Renewal Addendum (see Exhibit F); you have complied with the modernization requirements for your Club; you are not in default and have satisfied

	Provision	Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement	Summary
		AD: Not Applicable	your obligations on a timely basis; if leasing, you have written proof of your ability to remain in possession of the Club premises throughout the renewal term and provide any then-required lease addendum; you comply with our training requirements; and you sign a release (provided that any release will not be inconsistent with any state law regulating franchising).
d.	Termination by franchisee	FA: Section 13.C AD: Not Applicable	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow at least 60 days notice and opportunity to cure such breach and, if not cured, wait 90 days from the original notice of breach before terminating the Franchise Agreement. You do not have the right to terminate the Area Development Agreement.
e.	Termination by franchisor without cause	FA: Not Applicable AD: Not Applicable	
f.	Termination by franchisor with cause	FA: Sections 13.A and 13.B AD: Section 2.2	We can terminate the Franchise Agreement and Area Development Agreement only if you default or fail to comply with your obligations.
g.	“Cause” defined – curable defaults	FA: Sections 13.A and 13.B AD: Section 2.2	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing; and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in h below. You have 30 days to cure any default under the Area Development Agreement.

	Provision	Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement	Summary
h.	“Cause” defined – non-curable defaults	FA: Sections 13.A and 13.B AD: Not Applicable	Non-curable defaults include: failure to acquire a site for the Club or open the Club for business within one year after the Franchise Agreement Effective Date, abandonment, loss of lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to relocate, closing of Club, insolvency, unapproved assignments or transfers, convictions, intentionally understating or underreporting Memberships or fees, multiple defaults, or failure to cure within 24 hours of notice a default which materially impairs the goodwill associated with any of our Marks.
i.	Franchisee’s obligations on termination/non-renewal	FA: Sections 10.D and 14.A-C AD: Section 2.3	Obligations include complete de-identification and payment of amounts due, assignment of your lease to us upon our demand, assignment to us of your telephone numbers, return of the Manual and proprietary materials, refunding members, and our right to purchase assets of the Club (also see o and r below). You lose all remaining rights to develop Clubs. Other obligations include those obligations noted above if existing Franchise Agreements are also terminated.
j.	Assignment of contract by franchisor	FA: Section 11.F AD: Section 3.1	No restriction on our right to assign.
k.	“Transfer” by franchisee – defined	FA: Section 11.A AD: Section 3.2	Includes any transfer of your interest in the Franchise Agreement, in all or substantially all of the Club assets, or in the business or any ownership change.
l.	Franchisor approval of transfer by franchisee	FA: Section 11.B AD: Section 3.2	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	FA: Sections 11.B-D	Transferee meets all of our then-current requirements for one of the franchise development programs then being offered, transferee must sign our then-current form of Franchise Agreement, the terms and conditions of which may be materially different than the terms and conditions of our current Franchise Agreement and which may contain terms less favorable to the transferee,

	Provision	Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement	Summary
		AD: Section 3.2	including different fees and a different Designated Area; applicable transfer fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, required guarantees signed, necessary financial reports and other data on franchise business is prepared, and release signed by you (provided release will not be inconsistent with any state law regulating franchising (also see r below). You cannot transfer your rights under the Area Development Agreement unless you transfer all of your rights and interests under all Franchise Agreements.
n.	Franchisor's right of first refusal to acquire franchisee's business	FA: Section 11.E AD: Not Applicable	We can match any offer for your Club assets and, in the case of a proposed stock sale, we can purchase your Club assets at a price determined by an appraiser, unless you and we agree otherwise.
o.	Franchisor's option to purchase franchisee's business	FA: Section 14.B AD: Not Applicable	Upon expiration or termination, we have the right to assume your lease for the Club premises, to assume all membership contracts, to assume all telephone numbers used in connection with the operation of your Club to assume all social media accounts associated with the Club, and to purchase or designate a third party that will purchase all or any portion of the assets of your Club, including the equipment, fixtures, signs, furnishings, supplies, leasehold improvements and inventory. Qualified appraiser(s) will determine price as described in the Franchise Agreement.
p.	Death or disability of franchisee	FA: Section 11.D AD: Not Applicable	You can transfer your franchise right to your heir or successor in interest like any other transfer, but if assignee is an existing franchisee, your spouse or your child, no transfer fee is required.
q.	Non-competition covenants during the term of the franchise	FA: Section 10.D AD: Not Applicable	No direct or indirect involvement in the operation of any fitness business other than one authorized in the Franchise Agreement.

	Provision	Section in Franchise Agreement (FA), Area Development Agreement (AD) or Other Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	FA: Section 10.D AD: Not Applicable	No direct or indirect involvement in a competing business for two years at the premises of the former Club; within 10 miles of the former Club; within any other franchisee's Designated Area; or within 10 miles of any other business or Club using the System.
s.	Modification of agreement	FA: Section 15.B AD: Section 5.7	No modifications generally, but we have the right to change the Manual and the list of authorized trademarks. We also have the right to define your Designated Area once you have acquired a site for the Club.
t.	Integration/merger clause	FA: Section 15.B AD: Section 5.7	Only the terms of the Franchise Agreement and Area Development Agreement (if applicable) are binding (subject to state law). We do not disclaim any representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	FA: Section 12 AD: Section 4	Except for certain claims, all disputes must first be submitted to mediation and, if not resolved by mediation, must be arbitrated in Minneapolis, Minnesota (subject to state law).
v.	Choice of forum	FA: Section 15.I AD: Section 4.4	Litigation must be in Minneapolis, Minnesota, except as restricted or prohibited by applicable state law regulating franchising.
w.	Choice of law	FA: Section 15.H AD: Section 5.5	Minnesota law governs construction of the Franchise Agreement and the parties' relationship, except as restricted or prohibited by applicable state law regulating franchising.

ITEM 18
PUBLIC FIGURES

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

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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 or franchisor-owned outlets if there is a reasonable basis for the information and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Except for the information provided herein, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. However, if you are purchasing an existing outlet, 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: Andi Ruth-Negrini, 952-567-5848 or email sales@liftbrands.com. You may also contact the Federal Trade Commission and the appropriate state regulatory agencies.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

This Item 19 is divided into two sections. Section 1 reflects certain financial information for Snap Fitness corporate owned clubs. Section 2 reflects certain financial information related to franchise owned clubs. Each section contains its own tables and notes as appropriate.

The Financial Performance Representation in Item 19 is based on the financial performance of Clubs during 2023 and 2022. Some Snap Fitness Clubs have earned these amounts. Your individual results may vary. There is no assurance that you will earn as much.

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1. Corporate Owned Snap Fitness Clubs - Statement of Revenue and Member Count

Table A

There were 10 SNAP FITNESS Corporate Owned Clubs in the SNAP FITNESS system as of December 31, 2023. No Corporate Owned Clubs were excluded from these results.

Description	Average	Median	Max	Min
Annual Gross Revenue	\$365,206	\$376,128	\$704,399	\$159,987
Membership Revenue	\$275,600	\$281,719	\$517,737	\$132,017
Personal Training Revenue	\$44,707	\$39,207	\$112,375	\$4,375
Insurance Revenue ³	\$31,850	\$31,918	\$57,660	\$8,602
Other Revenue ⁴	\$13,049	\$14,023	\$22,328	\$1,963
Member Count	966	1,000	1,631	462
Square Feet	4,768	4,965	6,900	3,000

Table B

As of December 31, 2023, 2 of the 10 US SNAP FITNESS Corporate Owned Clubs had completed brand revitalization to same design model required of all new club openings. No Corporate Owned Revitalized Clubs were excluded from these results.

Description	Average	Median	Max	Min
Annual Gross Revenue	\$549,515	\$549,515	\$704,399	\$394,631
Membership Revenue ¹	\$399,555	\$399,555	\$517,737	\$281,372
Personal Training Revenue ²	\$85,437	\$85,437	\$112,375	\$58,498
Insurance Revenue ³	\$48,699	\$48,699	\$56,579	\$40,819
Other Revenue ⁴	\$15,825	\$15,825	\$17,708	\$13,942
Member Count	1,327	1,327	1,631	1,022
Square Feet	5,262	5,262	6,900	3,624

Notes to Table A and Table B

Note 1. The principal source of total sales for a SNAP FITNESS Club is its membership revenue. Membership revenue includes paid in full or as prepaid dues, the member's monthly dues obligation as well as annual and pro-rated annual fees. Typical monthly membership fees are \$34.95 to \$59.95 based on single membership types and \$54.95 to \$84.95 for joint or family membership types. Membership rates vary by club. Franchisees set their own membership prices depending on their club's competitive landscape and amenity service fees (such as tanning) that are added to a membership (exceptions are for National Accounts and certain promotional programs as described in Item 16).

Note 2. Clubs may earn a significant percentage of revenue through the sale of personal training services to members. Not all clubs offer personal training and personal training revenue varies widely by club depending on the ability to find qualified and motivated personal trainers, types of services and management of the personal training programs.

Note 3. Clubs may earn revenue through participation with certain programs which we administer reimbursement of membership dues for insurance companies, affinity groups and national accounts as described in Item 16.

Note 4. Clubs may earn additional revenue through Club Enhancement Fees, the sale of approved product and merchandise, and enrollment fees.

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2. Franchise Owned Snap Fitness Clubs - Statement of Revenue and Member Count

There were 520 US Snap Fitness Clubs in the Snap Fitness system as of December 31, 2023. Of those 520 Snap Fitness Clubs, 11 are excluded from the results displayed in Table A and Table B for the reasons provided in Note 1, Note 2, and Note 3 below. The average square footage, average total sales, average membership counts, average member counts, and average sales per square foot are derived from the historical performance of 509 Clubs.

Table A

Franchised Clubs – Sales and Memberships by Quartile for 2023, 2022 and 2021

		2023								2022						2021		
		Members				Revenue				Members			Revenue			Revenue		
		Active Members	Met or Exceed #	Met or Exceed %	YOY Growth	Sales per Year	Met or Exceed #	Met or Exceed %	YOY Growth	Active Members	Met or Exceed #	Met or Exceed %	Sales per Year	Met or Exceed #	Met or Exceed %	Sales per Year	Met or Exceed #	Met or Exceed %
All Clubs	Club Count	509								547						573		
	Average	697	210	41%	14%	\$238,988	237	47%	13%	614	229	42%	\$212,305	214	39%	\$194,127	226	39%
	Median	637	259	51%	13%	\$207,265	278	55%	11%	566	272	50%	\$187,361	270	49%	\$166,455	287	50%
	Max	3,221				\$1,289,044				3,018			\$1,021,939			\$990,332		
	Min	160				\$30,106				131			\$40,641			\$11,984		
Top Quartile	Club Count	127								137						143		
	Average	1,066	55	43%	12%	\$432,100	57	45%	15%	956	54	39%	\$377,230	42	31%	\$339,543	46	32%
	Median	983	64	50%	15%	\$377,043	77	61%	14%	855	68	50%	\$332,116	68	50%	\$298,789	72	50%
	Max	3,221				\$1,289,044				3,018			\$1,021,939			\$990,332		
	Min	265				\$291,698				432			\$263,717			\$240,254		
Second Quartile	Club Count	127								137						143		
	Average	718	58	46%	16%	\$246,911	98	77%	12%	621	64	47%	\$219,650	67	49%	\$201,430	70	49%
	Median	687	67	53%	12%	\$245,393	100	79%	12%	611	69	50%	\$218,930	69	50%	\$201,054	72	50%
	Max	1,613				\$290,835				1,155			\$263,637			\$240,203		
	Min	373				\$207,802				333			\$186,602			\$166,599		
Third Quartile	Club Count	127								136						143		
	Average	590	60	47%	15%	\$170,922	91	72%	11%	512	64	47%	\$153,777	65	48%	\$142,382	72	50%
	Median	578	66	52%	17%	\$169,947	92	72%	12%	493	73	54%	\$151,979	67	49%	\$142,487	72	50%
	Max	986				\$207,265				927			\$186,436			\$166,455		
	Min	270				\$142,801				224			\$128,849			\$122,346		
Bottom Quartile	Club Count	128								137						144		
	Average	417	60	47%	14%	\$107,057	87	68%	9%	366	62	45%	\$98,134	76	55%	\$93,855	77	53%
	Median	405	66	52%	14%	\$106,835	87	68%	4%	354	69	50%	\$102,748	69	50%	\$97,530	73	51%
	Max	822				\$142,763				1,034			\$128,746			\$122,145		
	Min	160				\$30,106				131			\$40,641			\$11,984		

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Table B

Franchised Clubs – Sales and Memberships by Club Size for 2023 and 2022

		2023									2022					
		Active Members	Met or Exceed #	Met or Exceed %	YOY Growth	Sales per Year	Met or Exceed #	Met or Exceed %	YOY Growth		Active Members	Met or Exceed #	Met or Exceed %	Sales per Year	Met or Exceed #	Met or Exceed %
All Clubs	Club Count	509									547					
	Average	697	210	41%	14%	\$238,988	237	47%	13%		614	228	42%	\$212,305	215	39%
	Median	637	259	51%	13%	\$207,265	278	55%	11%		566	270	49%	\$187,361	272	50%
	Max	3,221				\$1,289,044					3,018			\$1,021,939		
	Min	160				\$30,106					131			\$40,641		
>=8,000 Sq Ft	Club Count	25									25					
	Average	1,351	12	48%	13%	\$511,566	12	48%	17%		1,192	12	48%	\$436,325	13	52%
	Median	1,247	14	56%	12%	\$459,841	13	52%	2%		1,114	13	52%	\$448,780	12	48%
	Max	3,221				\$1,289,044					3,018			\$1,021,939		
	Min	160				\$30,106					146			\$40,641		
<8,000 >6,000 Sq Ft	Club Count	41									42					
	Average	940	17	41%	10%	\$348,420	23	56%	8%		856	14	33%	\$323,865	16	38%
	Median	871	20	49%	8%	\$326,825	24	59%	11%		807	21	50%	\$293,294	21	50%
	Max	2,401				\$904,392					1,990			\$897,814		
	Min	423				\$133,850					389			\$110,790		
<6,000 >4,000 Sq Ft	Club Count	177									190					
	Average	726	78	44%	12%	\$242,390	89	50%	9%		648	82	43%	\$223,123	83	44%
	Median	677	89	50%	9%	\$224,010	101	57%	9%		619	93	49%	\$205,391	95	50%
	Max	2,195				\$690,267					1,908			\$626,652		
	Min	228				\$69,707					206			\$54,836		
<4,000 Sq Ft	Club Count	266									290					
	Average	579	121	45%	14%	\$194,238	128	48%	14%		507	122	42%	\$169,748	121	42%
	Median	546	135	51%	14%	\$172,379	151	57%	13%		477	143	49%	\$152,664	143	49%
	Max	1,799				\$695,075					1,533			\$589,015		
	Min	209				\$44,635					131			\$41,839		

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Table C**Franchised Clubs – Sales and Memberships for Clubs Revitalized Prior to 2023**

		2023								2022							
		Members				Revenue				Members				Revenue			
		Total Members	Met or Exceed #	Met or Exceed %	YOY Growth	Sales per Year	Met or Exceed #	Met or Exceed %	YOY Growth	Total Members	Met or Exceed #	Met or Exceed %	Sales per Year	Met or Exceed #	Met or Exceed %		
All Clubs	Club Count	7								7							
	Average	645	4	57%	4%	313,866	1	14%	37%	621	3	43%	228,651	1	14%		
	Median	654	4	57%	9%	241,475	4	57%	42%	600	4	57%	170,599	1	14%		
	Max	1,126				871,458				870			575,192				
	Min	391				170,125				347			107,150				

Notes to Table A, Table B, and Table C

Note 1. Table A, Table B, and Table C reflect the data of Franchised Clubs open for respective calendar years 2023 and 2022. Table A also includes data of Franchised Clubs open for respective calendar year 2021.

Note 2. Table A, Table B, and Table C only include data of Franchised Clubs that were open as of December 31, 2023. In other words, data from Clubs that opened January 1, 2024 or later are excluded from Table A, Table B, and Table C.

Note 3. Table A, Table B, and Table C exclude data from our corporate-owned Clubs.

Note 4. The principal source of total sales for a SNAP FITNESS Club is its membership revenue. Membership revenue includes any initial enrollment fees, paid in full or as prepaid dues, the member's monthly dues obligation as well as annual and pro-rated annual fees. Clubs also earn a significant percentage of revenue through the sale of personal training services to members. Not all clubs offer personal training and clubs historically have not been required to report personal training revenue to us. Personal training revenue varies widely by club depending on the ability to find qualified and motivated personal trainers, types of services and management of the personal training programs. Typical monthly membership fees are \$34.95 to \$59.95 based on single membership types and \$54.95 to \$84.95 for joint or family membership types. Membership rates vary by club. You set your own membership prices depending on your club's competitive landscape and amenity service fees (such as tanning) that are added to a membership (exceptions are for National Accounts and certain promotional programs as described in Item 16).

Note 5. The average values stated are based on highest to lowest sales and quartile cohorts structured accordingly. All averages, medians, highs, and lows are then based on club Key Performance Indicator facts found within these cohorts.

Note 6. Table C includes only clubs that had either opened as or fully revitalized to our current club design version, launched in 2021. Clubs that are operating under a prior design version or that have started, but not completed their revitalization to our current club design version, are excluded from Table C.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
for Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2021	629	585	-44
	2022	585	547	-38
	2023	547	510	-37
Company Owned	2021	28	22	-6
	2022	22	12	-10
	2023	12	10	-2
Total Outlets	2021	657	607	-50
	2022	607	559	-48
	2023	559	520	-39

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor) for Years 2021 to 2023

State	Year	Number of Transfers
Arizona	2021	0
	2022	1
	2023	1
California	2021	2
	2022	2
	2023	1
Colorado	2021	1
	2022	0
	2023	0
Connecticut	2021	1
	2022	0
	2023	1
Delaware	2021	1
	2022	0
	2023	0
Florida	2021	0
	2022	0
	2023	1

State	Year	Number of Transfers
Idaho	2021	0
	2022	0
	2023	1
Iowa	2021	1
	2022	0
	2023	0
Illinois	2021	3
	2022	1
	2023	2
Indiana	2021	1
	2022	0
	2023	0
Louisiana	2021	3
	2022	1
	2023	2
Maine	2021	0
	2022	1
	2023	0
Michigan	2021	0
	2022	1
	2023	4
Minnesota	2021	9
	2022	4
	2023	8
Mississippi	2021	1
	2022	0
	2023	1
Missouri	2021	0
	2022	1
	2023	0
Nebraska	2021	0
	2022	0
	2023	1
New Mexico	2021	0
	2022	1
	2023	0
New York	2021	0
	2022	1
	2023	0
North Carolina	2021	0
	2022	2
	2023	0
	2021	0

State	Year	Number of Transfers
Ohio	2022	1
	2023	0
Oregon	2021	3
	2022	5
	2023	3
Pennsylvania	2021	2
	2022	3
	2023	0
South Carolina	2021	0
	2022	1
	2023	0
Tennessee	2021	0
	2022	1
	2023	0
Texas	2021	4
	2022	12
	2023	4
Utah	2021	1
	2022	0
	2023	0
Vermont	2021	0
	2022	2
	2023	1
Virginia	2021	0
	2022	1
	2023	1
Washington	2021	1
	2022	1
	2023	0
Wisconsin	2021	4
	2022	6
	2023	1
Total	2021	38
	2022	49
	2023	33

Table No. 3
Status of Franchised Outlets for Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Alabama	2021	8	1	0	0	0	0	9

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
Arizona	2021	15	0	0	0	0	0	15
	2022	15	0	0	0	0	0	15
	2023	15	0	0	0	0	0	15
Arkansas	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
California	2021	20	1	1	0	0	0	20
	2022	20	0	0	0	0	4	16
	2023	16	0	0	0	0	0	16
Colorado	2021	6	0	0	0	0	1	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Connecticut	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Delaware	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Florida	2021	8	0	0	0	0	0	8
	2022	8	0	1	0	0	0	7
	2023	7	0	0	1	0	1	5
Georgia	2021	20	0	3	1	0	1	15
	2022	15	0	0	1	0	0	14
	2023	14	0	0	1	0	2	11
Idaho	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Illinois	2021	22	0	1	0	0	0	21
	2022	21	0	0	0	0	2	19
	2023	19	0	0	1	0	0	18
Indiana	2021	6	0	1	2	0	0	3
	2022	3	0	0	1	0	0	2
	2023	2	0	0	0	0	1	1
Iowa	2021	9	0	0	0	0	0	9
	2022	9	0	0	1	0	0	8
	2023	8	0	0	1	0	0	7
Kansas	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Kentucky	2021	11	0	0	0	0	1	10
	2022	10	0	0	0	0	3	7
	2023	7	0	0	1	0	1	5
Louisiana	2021	26	0	2	0	0	0	24
	2022	24	0	0	0	0	0	24
	2023	24	0	0	0	0	0	24
Maine	2021	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Maryland	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Massachusetts	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	1	5
Michigan	2021	39	0	1	1	0	3	34
	2022	34	0	0	0	0	0	34
	2023	34	0	0	2	0	5	27
Minnesota	2021	90	0	1	5	0	3	81
	2022	81	1	1	1	0	2	78
	2023	78	0	0	0	0	2	76
Mississippi	2021	14	0	0	0	0	0	13
	2022	13	0	0	1	0	1	11
	2023	11	0	0	0	0	0	11
Missouri	2021	13	0	0	0	0	1	12
	2022	12	0	0	0	0	0	12
	2023	12	0	0	3	0	0	9
Montana	2021	5	0	0	1	0	0	4
	2022	4	0	0	1	0	0	3
	2023	3	0	0	1	0	0	2
Nebraska	2021	3	0	0	1	0	0	2
	2022	2	0	0	1	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
New Hampshire	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	12	0	1	0	0	0	11
	2022	11	0	0	0	0	1	10
	2023	10	0	0	1	0	0	9
New Mexico	2021	6	0	0	0	0	0	6
	2022	6	0	0	1	0	0	5
	2023	5	0	0	1	0	0	4
New York	2021	16	0	0	0	0	1	15
	2022	15	0	0	0	0	0	15
	2023	15	0	0	2	0	0	13
North Carolina	2021	11	0	0	0	0	2	9
	2022	9	1	0	0	0	2	8
	2023	8	0	0	0	0	0	8
North Dakota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021	35	0	0	0	0	0	35

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2022	35	0	0	1	0	0	34
	2023	34	0	0	1	0	1	32
Oregon	2021	21	1	0	0	0	0	22
	2022	22	1	0	0	0	1	22
	2023	22	1	0	0	0	0	23
Pennsylvania	2021	23	0	0	1	0	0	22
	2022	22	0	0	0	0	1	21
	2023	21	0	0	0	0	0	21
South Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
South Dakota	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	1	0	0	2
Tennessee	2021	5	0	0	0	0	1	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	1	0	0	3
Texas	2021	60	0	3	1	0	3	53
	2022	53	0	0	1	0	4	48
	2023	48	1	0	0	0	4	45
Utah	2021	6	0	0	0	0	0	6
	2022	6	0	0	1	0	0	5
	2023	5	0	0	0	0	0	5
Vermont	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Virginia	2021	17	0	1	0	0	0	16
	2022	16	0	0	1	0	3	12
	2023	12	0	0	0	0	0	12
Washington	2021	19	0	0	0	0	0	19
	2022	19	0	0	0	0	1	18
	2023	18	0	0	1	0	1	16
Wisconsin	2021	35	0	0	1	0	0	34
	2022	34	0	0	1	0	1	32
	2023	32	0	0	1	0	0	31
West Virginia	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Wyoming	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total	2021	629	3	15	14	0	18	585
	2022	585	4	2	13	0	27	547
	2023	547	2	0	20	0	19	510

Table No. 4
Status of Company-Owned Outlets for Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Alabama	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
California	2021	3	1	0	0	0	4
	2022	4	0	0	1	0	3
	2023	3	0	0	0	0	3
Connecticut	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Illinois	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Louisiana	2021	3	0	0	1	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Michigan	2021	5	0	0	1	0	4
	2022	4	0	0	3	0	1
	2023	1	0	0	0	0	1
Minnesota	2021	5	0	1	0	1	5
	2022	5	0	0	3	1	1
	2023	1	0	0	0	0	1
Mississippi	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	1	0	0
North Carolina	2021	1	0	0	0	0	1
	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
Oregon	2021	3	1	0	2	0	2
	2022	2	0	0	0	1	1
	2023	1	0	0	0	1	0
Texas	2021	4	0	0	2	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Total	2021	28	2	1	7	2	22
	2022	22	0	0	7	3	12
	2023	12	0	0	1	1	10

Table No. 5
Projected Openings for Upcoming Fiscal Year as of 12/31/2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in The Next Fiscal Year ⁽¹⁾	Projected New Company-Owned Outlets in the Current Fiscal Year ⁽¹⁾
Alabama	1	0	0
Arizona	1	1	0
California	2	0	0
Colorado	1	1	0
Georgia	2	0	0
Maryland	1	1	0
New Jersey	3	1	0
New York	1	0	0
Ohio	1	1	0
Washington	2	0	0
Total	16	5	0

Attached at Exhibit D is a list of SNAP FITNESS Clubs open as of December 31, 2023 and a list of franchisees who are in the process of opening Clubs. Exhibit D also includes a list of franchisees who have left the system within the last fiscal year or who have not communicated with us within 10 weeks of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other potential franchisees of Snap Fitness when you leave the SNAP FITNESS system.

In some instances, current and former franchisees sign confidentiality provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Except for the Franchisee Advisory Council (FAC) and local advertising cooperatives listed below, we have not created, sponsored or endorsed any franchisee association.

ITEM 21 **FINANCIAL STATEMENTS**

Attached as Exhibit B are the audited consolidated balance sheets of Snap Fitness, Inc. and subsidiaries as of December 31, 2023 and 2022, and the related consolidated statements of earnings, comprehensive income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 2023.

ITEM 22 **CONTRACTS**

This Disclosure Document includes a sample of the following contracts:

EXHIBIT C-1 Sample Standard Franchise Agreement and State-Specific Addenda

EXHIBIT C-2 Sample Area Development Agreement and State-Specific Addenda

EXHIBIT F Sample Franchise Agreement Addenda

ITEM 23
RECEIPTS

Attached to this Disclosure Document in Exhibit I are two acknowledgments of receipt.

STATE APPENDIX TO DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

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.

Item 17 of the Disclosure Document is supplemented by the following:

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

You must sign a release if you renew or transfer your franchise. California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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.).

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur at Minneapolis, Minnesota. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of Minnesota. This provision may not be enforceable under California law.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

While the earnings claims figures do reflect historical ranges, they do not reflect all operating expenses or other costs and expenses that must be deducted from gross sales to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

California Corporations Code section 31512.1 prohibits a franchisor from disclaiming or denying representations made by the franchisor or its agents to a prospective franchisee or a franchisee's reliance on these representations, or disclaiming violations under the law, in any franchise disclosure document, franchise agreement or a related document. Franchisees subject to California Corporations Code section 315.12 will not be asked to sign any document in violation of California law. To the extent that any signed document is later deemed to violate California Corporations Code section 315.12, the violating provision will be deemed null and void.

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

of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Our website can be found at www.snapfitness.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

FOR THE STATE OF ILLINOIS

The Illinois Franchise Disclosure Act and the Rules and Regulations promulgated thereunder dictate that “any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a Franchise Agreement may provide for arbitration in a forum outside of this State.”

Nothing in the Franchise Disclosure Document or the Franchise Agreement (or the attachments thereto) may require franchisees covered by the Illinois Franchise Disclosure Act to waive compliance with Illinois law. Any provision in the Franchise Agreement (including but not limited to any choice of law provision) that may be read as calling for application of a state law other than Illinois law is hereby deleted and franchisees covered by the Illinois Franchise Disclosure Act are entitled to the protections of Illinois law, notwithstanding any such provision.

Item 1 of the Disclosure Document is supplemented by the following paragraphs:

The Illinois Physical Fitness Facility Medical Emergency Preparedness Act requires that a physical fitness facility (which excludes any facility serving less than 100 individuals or that does not employ any persons to provide instruction, training, or assistance for persons using the facility) have at least one automated external defibrillator (AED) and ensure that there is a trained AED user on staff and present during all staffed hours. Other provisions apply. See 815 ILCS 74 *et seq.*

The Illinois Dance Studio Act (which applies to any person or business entity which contract with members of the general public to provide dance studio services, including instruction, training or assistance in dancing, the use of studio facilities, membership in any group formed by a dance studio, and participation in dance competitions or showcases) requires that every contract for dance studio services be in writing and its contents must conform to the Act’s requirements. The Act provides for contract execution, cancellation and refund. Other provisions apply. See 815 ILCS 610 *et seq.*

Compliance with these requirements may cause you to incur additional expenses.

FOR THE STATE OF MARYLAND

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 5 of the Franchise Disclosure Document is revised to add the following language:

The Commissioner has imposed a deferral requirement based on our financial condition.

We will defer collection of the initial franchise fees until you have opened your Franchise for business. After you open the franchised business, Franchisee must pay to Franchisor the initial franchise fees. Payment of the initial franchisee fees is fully earned and is nonrefundable.

Item 17 of the Disclosure Document is supplemented by the following:

- (a) Any release or waiver provision contained in the Franchise Agreement or any release required as a condition of the sale, renewal, and/or assignment/transfer of the franchise shall not apply to any liability incurred under the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”).

- (b) Any claims arising under the Maryland Franchise Law must be brought within three years after the grant of the franchise;
- (c) Subject to your arbitration obligations, any provision in the Franchise Agreement requiring litigation in a forum outside the State of Maryland will not limit any rights you may have under the Maryland Franchise Law to bring suit in the State of Maryland.

The Disclosure Document is supplemented by the following:

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

FOR THE STATE OF MINNESOTA

Item 13 of the Disclosure Document is supplemented by the following:

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logos or other commercial symbols ("Marks") or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred that you incur in the defense of your right to use the Marks, so long as you were using the Marks in the manner that we authorized, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

Item 17 of the Disclosure Document is supplemented by the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that (1) a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Item 17 does not provide for a prospective general release of any claims against us which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Minn. Rules 2860.4400J states that you cannot consent to us obtaining injunctive relief. However, we may seek injunctive relief and a court will determine if a bond is required.

Minn. Statutes, Section 80C.17, Subd. 5, provides that no action may be commenced thereunder more than 3 years after the cause of action accrues.

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In

addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

FOR THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following to be added at the end of Item 3:

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any

other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

FOR THE STATE OF NORTH DAKOTA

1. The Securities Commissioner for the State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law:

- (a) A provision requiring a North Dakota franchisee to sign a general release upon renewal of the Franchise Agreement;
- (b) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;
- (c) A provision requiring a North Dakota franchisee to consent to the jurisdiction of courts outside the state of North Dakota;
- (d) A provision restricting the time in which a North Dakota franchisee may make a claim to less than the applicable North Dakota statute of limitations;
- (e) A provision calling for the waiver by a North Dakota franchisee of the right to trial by jury;
- (f) A provision requiring a North Dakota franchisee to consent to a waiver of exemplary and punitive damages.

Any and all provisions in the Franchise Agreement that are in violation of Paragraphs 1 (a-f) are deleted.

2. North Dakota Century Code Section 9-08-06 subjects covenants not to compete to the provisions of that statute. The covenants not to compete contained within the Franchise Agreement are subject to Section 9-08-06 and may be unenforceable under North Dakota law.

3. The site of any mediation or arbitration of the parties’ disputes shall be at a site mutually agreeable to all parties. If all parties cannot agree upon a location, the arbitration or mediation shall be Fargo, North Dakota.

FOR THE STATE OF RHODE ISLAND

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

FOR THE COMMONWEALTH OF VIRGINIA

Item 1 of the Disclosure Document is supplemented by the following:

Health spas in Virginia are regulated by the Department of Agriculture, Office of Consumer Affairs who can be reached at (804)786-1343.

Item 17 of the Franchise Disclosure Document is amended as follows:

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document is supplemented by the following:

“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 ground for default or termination stated in the franchise agreement do not constitute “reasonable cause”, as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

FOR THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 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.

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

FOR THE STATE OF WISCONSIN

Item 17 of the Disclosure Document is supplemented by the following:

For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.

EXHIBIT A
LIST OF STATE ADMINISTRATORS
LIST OF AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

California

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

Hawaii

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Office of Attorney General
500 S. Second Street
Springfield, Illinois 62701
(217) 782-4465

Indiana

Franchise Section
Securities Division
302 W. Washington St., Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Michigan

Consumer Protection Division
Antitrust and Franchise Unit
Department of Attorney General
525 W. Ottawa St.
G. Mennen Williams Bldg., 1st Floor
PO Box 30212
Lansing, Michigan 48909
(517) 335-7622

Minnesota

Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
212-416-8285

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 14th Floor Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island

Securities Division
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507
(360) 902-8760

Wisconsin

Franchise Administrator
Division of Securities
Department of Financial Institutions
345 West Washington Street
Madison, Wisconsin 53703
(608) 266-8557

LIST OF AGENTS FOR SERVICE OF PROCESS

California

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013

Hawaii

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois

Office of the Attorney General
500 South Second Street
Springfield, Illinois 62701

Indiana

Indiana Secretary of State
Securities Division
302 W. Washington Street., Room E-111
Indianapolis, Indiana 46204

Maryland

Maryland Securities Commissioner
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2021

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise Section
525 West Ottawa Street
G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48913

Minnesota

Minnesota Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

New York

Secretary of the State of New York
One Commerce Plaza
99 Washington Avenue
Albany, New York 12231

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 14th Floor Dept 414
Bismarck, North Dakota 58505

Oregon

Division of Consumer and Business Services
Finance and Corporate Securities
350 Winter Street N.E.
Labor and Industries Building, Room 21
Salem, Oregon 97310

Rhode Island

Director, Department of Business Regulation
Securities Division
1511 Pontiac Avenue, Bldg. 68-2
Cranston, Rhode Island 02920

South Dakota

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Washington

Director of Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

Wisconsin

Administrator, Division of Securities
Department of Financial Institutions
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703

EXHIBIT B
FINANCIAL STATEMENTS

EXHIBIT C-1
SAMPLE FRANCHISE AGREEMENT AND STATE-SPECIFIC ADDENDA

EXHIBIT C-2

SAMPLE AREA DEVELOPMENT AGREEMENT AND STATE-SPECIFIC ADDENDA

EXHIBIT D
FRANCHISEE LIST

EXHIBIT E
OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT F
SAMPLE FRANCHISE AGREEMENT ADDENDA

EXHIBIT F-1

SAMPLE GENERAL RELEASE AGREEMENT (Subject to change by Snap Fitness, Inc.)

THIS GENERAL RELEASE AGREEMENT (this “**Agreement**”) is made and entered into between **Snap Fitness, Inc.**, a Minnesota corporation, (“**we**,” “**us**” or “**Snap Fitness**”), [FRANCHISEE], a _____, (“**you**” or “**Franchisee**”), and [GUARANTOR], a resident of _____ (a “**Guarantor**”). All capitalized terms not defined in this Agreement have the respective meanings set forth in the Franchise Agreement (as defined below).

RECITALS

- A. Snap Fitness and Franchisee are parties to a SNAP FITNESS® Franchise Agreement dated _____ (the “**Franchise Agreement**”) pursuant to which Franchisee operates a SNAP FITNESS® Club located at _____ (the “**Club**”).
- B. [NOTE: Describe the circumstances relating to the release.]
- C. In consideration of [INSERT CIRCUMSTANCES] and the representations set forth in the Recitals, subject to the provisions stated below, and Franchisee and Guarantor agree to settle all known and unknown disputes they may have against Franchisor, if any, that exist as of the Effective Date.

AGREEMENTS

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. [NOTE: Detail the terms and conditions of the release]
- 2. Release and Settlement of Claims.
 - A. Except as may be prohibited by applicable law, Franchisee and Guarantors (individually and as owners of Franchisee), for themselves and each of their respective heirs, successors, assigns, affiliates, shareholders, directors, officers, employees and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the “**Franchisee Parties**” for purposes of this Section 2), release and forever discharge us, our predecessors, successors, affiliates, and past and present directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the “**Franchisor Parties**” for purposes of this Section 2) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee Parties may now or in the future own or hold, that in any way relate to the Franchise Agreement, any other agreement between Franchisee and us, the Club, or the relationship between Franchisee and us through the Effective Date (collectively, “**Claims**”), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other agreement between

Franchisee Parties and us or our affiliates through and including the Effective Date of this Agreement.

- B. The release of Claims set forth in Section 2.A is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Franchisee Parties against the Franchisor Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Franchisee Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Franchisee Parties acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Agreement and Release and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Agreement. The Franchisee Parties acknowledge and agree that the foregoing waiver is an essential, integral and material term of this Agreement. The Franchisee Parties further acknowledge and agree that no violation of this Agreement shall void the release set forth in this Section 2.

3. Miscellaneous. This Agreement, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Agreement which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

4. Representation by Counsel. The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of Claims set forth herein.

5. Governing Law/Venue. This Agreement will be construed and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law. The parties further agree that any legal proceeding relating to this Agreement or the enforcement of any provision herein shall be brought or otherwise commenced only in the State or Federal courts of Minnesota.

6. Counterparts. This Agreement may be executed by the parties hereto in counterparts, and delivered by e-mail or facsimile, each of which shall be deemed to be an original instrument, but all of which together shall constitute one and the same instrument.

7. Effective Date. The Effective Date is the date on which we sign this General Release as noted below.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this General Release as of the Effective Date.

US:

SNAP FITNESS, INC.

By: _____

Name: _____

Title: _____

Effective Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

GUARANTORS:

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

EXHIBIT F-2

SAMPLE STANDARD RENEWAL ADDENDUM

(Subject to change by Snap Fitness, Inc.)

THIS RENEWAL ADDENDUM (this “**Renewal Addendum**”) is made and entered into _____ (“Effective Date”) between **Snap Fitness, Inc.**, a Minnesota corporation, (“**we**,” “**us**” or “**Snap Fitness**”), and _____ a _____ company (“**you**” or “**Franchisee**”), and _____ and _____ residents of _____ (“**Guarantors**”). All capitalized terms not defined in this Renewal Addendum have the respective meanings set forth in the Old Franchise Agreement (as defined below).

RECITALS

- A. Snap Fitness and Franchisee are parties to a SNAP FITNESS® Franchise Agreement dated _____ (the “**Old Franchise Agreement**”) pursuant to which Franchisee operates a SNAP FITNESS Club located at _____ (the “**Club**”).
- B. Franchisee desires to renew its franchise rights for the Club and, in accordance with the terms and conditions of the Old Franchise Agreement, Franchisee and Guarantors agree to enter into Snap Fitness’s current form of franchise agreement and sign a general release in the form of this Renewal Addendum (the “**Renewal**”).
- C. Franchisee and Guarantor represent that there is no dispute related to the offer and sale of the Old Franchise Agreement or the Club and further represent that after having adequate time to consult with counsel of its choice, represent that they have no claims against Franchisor.
- D. In consideration of Franchisee and Guarantor’s request for the Renewal and the representations set forth in Recital B, Franchisor consents to the Renewal, subject to the provisions stated below, and Franchisee and Guarantor agree to settle all known and unknown disputes they may have against Franchisor, if any, that exist as of the Effective Date (as defined below).

AGREEMENTS

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. **Signing of Current Form of Franchise Agreement.** As a condition of the Renewal, Franchisee agrees to sign Snap Fitness’s current form of franchise agreement (the “**Franchise Agreement**”) on or before _____ (the “**Renewal Date**”). Franchisee acknowledges that the terms and conditions of the Franchise Agreement may be different from the terms and conditions of the Old Franchise Agreement, including with respect to fees and designated area. By the Renewal Date, Franchisee shall deliver to Snap Fitness a signed copy of the Franchise Agreement, along with the executed copy of this Renewal Addendum.
- 2. **Initial Franchise Fee.** The Franchise Agreement is amended to provide that no Initial Franchise Fee shall be due under the Franchise Agreement.
- 3. **Provisions Deleted Due to Renewal Franchise Agreement.** Sections 5.A (Site Selection) and 5.D (Opening) of the Franchise Agreement are deleted.
- 4. **Expiration of Old Franchise Agreement.** All parties agree that the Old Franchise Agreement expired on the Renewal Date and will be of no further force and effect, except for the obligations set forth in this Renewal Addendum or those that expressly or by their nature survive termination or expiration of the Old Franchise Agreement.
- 5. **Payment of Fees Owed to Snap Fitness.** On or before the Renewal Date, all fees owed by Franchisee under or related to the Old Franchise Agreement (the “**Fees Owed**”) must be paid in full.

6. **Modernization.** Within no more than two (2) years of the Effective Date, Franchisee agrees to complete any updates and modernization for the Club to meet current standards for new Snap Fitness clubs which may include replacing fixtures, equipment and signs and otherwise modifying the Club so it meets the specifications and standards for new Snap Fitness clubs. Such updates and modernizations may include, but are not limited to, re-branding to the current logo and marks to conform with current brand standards, re-painting, addition of wall transitions and art murals, replacement of signage, flooring, desks, cabinets, chairs, bathrooms, and fitness equipment, all as designated by Snap Fitness.

Depending on the age and condition of fitness equipment, Franchisee may be required to replace equipment to conform with current brand standards, as designated by Snap Fitness. A description of items of equipment requiring replacement and a timeframe for completion of such replacement will be designated by Snap Fitness upon its review of such.

Franchisee's failure to complete any aspect of Modernization within the required timeframe, as set forth above, will be considered a breach of Section 5.F of the Franchise Agreement.

7. **Indemnification.** Franchisee and Guarantors, for themselves, their heirs, successors and assigns, agree to indemnify and hold harmless Snap Fitness, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees), or expenses of any nature resulting, directly or indirectly, from any of the following: **(i)** the operation of the Business at any time prior to and through the Renewal Date, provided that this provision applies only to claims made by third parties against Snap Fitness; or **(ii)** Franchisee or Guarantor's breach of this Renewal Addendum. This indemnification obligation is separate from and in addition to the Franchisee and Guarantors indemnification obligations set forth in the Franchise Agreement, which will be in full force and effect as of the date of the Franchise Agreement.

8. **Release and Settlement of Claims.**

A. Except as may be prohibited by applicable law, Franchisee and Guarantors (individually and as owners of Franchisee), for themselves and each of their respective heirs, successors, assigns, affiliates, shareholders, directors, officers, employees and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the "**Franchisee Parties**" for purposes of this Section 8), release and forever discharge us, our predecessors, successors, affiliates, and past and present directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the "**Franchisor Parties**" for purposes of this Section 8) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee Parties may now or in the future own or hold, that in any way relate to the Old Franchise Agreement, any other agreement between any of the Franchisee Parties and any of the Franchisor Parties, the Business, or the relationship between any of the Franchisee Parties and the Franchisor Parties through the Effective Date (collectively, "**Claims**"), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Old Franchise Agreement or any other related agreement between any of the Franchisee Parties and any of the Franchisor Parties through and including the Effective Date of this Renewal Addendum.

Franchisee Parties and Franchisor Parties acknowledge and agree that the release by the Franchisee Parties does not relate to the offer and sale of the New Franchise Agreement. Further, the parties agree that the release is effective as to Claims arising through the Effective Date of this Renewal Addendum, and not to any claims arising after the Effective Date.

B. The release of Claims set forth in Section 8.A is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Franchisee

Parties against the Franchisor Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Franchisee Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Franchisee Parties acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Renewal Addendum and Release and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Renewal Addendum. The Franchisee Parties acknowledge and agree that the foregoing waiver is an essential, integral and material term of this Renewal Addendum. The Franchisee Parties further acknowledge and agree that no violation of this Renewal Addendum shall void the release set forth in this Section 8.

The Franchisee Parties, for themselves, their heirs, successors and assigns, hereby expressly, voluntarily and knowingly waive, relinquish and abandon each and every right, protection and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereinafter existing under the laws of California or any other applicable federal and state law with jurisdiction over the parties' relationship. The Franchisee Parties acknowledge that Section 1542 of the Civil Code of the State of California provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially effected his settlement with the debtor."

9. Miscellaneous. This Renewal Addendum, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Renewal Addendum which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

10. Representation by Counsel. The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of Claims set forth herein.

11. Governing Law/Venue. This Renewal Addendum will be construed and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law. The parties further agree that any legal proceeding relating to this Renewal Addendum or the enforcement of any provision herein shall be brought or otherwise commenced only in the State or Federal courts of Minnesota.

12. Counterparts. This Renewal Addendum may be executed by the parties hereto in counterparts, and delivered by e-mail or facsimile, each of which shall be deemed to be an original instrument, but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Renewal Addendum as of the Effective Date.

US:

SNAP FITNESS, INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

GUARANTORS:

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

EXHIBIT F-3
SAMPLE LEGACY FEE RENEWAL ADDENDUM
(Subject to change by Snap Fitness, Inc.)

THIS RENEWAL ADDENDUM (this “**Renewal Addendum**”) is made and entered into on _____ (“Effective Date”) between **Snap Fitness, Inc.**, a Minnesota corporation, (“**we**,” “**us**” or “**Snap Fitness**”), and _____ a _____ company (“**you**” or “**Franchisee**”), and _____ and _____ residents of _____ (“**Guarantors**”). All capitalized terms not defined in this Renewal Addendum have the respective meanings set forth in the Old Franchise Agreement (as defined below).

RECITALS

- A. Snap Fitness and Franchisee are parties to a SNAP FITNESS® Franchise Agreement dated _____ (the “**Old Franchise Agreement**”) pursuant to which Franchisee operates a SNAP FITNESS Club located at _____ (the “**Club**”).
- B. Franchisee desires to renew its franchise rights for the Club and, in accordance with the terms and conditions of the Old Franchise Agreement, Franchisee and Guarantors agree to enter into Snap Fitness’s current form of franchise agreement and sign a general release in the form of this Renewal Addendum (the “**Renewal**”).
- C. Franchisee’s Gross Revenue for the previous 12 months of operation (as recorded in the Club management system and measured from the first of the month prior to the date of this Renewal Addendum) exceeds \$220,000 and Franchisee wishes to retain the fee structure (“Legacy Fee Structure”) of the Old Franchise Agreement, understanding that they are subject to current fees as indicated below.
- D. Franchisee and Guarantor represent that there is no dispute related to the offer and sale of the Old Franchise Agreement or the Club and further represent that after having adequate time to consult with counsel of its choice, represent that they have no claims against Franchisor.
- E. In consideration of Franchisee and Guarantor’s request for the Renewal and the representations set forth in Recital C, Franchisor consents to the Renewal, subject to the provisions stated below, and Franchisee and Guarantor agree to settle all known and unknown disputes they may have against Franchisor, if any, that exist as of the Effective Date (as defined below).

AGREEMENTS

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. Signing of Current Form of Franchise Agreement. As a condition of the Renewal, Franchisee agrees to sign Snap Fitness’s current form of franchise agreement (the “**Franchise Agreement**”) on or before _____ (the “**Renewal Date**”). Franchisee acknowledges that the terms and conditions of the Franchise Agreement may be different from the terms and conditions of the Old Franchise Agreement, including with respect to fees and designated area. By the Renewal Date, Franchisee shall deliver to Snap Fitness a signed copy of the Franchise Agreement, along with the executed copy of this Renewal Addendum.
- 2. Initial Franchise Fee. The Franchise Agreement is amended to provide that no Initial Franchise Fee shall be due under the Franchise Agreement.
- 3. Provisions Deleted Due to Renewal. Sections 5.A (Site Selection) and 5.D (Opening) of the New Franchise Agreement are deleted.

4. Expiration of Old Franchise Agreement. All parties agree that the Old Franchise Agreement expired as of the Renewal Date and will be of no further force and effect, except for the obligations set forth in this Renewal Addendum or those that expressly or by their nature survive termination or expiration of the Old Franchise Agreement.

5. Fees.

A. On or before the Renewal Date, all fees owed by Franchisee under or related to the Old Franchise Agreement (the “**Fees Owed**”) must be paid in full.

B. Franchisee has elected to retain the Legacy Fee Structure while they are at or above the Legacy Gross Revenue Threshold (currently \$220,000) and provided Franchisee is not in default of its obligations under the Franchise Agreement. The Franchise Agreement is hereby amended as follows while the Legacy Fee Structure is in effect:

The Franchise Agreement Summary page Fees are replaced with the following:

Royalty Fee	\$660 per month*
National Marketing Fee	\$485 per month*
Technology Fee	\$325 per month*

*Subject to increase in accordance with the Consumer Price Index. See CPI Adjustment below for additional information.

Section 9B-D is amended as follows while the Legacy Fee Structure is in effect:

B. Fees.

(i) Membership Fees. You must pay a one-time fee of \$6.60 for each membership agreement added to your Club and a monthly Billing Maintenance Fee of \$0.70 per each membership enrolled at your Club (collectively “Membership Fees”). You will also purchase the door access cards at the then-current price.

(ii) Royalty Fee, Technology Fee, National Marketing Fee. In consideration of the rights granted to you, you must pay to us the Royalty Fee, the National Marketing Fee, and the Technology Fee in the amount set forth on the Summary Page. You must pay these Fees beginning the month that your Club opens and each following month through the term of this Agreement. You will pay the full fees for any partial month.

C. CPI Adjustment. All fees under this Agreement, including but not limited to the Royalty Fee, Technology Fee, National Marketing Fee, Membership Fees and Local Marketing Fund or Cooperative contribution (unless calculated as a percentage of sales), are subject to adjustment based on any annual increase in the Consumer Price Index (meaning the annual average of the Consumer Price Index for All Urban Consumers, Other goods and services, 1982-1984=100, published by the Bureau of Labor Statistics of the United States Department of Labor). Adjustments to fees will apply from 1 January each year. If the Bureau of Labor Statistics ceases publishing the Consumer Price Index, then the successor or most nearly comparable index as we select will be used. Fees will be adjusted for CPI no more than once per year.

D. Computations and Remittances. All fees are due and owing upon invoice via electronic payment. You may not withhold payment of any amounts owed to us and hereby waive any and all existing and future claims and offsets against any amounts due under this Agreement. Notwithstanding any designation by you, we will be entitled to apply your payments against any amounts due to us. We also may set off any amounts that may be

held by us or our affiliates on your behalf or owed to you by us or through our affiliates against amounts you owe to us or our affiliates.

C. Should Franchisee drop below the Legacy Gross Revenue Threshold (currently \$220,000), or should Franchisee be in default under the Franchise Agreement, Snap Fitness, in its sole discretion, reserves the right to eliminate the Legacy Fee Structure and permanently transition the Club to the fee structure as set forth in the Franchise Agreement.

6. Modernization. Within no more than two (2) years of the Effective Date, Franchisee agrees to complete any updates and modernization for the Club to meet current standards for new Snap Fitness clubs which may include replacing fixtures, equipment and signs and otherwise modifying the Club so it meets the specifications and standards for new Snap Fitness clubs. Such updates and modernizations may include, but are not limited to, re-branding to the current logo and marks to conform with current brand standards, re-painting, addition of wall transitions and art murals, replacement of signage, flooring, desks, cabinets, chairs, bathrooms, and fitness equipment, all as designated by Snap Fitness.

Depending on the age and condition of fitness equipment, Franchisee may be required to replace equipment to conform with current brand standards, as designated by Snap Fitness. A description of items of equipment requiring replacement and a timeframe for completion of such replacement will be designated by Snap Fitness upon its review of such.

Franchisee's failure to complete any aspect of Modernization within the required timeframe, as set forth above, will be considered a breach of Section 5.F of the Franchise Agreement.

7. Indemnification. Franchisee and Guarantors, for themselves, their heirs, successors and assigns, agree to indemnify and hold harmless Snap Fitness, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees), or expenses of any nature resulting, directly or indirectly, from any of the following: **(i)** the operation of the Business at any time prior to and through the Renewal Date, provided that this provision applies only to claims made by third parties against Snap Fitness; or **(ii)** Franchisee or Guarantor's breach of this Renewal Addendum. This indemnification obligation is separate from and in addition to the Franchisee and Guarantors indemnification obligations set forth in the Franchise Agreement, which will be in full force and effect as of the date of the Franchise Agreement.

8. Release and Settlement of Claims.

A. Except as may be prohibited by applicable law, Franchisee and Guarantors (individually and as owners of Franchisee), for themselves and each of their respective heirs, successors, assigns, affiliates, shareholders, directors, officers, employees and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the "**Franchisee Parties**" for purposes of this Section 8), release and forever discharge us, our predecessors, successors, affiliates, and past and present directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the "**Franchisor Parties**" for purposes of this Section 8) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee Parties may now or in the future own or hold, that in any way relate to the Old Franchise Agreement, any other agreement between any of the Franchisee Parties and any of the Franchisor Parties, the Business, or the relationship between any of the Franchisee Parties and the Franchisor Parties through the Effective Date (collectively, "**Claims**"), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Old Franchise Agreement or any other related agreement between any of the Franchisee Parties and any of the Franchisor Parties through and including the Effective Date of this Renewal Addendum.

Franchisee Parties and Franchisor Parties acknowledge and agree that the release by the Franchisee Parties does not relate to the offer and sale of this Franchise Agreement. Further, the parties agree that the release is effective as to Claims arising through the Effective Date of this Renewal Addendum, and not to any claims arising after the Effective Date.

B. The release of Claims set forth in Section 8.A is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Franchisee Parties against the Franchisor Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Franchisee Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Franchisee Parties acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Renewal Addendum and Release and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Renewal Addendum. The Franchisee Parties acknowledge and agree that the foregoing waiver is an essential, integral and material term of this Renewal Addendum. The Franchisee Parties further acknowledge and agree that no violation of this Renewal Addendum shall void the release set forth in this Section 8.

The Franchisee Parties, for themselves, their heirs, successors and assigns, hereby expressly, voluntarily and knowingly waive, relinquish and abandon each and every right, protection and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereinafter existing under the laws of California or any other applicable federal and state law with jurisdiction over the parties' relationship. The Franchisee Parties acknowledge that Section 1542 of the Civil Code of the State of California provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially effected his settlement with the debtor."

9. Miscellaneous. This Renewal Addendum, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements, and all other provisions of this Renewal Addendum which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

10. Representation by Counsel. The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of Claims set forth herein.

11. Governing Law/Venue. This Renewal Addendum will be construed and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law. The parties further agree that any legal proceeding relating to this Renewal Addendum or the enforcement of any provision herein shall be brought or otherwise commenced only in the State or Federal courts of Minnesota.

12. Counterparts. This Renewal Addendum may be executed by the parties hereto in counterparts, and delivered by e-mail or other electronic delivery, each of which shall be deemed to be an original instrument, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Renewal Addendum as of the Effective Date.

US:

SNAP FITNESS, INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

GUARANTORS:

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

EXHIBIT G
TRANSFER FEE MODIFICATION PROGRAM

Snap Fitness® Transfer Fee Modification Program

Commencing May 10, 2024 through April 30, 2025, Snap Fitness, Inc. (“**Snap Fitness**”) is offering a Transfer Fee Modification Program. During this time, if a Snap Fitness club (“**Club**”) in the United States is transferred, the transfer fee will be determined by the purchase price of the transferred Club, as follows:

- For the transfer to a buyer who is an existing Snap Fitness franchisee, the transfer fee will be no more than \$5,000.
- For the transfer to a buyer who is new to the Snap Fitness system, the transfer fee will be \$10,000.
- If multiple clubs are being transferred between the same buyer and seller in a single transaction, one club will be charged the applicable transfer fee listed above, with each additional club charged a transfer fee of \$2,500 per club.

To participate, please see Terms and Conditions outlined below.

This Transfer Fee Modification Program shall be effective for transfers completed on or before April 30, 2025. Any transfer that is processed by Snap Fitness after April 30, 2025 shall not qualify for this program, and such transfer shall be subject to the then current transfer fee as determined solely by Snap Fitness.

To request your transfer fee reduction, submit to Snap Fitness your draft or signed Purchase Agreement, Sale of Business Agreement, or other applicable transfer document for the transfer of the Club (the “**Sale Agreement**”) Such transfer document must include the purchase price of the transferred Club. We recommend submitting transfer documents as early as possible as the amount of the transfer fee must be included in the Snap Fitness Consent to Transfer Agreement.

All transfer requirements outlined in the Franchise Agreement must be completed before Snap Fitness consents to the transfer. Snap Fitness will review the new Franchisee Application, Sale Agreement, and other transfer documents applicable to the transfer of the Club for approval prior to consenting to the transfer. As part of the Consent to Transfer and in consideration of the reduced fee, existing Franchisee will be required to sign a General Release.

Only Clubs located in the United States are eligible for this program.

Snap Fitness reserves the right to make changes to this policy at any time.

EXHIBIT H
STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	May 10, 2024
Hawaii	Not filed
Illinois	May 10, 2024
Indiana	May 10, 2024
Maryland	
Michigan	May 10, 2024
Minnesota	
New York	May 10, 2024
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

EXHIBIT I
RECEIPT

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

If Snap Fitness, Inc. 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 (or sooner if required by state law). New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Snap Fitness, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit A to this disclosure document.

Issuance Date: May 10, 2024, or the Effective Date reflected on the State Effective Dates Page.

I acknowledge receiving this Franchise Disclosure Document issued May 10, 2024 (or the date reflected on the State Effective Dates Page), including the following exhibits:

EXHIBIT A – List of State Administrators and List of Agents for Service of Process; **EXHIBIT B** – Financial Statements; **EXHIBIT C-1** – Sample Standard Franchise Agreement and State-Specific Addenda; **EXHIBIT C-2** – Sample Area Development Agreement and State-Specific Addenda; **EXHIBIT D** – Franchisee List; **EXHIBIT E** – Operations Manual Table of Contents; **EXHIBIT F** – Sample Franchise Agreement Addenda; **EXHIBIT G** – Transfer Fee Modification Program; **EXHIBIT H** – State Effective Dates; **EXHIBIT I** – Receipts.

Date FDD <u>Received</u> : _____	Signed*: _____
	Print Name: _____
Date FDD <u>Received</u> : _____	Signed*: _____
	Print Name: _____
Date FDD <u>Received</u> : _____	Signed*: _____
	Print Name: _____
Date FDD <u>Received</u> : _____	Signed*: _____
	Print Name: _____

*Signed individually and as an authorized representative of the franchisee company.

FRANCHISE SELLER’S NAME AND CONTACT INFORMATION:

Andi Ruth-Negrini, Matt Gosche and Lindley Lonnee, 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317, Phone: 952-474-5422. Kimberly Champion-Hopewell, Strategic Franchise Development, 2847 S Ingram Mill Rd, C101, Springfield, MO 65804.

EXHIBIT I

RECEIPT

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

If Snap Fitness, Inc. 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 (or sooner if required by state law). New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Snap Fitness, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit A to this disclosure document.

Issuance Date: May 10, 2024, or the Effective Date reflected on the State Effective Dates Page.

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Date FDD Received: _____ Signed*: _____

Print Name: _____

Date FDD Received: _____ Signed*: _____

Print Name: _____

Date FDD Received: _____ Signed*: _____

Print Name: _____

Date FDD Received: _____ Signed*: _____

Print Name: _____

*Signed individually and as an authorized representative of the franchisee company.

FRANCHISE SELLER'S NAME AND CONTACT INFORMATION:

Andi Ruth-Negrini, Matt Gosche and Lindley Lonnee, 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317, Phone: 952-474-5422. Kimberly Champion-Hopewell, Strategic Franchise Development, 2847 S Ingram Mill Rd, C101, Springfield, MO 65804.