

## FRANCHISE DISCLOSURE DOCUMENT



Workout Anytime Franchising Systems, LLC  
A Georgia Limited Liability Company  
2325 Lakeview Parkway, Suite 200  
Alpharetta, Georgia 30009  
(770) 809-1401  
Email: [franchise@workoutanytime.com](mailto:franchise@workoutanytime.com)  
Website: [www.workoutanytime.com](http://www.workoutanytime.com)

The franchisee will operate a twenty-four (24) hour fitness and health club facility offering instruction to the general public on health and fitness through a system designed by us. The total investment necessary to begin operation of a Workout Anytime® franchised business ranges from ~~\$784,950~~\$626,350 to ~~\$2,073,050~~\$1,335,550. This includes ~~\$185,000~~\$141,000 to ~~\$510,000~~\$330,000 that must be paid to the franchisor or an affiliate. The total investment necessary under the Development Agreement to operate 3 Clubs is ~~\$2,314,850~~\$1,839,050 to ~~\$6,179,150~~\$3,966,650. This includes ~~\$515,000~~\$413,000 to ~~\$1,490,000~~\$980,000 that must be paid to the franchisor or an affiliate. You are required to develop a minimum of 2 Clubs under the Development Agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Franchise Development at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia, 30009; Phone: (770) 809-1401; Email: [franchise@workoutanytime.com](mailto:franchise@workoutanytime.com).

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

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

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

Issuance Date: May ~~23, 2023~~13, 2024

## How to Use This Franchise Disclosure Document

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

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

	Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.
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## **What You Need To Know About Franchising *Generally***

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

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

**Supplier restrictions.** You may have to buy or lease items from the franchisor or 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 D.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and development agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Georgia. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Georgia than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment. \
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
4. **Unopened Franchises.** The Franchisor has signed a significant number of Franchise Agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.
5. **Mandatory Minimum Payments.** You must make minimum payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

**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:

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS' ADVANCE NOTICE OF THE FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST

REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. 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.**

ADDRESS FOR NOTICES TO THE MICHIGAN ATTORNEY GENERAL:

DEPARTMENT OF THE ATTORNEY GENERAL  
CONSUMER PROTECTION DIVISION  
FRANCHISE SECTION  
G. MENNEN WILLIAMS BUILDING, 7th FLOOR  
525 W. OTTAWA STREET  
LANSING, MI 48909  
MAIN NUMBER: 517-373-1110  
FACSIMILE: 517-373-3042

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### ~~EXHIBITS~~EXHIBITS

- A. Franchise Agreement
- B. Non-Competition, Non-Solicitation and Confidentiality Agreement
- C. Development Agreement
- D. State Administrators and Agents for Service of Process
- E. Personal Data Disclosure and Franchisee Ownership Information Form
- F. State Specific Addendum (as applicable)
- G. Financial Statements
- H. Operations Manual
- I. List of Franchisees
- J. Former Franchises
- K. Territory Description
- L. Lease Addendum
- M. State Effective Dates
- N. Receipts



## **ITEM 1**

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

To simplify the language in this Franchise Disclosure Document, “we”, “us” or “our”, “WAFS” or “Workout Anytime” means the Franchisor, WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC. “You” means the person or entity who buys the Franchise. If you are a corporation, partnership or other entity, certain provisions of our Franchise Agreement also will apply to your owners. This disclosure document will indicate when your owners also are covered by a particular provision.

We are a Georgia limited liability company formed on April 5, 2004. Our current principal business address is 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia, 30009. Our registered agent for service of process in certain states is disclosed in in Exhibit [ED](#).

We conduct business under our corporate name and under the trade and word and image service marks “WORKOUT ANYTIME®,” (“Trademarks” or “Marks”) and associated logos, designs, symbols and trade dress. We began offering franchises in December 2005. We do not operate any company-owned Workout Anytime® health club facilities that are similar to the business that you will operate under the Franchise Agreement and do not engage in any types of business activities other than franchising and providing services to our franchisees. We have not offered, nor do we currently offer, franchises in other lines of business.

#### Parents, Predecessors and Affiliates

We have no parent or predecessor.

Our affiliate, Commercial Fitness Products, Inc. (“CFP”), was formed on February 29, 2000. CFP’s principal business address is 10360 Timberstone Road, Alpharetta, Georgia 30022. CFP is the sole approved supplier of certain items of equipment to our franchisees. CFP is not currently engaged in, nor has it ever been engaged in, the offer of franchises.

Our affiliate, Workout Anytime Franchise Systems of Canada, Inc. is a Canadian corporation formed on March 14, 2014. Its principal business address is 10360 Timberstone Road, Alpharetta, Georgia 30022 and it is engaged in the sale of Workout Anytime® franchises in Canada. As of the issuance date of this Disclosure Document, one franchise has been sold in Canada.

Our affiliate, Workout Anytime PT Systems, LLC (“PT Systems”), a Georgia limited liability company was formed on March 25, 2015. PT Systems’ principal business address is 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009. PT Systems has not engaged in any business activities in 2018, has never offered franchises in this or in any other line of business nor does it provide products or services to Workout Anytime franchisees.

#### The Franchised Business

We offer franchises to qualified individuals and entities to develop and operate health clubs under a comprehensive system we and our affiliates have developed (each a “Workout Anytime® Club” or “Club”). You will sign a Franchise Agreement to operate a single Workout Anytime® Club at a location chosen by you, subject to our approval and any territorial rights of other franchisees. Our current form of Franchise Agreement is attached as Exhibit A to this disclosure document. Generally, Clubs are located in highly visible and highly trafficked areas. You will offer twenty-four (24) hour access to your facility to the general public as an independently owned and operated entity using the Marks and under distinctive business formats, including prescribed exterior and interior design, décor, color scheme and furnishings; uniform standards, specifications and procedures for operations; quality and uniformity of products and

services offered; and advertising and promotional programs, all of which we may improve, further develop or otherwise modify from time to time (the “System”). If you enter into a Development Agreement, you must execute our then-current form of franchise agreement for each of the Workout Anytime businesses we grant you the right to open within your Development Area which may differ from the current franchise agreement included with this Franchise Disclosure Document.

You will offer and provide products and services to the general public under the terms and conditions contained in the Franchise Agreement and our confidential operations manual, made available electronically through the Bridge LMS Platform (the “Operations Manual” or “Manual”) that will be loaned to you at the time of training. You must offer for sale all services, products, and merchandise we designate, unless you obtain our approval not to offer certain services, products or merchandise. You may not offer other services or sell merchandise or products without our prior written approval.

### Market and Competition

The market for the services you will be selling is well developed and you will have to compete for a share of this market with other businesses offering the same or related goods and services, including other nationally franchised fitness facility chains and local fitness centers.

### Industry Specific Regulations

Certain states and local governments have laws relating specifically to health and fitness clubs, including laws requiring postings concerning steroids and other drug use, requiring certain medical equipment in the club, limiting the supplements that health and fitness clubs can sell, requiring bonds if a health or fitness club sells memberships valid for more than a specified period of time, requiring club owners to deposit into escrow certain amounts collected from members before the club opens (so-called “presale” memberships), and imposing other restrictions on memberships that health or fitness clubs sell. These regulations vary from state to state and could affect your operations.

Other than these laws, we are not aware of any regulations specific to the operation of a Workout Anytime® Club. 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.

## **ITEM 2 BUSINESS EXPERIENCE**

Each individual listed in this item works in our headquarters in Alpharetta, Georgia, unless otherwise specified.

### **Steven C. Strickland—Chief Executive Officer, Co-Founder and Director**

Mr. Strickland is our co-founder and has served as Chief Executive Officer since our creation in 2004. Mr. Strickland also is the founder and President of Commercial Fitness Products, which began in 1995.

### **John Quattrocchi—President, Co-Founder and Director**

Mr. Quattrocchi is our co-founder and has served as President, Director, and Consultant since our creation in 2004.

### **Randy Trotter—Executive Vice President Real Estate**

Mr. Trotter has been Executive Vice President Real Estate since December 2022. Prior to that, Mr. Trotter was our Senior Vice President of Development since July 2016.

### **Wanda Johnson—Senior Vice President/Franchise Operations and Construction**

Ms. Johnson has been Senior Vice President/Franchise Operations and Construction since March 2022. Prior to that Ms. Johnson was our Vice President of Franchise Operations & Construction since March 2020. From January 2015 to March 2020, she was our Vice President of Franchise Operations.

### **Dennis Holcom—Senior Vice President/Franchise Support**

Mr. Holcom has been Senior Vice President/Franchise Support since March 2022. Prior to that Mr. Holcom was our Vice President of Franchise Support since November 2015.

### **Greg Maurer—Vice President/Fitness & Education**

Mr. Maurer has been Vice President/Fitness & Education since March 2015. From December 2010 through the present, he has been Director of Education for reACT Fitness, a provider of commercial fitness equipment for the health, sports and rehabilitation markets in Alpharetta, Georgia.

### **Michael Anderson – Chief Financial Officer**

Mr. Anderson has been our Chief Financial Officer since May 2019. He was an independent consultant for a number of companies in the Atlanta, Georgia area from November 2017 to May 2019. From March 2014 to November 2017, Mr. Anderson was Chief Financial Officer for Wheel Repair International, Inc. in Atlanta, Georgia.

### **Terri Harof - Director of Franchise Development**

Ms. Harof has been Director of Franchise Development since July 2019. From July 2015 to July 2019, she was the Director of Franchise Development for Best American Hospitality in Atlanta, Georgia.

### **[Lynsay Flynt – Director of Marketing](#)**

[Ms. Flynt has been our Director of Marketing since December 2023. Prior to that she was our Marketing Manager from September 2022 to December 2023. From March 2018 to September 2022 she was Director of Marketing for SH Capital Investment Group in Winder, Georgia.](#)

## **ITEM 3 LITIGATION**

### **Concluded Litigation:**

KBB Fitness, Inc. v. Workout Anytime Franchising Systems. LLC v. Brian Taffin, Michael Hamlin and Transition Training, Inc., Superior Court of Fulton County, Georgia, Civil Action File No. 2017CV285912, Filed February 10, 2017. The Plaintiff, a franchisee, filed a complaint seeking a temporary and permanent injunction to prevent Franchisor from interfering with its lawful operation of the franchise following franchisor's threatened termination for cause and seeking damages for breach of the franchise agreement based on franchisor's inclusion of personal training revenues in the calculation of Gross Revenue for royalty purposes. Franchisor answered, denying liability and asserting numerous

counterclaims, including breach of the franchise agreement for failing to pay royalties, violation of the Lanham Act, unfair competition, common law trademark infringement, violation of the Georgia Deceptive Trade Practices Act and unfair competition. Franchisor consented to Franchisee's transfer of the franchise and a mutual dismissal of the case with prejudice was filed with the Court on February 28, 2018.

#### Enforcement of System Standards 2023

Workout Anytime Franchise Systems, LLC v. John Greff, et. al.; filed with the US District Court for the Northern District of Georgia on July 18, 2023; Case No. 1:2023cv03184; dismissed August 10, 2023.

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

### **ITEM 4 BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

### **ITEM 5 INITIAL FEES**

#### **Franchise Agreement**

You must pay to us a lump sum initial franchise fee of \$35,000 ("Initial Franchise Fee") to establish a single Club. The Initial Franchise Fee is due upon the signing of the Franchise Agreement. The Initial Franchise Fee is fully earned by us upon payment and is not refundable, in whole or in part, under any circumstance. Except as disclosed in this Item, we uniformly impose the Initial Franchise Fee on all parties that are purchasing a single Club.

#### **Development Agreement**

You are required to develop a minimum of 2 clubs under the Development Agreement. In connection with your commitment to develop typically 2 or 3 clubs under a Development Agreement, you agree to pay a development fee equal to \$35,000 (for the first Franchised Club), plus \$5,000 times the number of Clubs we grant you the right to open after the first Club (the "Development Fee"). The Development Fee is payable as follows: (a) \$35,000 upon signing of the Development Agreement for the first Club; plus (b) \$5,000 for each additional club to be developed; plus (c) \$10,000 upon signing of each franchise agreement for each Club after the first Club. You will not be required to pay an Initial Franchise Fee outside of the Development Fee for the Clubs we grant you the right to operate under the Development Agreement. The Development Fee is fully earned by us when paid and is not refundable.

After your receipt of an approved letter of intent for the site, we will prepare and forward to you a franchise agreement, which will be the standard form in general use at the time that you receive the approved letter of intent for the site of the applicable Club. Within 15 days after you receive the franchise agreement, you must sign the agreement and return it to us along with the balance of Development Fee attributable to that Club.

#### **Initial Equipment Purchases from CFP**

In connection with each Club, you must purchase from our affiliate, CFP, the following equipment: flooring, lockers, ~~Massage~~massage units, tanning equipment, sauna, red light therapy and other

~~miscellaneous~~fitness equipment ~~purchases~~. We estimate this non-refundable amount to range between \$~~150,000~~106,000 to \$~~475,000~~295,000.

### **Initial Fees Paid During the Last Fiscal Year**

During the fiscal year before the issuance date of this disclosure document, ~~the~~we did not discount Initial Franchise Fees ~~paid by franchisees for a single Club ranged from \$0 to \$35,000~~. We may in our discretion agree to reduce or waive the Initial Franchise Fee based upon factors we determine justify a reduced fee under the circumstances, including the location of your Club, your ownership and operation of multiple Clubs and your experience and creditworthiness.

## **ITEM 6 OTHER FEES**

<b>Name of Fee (see Note 1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Monthly Royalty Fee (See Note 2)	6% of your Gross Revenues throughout the Term	On or before the tenth (10th) day of each month, commencing when you begin membership pre-sales	
Brand Development Fee (See Note 3)	<del>Up to</del> 2% of the monthly Gross Revenues collected by both you and third-party vendor(s) for your benefit; <del>currently 1%</del>	On or before the tenth (10th) day of each month, commencing when you begin membership pre-sales	
Training Cancellation Fee (See Note 4)	\$200 per attendee	Upon <del>Demand</del> <u>demand</u>	
Local Advertising (See Note 5 and Note 7)	Minimum of \$2,000 per month (subject to increase by up to 200% if you don't meet the Minimum Monthly Gross Revenue Requirement).	As incurred, with periodic reports to us upon request	We can require you to pay this amount directly to us and we will then spend it in your territory. <u>You will be required to use an approved supplier for local advertising.</u>
Cooperative Advertising	The contribution to the Advertising Cooperative will be determined by majority vote of the Cooperative, but the minimum amount will be equal to the Franchisee's local advertising requirement	<u>Upon demand</u>	Each franchisee owning one (1) health club in the Cooperative will have one (1) vote and the franchisor will also have one (1) vote. There are currently no corporate-owned stores in the system so the maximum amount due is determined solely by vote of the franchisees in the Coop area.

<u>Name of Fee</u> <u>(see Note 1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
<u>Preventative Equipment Maintenance (PEM)</u>	<u>\$400 - \$1,200 per quarter</u>	<u>As incurred</u>	<u>Quarterly PEM is recommended by the equipment provider. PEM must be Matrix certified in order to perform the PEM. Pricing may vary depending on proximity of the geographic location of the gym. Repairs costs typically are billed separately if applicable.</u>
Computer Corruption Fee	Will vary under the circumstances but may range from \$500 to \$5,000. Charges will include reimbursement of charges from outside vendors and verifiable internal expenses in relation to the issue.	Upon demand.	Payable in the event that a virus that is on your computer is found to have infiltrated the corporate computer support services and caused a black out or deterioration of services and you do not have an acceptable virus protection software subscription that is properly installed on all connecting devices. We have not previously imposed this fee.
Renewal Fee	50% of the then-current Initial Franchise Fee	Before renewal	Payable when, and if, you renew your Franchise Agreement. There are other conditions to renew.
Assignment/Transfer Fee	50% of the then-current Initial Franchise Fee	Upon execution of the Franchise Agreement	You or your buyer must pay this fee to us when your franchise is sold. There is no fee if the transfer is to an entity owned solely by you
Non-Approved Vendor Evaluation Fee	\$1,500	Upon our invoice prior to evaluation of vendor	This fee compensates our costs in evaluating a proposed non-approved vendor
Relocation Fee	<del>\$5,000</del> <u>50% of the then current Initial Franchise Fee</u>	Upon our invoice prior to relocation	You must pay this fee if you relocate your franchise <u>after we</u>

<u>Name of Fee</u> (see Note 1)	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
			<a href="#">approve the relocation</a>
Lease Review Fee	\$1,500	Upon Our Invoice	Payable if you do not use our approved vendor
Late Fee	\$100	<del>On</del> <a href="#">Upon</a> demand	Applies to each monthly Royalty Fee that is more than ten (10) days late
Alignment Deficiency Fee	Up to \$1,500. If deficiency is due to cleanliness condition of the Club, we have the right to also charge the cost of required remedial cleaning and our service fee.	<del>On</del> <a href="#">Upon</a> demand.	We can assess this fee if you fail to cure defaults
Management Fee	\$1,000 per day	<del>On</del> <a href="#">Upon</a> demand	Payable if we step-in to manage your club due to your default
Interest	The lesser of 18% per annum and the highest rate allowable by law on any unpaid balance	<del>On</del> <a href="#">Upon</a> demand	Payable on all overdue amounts

<b>Name of Fee- (see Note 1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Annual Convention Fee	<del>Currently \$595</del> <u>\$795</u> per attendee	Upon <del>our invoice prior to your registration for the</del> Annual Convention or, if you fail to attend, <del>one</del> <u>1</u> week following <del>the</del> Annual <del>Conference if not paid prior</del> <u>Convention</u>	Payable regardless of whether you attend the Convention. This fee may be changed at any time in our sole and absolute discretion.
Indemnification	Will vary based on circumstances	Upon <del>Demand</del> <u>demand</u>	You must indemnify us, our affiliates and our respective members, owners, shareholders, directors, officers, managers, employees and agents, from and against all claims arising out of your failure to pay taxes, your operation of the Club, or your actions, failure to act, negligence or willful conduct.
Additional Required Training (See Note 7)	Currently \$500 per day per trainer plus travel and room and board	Upon our invoice	If you fail to meet the Minimum Pre-Sale Membership and/or Minimum Monthly Gross Revenue Requirements, we may require you to attend additional training at your expense.
Audit Fee (See Note 6)	Cost of audit plus interest and late fees on the unreported or underreported Gross Revenues per annum, if Gross Revenues are underreported by greater than 2%	Upon receipt of bill	
Software Bundle Fee-Data Trak Membership & Operations, MyiCLUB Online, GymSales, ABC+app, door access, antivirus	\$325 per month	As billed by vendor	Paid to ABC Fitness Solutions, LLC ("ABCFS"), our current payment processing vendor



<b>Name of Fee- (see Note 1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Door Control Fee	\$599 one-time payment	As billed by vendor	Paid to ABCFS, our current payment processing vendor
Inspection Fee (See Note 8)	<del>\$135</del> <u>\$150</u> per quarter	<del>On</del> <u>Upon</u> demand	
Technology Package	Currently \$595 per month	On or before the tenth (10th) day of each month commencing when you begin membership pre-sales	To pay us for the development and manage of technology platforms such as the Workout Anytime website, your specific web page which links from the Workout Anytime website, as well as your Club's email platform (including up to 5 discrete email addresses), internal intranet, and other technology we determine important in the operation of your Club.
Music Licensing Fees	Approximately \$350 - \$550	As billed by vendor	You will be responsible for all licensing fees due for music or other licensed media at the Club.

**Notes:**

1. All fees are uniformly imposed and are payable to us, unless we tell you otherwise. All fees imposed are non-refundable. Under circumstances we deem appropriate, in our sole discretion, we may amend any fee. The Transfer Fee compensates us for our legal and administrative fees and the anticipated expenses of training the transferee.
2. The Monthly Royalty Fee, Brand Development Fee and Technology Package will begin when you commence the pre-sale of memberships. You must open your franchise no later than twelve (12) months from the date of execution of your Franchise Agreement unless otherwise agreed upon, in writing, between you and Workout Anytime. Monthly Royalty Fees, Technology Fees, and Brand Development Fee will be paid to Workout Anytime on the tenth (10<sup>th</sup>) day of the month by that vendor (presently being ABCFS) through which your membership and other fees must be collected.

“Gross Revenues” includes all revenue you generate from all business conducted at or in connection with your Club, including but not limited to membership fees, “~~Rate Guaranty~~ Annual Fee” or comparable fees; personal training fees, tanning bed fees, massages, vending machines, and the sale and delivery of any other services, products, merchandise, and tangible property of

any nature whatsoever, whether in cash or for credit, from sources paying at the club, outside the club or online and whether collected or uncollected. "Gross Revenues" does not include the amount of any applicable sales tax imposed by federal, state, municipal, or other governmental authority if such taxes are stated separately when the customer is charged, and you pay such amounts as and when due to the appropriate taxing authority. Also excluded from Gross Revenues is the amount of any documented refunds, charge backs, credits, and allowances given to customers in good faith and only in accordance with our operating procedures. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier, or customer will be valued at the full retail value of the memberships bartered in exchange for the goods or services provided to you. Gross Revenues also includes the proceeds of any business interruption insurance paid to you. Gross Revenue also includes any payments you receive from vendors.

3. The Monthly Brand Development Fee will begin the month you commence the pre-sale of memberships. Monthly Brand Development Fee shall be paid directly to us by the tenth (10<sup>th</sup>) day of the month by that company you are required to contract with to collect membership and processing fees. Brand Development Fee will be used for network advertising, advertising in your market area, and for general marketing and public relations. The monthly Brand Development Fee will be spent on marketing methods or programs designated to communicate the service of the franchisees to the public in our sole discretion, as well as creative and production costs, website design and maintenance, member and industry surveys, trade shows and conventions, and reimbursement to us for reasonable accounting, administrative and legal expenses associated with all purposes we deem appropriate to enhance and promote the general recognition of our System, brand, and Marks.
4. We do not charge you any additional fee for the initial training program. You are required to attend the entire mandatory training academy at a time we designate and pass to our satisfaction any test associated with training. Training will be held at our headquarters in Alpharetta, Georgia, or a location we may later designate. You and your personnel's expenses incidental to attendance at the training class (including travel, lodging, meals, transportation, and other incidental costs) shall be borne solely by you.

Any Franchisee who cancels either the classroom training scheduled in Alpharetta, Georgia, or the onsite training and health club opening scheduled at the Franchisee's Location will be subject to a Two Hundred Dollar (\$200.00) cancellation fee for each scheduled attendee to reimburse us for expenses incurred in changing travel plans and to compensate our representative whose travel was cancelled. You will also be responsible for the costs incurred by us to rebook travel and hotel accommodations for the subsequently scheduled on-site training and health club opening activities.

5. Commencing when you begin the pre-sale of memberships and continuing for the Term, you will spend at least \$2,000 each calendar month on advertising, marketing and otherwise promoting the Club ("Local Advertising Expenditure"). We periodically may offer recommendations as to the type, manner and time frame to maximize the benefit of your advertising. [You will be required to use an approved supplier for local advertising.](#) We have the right to require you to pay the Local Advertising Expenditure directly to us and, if so required, we will make such expenditures as we deem appropriate to promote the Club. You must submit proof of your expenditures for Local Advertising to Workout Anytime upon request.
6. You must reimburse us for the cost of the audit, including travel, lodging, meals and wages of our representatives and reasonable professionals' charges, only if the audit reveals underreporting of

Gross Revenues by greater than 2%. However, if underreporting of Gross Revenues is less than 2%, you still must pay to us all Monthly Royalty Fees and Brand Development Fee associated with such underreported Gross Revenues, plus interest and late fees.

7. The Minimum Pre-Sale Requirement and Minimum Monthly Gross Revenue Requirements are as follows:

(a) **Minimum Pre-Sale Membership Requirement:** You must conduct pre-opening sales for your Club in accordance with our standards and Manual. If you have not sold at least 500 memberships by the date your Club opens for business, we have the right to send up to 2 representatives to the Club for up to 10 days to provide sales and other training to you and your staff. You must pay our then-current training fee (currently ~~\$500~~500.00 per day), plus travel, living and other expenses of our representatives.

(b) **Minimum Monthly Gross Revenue Requirement:** Beginning in the 12th month after the Club opens for business, you must generate a minimum monthly Gross Revenue of \$35,000 ("Minimum Monthly Gross Revenue Requirement"). If you fail to attain the Minimum Monthly Gross Revenue Requirement for 2 consecutive months, we have the right to impose any one or all of the following requirements until your monthly Gross Revenues equal or exceed the Minimum Monthly Gross Revenue Requirement: (i) we may increase your required local advertising requirement by up to 200%; and/or (ii) we may require that your Manager and/or you attend additional training at our headquarters or at another location that we designate and you will be required to pay our then-current training fee.

8. We, or an assigned site inspector, have the right to appear unannounced at our sole discretion, to inspect the general operation and maintenance of your health club facility. Such inspection will include, but may not be limited to, the following: cleanliness, condition of equipment, record-keeping, appearance and professionalism of personnel.

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

**YOUR ESTIMATED INITIAL INVESTMENT**

A. Table A Unit Franchise

Type of Expenditure(1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to Be Made
<b>Initial Franchise Fee</b> (See Note 2)	\$35,000	\$35,000	Immediately available Funds	Upon signing Franchise Agreement	Us
<b>Travel and Living Expenses While Training</b> (See Note 3)	\$1,200	\$2,400	As Arranged	Before Opening, as Incurred	Independent Vendors
<b>Rent and Security Deposit</b> (See Note 4)	\$7,500	<del>\$30,000</del> 20,000	As Arranged	Before Opening, as Incurred	Landlord
<b>Real Estate Improvements/ Build-out</b> (See Note 5)	\$360,000	<del>\$900,000</del> 775,000	As Arranged	Before Opening, as Incurred	Contractors/Landlord
<b>Key Tags</b>	\$150	\$150	As Arranged	Before Opening	Approved Vendors
<b>Architect Fees</b> (See Note 6)	\$7,500	\$15,000	As Arranged	When Arranged	Approved Vendors
<b>Furniture / Office Equipment and Supplies</b> (See Note 7)	\$9,000	\$18,000	As Arranged	When Arranged	Independent Vendors
<b>Initial Equipment Package</b> (See Note 8)	<del>\$267,600</del> 106,000	<del>\$901,500</del> 295,000	As Arranged	When Arranged	Approved Vendor and CFP
<b>Low Voltage AV and Door Access</b> (See Note 9)	\$30,000	\$48,000	As Arranged	When Arranged	Approved Vendors
<b>Signage</b> (Exterior Club and Interior Graphics)	\$20,000	\$40,000	As Arranged	When Arranged	Approved Vendors
<b>Advertising + Start Strong</b> (See Note 10)	\$12,000	\$24,000	As Arranged	As Incurred 1 month before opening and	Approved Vendors

Type of Expenditure(1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to Be Made
				first 3 months of operation	
<b>Deposits and Permits</b> (See Note 11)	\$2,000	\$4,000	Cash	As Incurred	Independent Vendors
<b>Insurance</b> (See Note 12)	<del>\$3,000</del> <u>6,000</u>	<del>\$5,000</del> <u>9,000</u>	As Arranged	When Arranged	Independent Carrier (Preferred)
<b>Additional Funds</b> (See Note 13)	\$30,000	\$50,000	Cash	As Incurred	Various Payees
<b>Total</b> (See Note 14)	<del>\$784,950</del> <u>626,350</u>	<del>\$2,073,050</del> <u>1,335,550</u>			

**Notes:**

1. All fees imposed by us are non-refundable.
2. The Initial Franchise Fee for a single club is Thirty-Five Thousand Dollars (\$35,000). You must pay this amount upon the signing of the Franchise Agreement. If you sign a Development Agreement to develop more than 1 health club, the Initial Fee will increase depending on the number of health clubs you agree to develop.
3. You should allow at least One Thousand Two Hundred Dollars (\$1,200) per person for travel, lodging, food and other miscellaneous expenses incurred during training. Your actual cost will vary, depending on the distance to be traveled, your method of travel, and your personal circumstances.
4. You must lease or purchase the business premises for the franchise location. Landlords may grant initial rent-free periods however, we cannot guarantee any landlord concessions. If renting, your security deposit and rent will vary depending on factors such as size, condition, and location of the leased premises. The high-end cost estimates in the chart above reflect the first and last months' rent plus one (1) month security deposit. We require the size of the building space for your franchise to be approximately ~~6,000~~5,000 square feet to ~~15,000~~10,000 square feet subject to our final approval.
5. The cost of the build-out of the premises will depend on construction costs including permits, materials and labor costs and also includes the site review report and site analysis. If, and to the extent that, your landlord provides allowances for improvements, the cost to you of improvements and build-outs may be reduced. Final construction costs will be submitted to us. Contractors must be approved by us in writing and meet all state licensing requirements and have all required insurance coverage naming your legal entity and us as additional insured.
6. You must retain the services of our approved architect and the approved architect must perform a survey of lease space as part of the architect process.

7. You will need to purchase desks, office equipment and furnishings. Our approved payment processing company, ABCFS, will supply 2 computers, 2 monitors, 2 verifones, 2 receipt printers, 1 camera and 1 cash drawer with accessories and signature pad at no charge. You may wish to add additional computers. The amounts listed include the purchase of 2 additional computers for the Club at a cost of approximately ~~\$500~~719 each plus shipping and handling. A smaller Club may purchase less equipment than franchisees with larger Clubs. The number and type of equipment you purchase will vary depending on the ultimate size of your facility after consultation with us.
8. This is a package of flooring, lockers, massage units, tanning and other miscellaneous optional equipment and any other required equipment as determined by us. This package must be purchased from our affiliate, CFP, as disclosed in Item 5. This also includes Matrix equipment, which you can purchase from our approved vendor (collectively, these equipment purchases are referred to as the “Initial Equipment Package”). Unless otherwise agreed upon by us in writing, you must purchase specific equipment from designated manufacturers and vendors such as CFP. Supplies include any supplies or materials you deem necessary to operate efficiently, such as forms, paper, writing instruments, posters, weight scales, and defibrillators. The number and type of equipment you purchase will vary depending on the ultimate size of your facility after consultation with us
9. You will need to equip your facility with AV low voltage and door access from which you can observe your Club, record events occurring in your facility from a remote site and maintain said footage for no less than 90 days via a cloud-based storage service. In addition, the facility must be armed with a door access system permitting the entry of all Workout Anytime members who are then in good standing. This amount also includes the costs of audio/visual equipment, televisions, sound system and installation, and panic emergency buttons. This equipment must be purchased from a designated approved vendor. Certain states require that health clubs have AED (automated external defibrillator) equipment.
10. You will need to spend at least Two Thousand Dollars (\$2,000) per month to advertise locally during the term, including during the initial pre-sale, start-up and grand opening phase to help establish name recognition in your area. This estimate represents the expenditure for 6 months. You must use one of our approved marketing agency suppliers for advertising.
11. Includes utility deposits, incorporation fees, business licensing, or any requirements by your locality as to necessary permits and/or licenses.
12. You will need to purchase and maintain in effect at all times during the term of the Franchise Agreement the insurance specifications listed in Item 8.
13. Additional funds will be needed during the start-up phase of your franchise. We recommend that the working capital amounts to cover these expenses take into account your pre-sale period and a minimum of three (3) month’s from the date you open for business, a total of approximately 6 months. The amounts listed are estimates of this 6-month period. We have relied on our 18 plus years of experience franchising fitness facilities to compile the estimate for Additional Funds.
14. We do not offer financing for any part of your initial investment.

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B. Table B Development Agreement

Development Agreement for 3 Clubs <sup>2</sup>					
Type of Expenditure	Low Amount	High Amount	Method of payment	When due	To whom payment is to be made
Development Fee <sup>1</sup>	\$35,000	\$35,000	Lump Sum	At signing of Development Agreement	Us
First Installment of Additional Fee for Two Additional Stores	\$10,000 (\$5,000 per Additional 2 Clubs)	\$10,000 (\$5,000 per Additional 2 Clubs)	Lump Sum	At signing of Development Agreement	Us
Remaining Balance Due for Two Additional Stores	\$20,000 (\$10,000 per Additional 2 Clubs)	\$20,000 (\$10,000 per Additional 2 Clubs)	Lump Sum	\$10,000 due at the signing of the Franchise Agreement	Us
Equipment Purchased from CFP	\$450,000	\$1,425,000	Lump Sum	As Arranged after the signing of each Franchise Agreement	Approved Vendors and CFP
Other Amounts (See <a href="#">Chart Table A</a> )	\$ <del>1,799,850</del> 1,774,050	\$ <del>4,689,150</del> 3,901,650	Lump Sum	As Arranged after the signing of each Franchise Agreement	Approved Vendors
<b>Total<sup>1</sup></b>	<b>\$<del>2,314,850</del>1,839,050</b>	<b>\$<del>6,179,150</del>3,966,650</b>			

<sup>1</sup> The entire Total on this table is not due in one bulk sum at signing of the Development Agreement. This is an estimate of the entire cost for developing three Clubs, which will be subject to a Development Schedule.

<sup>2</sup> ~~you~~ You are required to develop a minimum of 2 clubs under the Development Agreement.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

### System Standards and Specifications

You must operate your Club according to our standards and specifications as we may establish from time to time in our Manual or otherwise by written communication from us, whether over the Bridge LMS Platform, the FranConnect HUB of library resources, [Outlook\\_email\\_on\\_the\\_workoutanytime.com domain](mailto:Outlook_email_on_the_workoutanytime.com_domain), or any other written and electronic correspondence from us regarding the System, other publications, materials, drawings, memoranda, videotapes, CDs, DVDs, audio tapes, and electronic media that we from time to time may provide to you. To the extent that we establish standards and specifications, require approval of suppliers/vendors, or designate approved suppliers/vendors for particular products and services, we will publish our requirements in the Manual, which may be provided to you in electronic or hardcopy format. We may, at any time, in our discretion, change, delete, or add to any of our specifications or standards. Such modifications will generally be uniform for all franchisees. We will notify you of any changes to our Manual in writing, which we may transmit to you electronically.



### **Purchases from Us or Our Affiliates**

During our most recently completed fiscal year ended December 31, ~~2022~~2023, we received ~~\$640,754~~727,331 in gross revenue from franchisee required purchases. That amount represented ~~8.99.1~~% of our total revenue of ~~\$7,215,759~~7,961,098.

You must purchase the flooring, lockers, massage units, tanning equipment, and other miscellaneous and required equipment for your Club from CFP, which is currently the sole approved vendor for those items. Our CEO, Steven C. Strickland, is the sole owner of CFP. During our most recently completed fiscal year ended December 31, ~~2022~~2023, CFP received ~~\$3,090,924~~2,538,852 in gross revenue from franchisee required purchases.

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

You must purchase certain other goods and services from suppliers that we require or approve from time to time. We currently require you to purchase the majority of your fitness equipment from ~~a designated~~an approved supplier and retain services for local advertising from an approved supplier.

Other than Mr. Strickland's interest in CFP disclosed above, none of our officers have any interests in any suppliers.

We may change approved and required suppliers from time to time, and we or our affiliates may be approved or designated suppliers for certain items. We will provide you with a current list of approved suppliers, including required and recommended suppliers, through updates to the Manual or other forms of communication.

As your Club is designed and constructed, you must hire architects, contractors, designers and/or engineers that we approve or designate in writing to prepare the plans and complete the build-out of your Club. We reserve the right to withdraw our approval of any architects, contractors, designers and/or engineers if the service provider's continuation of a relationship with you is deemed harmful to the Workout Anytime franchise system, us or the Marks, as determined in our reasonable discretion.

You must purchase a telephone, fax machine, computer hardware and software, televisions, printers and stereo from independent vendors for the operation of your franchise. We may require you to purchase additional computer hardware and/or software as we from time to time deem necessary for the operation of your franchise within our system. We require you to conduct all Workout Anytime® business on the WAFS email platform and will provide the required number of email addresses for this purpose.

ABCFS is currently our only approved vendor for the setup ~~and~~of member service agreements and the execution of ~~credit card~~billing, general fee collection and processing. ~~-ABCFS supplies 2 computers, 2 monitors, 2 verifones, 2 receipt printers, 1 camera and 1 cash drawer and a signing pad to our franchisees at no cost. Additional computers may be added at your discretion. ABCFS also licenses virus protection software to Franchisees.~~

Matrix Fitness/Johnson Health Tech is the only approved partner for the purchase of Matrix equipment.

We currently have additional revenue programs each franchise is suggested to implement. These programs include, but are not limited to, personal training and other vending products. As of December 31, ~~2022~~2023, approximately 86% of Clubs offer personal training services to its members. There are



varying options for development and training available for each revenue program. You must use a preferred vendor unless given written approval to the contrary. You must submit a Variance Request and follow the same approval process outlined above for approved suppliers when requesting approval of any vendor you wish to use for personal training, and any other vending products or Club related services, which have not already been approved by us. We must approve in writing any proposed personal training program, or other individual or group training program that you propose to offer at your Club.

We may approve other suppliers and/or vendors of supplies, equipment, fixtures or services that are not then designated by us as an approved supplier or vendor. Our criteria for approving a new supplier/vendor and processes is not available to franchisees. You must notify us in writing of the product, material, supplies or services and of the proposed supplier/vendor (a "Variance Request"). You must submit samples of the product and any other information as we may require for testing or to otherwise determine whether the product, material, supplies or services, or the proposed supplier/vendor meets our specifications and quality standards. We may charge you a reasonable fee not to exceed all costs we incur associated with such testing (regardless of whether we approve your Variance Request). We will send you written notice of supplier/vendor or product approval or disapproval within ~~90~~30 days of our receipt of all the information and samples we request. If you do not receive a written response from us within ~~90~~30 days your Variance Request is deemed rejected. If we approve the supplier/vendor, you may contract with the alternative supplier/vendor. Approval of alternative suppliers/vendors may be revoked if we determine that the product, material, supplies or services fail to ~~satisfy~~meet our ~~specification requirements identified periodically in the Manual, or in notices from us~~then current criteria.

### **Estimated Proportion of Required Purchases and Leases**

We estimate that the cost of goods and services purchased from us or our affiliates, from approved suppliers and vendors, or otherwise required by our specifications and standards, represents approximately 51.3% - 57.4% of your total purchases to establish your Club and approximately 0.1% of your total purchases to operate your Club.

### **Rebates and Commissions**

We (or our affiliates) may negotiate with suppliers and manufacturers to receive rebates, commissions or other consideration based on certain items you must purchase. The rebate and commission programs vary depending on the supplier and the nature of the product or service. We and our affiliate may currently earn compensation or rebates on account of franchisees' required purchases from certain approved suppliers. Not every supplier pays rebates.

We and our affiliates have the right to receive payments or other benefits like rebates, discounts, and allowance from authorized suppliers based upon their dealings with you and other franchisees, and we may use the monies we receive without restriction for any purpose we deem appropriate or necessary. Suppliers may pay us based upon the quantities of products our franchisees purchase from them. But we may receive fees from a supplier as a condition of our approval of that supplier.

[During the fiscal year ended December 31, 2024 we or our affiliates received \\$573,381.98 in rebates from ABCFS and \\$153,848.13 in rebates from Johnson HealthTech North America, Inc. for required franchisee purchases or leases.](#)

### **Miscellaneous**

Currently there are no purchasing or distribution cooperatives. We and our affiliate may negotiate supply and/or discount arrangements with suppliers for the benefit of our franchisees, but we are not required to do so. We do not provide any material benefit to you (example: granting additional franchises) based

upon your use of required, approved or recommended sources of supply, but you must use only suppliers and vendors we approve.

## **Insurance**

You must obtain and maintain, at your own expense, insurance coverage that we require from time to time. Our System standards and/or other agreements may regulate the following: the types, amounts, terms and conditions of insurance coverage required for your Franchise and standards for underwriters of policies providing required insurance coverage; our protection and rights under the policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims. Currently, you must name us as an additional insured and maintain, in the amounts we prescribe, general liability coverage; bodily injury and property damage to include sexual abuse and molestation, and employment related practices; and the statutory worker's compensation and disability required by law in your state. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must be issued by a company with an A.M. Best rating of at least A VII and must name us as an additional insured party. Your obligations relating to insurance coverage are defined in the Franchise Agreement and currently include, but may not be limited to:

- General Liability - \$1,000,000 per occurrence/\$2,000,000 aggregate;
- Sexual Abuse and Molestation - \$1,000,000 per occurrence/\$1,000,000 aggregate;
- Employee Related Practices Insurance (EPLI) - \$500,000 per occurrence/\$500,000 aggregate with third party liability included;
- Workers' Compensation – based on state requirements;
- Surety Bonds – based on state requirements; and
- Any additional insurance required by the terms of any lease or mortgage for the Club.

You must provide a current Certificate of Insurance and Declarations Page to us on an annual basis. These policies must cover all employees and subcontractors.

Changes in the market, business conditions or other factors may occur during the term of your Franchise Agreement. As a result of those changes, we may make changes to the System which may include modifications to the services you must offer, required insurance policies and coverage, suppliers, equipment, specifications, and other aspects of the System. You must comply with all changes that we make.

## **ITEM 9 FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Section 8	Not Applicable	Items 7 and 11
b. Pre-opening purchase/leases	Sections 7, 8, 11 and 12	Not Applicable	Items 7 and 11
c. Site development and other pre-opening requirements	Section 8	Not Applicable	Items 7 and 11
d. Initial and on-going Training	Section 7	Not Applicable	Items 11
e. Opening	Sections 7 and 8	Not Applicable	Items 6
f. Fees	Section 3, 4 and 6	Section 3	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 9 and 10	Not Applicable	Item 11
h. Trademarks and proprietary information	Sections 1 and 14	Not Applicable	Items 13 and 14
i. Restriction on products/services offered	Sections 9, 10 and 11	Not Applicable	Items 8 and 16
j. Warranty and customer service requirements	Sections 7 and 11	Not Applicable	None
k. Territorial Development and sales quotas	Section 8	Section 2	Items 11 and 12
l. Ongoing product/service purchases	Section 11	Not Applicable	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Sections 9 and 11	Not Applicable	Item 11
n. Insurance	Section 13	Not Applicable	Items 7 and 8

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Item in Disclosure Document
o. Advertising	Section 5	Not Applicable	Items 6 and 11
p. Indemnification	Section 13	Not Applicable	Items 6, 13 and 14
q. Owner's participation/management/staffing	Sections 7, 11	Not Applicable	Items 11 and 15
r. Records and reports	Sections 4 and 6	Not Applicable	Item 6
s. Inspections and audits	Sections 6 and 11	Not Applicable	Items 6 and 11
t. Transfer	Section 18	Section 7	Item 17
u. Renewal	Section 2	Not Applicable	Item 17
v. Post-termination obligations	Section 17	Section 6	Item 17
w. Non-competition covenants	Section 16	Not Applicable	Item 17
x. Dispute resolution	Section 19	Section 10	Item 17

## ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guaranty your note, lease or obligations.

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

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

Obligations Prior to Opening: Before you open your Club, we will provide you with the following assistance:

1. Protected Territory: We will grant you a Protected Territory within which we will not operate, or license others to operate, another Workout Anytime Club. (Franchise Agreement Sections 1.2).

2. Site Selection: We may, but are not required to, provide you with the following site selection assistance: (a) our site selection guidelines and, as you may request, a reasonable amount of consultation with respect thereto; and (b) that on-site evaluation as we may deem advisable (subject to the availability of our personnel) as part of our evaluation of your request for site acceptance, provided that, if we provide this assistance at your request, you must reimburse us for all travel, living and other expenses incurred by our representatives in connection with our on-site evaluation. We have no obligation to conduct any on-site evaluations of locations you propose (Franchise Agreement Section 8).

3. Purchasing of Fitness Equipment and Furnishings: We will furnish you with specification and guidelines for, and assist you with the ordering of, your fitness and other required equipment for your facility through our ~~designated~~approved suppliers, including CFP (Franchise Agreement Section 7.2). We will refer you to the approved suppliers in the process, providing you written specifications.

4. Confidential Operations Manual: After you sign your Franchise Agreement, and pay your Initial Franchise Fee, we will loan you or provide you with access to our electronic version of our Operations Manual (a total of ~~2850~~approximately 2,850 pages plus videos) through the Bridge LMS Platform. The Manual describes our methods of operation and includes other operational information. The Manual remains our property, and you must give all parts, reproductions, etc. back to us when and if you no longer own and/or operate your Franchise. The Table of Contents of the Manual is attached as Exhibit ~~H~~I to this Disclosure Document. (Franchise Agreement Sections 7.2, 10).

5. Training. We will furnish you and your manager with the Workout Anytime Initial Training program provided over the Bridge LMS Platform, the FranConnect HUB Library of Resources and in person as described in this Item 11, below (Franchise Agreement Section 7.2).

6. We will assist with formulating marketing plans, advertising and promotional programs and materials (Franchise Agreement Section 7.2).

Obligations During Operations: During your operation of your Franchise, we will provide you with the following assistance:

1. We will assist you in formulating marketing plans, advertising and promotional programs and materials. (Franchise Agreement Section 7.2).

2. We will periodically conduct visits by our representatives and designees to the Club at any time. These visits will be made at our expense, as we determine necessary or appropriate and we intend to provide you a written report following each visit. We intend to conduct the first visit within 6 months after the Club opens. Our representatives have the right to discuss with you or your designees all matters that may pertain to compliance with this Agreement and with our standards, specifications, requirements, instructions and procedures (Franchise Agreement Section 7.2).

3. We periodically may offer recommendations as to the type, manner and time frame to maximize the benefit of your advertising. We periodically may make available to you advertising and promotional materials for the Club which are used by us, our affiliates and other franchisees of the System. If so, we may provide you a sample of each type of advertising and promotional material at no charge via a web download, or other means of transmission we deem appropriate. If you want additional copies you must pay duplication or printing costs (Franchise Agreement Section 5.1).

4. We will furnish you with specifications or guidelines for initial and replacement equipment, inventory and supplies required for the operation of your facility. (Franchise Agreement Section 7.2).

5. We will provide assistance and guidance with respect to equipment orders which will be placed through our affiliate. We will help you determine the proper amount of time between equipment orders, equipment delivery and their set-up to ensure the proper opening of the Club. (Franchise Agreement Section 7.2).

6. We will make commercially reasonable efforts to negotiate favorable prices and terms with major suppliers and allow you to utilize such centralized purchasing system (Franchise Agreement Section 7.2).

7. We will provide assistance with respect to on-going operations or training, and we will be available as requested by you as we deem appropriate in light of your needs and the availability of your and our personnel. (Franchise Agreement Section 7.2).

8. We will provide consultation and will respond to inquiries regarding your operations through communications platforms such as telephone, email or other methods of communication as we periodically determine (Franchise Agreement Section 7.2).

9. We will develop new products and service methods for the operation of the System as we deem appropriate. We will advise you of any new product or service methods and you must adopt the new product or service methods within a reasonable period as specified by us (Franchise Agreement Section 7.2).

10. We will assist in general market research and providing guidance in determining the prices charged by you for services or products at your Club (Franchise Agreement Section 7.2).

11. We will maintain a website which we control that provides information about the System and the products and services offered by franchisees. We also have the sole right to create interior pages on our website(s) that contain information about your business and other franchised and company owned locations. You will have access to post on the interior web pages for your Club provided you adhere to our guidelines. (Franchise Agreement Section 7.2).

## Advertising

### Local Advertising Requirement

During each month of the term of the Franchise Agreement, you must spend at least Two Thousand Dollars (\$2,000) per month on local advertising within your territory (the “Local Advertising Expenditure”) (Franchise Agreement Section 5.1). All or a portion of the Local Advertising Expenditure may be paid directly to us, our designated advertising agency or third-party media outlet. You must spend the amounts explained above on the Local Advertising Expenditure regardless of the amounts that other

franchisees may spend. You must provide us with documentation of your monthly Local Advertising expenditures. All local advertising (including social media) must be in media that we approve and must be conducted in a dignified manner and conform to the standards and requirements that we specify. You are required to use an approved supplier for local advertising. You may not use any advertising or promotional plans or materials unless and until you have received written approval from us (Franchise Agreement Section 5.1).

### Advertising Cooperatives

There currently are no Advertising Cooperatives in place for the franchise system. We do, however have the authority to require you to form an Advertising Cooperative in your local or regional market area and to require you to contribute to or participate in an Advertising Cooperative. The contribution to the Advertising Cooperative will be determined by majority vote of the Cooperative, but the minimum amount will be equal to the Franchisee's local advertising requirement. Each franchisee owning one (1) health club in the Cooperative will have one (1) vote and the franchisor will also have one (1) vote per corporate owned outlet in the area. There are currently no corporate owned outlets in the system. Franchisor or affiliate owned health clubs will also be members of the Cooperative in its area. The franchisees will be responsible for administering the Cooperative and will operate from written governing documents which must be approved by the franchisor. The cooperatives must prepare annual financial statements in accordance with franchisor's guidelines and make those reports available to all members of the Cooperative and to the franchisor. The franchisor has the power to require cooperatives to be formed, merged, changed or dissolved.

~~Currently, we do not have a franchisee advisory council that advises us on advertising policies but we anticipate having a franchisee advisory council by the end of 2024.~~

During the fiscal year ended December 31, 2023 we formed a Franchisee Advisory Council ("FAC") composed of our executive team and franchisees representing single and multi-club operators from varying business backgrounds that are selected by us. We may dissolve the FAC at any time.

### Internet/Social Media Activities

You may not promote, offer or sell any products or services relating to the Club through, or use any of the Marks in, any form of electronic communications, including Internet web sites, social networking sites, applications or other future technological avenues that enable users to create and share content or participate in social networking (collectively, "Social Media"), without our prior written consent, which we may withhold for any or no reason. You must, at all times, comply with our Social Media policy, as modified periodically. Your use of any Social Media relating to the Club is subject to our prior written approval. You may not establish an independent site or page on any Social Media. If we authorize you to have and/or design a site or a page on any Social Media for the Club, your site and page may only be accessed from our site or page, and we may prohibit links between your site or page and any other site. You acknowledge that any use of Social Media by you with respect to the Club constitutes advertising and promotion subject to our advertising standards and policies, and you must comply with any additional policies and standards we issue from time to time with respect to Social Media. Any copyright in your sites or pages on any Social Media will be deemed to be owned by us, and you must sign any documents that we reasonably deem necessary to affirm our ownership of the copyright. If necessary, you must ensure cooperation with us by any web site service provider or web site hosting company with which you do business. You must have or the lawful right to use any proprietary materials of others that appear on your sites or pages on Social Media. We periodically may provide to you content for your sites and pages on Social Media, including copy, news stories and photographs. We must consent to any changes to your sites and pages on Social Media.

### Brand Development Fee

We have the right to require you to contribute ~~up to~~ two percent (2%) of your monthly Gross Revenues for brand development (the "Brand Development Fee"). ~~As of the date of this disclosure document, the required Brand Development Fee is one percent (1%), but we~~We have the right to increase the amount of



the Brand Development Fee upon 30 days' advance written notice. Brand Development Fees will be payable by the 10<sup>th</sup> day of the month (Franchise Agreement Sections 4.2).

Company or affiliate owned Workout Anytime facilities will contribute to Brand Development on the same basis as our franchisees.

We will direct all programs that Brand Development finances, with sole control over the creative concepts, materials and endorsements used and their geographic, market and media placement and allocation. Brand Development may pay for preparing and producing local, regional or national advertisements, video, audio and written materials and electronic media; administering regional and multi-regional marketing and advertising programs, (including, without limitation, using in-house or outside advertising, promotion and marketing agencies and other advisors to provide assistance); and supporting public relations, market research and other advertising, promotion and marketing activities. We have the right to directly market to members of your Franchised Club. Brand Development periodically will give you samples of advertising, marketing and promotional formats and materials at no cost and will sell you multiple copies of these materials at its direct cost of producing them, plus any related shipping, handling and storage charges.

We will account for Brand Development activity separately from our other funds (but we are not required to maintain a separate custodial account) and will not use the Brand Development Fee for any of our general operating expenses, except to compensate the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering Brand Development programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials, and collecting and accounting for Brand Development Fee. Brand Development is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering Brand Development or any other reason. We will not use, and there is no percentage of fees of, Brand Development Fee for advertising that is principally a solicitation for the sale of franchises except that in certain ads with available space, we may insert certain language as to the availability of franchise opportunities. Brand Development may spend, in any fiscal year, more or less than the total Brand Development Fee in that year, borrow from us or others to cover deficits, or invest any surplus for future use. If some of the Brand Development Fees are not spent during a fiscal year in which they accrue then we will use the remaining amount as follows: first, to reduce any deficit from previous years, and when extinguished, the surplus is applied to programs in the subsequent year, until the balance is zero. We will use all interest earned on Brand Development Fees to pay costs before using other Brand Development assets. We will prepare an annual, unaudited statement of Brand Development collections and expenses and give you the statement upon written request. We may incorporate Brand Development activities or operate it through a separate entity whenever we deem appropriate.

We intend Brand Development to maximize recognition of the Marks and patronage of Workout Anytime facilities. Although we will try to use Brand Development Fee to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all facilities in the System, we need not ensure that expenditures or affecting any geographic area are proportionate or equivalent to the Brand Development Fees received by Workout Anytime facilities operating in that geographic area or that any Workout Anytime facilities benefit directly or in proportion to its Brand Development Fees from the development or placement of advertising and marketing materials. We are not required to spend any amount on advertising in any specific area or territory. We may forgive, waive, settle and compromise all claims by or against Brand Development activities. We assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing or administering Brand Development contributions.

We may at any time defer or reduce Brand Development Fees of a Workout Anytime Club and, upon thirty (30) days' prior written notice, reduce or suspend Brand Development Fees and operations for one or more periods of any length and terminate (and, if terminated, reinstate) Brand Development Fees.

We do not use Brand Development for creating or placing any advertisements that principally solicit for new franchisees; however, we may use the Brand Development Fee to prepare general advertising that refers to or mentions advertising opportunities within the advertising creative. For instance, a portion of the Brand Development Fee may be used to create and maintain one or more pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries submitted by franchise candidates. During the last fiscal year which ended on December 31, ~~2022~~2023, we spent contributions to the Brand Development as follows: ~~36.8~~51.9% on media placement; ~~26.5~~14.1% on digital/social media; ~~46.6~~16.3% on production; ~~10.1~~7.4% on public relations; ~~0.3~~0.4% on in-club promotions; and ~~5.2~~9.9% on administrative expenses. The amounts spent on advertising and marketing exceeded that which was collected from franchisees as part of Brand Development. We have loaned money at no interest to cover deficits. Any funds that are not spent in any fiscal year will be retained for use in upcoming years.

### Our Control over Your Advertising

In order to promote a standard and professional marketing approach to the public, you may only use advertising and marketing materials that we have provided to you or that we have approved in advance. All advertising materials that we provide to you to promote your Club and the System generally are our property and we claim copyright protection over them.

We have the right to approve the media in which you propose to advertise. You must submit to us in advance, any proposal describing the media in which you propose to advertise, providing sufficient detail to permit us to evaluate it. We will have ten (10) days to approve or disapprove the use of our materials in the media you propose. If we have not approved the use of the materials within ten (10) days, they are deemed not approved. (Franchise Agreement Section 5.3)

We have the right to approve any advertising and marketing materials that you propose to use that we have not provided or supplied to you. We will have ten (10) days to approve or disapprove the use of our materials in the media you propose. If we have not approved the use of the materials within ten (10) days, they are deemed not approved. (Franchise Agreement Section 5.2)

### Computer System

You must obtain and maintain computer hardware and software including peripherals and the door entry system that meet our specifications. You may purchase these items from any approved supplier except as stated below. ABCFS supplies 2 computers, 2 monitors, 2 verifones, 2 receipt printers, 1 camera and 1 cash drawer and a signing pad to our franchisees at no cost. Additional computers may be added at Franchisees discretion. ABCFS also licenses virus protection software to our franchisees. We anticipate the cost of the additional computers to be approximately ~~Five Hundred Dollars (\$500.00)~~719.00 each plus shipping and handling.

The software which must be installed on your Computer System is provided and supported by ABCFS. You must pay a monthly software bundle fee, which includes, ~~-~~ Data Trak Membership and Operations, MyiCLUB Online, GymSales, ~~ABC+app~~Ignite Sales, Ignite Engagement, door access and ABCDM antivirus protection. This fee is currently \$325.00 per month. You must also pay us a technology package fee of ~~\$595~~595.00 per month for our development and management of technology platforms such as the Workout Anytime website, your specific web page which links from the Workout Anytime website, as well as your Club's email platform (including up to 5 discrete email addresses), internal intranet, and other

technology we determine important in the operation of your Club. We periodically may increase the fee for the Technology Package

We reserve the right to change or to require you to upgrade or update the Computer System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We are not required to provide ongoing maintenance, repairs, upgrades or updates to your Computer System. We anticipate the annual cost for you to maintain, repair or update the Computer System will be between ~~Five Hundred Dollars (\$500.00)~~0 and ~~One Thousand Dollars (\$1,000.00)~~. We have independent, unlimited access to the information generated by the Computer System. There are no contractual limitations upon our ability to access your computer information. We also have the right to use that information for the benefit of our franchise System in any manner we choose. We or our approved vendor may condition any license of proprietary software to you, or your use of technology that we or our approved vendors develop or maintain, on your signing the Software License Agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities concerning, the software or technology. We or our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the franchise term. We do not currently require you to license any proprietary software from us or from our affiliates; however, we reserve the right to do so in the future. You are required to maintain your credit card processing hardware and software in compliance with the Payment Card Industry (PCI) Data Security Standards ("PCI-DSS").

#### Site Selection

We do not typically own a premises which is then leased to you.

Within 180 days after signing the Franchise Agreement, you must obtain our site acceptance of the location of the Club (the "Franchised Location"). If we have not accepted a site within this time period, we may terminate the Franchise Agreement. In the event of such termination, your Initial Franchise Fee will not be refunded. You assume all cost, liability and expense for locating, obtaining and developing a site for the Club. You may not make any binding commitments to purchase or lease a site until we have accepted the site in writing.

We may, but are not required to, provide you with the following site selection assistance: (a) our site selection guidelines and, as you may request, a reasonable amount of consultation regarding those guidelines; and (b) on-site evaluation that we may deem advisable (subject to the availability of our personnel) as part of our evaluation of your request for site acceptance. If we provide this assistance at your request, you must reimburse us for all travel, living and other expenses incurred by our representatives in connection with our on-site evaluation. We have no obligation to conduct any on-site evaluations of locations you propose. If you perform site selection under the terms of a Development Agreement, the then-current site selections will apply, which may differ from the current guidelines.

For each proposed site, you must submit to us a site review report consisting of financial pro-formas, a description of the site, photographs, demographic information, site characteristics (including access and egress points and the amount of road traffic), other fitness facilities in the area, and any other information that we may require, including, but not limited to, a letter of intent or other evidence satisfactory to us, which confirms your favorable prospects for obtaining the site. In addition, we may require a site analysis prepared by a third party vendor at your expense. We reserve the right to designate the third party vendor used to prepare the site analysis and the right to conduct an on-site evaluation of the proposed site before deciding whether to accept the site.

Within 60 days after our receipt of a complete (as determined by us) site review report, we will review that information, evaluate the proposed site and advise you in writing whether we have accepted the site; however, we have no obligation to review any site review report if you and/or your affiliates are not in full compliance with all agreements with us and/or our affiliates. If we do not respond within that time period, we will be deemed to have rejected the site.

If you lease the site for your Club, we must approve the lease and you are required to have the landlord sign the Lease Addendum attached as Exhibit M to this disclosure document. If we have an approved real estate broker in your area, you must utilize the services of that broker to assist in your site search and to ensure the site meets our criteria. You will not be charged for the services of the approved real estate broker if paid by your landlord. If your landlord does not pay that cost or if you do not use our approved real estate broker, you must pay us \$1,500 for the costs associated with site acceptance and lease review. You must install the maximum sized signage allowed by either your lease or local law. Workout Anytime must approve the proposed sign, including color, font and dimensions prior to construction of the sign.

### Construction

You assume all cost, liability and expense for developing, constructing and equipping the Club and opening the Club within 12 months after signing the Franchise Agreement. You must ensure that your proposed plans for the Club ("Plans") comply with all applicable ordinances, building codes and permit requirements, lease requirements and restrictions and the Americans with Disabilities Act. You must use only registered architects, engineers and professional and licensed contractors, each of whom must be approved by us. You must submit the Plans to us and revise the Plans as we require. Once we consent to the Plans, neither you nor your contractor may change them unless you again obtain our consent. You may not submit the Plans to your local government agency or begin site preparation or construction before we have notified you, in writing, that we have consented to the Plans. You may not commence construction until you have obtained all required permits and licenses. The approved architect must perform a survey of lease space as part of the architect process.

### Time to Opening

We estimate that the typical length of time between signing of the Franchise Agreement or the first payment of consideration for the Franchise (whichever occurs first) and the opening of your Club is approximately 6 to 12 months. Factors that may affect this period include whether you have selected a site when you sign the Franchise Agreement, your ability to obtain an acceptable site, arrange leasing and financing, make leasehold improvements, install fixtures, equipment and signs, decorate the Club, meet local requirements, and similar factors.

We will not authorize the opening of the Club unless all of the following conditions have been met: your managers and all employees have been trained; the Club is ready for opening in all other respects and is in compliance with all System standards (including signage, inventory, fixtures and equipment); the Initial Franchise Fee has been paid in full; all state and local requirements to operate a health club facility have been satisfied; the required certificates of insurance have been furnished to us; you are in compliance with all terms of this Agreement; all items contained in our then-current opening checklist have been completed to our satisfaction; and you have met your pre-sale membership obligations.

### Training Program

We will provide you and your Manager (a total of up to two (2) people) with training in the day-to-day management and operation of a Workout Anytime facility. Although we typically conduct initial training in the greater Atlanta, Georgia metropolitan area, we may elect to train you in another location. We may

also require additional training at your expense to be completed if certain performance criteria are not being met. Before you open your Business, you must complete the entire Training Program to our satisfaction. (Franchise Agreement Section 7.3). Our Initial Training Program is mandatory for the franchisee (if an individual, or if an entity, its controlling member or shareholder), and its Manager. You will be required to complete the entire online Bridge LMS New Franchisee Program, which takes approximately 14 hours to complete, prior to attending the Training Academy at Franchisor's headquarters. You are required to complete the Initial Training Program at least 4 months before the opening of the franchised business. You are required to train any new or replacement Manager. We also conduct corporate and on-site additional training on an as-needed basis.

You must pay for all costs of travel incurred by you and any employee(s) during your initial training. You must pay all additional training fees plus all costs of travel, lodging and meals incurred by you and your employee(s) during any additional training, if you receive training elsewhere. You must pay all our costs of travel, lodging, meals and expenses incurred, plus any training fee, if we train you at your location. (See Item 6, Franchise Agreement Section 7.3)

Our [Training Program provides the education and marketing infrastructure required to launch and scale effective fitness and wellness programs in health clubs.](#) The Training Program is under the direction of Greg Maurer who has over ~~33~~<sup>34</sup> years of experience in the fitness industry and has expertise in the development of the education and marketing infrastructure required to launch and scale effective fitness and wellness programs in health clubs. Greg is joined by members of the Workout Anytime Executive Team and other employees. Each professional brings specific expertise and a proven track record of success in the following key areas of the fitness industry: Marketing, Sales, Social Media, Administration, Accounting and Finance, Personal Training, Operations and Construction. We may also utilize outside trainers as we deem appropriate. The initial training will include the following topics:

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of on the Job Training</b>	<b>Location*</b>
Operations Training	8	<del>14</del>	Franchise Support Center / Club Location/ <a href="#"><u>Remote ABC</u></a>
Social Media	5	0	Franchise Support Center
Marketing & Branding	8	0	Franchise Support Center
Club Management Systems	4	40	Franchise Support Center / Club Location
Hiring & Compensation	4	0	Franchise Support Center
Fitness Training	8	0	Franchise Support Center
Sales, Customer Service, Club Opening, Pre-Sales, Club Financials	10	0	Franchise Support Center
PT Training Academy	30	0	Franchise Support Center
Equipment Orientation	0	2	Club Location
<b>TOTALS</b>	<b>77</b>	<del>43</del> <sup>46</sup>	

\*The Franchise Support Center is located at our principal address of 2325 Lakeview Parkway, Suite 200 Alpharetta, Georgia 30009

You are responsible for making sure that your personnel are properly trained to our standards and requirements. Failure to complete the Initial Training to our satisfaction may in our option, result in: (i) the termination of the Franchise Agreement; (ii) the requirement for you to designate a replacement Manager within thirty (30) days, who must successfully complete the Initial Training to our satisfaction.

We may hold an Annual Convention at a location to be selected by us. We will determine the topics and agenda for the conference to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and our personnel regarding business operations, and recognizing franchisees for their achievements. You are required to attend or send a manager to attend the Annual Convention and to pay our then-current registration fee which is currently ~~\$595~~\$795 per attendee, but may be changed at any time in our sole and absolute discretion. If we charge a registration fee for the Annual Convention, you must pay the fee regardless of whether you attend. All expenses, including you and your employees' transportation to and from the Annual Convention, and lodging, meals, and salaries during the Annual Convention, are your responsibility.

We may offer additional training programs and/or refresher courses to you, your Manager, and/or employees as we deem appropriate. As of the date of this Disclosure Document, we are not able to state or estimate the location, duration or frequency of any additional training programs. The programs will vary, depending on your needs, the needs of other franchisees and the System at the time the program is offered. We currently do not anticipate offering more than two (2) additional training programs during a calendar year and we currently anticipate that each training program will last approximately 3 – 4 days. We may require you and your employees' attendance at these programs. You must pay for you and your employees' travel, meal, lodging and payroll expenses while attending our additional training programs. We have the right to charge a fee for the additional training programs, up to our current fee of Five Hundred Dollars (\$500) per day per person.

#### Intranet Systems

You must regularly check, review and participate in any System-wide computer network intranet system that we may create for our franchise System. We do currently have an intranet system for franchisees. We may require that you use the intranet system to: (i) submit reports due to us under the Franchise Agreement; (ii) view and print portions of the Manual; (iii) download approved local advertising materials; (iv) communicate with us and other franchisees; or (v) to participate in training as we determine. We will provide access to our intranet system to you and Club staff by way of club login. You are responsible for the use of the intranet system by your personnel and for compliance by each of your personnel with our security and access policies. If any access information is lost or stolen, or employment of any of your personnel ends, you must promptly notify us.

## **ITEM 12 TERRITORY**

#### **Development Agreement**

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



Under the Development Agreement, you will receive a Development Area, which will be mutually agreed upon by us and you. A description of the Development Area will be attached as an exhibit to the Development Agreement. As you select future sites under the terms of the Development Agreement, the then-current standards for sites will apply.

We retain the right to:

A. Grant other franchises or licenses for, and operate company or affiliate-owned, health and fitness businesses operated in private establishments located in the Development Area, if access to those businesses is limited to employees of the business or transient guests of the business.

B. Establish, and license others to establish, Workout Anytime businesses at any location outside the Development Area, notwithstanding their proximity to the Development Area or the actual or threatened impact on your Franchised Clubs.

C. Own and operate health and fitness businesses under different trademarks at any location inside or outside of the Development Area, or grant others the right to own and operate health and fitness businesses under different trademarks at any locations inside or outside of the Development Area.

D. Sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise from any location or to any purchaser (including members of your Franchised Clubs), through any channel or method of distribution (including, but not limited to, sales made by or through mail order and/or on the Internet) and retain all revenues from those sales, so long as those sales are not conducted from a Workout Anytime business operated at a location inside the Development Area.

E. Purchase, be purchased by, merge or combine with, businesses that directly compete with Workout Anytime business.

F. Own, operate and franchise clubs offering the same or similar services under the Marks in non-traditional venues such as airports, train stations, military bases, educational facilities, hospitals, health care facilities and casinos.

G. Engage in any other activities not expressly prohibited by this Agreement.

Continuation of the limited restrictions on our ability to operate and license others to operate Clubs in the Development Area does not depend on your achieving a certain sales volume, market penetration or other contingency. However, if you are in default of the Development Agreement (which may include, but is not limited to, a default for failing to comply with the Development Schedule) or any Franchise Agreement and fail to cure the default within the applicable cure period (if any), we may terminate the Development Agreement and your limited rights in the Development Area. There are no other circumstances in which we can unilaterally modify your limited rights in the Development Area.

### **Franchise Agreement**

Once you have furnished to us in writing a specific physical address for your desired health club location, and we have notified you in writing that we consent to such location, we will designate a territory (the "Territory"). The Territory will be shown on a map and appended as an Exhibit to the Franchise Agreement. When you sign the Development Agreement, we will designate a non-exclusive site selection

area within which you will select a site for the Club. We grant you a right of first refusal within the site-selection area. Franchisor will approve sites for additional locations under the Development Agreement according to Franchisor's then-current site selection criteria. The Territory, once determined, will typically have natural boundaries such as roads, waterways, and state, city and county lines, or be defined by means of a designated circular area defined by an established radius allocated to you by us at our discretion. Factors which we will consider in determining the Territory will include population, population density, demographics, traffic patterns and other factors. We rely on the latest U.S. Census report for our population figures. There will be no minimum size for your Territory.

Provided that you are in compliance with the Franchise Agreement, we will not operate, or license others to operate, a Club using the Marks within your Territory.

We may not modify the territory assigned to you without your prior written permission (although you forfeit and lose all such territorial rights upon the occurrence of any default or other action resulting in termination of the Franchise Agreement). You may, upon our request, allow another franchisee to open a Club within your territory. If you approve the request, the protected territory will be re-apportioned as the parties subsequently agree.

You will operate from that single approved location and must receive our permission before relocating. Should the location cease to be available, we will use our best efforts to reassign an amended territory around a new location within your territory, subject to limitations imposed by existing territories which may then be established for other health clubs owned by other franchisees or by Franchisor affiliates. Franchisor will approve sites for additional locations under the Development Agreement according to Franchisor's then-current site selection criteria.

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

Any rights not expressly granted to you are reserved to us, including but not limited to the following:

A. Grant other franchises or licenses for, and operate company or affiliate-owned, health and fitness businesses operated in private establishments located in the Territory, if access to those businesses is limited to employees of the business or transient guests of the business.

B. Establish, and license others to establish, Workout Anytime businesses at any location outside the Territory, regardless of their proximity to the Territory or the actual or threatened impact on your Club.

C. Own and operate health and fitness businesses under different trademarks at any location inside or outside of the Territory, or grant others the right to own and operate health and fitness businesses under different trademarks at any locations inside or outside of the Territory.

D. Sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise from any location or to any purchaser including members of your Franchised Club), through any channel or method of distribution (including, but not limited to, sales made by or through mail order and/or on the Internet) and retain all revenues from those sales, so long as those sales are not conducted from a Workout Anytime business operated at a location inside the Territory.



E. Purchase, be purchased by, merge or combine with, businesses that directly compete with Workout Anytime business.

F. Own or operate clubs offering the same or similar services under the Marks in non-traditional venues such as airports, train stations, military bases, educational facilities, hospitals, health care facilities and casinos.

G. Engage in any other activities not expressly prohibited by the Franchise Agreement.

We do, however, impose the following minimum performance standards:

### **1. Minimum Pre-Sale Membership Requirement**

If you have not sold at least 500 Memberships by the date your Club is open for business, we have the right to send up to 2 representatives of Franchisor to your Club for up to 10 days to provide sales and other training to you and your staff. You must pay our then-current training fee, currently \$500 per day per trainer, plus the expenses of travel and room and board of the trainers. You may not begin pre-selling memberships until you have our prior written consent, which we will not grant more than ~~eight (8)~~10 weeks prior to your expected opening date. You must begin pre-selling memberships eight weeks prior to your expected opening date.

### **2. Minimum Monthly Gross Revenue Requirement**

Beginning in the 12th month after the Club opens for business, you must generate a minimum of monthly Gross Revenues of \$35,000 ("Minimum Monthly Gross Revenue Requirement"). If you fail to attain the Minimum Monthly Gross Revenue Requirement for 2 consecutive months, we have the right to impose any one or all of the following requirements until your monthly Gross Revenues equal or exceed the Minimum Monthly Gross Revenue Requirement: (i) we may increase your required local advertising requirement by up to 200%; and/or (ii) we may require that your Manager and/or you attend additional training at our headquarters or at another location that we designate and you will be required to pay our then-current training fee.

We may, at our sole discretion, approve a relocation of your business within your territory. Should you require relocation outside of your territory, a ~~Five Thousand Dollar (\$5,000)~~-relocation fee equal to 50% of our then-current Initial Franchise Fee will be charged for our expenses associated with the documents and the proposed site. All relocations selected by you and approved by us are subject to the then existing territorial rights of other franchisees and Franchisor/affiliate owned health clubs.

You will have no restrictions on soliciting or accepting business from outside your territory by other channels of distribution such as the internet, direct marketing, or telemarketing. All services that you provide must be from the location of your Workout Anytime facility.

Territories do not necessarily transfer with the sale of an existing health club. Upon the sale of an existing Workout Anytime health club, the then existing territory allocated to that health club may no longer be valid or applicable, and the new owner(s) of such health club may be assigned and allocated a new territory having the defined limits and parameters prescribed in this Disclosure Document, the Franchise Agreement, and Territory Acknowledgment form.

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**ITEM 13  
TRADEMARKS**

We grant you the right to use the following trademarks which are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”)

Mark	International Classification	Registration Date	Registration Number
	41 – Health Club Services	December 16, 2014	4655002
	41 – Health Club Services	December 16, 2014	4655001
24/7 GET FIT	41 - Education and Entertainment	January 20, 2009	3563659
	41 - Education and Entertainment	June 7, 2011	3973181
Workout Anytime	41 - Education and Entertainment	March 20, 2012	4113750
Workout Anytime 24/7	41 - Education	April 2, 2013	4311637

We have applied with the USPTO to register the following Mark on the Principal Register. As of the date of this disclosure document we do not have a federal registration on the Principal Register for the following ~~mark~~marks, have submitted a registration application that is currently pending. Therefore, the mark below does not have as many legal benefits and rights as federally registered trademarks on the Principal Register. If our right to use the mark below is challenged, you may have to change to an alternative trademark, which may increase your expenses.

SUPPLEMENTAL REGISTER		
MARK	SERIAL NUMBER	SUPPLEMENTAL REGISTER REGISTRATION DATE
<del>FITNESS THAT FITS EVERY</del> <del>BODY</del> <u>GET YOUR WIN</u>	<del>97345178</del> <u>97466569</u>	<del>April 4</del> <u>June 20</u> , 2022

You must follow our rules when you use these and any future marks. You cannot use a name or mark as part of a corporate, limited liability company or partnership name. You cannot use a name or mark with modifying words, designs or symbols except for those which Workout Anytime licenses to you specifically. You may not use the Workout Anytime registered name in association with the sale of an unauthorized product or service, on any commercial or social networking website, or in a manner not otherwise authorized in writing by Workout Anytime. Only the owner and manager of a franchise may use or associate their name(s) with the workoutanytime.com website.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court; and any pending infringement, opposition, or cancellation proceeding. There is no pending material federal or state court litigation regarding the Franchisor's use or ownership rights to the Marks.

No currently effective agreements limit our right to use or license the use of our trademarks. We have filed all required affidavits to renew each of the above Marks in a timely manner.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, USPTO proceeding or any other administrative proceeding arising from such infringement, challenge or claim or otherwise relating to any Mark. You must sign any instruments and documents, provide such assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our interests in the Marks. The franchise agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks licensed to you by us if the proceeding is resolved unfavorably to you.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

We do not actually know of either superior prior rights or infringing uses that could materially affect your use of our principal trademark in any state.

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

We currently hold no patents to material to the business or to the franchises we offer, nor do we have any pending patent applications.

We do claim copyright protection and proprietary rights in the Manual, advertising materials and related items used in operating the franchise. These copyrights have not been registered with the United States Registrar of Copyrights.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee's use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the System.

The Manual, which is described in Item 1 and Item 11, and other materials we possess contain our confidential information. This information includes site selection criteria; methods, formats, specifications, standards, systems, procedures and sales and marketing techniques used, and knowledge of and experience, in developing and operating Clubs; marketing and advertising programs for Clubs; knowledge of specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; and knowledge of the operating results and financial performance of Clubs other than your Club.

All ideas, concepts, techniques or materials relating to a Club, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, must be promptly disclosed to us, will be considered our property and part of our franchise system and will be considered to be works made-for-hire for us. You and your owners must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials. We reserve the right in our sole discretion to require anyone participating in our training program to execute a Non-Competition, Non-Solicitation and Confidentiality Agreement. A copy of the Non-Competition, Non-Solicitation and Confidentiality Agreement is attached as Exhibit [EB](#) to this disclosure document.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

## **ITEM 15**

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

We do not require that you personally operate the Club daily. The business must, however, be directly supervised daily by a manager who upon successful completion of our training program has been certified by us. The on-premises manager cannot have an interest or business relationship with any of our business competitors. The manager need not have an ownership interest in your business. You (or your owners if you are a business entity) and each manager or primary operator must sign a Non-Competition, Non-Solicitation and Confidentiality Agreement attached as Exhibit [EB](#) to this disclosure document.

As an individual franchisee, you have no obligation to personally participate in the everyday running of your Club, although it is your individual obligation to see that the franchise obligations and responsibilities under the Franchise Agreement are performed. We do require on-site supervision of your Club [for the minimum required staffed hours](#) by at least one (1) primary operator, who must be a

manager, Owner, or employee who has successfully completed our franchise training programs, or personally trained by the Owner or manager that has attended and completed our training. You are responsible for reporting service problems or violations of the Franchise Agreement, no matter who commits such breach.

#### **ITEM 16**

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

You must confine your business to the operation of a Club. You may not conduct any other business or activity at or from the Club location. You are limited to the Territory in offering or selling your products/services, including your solicitation of customers. You may identify your Club only by the Marks. You must offer all of the products and services that we prescribe, and we may change the products and services from time to time at our discretion. You may not offer or sell any product or service from the Club except those we authorize. See Items 8 and 11.

We require you to open and operate your Club during the standard staffed hours that we specify or approve in writing (except during such periods as you are required by law or permitted by use to be closed).

You must comply with our membership reciprocity policy that requires each Club to honor any membership that originated at another Club at the same membership level, as more fully described in the Manual and standard operating policy.

*[Remainder of Page Intentionally Left Blank]*

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

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

**THE FRANCHISE RELATIONSHIP**

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Section in Area Development Agreement</b>	<b>Summary</b>
<b>a.</b>	<b>Length of the Franchise Term</b>	Section 2	Not Applicable	Ten (10) years
<b>b.</b>	<b>Renewal of extension of term</b>	Section 2	Not Applicable	Provided that you are in good standing at the end of any term, you can renew an unlimited number of times for an additional five (5) year term
<b>c.</b>	<b>Requirements for franchisee to renew or extend</b>	Section 2	Not Applicable	You must: sign our then-current franchise agreement which may contain materially different terms and conditions from the original agreement; be in compliance with your Franchise Agreement and System standards; be in compliance with your lease and agreements with vendors; make required upgrades; execute a general release; complete any additional training that we require; pay the Renewal Fee.
<b>d.</b>	<b>Termination by franchisee</b>	Section 17.1 , subject to state law.	Not Applicable, subject to state law.	Material default by Workout Anytime
<b>e.</b>	<b>Termination by franchisor without cause</b>	Not Applicable	Not Applicable	None
<b>f.</b>	<b>Termination by franchisor with cause</b>	Sections 17.2 and 17.3	Section 6	Workout Anytime can terminate if you materially violate the Franchise Agreement or Area Development Agreement.
<b>g.</b>	<b>“Cause” defined – Curable Defaults</b>	Section 17.3	Section 6	We have the right to terminate the Franchise Agreement after providing you a five (5) day right to cure if you fail to pay any monies you owe to us

				<p>or our affiliates. You have thirty (30) days after notice to cure any default that is not listed in Section 17.2 of the Franchise Agreement.</p> <p>We have the right to terminate the Franchise Agreement after providing you a thirty (30) day cure period if you fail to perform or comply with any one or more of the terms and conditions of the Franchise Agreement.</p> <p>In lieu of termination, we have the right to impose financial penalties until defaults have been cured.</p>
<b>h.</b>	<b>“Cause” defined – Non-curable Defaults</b>	Section 17.2	Section 5.1	<p>The Franchise Agreement shall automatically terminate without notice or an opportunity to cure if: You or your Manager fail to complete our initial training program; You fail to open the Club for business by the required opening date; You become insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or against you; if you are adjudicated a bankrupt or insolvent; or you file or have filed against you other similar bankruptcy or insolvency proceedings; You made a material misrepresentation or omission in your franchise application or you are convicted of or plead no contest to a felony or other crime or offense that may adversely affect the goodwill associated with the Marks; You breach the confidentiality covenants in Section 16 of the Franchise Agreement; We discover that you made a material misrepresentation or omitted a material fact in the information that you furnished to us in connection with our decision to enter into this Agreement; You knowingly falsify any report required to be furnished to us or make any material misrepresentation in your dealings</p>

				<p>with us or fail to disclose any material facts to us; You, any Principal Owner, any guarantor under this Agreement or any of your managers, members, officers or directors is convicted of, or pleads no contest to, a crime that we reasonably believe is likely to harm the reputation of the System or our goodwill; Any Transfer that requires our prior written consent occurs without your having obtained that prior written consent; Any of the individual franchise agreements or any other agreement between you and us is terminated; You, any Principal Owner or any other entity that is a Workout Anytime franchisee and in which you or any Principal Owner have a direct or indirect ownership interest remain in default beyond the applicable cure period under: (i) any other agreement with us or our affiliates, including the franchise agreement, the area development agreement, or vice versa; (ii) any real estate lease, equipment lease or financing instrument relating to the Club; or (iii) any agreement with any vendor or supplier to the Club; provided that if the default is not by you, you are given written notice of the default and 10 days to cure the default; You refuse to permit, or try to hinder, an examination or audit of your books and records or inspection of the Club or Franchised Location as permitted by this Agreement; Any condition exists with respect to the Club that, in our reasonable judgment, seriously jeopardizes public health or safety; During any 12-month period, you fail to operate the Club for 3 or more consecutive days or 5 total days unless we determine, in our sole discretion, that the failure was beyond your control; Any Principal Owner fails or refuses to sign the Guarantee; An entity that is not a party to this Agreement is operating the Club without our prior written consent.</p>
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<b>i.</b>	<b>Franchisee's obligations on termination /non-renewal</b>	Sections 17.4 et seq.	Section 6	Obligations include complete de-identification, non-competition and payments of amounts due
<b>j.</b>	<b>Assignment of contract by franchisor</b>	Section 18.7	Not Applicable – Determined by Franchise Agreement	No restriction on our right to assign
<b>k.</b>	<b>“Transfer” by franchisee - defined</b>	Section 18	Not Applicable – Determined by Franchise Agreement	Includes transfer of contract or assets or ownership change
<b>l.</b>	<b>Franchisor approval of transfer by franchisee</b>	Section 18	Not Applicable – Determined by Franchise Agreement	Workout Anytime has the right to approve all transfers but will not unreasonably withhold approval; franchisee must sign a release; pay the Transfer Fee; transferee must make required upgrades.
<b>m.</b>	<b>Conditions for franchisor approval of transfer</b>	Section 18.2	Section 8	Franchisee must be in good standing; Franchisor must approve terms of sale; payment of Transfer Fee; Transferee must sign then-current form of Franchise Agreement; Principals of Transferee must execute a Guaranty; Franchisee must sign release.
<b>n.</b>	<b>Franchisor's right of first refusal to acquire franchisee's business</b>	Section 18.8	Not Applicable	If franchisee receives an offer to transfer any interest in the franchise, it must offer franchisor the right to purchase on the same terms and conditions
<b>o.</b>	<b>Franchisor's option to purchase franchisee's business</b>	Section 17.12	Not Applicable	We have the option to purchase the assets of the Club upon the termination or expiration of the franchise agreement
<b>p.</b>	<b>Death or Disability of franchisee</b>	Section 18.6	Not Applicable	Franchise Agreement must be transferred within three (3) months of death or disability of franchisee
<b>q.</b>	<b>Non-competition covenants during the term of franchise</b>	Section 16	Not Applicable	No involvement in competing business anywhere in U.S.
<b>r.</b>	<b>Non-competition</b>	Sections 16.1,		No competing business for two (2)

	<b>covenants after the franchise is terminated or expires</b>	16.3	Not Applicable	years within twenty-five (25) miles of another Workout Anytime franchise (including after assignment)
<b>s.</b>	<b>Modification of Agreement</b>	Section 19.5	Section 11	No modifications generally but operating manual subject to change
<b>t.</b>	<b>Integration/merger clause</b>	Section 19.5	Section 11	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Nothing in the franchise agreement, the development agreement, or any related agreement is intended to disclaim the representations made in the Disclosure Document.
<b>u.</b>	<b>Dispute resolution by arbitration or mediation</b>	Section 19.8	Section 14	Except for certain claims, all disputes must be arbitrated
<b>v.</b>	<b>Choice of forum</b>	Section 19.9	Section 15	Litigation must be in the State of Georgia (Subject to state law)
<b>w.</b>	<b>Choice of Law</b>	Section 19.7	Section 13	Except for the Federal Arbitration Act and other federal law, Georgia law governs (subject to state law). The provisions of the Non-Competition Covenants will be interpreted pursuant to the laws of the state in which the Franchisee's business is located

A provision in the Franchise Agreement that terminates such agreement on your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

## ITEM 18 PUBLIC FIGURES

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

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned Clubs, 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 the information 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 Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

As of December 31, ~~2022~~2023, there were a total of ~~179~~185 Clubs that are owned and operated by our franchisees (each, a “Franchised Stores”). This Financial Performance Representation details certain Gross Revenue (as defined in the Notes below) information for the ~~165~~179 Clubs that were open for the entire year ended December 31, ~~2022~~2023 (“Measurement Period”).

<b>(Deleted)me Franchising Systems, LLC 2022 Gross Revenue by Club</b>		
<b>Total Revenue Clubs Open 1 Year or More</b>		<b>80,082,182.31</b>
<b>Top Third</b>	<b>High</b>	<b>1,366,712.62</b>
	<b>Median</b>	<b>684,365.52</b>
	<b>Avg</b>	<b>738,996.15</b>
	<b>Low</b>	<b>513,656.07</b>
<b>Mid Third</b>	<b>High</b>	<b>510,411.76</b>
	<b>Median</b>	<b>442,847.87</b>
	<b>Avg</b>	<b>440,180.60</b>
	<b>Low</b>	<b>355,956.15</b>
<b>Low Third</b>	<b>High</b>	<b>354,570.38</b>
	<b>Median</b>	<b>290,806.02</b>
	<b>Avg</b>	<b>276,862.93</b>
	<b>Low</b>	<b>158,345.66</b>
<b>All clubs open 1 year or more</b>	<b>High</b>	<b>1,366,712.62</b>
	<b>Median</b>	<b>442,847.87</b>
	<b>Low</b>	<b>158,345.66</b>
	<b>Average</b>	<b>485,346.56</b>
	<b>Count</b>	<b>165</b>

<b>Workout Anytime Franchising Systems, LLC 2023 Gross Revenue by Club</b>		
<b>Total Revenue Clubs Open 1 Year or More</b>		<b>90,145,939.56</b>
<b>Top Third</b>	<b>High</b>	<b>1,305,077.79</b>
	<b>Median</b>	<b>701,358.75</b>
	<b>Average</b>	<b>777,323.22</b>

	<u>Low</u>	<u>561,131.50</u>
<u>Mid Third</u>	<u>High</u>	<u>559,460.17</u>
	<u>Median</u>	<u>446,234.06</u>
	<u>Average</u>	<u>448,844.74</u>
	<u>Low</u>	<u>356,452.25</u>
<u>Low Third</u>	<u>High</u>	<u>355,705.68</u>
	<u>Median</u>	<u>301,245.54</u>
	<u>Average</u>	<u>286,514.25</u>
	<u>Low</u>	<u>144,328.21</u>
<u>All clubs open 1 year or more</u>	<u>High</u>	<u>1,305,077.79</u>
	<u>Median</u>	<u>446,234.06</u>
	<u>Average</u>	<u>503,608.60</u>
	<u>Low</u>	<u>144,328.21</u>
	<u>Count</u>	<u>179</u>

### **General Notes**

1. There are ~~55~~59 Clubs included in the Top Third, of which ~~20~~23 met or exceeded the Average Gross Revenue.

2. There are ~~55~~60 Clubs included in the Mid Third, of which ~~29~~28 met or exceeded the average Gross Revenue.

3. There are ~~55~~60 Clubs included in the Low Third, of which ~~34~~39 met or exceeded the average Gross Revenue.

4. Of the ~~465~~179 Clubs open one year there are ~~64~~69 met or exceeded the average Gross Revenue.

5. The financial performance figures do not reflect any cost of sales, operating expenses, or other costs or expenses that must be deducted from net revenue or net sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Club.

6. You must develop your own business plan for your Club, including capital budgets, financial statements, projections, and other elements appropriate to your particular circumstances. As part of your planning, you need to take into account the expenses you will incur, including labor and other operational expenses. Additional expenses that you may incur include royalty and marketing fees, interest on debt service, insurance, and legal and accounting fees. We encourage you to consult with your own accounting, business and legal advisors to assist you in identifying the expenses you likely will incur in connection with your Club, to prepare your budgets, and to assess the likely or potential financial performance of your Club. Franchisees and former franchisees listed in Exhibits I and J to this disclosure document may be one source of information.

7. “Gross Revenues” includes all revenue you generate from all business conducted at or in connection with your Club, including but not limited to membership fees, “~~Rate-Guaranty~~Annual Fee” or comparable fees; personal training fees, tanning bed fees, massages, vending machines, and the sale and delivery of any other services, products, merchandise, and tangible property of any nature whatsoever, whether in cash or for credit, from sources paying at the club, outside the club or online and whether collected or uncollected. “Gross Revenues” does not include the amount of any applicable sales tax imposed by federal, state, municipal, or other governmental authority if such taxes are stated separately when the customer is charged, and you pay such amounts as and when due to the appropriate taxing authority. Also excluded from Gross Revenues is the amount of any documented refunds, charge backs, credits, and allowances given to customers in good faith and only in accordance with our operating procedures. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier, or customer will be valued at the full retail value of the memberships bartered in exchange for the goods or services provided to you. Gross Revenues also includes the proceeds of any business interruption insurance paid to you. Gross Revenue also includes any payments you receive from vendors.

8. There are no company-owned outlets. ~~32~~ franchised outlets were terminated or closed during the fiscal year ended December 31, ~~2022~~2023. These ~~32~~ outlets are among the ~~148~~ franchised outlets not reported in this Item 19 because they were not open for the entire fiscal year. None of the franchised outlets were terminated or closed during the fiscal year ended December 31, ~~2022~~2023 were open for less than 12 months.

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

**Some Clubs have sold this amount. Your individual results may differ. There is no assurance that you’ll sell as much.**

Except as provided above, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Steven C. Strickland at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia, 30009, (770) 809-1401, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 LIST OF OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1  
Systemwide Outlet Summary  
For years ~~2020~~2021 to ~~2022~~2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<del>Franchised</del>	<del>2020</del>	<del>164</del>	<del>166</del>	<del>+2</del>
<u>Franchised</u>	2021	166	167	+1
	2022	167	179	+12
<del>Company-Owned</del>	<del>2020</del> <u>2023</u>	<del>179</del>	<del>185</del>	<del>+6</del>
<u>Company-Owned</u>	2021	0	0	0

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2022	0	0	0
<b>Total Outlets</b>	<del>2020</del> 2023	<del>165</del> 0	<del>166</del> 0	<del>+1</del> 0
<u>Total Outlets</u>	2021	166	167	+1
	2022	167	179	+12
	<u>2023</u>	<u>179</u>	<u>185</u>	<u>+6</u>

TABLE NO. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years ~~2020~~2021 to ~~2022~~2023**

State	Year	Number of Transfers
<del>Alabama</del>	<del>2020</del>	<del>1</del>
<u>Alabama</u>	2021	1
	2022	0
<del>Florida</del>	<del>2020</del> 2023	<del>5</del> 0
<u>Florida</u>	2021	0
	2022	0
<del>Georgia</del>	<del>2020</del> 2023	<del>3</del> 0
<u>Georgia</u>	2021	6
	2022	2
<del>Kentucky</del>	<del>2020</del> 2023	<del>0</del> 4
<u>Kentucky</u>	2021	2
	2022	0
<del>North Carolina</del>	<del>2020</del> 2023	<del>1</del>
<u>North Carolina</u>	2021	1
	2022	0
<del>Oregon</del>	<del>2020</del> 2023	<del>1</del> 2
<u>Oregon</u>	2021	0
	2022	0
<del>South Carolina</del>	<del>2020</del> 2023	<del>0</del>
<u>South Carolina</u>	2021	0
	2022	0
<del>Tennessee</del>	<del>2020</del> 2023	<del>2</del> 3
<u>Tennessee</u>	2021	0
	2022	0
<del>Texas</del>	<del>2020</del> 2023	<del>2</del> 0
<u>Texas</u>	2021	0
	2022	1
<del>Virginia</del>	<del>2020</del> 2023	<del>1</del> 0
<u>Virginia</u>	2021	0
	2022	0
<b>Total</b>	<del>2020</del> 2023	<del>16</del> 0
<u>Total</u>	2021	10
	2022	3
	<u>2023</u>	<u>10</u>

TABLE NO. 3  
Status of Franchised Outlets  
For Years ~~2020~~2021 to ~~2022~~2023

State	Year	Outlets at Start of Year	Outlets Open ed	<del>Non-Renew als</del> <u>Termina ted</u>	<u>Non-Ren ewals</u>	Reacquire d by Franchisor	Ceased Operation s Other Reasons	Outlet s at End of Year
<del>Alabama</del>	<del>2020</del>	<del>10</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>13</del>
<u>Alabama</u>	2021	13	0	0	0	<u>0</u>	0	13
	2022	13	0	0	0	<u>0</u>	2	11
<del>Arkansas</del>	<del>2020</del> <u>2023</u>	<del>+11</del> <u>+11</u>	<del>+0</del> <u>+0</u>	0	0	<u>0</u>	0	<del>211</del> <u>211</u>
<u>Arkansas</u>	2021	2	0	0	0	<u>0</u>	0	2
	2022	2	1	0	0	<u>0</u>	0	3
<del>California</del>	<del>2020</del> <u>2023</u>	<del>03</del> <u>03</u>	0	0	0	<u>0</u>	0	<del>03</del> <u>03</u>
<u>California</u>	2021	0	0	0	0	<u>0</u>	0	0
	2022	0	0	0	0	<u>0</u>	0	0
<del>Florida</del>	<del>2020</del> <u>2023</u>	<del>+50</del> <u>+50</u>	0	0	0	<u>0</u>	<del>+0</del> <u>+0</u>	<del>+30</del> <u>+30</u>
<u>Florida</u>	2021	13	1	0	0	<u>0</u>	0	14
	2022	14	4	0	0	<u>0</u>	0	18
<del>Georgia</del>	<del>2020</del> <u>2023</u>	<del>4318</del> <u>4318</u>	<del>01</del> <u>01</u>	0	0	<u>0</u>	<del>20</del> <u>20</u>	<del>4019</del> <u>4019</u>
<u>Georgia</u>	2021	40	0	0	0	<u>0</u>	1	39
	2022	39	2	<del>01</del> <u>01</u>	0	<u>0</u>	0	40
<del>Idaho</del>	<del>2020</del> <u>2023</u>	<del>+40</del> <u>+40</u>	<del>01</del> <u>01</u>	0	0	<u>0</u>	0	<del>+41</del> <u>+41</u>
<u>Idaho</u>	2021	1	0	0	0	<u>0</u>	0	1
	2022	1	0	0	0	<u>0</u>	0	1
<del>Illinois</del>	<del>2020</del> <u>2023</u>	1	0	0	0	<u>0</u>	0	1
<u>Illinois</u>	2021	1	0	0	0	<u>0</u>	1	0
	2022	0	0	0	0	<u>0</u>	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Rene wals	Reacquired by Franchisor	Ceased- Operations- Other- Reasons	Outlets at End of Year
<del>Indiana</del>	<del>2020</del> <u>2023</u>	<del>4</del> <u>0</u>	0	0	<u>0</u>	0	0	<del>4</del> <u>0</u>
<u>Indiana</u>	2021	4	0	0	<u>0</u>	0	0	4
	2022	4	0	0	<u>0</u>	0	0	4
<del>Kansas</del>	<del>2020</del> <u>2023</u>	<del>0</del> <u>4</u>	0	0	<u>0</u>	0	<del>0</del> <u>1</u>	<del>0</del> <u>3</u>
<u>Kansas</u>	2021	0	0	0	<u>0</u>	0	0	0
	2022	0	1	0	<u>0</u>	0	0	1
<del>Kentucky</del>	<del>2020</del> <u>2023</u>	<del>1</del> <u>1</u>	<del>2</del> <u>0</u>	0	<u>0</u>	0	0	<del>1</del> <u>3</u> <u>1</u>
<u>Kentucky</u>	2021	13	0	0	<u>0</u>	0	1	12
	2022	12	0	0	<u>0</u>	0	0	12
<del>Maine</del>	<del>2020</del> <u>2023</u>	<del>1</del> <u>12</u>	<del>1</del> <u>0</u>	0	<u>0</u>	0	0	<del>2</del> <u>12</u>
<u>Maine</u>	2021	2	0	0	<u>0</u>	0	0	2
	2022	2	0	0	<u>0</u>	0	0	2
<del>Mississippi</del>	<del>2020</del> <u>2023</u>	<del>0</del> <u>2</u>	0	0	<u>0</u>	0	0	<del>0</del> <u>2</u>
<u>Maryland</u>	2021	0	0	0	<u>0</u>	0	0	0
	2022	0	0	0	<u>0</u>	0	0	0
<del>New- Hampshire</del>	<del>2020</del> <u>2023</u>	1	0	0	<u>0</u>	0	0	1
<u>Mississippi</u>	2021	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2023	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>New Hampshire</u>	2021	1	0	0	<u>0</u>	0	0	1
	2022	1	0	0	<u>0</u>	0	0	1
<del>North- Carolina</del>	<del>2020</del> <u>2023</u>	<del>1</del> <u>7</u> <u>1</u>	<del>1</del> <u>0</u>	0	<u>0</u>	0	<del>3</del> <u>0</u>	<del>1</del> <u>5</u> <u>1</u>
<u>North Carolina</u>	2021	15	1	0	<u>0</u>	0	0	16
	2022	16	1	0	<u>0</u>	0	0	17
<del>Ohio</del>	<del>2020</del> <u>2023</u>	<del>3</del> <u>17</u>	<del>1</del> <u>3</u>	0	<u>0</u>	0	0	<del>4</del> <u>20</u>
<u>Ohio</u>	2021	4	0	0	<u>0</u>	0	0	4
	2022	4	0	0	<u>0</u>	0	0	4
<del>Oklahoma</del>	<del>2020</del> <u>2023</u>	<del>1</del> <u>4</u>	0	0	<u>0</u>	0	0	<del>1</del> <u>4</u>



<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminate d</u>	<u>Non-Ren ewals</u>	<u>Reacquire d by Franchisor</u>	<u>Ceased Operation s Other Reasons</u>	<u>Outlets at End of Year</u>
<u>Oklahoma</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<del>Oregon</del>	<del>2020</del> <u>2023</u>	1	0	0	0	0	0	1
<u>Oregon</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<del>Pennsylvania</del>	<del>2020</del> <u>2023</u>	1	<del>4</del> 0	0	0	0	0	<del>2</del> 1
<u>Pennsylvania</u>	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
<del>South- Carolina</del>	<del>2020</del> <u>2023</u>	<del>12</del> 3	0	0	0	0	<del>1</del> 0	<del>10</del> 3
<u>South Carolina</u>	2021	10	1	0	0	0	0	11
	2022	11	0	0	0	0	0	11
<del>Tennessee</del>	<del>2020</del> <u>2023</u>	<del>27</del> 11	<del>4</del> 0	0	0	0	<del>4</del> 0	<del>27</del> 11
<u>Tennessee</u>	2021	27	1	0	0	0	1	27
	2022	27	2	0	0	0	0	29
<del>Texas</del>	<del>2020</del> <u>2023</u>	<del>10</del> 29	<del>1</del> 2	0	0	0	0	<del>11</del> 31
<u>Texas</u>	2021	11	0	0	0	0	0	11
	2022	11	2	0	0	0	0	13
<del>Virginia</del>	<del>2020</del> <u>2023</u>	<del>4</del> 13	<del>1</del> 0	0	0	0	<del>0</del> 1	<del>5</del> 12
<u>Virginia</u>	2021	5	1	0	0	0	0	6
	2022	6	1	0	0	0	0	7
<b>Totals</b>	<del>2020</del> <u>2023</u>	<del>164</del> 7	<del>16</del> 0	0	0	0	<del>12</del> 0	<del>166</del> 7
<b>Totals</b>	<b>2021</b>	<b>166</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>167</b>
	<b>2022</b>	<b>167</b>	<b>15</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>179</b>
	<b>2023</b>	<b>179</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>185</b>

TABLE NO. 4  
Status of Company-Owned Outlets  
For Years ~~2020~~2021 to ~~2022~~2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Georgia	2020	1	0	0	0	1	0
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Totals	2020	1	0	0	0	1	0
	2021-2023	0	0	0	0	0	0
	2022	0	0	0	0	0	0

TABLE NO. 5  
Projected Openings as of December 31, 2022-2023

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in This Fiscal Year (2023) As of 12/31/2023	Projected New Company-Owned Outlet in This Fiscal Year (2023) as of 12/31/2023
Alabama	38	43	0
Arizona	3	1	0
Arkansas	0	1	0
California	0	0	0
Florida	4615	3	0
Georgia	4312	3	0
Idaho	4	0	0
Illinois	0	0	0
Kansas	0	0	0
Kentucky	8	1	0
Maine	0	0	0
Maryland	0	1	0
Minnesota	1	0	0
Missouri	1	1	0
New Jersey	0	1	0
New Mexico	0	1	0
North Carolina	407	2	0
Ohio	2	1	0
Oklahoma	0	0	0
Oregon	1	0	0
Pennsylvania	0	1	0
South Carolina	4	2	0
Tennessee	53	2	0
Texas	8	2	0
Virginia	4	42	0
West Virginia	0	1	0
Wisconsin	3	40	0
<b>TOTAL</b>	<b>8683</b>	<b>2729</b>	<b>0</b>

The name, city and state and current business telephone number of all franchisees are listed in Exhibit ~~H~~I.

The name, city and state, and current business telephone number, or if known, the last known home telephone number of every Franchisee who has had a health club franchise terminated, canceled, not renewed, sold, transferred, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently concluded fiscal year, or who has not communicated with us within ten (10) weeks of the issuance date of this disclosure document are listed in Exhibit ~~K~~J.

If you buy this franchise, your contact information may be disclosed in the future to other buyers when you leave the franchise system.

Except for confidentiality obligations pertaining to our trade secrets and other confidential and proprietary properties, and except for covenants within the Franchise Agreement and Non-Competition, Non-Solicitation and Confidentiality Agreement prohibiting franchisees from engaging in any business practice or conduct or doing anything else injurious or prejudicial to the goodwill or reputation associated with our Marks, Method or the Workout Anytime franchise system, certain franchisees have signed a confidentiality clause in the past three (3) years restricting their ability to speak openly about their experience with the System. There exists no trademark-specific franchisee organization associated with the System.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit G are the unaudited financial statements from January 1, ~~2023~~2024 to March 31, ~~2023~~2024 and the audited financial statements for the fiscal years ended December 31, ~~2020~~2021, December 31, ~~2021~~2022, and December 31, ~~2022~~2023. Our fiscal year end is December 31.

## **ITEM 22 CONTRACTS**

Attached to this Disclosure Document are copies of the following agreements you will be required to execute and deliver franchisor as part of your purchase of a Workout Anytime franchise the following:

- A. Franchise Agreement;  
Exhibit B to Franchise Agreement: Guarantee and Assumption of Obligations
- B. Non-Competition, Non-Solicitation and Confidentiality Agreement
- C. Development Agreement
- D. Personal Data Disclosure and Franchisee Ownership Information Form; and,

## **ITEM 23 RECEIPTS**

Attached as Exhibit N to this disclosure document are duplicate Receipts to be signed by you. Keep one for your records and return the other one to us.

## **EXHIBIT A**

### **FRANCHISE AGREEMENT**



## FRANCHISE AGREEMENT

---

Franchisee

---

Effective Date

---

Franchised Location

04/~~2023~~2024

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### Exhibits

EXHIBIT A — FRANCHISE INFORMATION

EXHIBIT B — GUARANTEE AND ASSUMPTION OF OBLIGATIONS



EXHIBIT C – NON-COMPETITION AND NON SOLICITATION AGREEMENT ((*LIMITED*  
*PRINCIPALS*)

04/~~2023~~2024

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## Workout Anytime Franchising Systems, LLC

### FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is entered into as of \_\_\_\_\_ ("Effective Date") by and between Workout Anytime Franchising Systems, LLC, a Georgia limited liability company ("Franchisor," "us" or "we"), whose principal address is 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia, 30009, and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee," "you" or "your") whose principal address is \_\_\_\_\_.

### RECITALS

We own a proprietary system for developing, opening and operating 24 hour health and fitness facilities for the general public through a uniform system which has high standards of service, uses quality equipment, and operates under the business format created and developed by us known as the Workout Anytime Franchise System ("System").

The distinguishing characteristics of the System include, but are not limited to, the name and mark "Workout Anytime," workable and functional interior and exterior designs, confidential operating procedures, standards and specifications for equipment, services, products, and both management and marketing programs. All distinguishing characteristics may be changed, improved, and further developed by us.

The System is identified by certain trade names, service marks, logos, emblems, and indicia of origin, including "Workout Anytime" and "24/7 Get Fit," "Workout Anytime 24/7" and other trade names and service marks which are now, or may be in the future, designated by us for use with the System ("Marks").

We continue to use, develop and control the use of the Marks to identify to the public the source of services and products marketed under the System, and which represent the System's high standards of quality, cleanliness, appearance and service.

You recognize the benefits to be derived from being identified with the System. You also recognize the value of the Marks and the continued uniformity of image to you, us and other franchisees. You understand the importance to the System of our high and uniform standards of quality, cleanliness, appearance and service, and further recognize the necessity of opening and operating your Workout Anytime health club facility ("Club" or "Franchised Business") in conformity within the System.

You recognize that to enhance the value of the System and the goodwill associated with it, this Agreement places detailed obligations on you, including adherence to our present and future requirements regarding the types of services offered, advertising, physical facilities, operational techniques, and related matters.

You wish to be assisted, trained, and franchised to operate the Franchised Business pursuant to this Agreement at a specific location within the geographic territory specified in this Agreement.

**NOW THEREFORE**, the parties agree as follows:

### SECTION 1 GRANT OF LICENSE

**1.1 Grant.** Subject to the terms and conditions of this Agreement, we grant to you the right, and you undertake the obligation, to use the Marks and the System to continuously operate the Franchised Business Agreement to be located in the geographic area described in attached Exhibit A ("Territory") and at the specific location identified on the cover page and in Exhibit A ("Franchised Location") and to

04/~~2023~~2024

offer and market at the Club approved related services and products that we have approved during the term of this Agreement. (If we have not accepted a site for the Club as of the Effective Date, we will identify the Franchised Location on the cover page and in Exhibit A following site acceptance.)

**1.2 Limited Exclusivity.** Provided you are in compliance with this Agreement, during the Term, we will not operate, or license others to operate, a health club facility operated under the Marks in the Territory. Notwithstanding this grant of limited exclusivity, we may:

**A.** Grant other franchises or licenses for, and operate company or affiliate-owned, health and fitness businesses operated in private establishments located in the Territory, if access to those businesses is limited to employees of the business or transient guests of the business.

**B.** Establish, and license others to establish, Workout Anytime businesses at any location outside the Territory, notwithstanding their proximity to the Territory or the actual or threatened impact on the Franchised Business.

**C.** Own and operate health and fitness businesses under different trademarks at any location inside or outside of the Territory, or grant others the right to own and operate health and fitness businesses under different trademarks at any locations inside or outside of the Territory.

**D.** Sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise from any location or to any purchaser (including members of your Franchised Club), through any channel or method of distribution (including, but not limited to, sales made by or through mail order and/or on the Internet) and retain all revenues from those sales, so long as those sales are not conducted from a Workout Anytime business operated at a location inside the Territory.

**E.** Purchase, be purchased by, merge or combine with, businesses that directly compete with Workout Anytime business.

**F.** Own, operate and franchise clubs offering the same or similar services under the Marks in non-traditional venues such as airports, train stations, military bases, educational facilities, hospitals, health care facilities and casinos.

**G.** Engage in any other activities not expressly prohibited by this Agreement.

## **SECTION 2**

### **TERM**

**2.1 Initial Term.** The term of this Agreement (“Term”) begins on the Effective Date and expires at midnight on the day preceding the 10th anniversary of the date the Club first opened for business unless terminated earlier as provided in this Agreement. (We may complete and forward to you a notice to memorialize the date the Club first opened for business.)

**2.2 Successor Franchise.** When the Term ends, you will have the option to obtain an unlimited number of successor franchise terms of 5 years each, unless prior to the end of the preceding term, we have announced a decision to stop franchising the Workout Anytime concept or we decide to withdraw the Workout Anytime concept from the geographic market in which the Club is located. You must give us written notice of your desire to exercise your option not more than 12 months and not less than 6 months before the end of the prior term. We may require you to satisfy any or all of the following as a condition of exercising your option for the next successor franchise term:

**A.** You must execute the standard form of Workout Anytime franchise agreement that we are then offering to new franchisees (or the standard form that we most recently offered, if we are not then offering franchises) (“Successor Franchise Agreement”). The terms of the Successor Franchise Agreement may be substantially different from the terms of this Agreement. We will modify the

Successor Franchise Agreement to delete terms inapplicable to that successor term (such as opening deadlines).

**B.** During the prior term, you have substantially complied with this Agreement and the System.

**C.** Neither you nor your affiliates may be in default under this Agreement or any other agreements between you or your affiliates and us or our affiliates; you and your affiliates must not be in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Club; and you must not be in default beyond the applicable cure period with any vendor or supplier to the Club.

**D.** You have the right to continue operating at the Franchised Location for the full term of the Successor Franchise Agreement.

**E.** You renovate and modernize the Club to reflect the then-current operating specifications and image of the System.

**F.** You and all guarantors under this Agreement must sign a general release, in a form we prescribe, of any and all claims against us, our affiliates and our and their past, present and future officers, directors, members, managers, shareholders and employees.

**G.** You and those of your employees designated by us must successfully complete (as determined by us in our sole discretion) any additional training courses that we then require.

**H.** You pay us a Renewal Fee of fifty percent (50%) of our then-current Initial Franchise Fee.

### **SECTION 3 INITIAL FRANCHISE FEE**

**3.1** Unless the Franchised Club is being developed pursuant to a Development Agreement, no later than the date you sign this Agreement, you must pay us an initial franchise fee in the amount of \$35,000 ("Initial Franchise Fee"). You acknowledge and agree that the Initial Franchise Fee is fully earned by us when paid and is not refundable. If any taxes, fees or assessments are imposed on us by reason of our acting as franchisor or licensing the Marks, you must reimburse us the amount of those taxes, fees or assessments within 30 days after receipt of an invoice from us.

**3.2** If the Franchised Club is being developed pursuant to a Development Agreement, no additional Initial Franchise Fee need be paid if the Franchised Club is the first Franchised Club developed under the Development Agreement. For all additional Franchised Clubs developed under the Development Agreement, the balance of the Initial Franchise Fee to be paid pursuant to this Agreement is \$10,000. ~~The balance of the Initial Franchise Fee to be paid pursuant to this Agreement (if any) is listed in Exhibit A.~~

### **SECTION 4 CONTINUING FEES**

#### **4.1 Continuing Monthly Royalty Fee.**

**A.** On or before the 10th day of each calendar month, commencing when you begin the pre-sale of memberships and continuing for the Term, you will pay a continuing monthly royalty fee ("Royalty Fee") equal to 6% of your Gross Revenues during the prior calendar month.

**B.** "Gross Revenues" includes all revenue you generate from all business conducted at or in connection with your Club, including but not limited to membership fees, "Rate Guaranty" or comparable fees; personal training fees, tanning bed fees, massages, vending machines, and the sale and delivery of any other services, products, merchandise, and tangible property of any nature whatsoever, whether in

cash or for credit, from sources paying at the club, outside the club or online and whether collected or uncollected. "Gross Revenues" does not include the amount of any applicable sales tax imposed by federal, state, municipal, or other governmental authority if such taxes are stated separately when the customer is charged, and you pay such amounts as and when due to the appropriate taxing authority. Also excluded from Gross Revenues is the amount of any documented refunds, charge backs, credits, and allowances given to customers in good faith and only in accordance with our operating procedures. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier, or customer will be valued at the full retail value of the memberships bartered in exchange for the goods or services provided to you. Gross Revenues also includes the proceeds of any business interruption insurance paid to you. Gross Revenue also includes any payments you receive from vendors.

C. Subject to your receipt of business interruption insurance payments, if you are unable to operate the Club due to damage or loss to the Club caused or created by a casualty, act of God, condemnation, or other condition over which you have no control, then the additional monthly Royalty Fee will be waived for a period no greater than 6 months commencing with the month in which the damage or loss occurs.

**4.2 Brand Development Fund.** By the 10th day of each calendar month, you will pay a monthly Brand Fund Development Fee equal to ~~12%~~ 12% of your monthly Gross Revenues. Payment of the Brand Fund Development Fee will commence when you begin the pre-sale of memberships. ~~We reserve the right to increase the monthly Brand Fund Development Fee to a maximum of 2% of Gross Revenues following 30 days' written notice.~~ Those monies will be utilized for the design and development of advertising, both local and national advertising costs, public relations, trade shows and conventions, and those other costs associated with both developing and promoting the System and the Workout Anytime brand. We have the right to increase the Brand Fund Development Fee at any time upon thirty (30) days written notice to you.

**4.3 Technology Package and Software License Fee.** By the 10th day of each calendar month, you will pay a monthly fee for the Technology Package of \$595 to compensate us for our expenses in developing and managing the Workout Anytime website, your specific web page which links from the Workout Anytime website, as well as your Club's email platform (including up to 5 discrete email addresses) and other technology we determine important in the operation of your Club. Payment of the fee for the Technology Package will commence when you begin the pre-sale of memberships. We periodically may increase the fee for the Technology Package. You also must install certain software (including virus protection) on your computer system as we periodically determine from approved suppliers and pay any necessary software license fees.

**4.4 Payment Processing Vendor and Fees.** You authorize our approved third-party vendor to deduct from any monies it collects on your behalf the amount of all fees you are obligated to pay us and/or our affiliates on the due date of those fees. All Gross Revenues derived from the sale of all products and services at the Club must be processed through our approved third-party payment processor. You also authorize the vendor to supply us with any information it may have relating to the operation of your Club and account. To effectuate the terms of this Section, and to ensure the proper and timely remittance of all fees due us under this Agreement, you irrevocably appoint Workout Anytime as your true and lawful attorney-in-fact to permit our review and, as may become necessary, our amendment of your account with the third-party vendor employed to collect your monthly membership monies. This power of attorney will survive the termination of this Agreement.

**4.5 Financial Statements.** By the 10th day of each calendar month, you will supply a financial statement to us of the previous month's membership activities, including the number of new members, renewing members, cancelled members and current active enrollment, as well as the amount of all

revenues from the Club, including membership sales revenue, personal training revenue, and revenue associated with the sale of merchandise and other products, including supplements, food and liquids/beverages. We may also contact you by telephone or Email to collect this information.

**4.6 Computer System Corruption Fee.** If you fail to maintain computer virus protection software in accordance with our requirements and the Platform on any computer you use to access our computer network, and any virus, malware or similar issues are transmitted to our computer network as a result of your failure, you will pay to us a fee in the amount of the fees charged by outside vendors and verifiable internal expenses in relation to the issue per occurrence.

**4.7 Alignment Deficiency Fee.** If you are in default under this Agreement, at our discretion, and without waiver of any of our rights under this Agreement, in lieu of termination of this Agreement, we may impose a fee ("Alignment Deficiency Fee") in an amount up to \$1,500 per event of default. You must pay the Alignment Deficiency Fee within 3 days of our demand.

**4.8 Interest and Late Fee.** If any payments by you due to us are not received in full by the due date, in addition to paying the amount owed, you must pay to us interest on the amount owed from the due date until paid at the lesser of the maximum rate permitted for indebtedness of this nature in the state in which the Club is located or 18% per annum. In addition, a late fee of \$100 may be assessed at our discretion on all payments by you due to us and not received by us by the due date. Payment of a late fee and/or interest by you on past due obligations is in addition to all other remedies and rights available to us pursuant to this Agreement or under applicable law.

**4.9 Training Cancellation Fees.** If you cancel either the classroom training scheduled to take place at our headquarters or training facility or the onsite training and health club opening scheduled at your Club's site, you must pay to us a \$200.00 cancellation fee for each scheduled attendee. In addition to the foregoing training cancellation fees, you must also reimburse us for the costs incurred by us to rebook travel and hotel accommodations for the subsequently scheduled on-site training and health club opening activities.

**4.10 Inspection Fee.** Pursuant to Sections 11.2 and 14.3, we, or an assigned site inspector, have the right to appear unannounced at our sole discretion, to inspect the general operation and maintenance of your Club, and your use of the Marks. You will pay to us ~~\$135~~\$150 per quarter to cover our costs associated with such inspections.

**4.11 Partial Payments.** No payment by you of a lesser amount than due will be treated as anything other than a partial payment on account, regardless of whether you include an endorsement, statement or accompanying letter to the effect that payment of the lesser amount constitutes full payment. We have sole discretion to apply any payments by you to any past due indebtedness and we have the right to accept payment from any other entity as payment by you without that entity being substituted for you.

## SECTION 5 ADVERTISING AND PROMOTION

### **5.1 Local Advertising Expenditure.**

**A.** Commencing when you begin the pre-sale of memberships and continuing for the Term, you will spend at least \$2,000 each calendar month on advertising, marketing and otherwise promoting the Club ("Local Advertising Expenditure"). We periodically may offer recommendations as to the type, manner and time frame to maximize the benefit of your advertising. You are required to use an approved supplier for local advertising. We have the right to require you to pay the Local Advertising Expenditure directly to us and, if so required, we will make such expenditures as we deem appropriate to promote the Club. You must submit proof of your expenditures for Local Advertising to Workout Anytime upon request.

**B.** We periodically may make available to you advertising and promotional materials for the Club which are used by us, our affiliates and other franchisees of the System. If so, we may provide you a sample of each type of advertising and promotional material at no charge via a web download, or other means of transmission we deem appropriate. If you want additional copies you must pay duplication or printing costs.

**C.** You must submit to us in writing for our prior acceptance all sales promotion materials and advertising that have not been prepared, or previously accepted, by us and identify the proposed media in which you propose to place the advertising. If our written consent to the material and its proposed placement is not received within 10 days after the date that we received the material, the material may not be used. In no event will your advertising or marketing materials contain any statement or material that, in our sole discretion, may be considered: **(i)** in bad taste or offensive to the public or to any group of persons; **(ii)** defamatory of any person or an attack on any competitor; **(iii)** to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; **(iv)** inconsistent with the public image of the System or the Marks; or **(v)** not in accordance with any federal or state law. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

**5.2 Exterior Signage.** You will install and maintain an outdoor sign in a prominent location in accordance with our sign specifications, or as we otherwise approve in writing, unless you are prohibited from doing so by applicable laws and regulations. You will use your best efforts to obtain any permit or variance required to allow the installation and maintenance of an outdoor sign meeting our specifications.

**5.3 Social Media.** You agree not to promote, offer or sell any products or services relating to the Club through, or use any of the Marks in, any form of electronic communications, including Internet web sites, social networking sites, applications or other future technological avenues that enable users to create and share content or to participate in social networking (collectively, "Social Media"), without our prior written consent, which we may withhold for any or no reason. You must, at all times, comply with our Social Media policy, as modified periodically. You expressly acknowledge and agree that your use of any Social Media relating to the Club is subject to our prior written approval. You may not establish an independent site or page on any Social Media. If we authorize you to have and/or design a site or a page on any Social Media for the Club, your site and page may only be accessed from our site or page, and we may prohibit links between your site or page and any other site. You acknowledge that any use of Social Media by you with respect to the Club constitutes advertising and promotion subject to this Section 5, and you agree to comply with any additional policies and standards we issue from time to time with respect to Social Media. You acknowledge that any copyright in your sites or pages on any Social Media will be deemed to be owned by us, and you agree to sign any documents that we reasonably deem necessary to affirm our ownership of the copyright. If necessary, you must ensure cooperation with us by any web site service provider or web site hosting company with which you do business. You represent that you have or will have the lawful right to use any proprietary materials of others that appear on your sites or pages on Social Media. We periodically may provide to you content for your sites and pages on Social Media, including copy, news stories and photographs. We must consent to any changes to your sites and pages on Social Media.



## **SECTION 6 RECORDS**

**6.1 Recordkeeping.** In connection with the Club, you must prepare on a current basis complete and accurate records concerning all financial, marketing and other aspects of the business conducted under this Agreement. You must maintain an accounting system which accurately reflects all operational aspects of the Club including uniform reports as may be required by us. Your records must include tax returns, monthly reports, statements of Gross Revenues (to be prepared each month for the prior calendar month) and profit and loss statements and balance sheets. You must preserve all of your books and records in electronic form for at least 3 years from the date of preparation, or longer as required by government regulations, and make them available to us within 5 days after our written request.

**6.2 Audit Rights.** During and after the Term, we have the right to inspect, copy and audit your books and records, your federal, state and local tax returns and any other forms, reports, information or data that we may reasonably designate, including unlimited real time access to your computer system. We will provide you 10 days' written notice before conducting an in-person financial examination or audit. We (or our designees) may conduct the examination or audit at our offices or those of a third party, in which case we may require you to send us your records. If the examination or audit reveals an understatement of Gross Revenues, you must immediately pay to us all amounts owed, plus interest (and a late fee at our discretion) as provided in Section 4.8. If an inspection or audit is made necessary by your failure to provide reports or supporting records as required under this Agreement, or to provide those reports or records on a timely basis, or if the audit or inspection reveals an understatement of Gross Revenues of greater than 2% for the audit period, you must reimburse us for the full cost of the inspection or audit, including travel, lodging, meals and wages of our representatives and the reasonable charges of any attorneys or independent accountants we use for the inspection or audit and, upon our request, you must thereafter provide us with periodic audited financial statements. The remedies set forth in this Section are in addition to any other remedies and rights available to us under this Agreement or applicable law.

**6.3 Ownership of Data.** You agree that all data that you collect from members or others in connection with the Club, including member lists, is deemed to be owned by us. You have the right to use the member data while this Agreement or a Successor Franchise Agreement is in effect, but only in accordance with any privacy policy that we may establish from time to time.

**6.4 Data Protection.** You agree and undertake that you will:

**A.** Comply with the provisions of all applicable laws, regulations and best practices relating to privacy and data protection ("Data Protection Laws") in the use and processing of any personal data, including customer contact information (such as name, telephone numbers, e-mail and postal addresses), and transactional information collected by you from customers and prospective customers of the Franchised Business ("Customer Personal Data").

**B.** Refrain from otherwise modifying, amending or altering the contents of the Customer Personal Data or disclosing or permitting the disclosure of any of the Customer Personal Data to any third party unless required by applicable law or specifically authorized in writing by us.

**C.** Implement and maintain throughout the Term appropriate technical and organizational measures to protect Customer Personal Data against an unauthorized or unlawful processing, access or use and/or accidental loss, destruction, damage, alteration or disclosure ("Data Breach").

**D.** Promptly notify us in writing if you suspect there has been a Data Breach, in which event you will do all such acts and things (at your own expense) as we may require in order to remedy or mitigate the effects of the Data Breach.

**E.** Promptly notify us of any complaint, communication or request relating to the Applicable Data Protection Laws.

## **SECTION 7**

### **SERVICES AND ASSISTANCE PROVIDED BY THE FRANCHISOR**

**7.1 Generally.** We will offer you initial and continuing services as we deem necessary or advisable in furthering the business of the Club, and the business of the System as a whole. We have the right to delegate to others the performance of any of our duties under this Agreement.

**7.2 Specific Services.** During the Term, we intend to provide you, as we deem appropriate, initial and continuing services including the following:

**A.** Providing assistance and guidance with respect to equipment orders which will be placed through our affiliate. We will help you determine the proper amount of time between equipment orders, equipment delivery and their set-up to ensure the proper opening of the Club.

**B.** Furnishing you with specifications or guidelines for all initial and replacement equipment, inventory and supplies required for the operation of the Club.

**C.** Providing you or your designated manager ("Manager") and up to one other person with our initial training program. You and your Manager must attend and satisfactorily complete the initial training program prior to opening the Club. The initial training program will be conducted approximately 9 to 12 weeks prior to the opening of the Club. You will be responsible for travel and living expenses incurred by you or any of your employees who participate in the initial training program. The initial training program will be held at our headquarters or at another location that we designate. Additional employees who desire to attend the initial training program may do so, subject to space availability and your payment of a training fee as determined by us.

**D.** Providing assistance with respect to pre-opening, opening activities and/or on-going operations or training will be available as requested by you as we deem appropriate in light of your needs and the availability of our personnel. If we provide on-site training assistance during opening week you will bear the travel, living and other expenses associated with our representative being on-site.

**E.** Formulating marketing plans, advertising and promotional programs and materials.

**F.** Maintaining a website which we control that provides information about the System and the products and services offered by franchisees. We also have the sole right to create interior pages on our website(s) that contain information about your business and other franchised and company owned locations. You will have access to post on the interior web pages for your Club provided you adhere to our guidelines.

**G.** Providing consultation and responding to inquiries regarding your operations through communications platforms such as telephone, Email or other methods of communication as we periodically determine.

**H.** Developing new products and service methods for the operation of the System as we deem appropriate. We will advise you of any new product or service methods and you must adopt the new product or service methods within a reasonable period as specified by us.

**I.** Loaning you one copy, or provide you with access to the electronic version, of the Bridge LMS Platform which contains mandatory and suggested specifications, standards, operating procedures and rules we periodically prescribe.

**J.** Making commercially reasonable efforts to negotiate favorable prices and terms with major suppliers and allow you to utilize such centralized purchasing system.

**K.** Periodically conducting visits by our representatives and designees to the Club at any time. These visits will be made at our expense, as we determine necessary or appropriate and we intend to provide you a written report following each visit. We intend to conduct the first visit within 6 months after the Club opens. Our representatives have the right to discuss with you or your designees all matters that may pertain to compliance with this Agreement and with our standards, specifications, requirements, instructions and procedures.

**L.** Assisting in general market research and providing guidance in determining the prices charged by you for services or products at your Club.

## **SECTION 8**

### **LOCATION OF THE CLUB, CONSTRUCTION AND OPENING FOR BUSINESS, LEASE OR MORTGAGE**

**8.1 Your Responsibility.** Within 180 days after the Effective Date, you must obtain our site acceptance of the Franchised Location. If we have not accepted a site within this time period, we may terminate this Agreement pursuant to Section 17. You assume all cost, liability and expense for locating, obtaining and developing a site for the Club. You may not make any binding commitments to purchase or lease a site until we have accepted the site in writing.

**8.2 Site Selection Assistance.** We may, but are not required to, provide you with the following site selection assistance: **(a)** our site selection guidelines and, as you may request, a reasonable amount of consultation with respect thereto; and **(b)** that on-site evaluation as we may deem advisable (subject to the availability of our personnel) as part of our evaluation of your request for site acceptance, provided that, if we provide this assistance at your request, you must reimburse us for all travel, living and other expenses incurred by our representatives in connection with our on-site evaluation. Notwithstanding the foregoing, we have no obligation to conduct any on-site evaluations of locations you propose.

**8.3 Site Information and Evaluation.** For each proposed site, you must submit to us a site review report consisting of financial pro forma, a description of the site, photographs, demographic information, site characteristics (including access and egress points and the amount of road traffic), other fitness facilities in the area, and any other information that we may require, including, but not limited to, a letter of intent or other evidence satisfactory to us, which confirms your favorable prospects for obtaining the site. In addition, we may require a site analysis prepared by a third party vendor at your expense. We reserve the right to designate the third party vendor used to prepare the site analysis and the right to conduct an on-site evaluation of the proposed site before deciding whether to accept the site.

#### **8.4 Site Acceptance.**

**A.** Within 60 days after our receipt of a complete (as determined by us) site review report, we will review that information, evaluate the proposed site and advise you in writing whether we have accepted the site; however, we have no obligation to review any site review report if you and/or your affiliates are not in full compliance with all agreements with us and/or our affiliates. If we do not respond within that time period, we will be deemed to have rejected the site. Our acceptance or rejection of a site may be subject to reasonable conditions we determine in our sole discretion.

**B.** You acknowledge that, in order to preserve and enhance the reputation and goodwill of the System, all Workout Anytime businesses and the goodwill of the Marks, all Workout Anytime businesses must be properly developed, operated and maintained. Accordingly, you agree that we may refuse to accept a site unless you demonstrate sufficient financial capabilities, in our sole judgment, applying standards consistent with criteria that we use to establish operations in other comparable market areas, to properly develop, operate and maintain the Club. To that end, you must provide us with those financial statements and other information regarding you and the development and operation of the

proposed Club, including, without limitation, investment and financing plans for the proposed Club, as we may require.

**C.** Our acceptance of a site does not constitute a representation or warranty of any kind, express or implied, of the site's suitability for a Workout Anytime business or any other purpose. Our acceptance indicates only that we believe that the site meets our then-current site selection criteria. Applying criteria that have appeared effective with other sites might not accurately reflect the potential for all sites, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site we accept fails to meet your expectations. Your submission of a proposed site for our acceptance is based on your own independent investigation of the site's suitability for a Workout Anytime business.

**8.5 Lease.** If you lease the Franchised Location:

**A.** Your landlord and you must enter into then-current form of Lease Addendum.

**B.** You will install the maximum sized signage allowed by either your lease or local law. Workout Anytime must approve the proposed sign, including color, font and dimensions prior to construction of the sign.

**C.** If we have an approved real estate broker in your area, you must utilize the services of that broker to assist in your site search and to ensure the site meets our criteria. You will not be charged for the services of the approved real estate broker if paid by your landlord. If your landlord does not pay that cost or if you do not use our approved real estate broker, you must pay us \$1,500 for the costs associated with site acceptance and lease review.

**8.6 Construction.** You assume all cost, liability and expense for developing, constructing and equipping the Club and opening the Club within 12 months after the Effective Date. You must ensure that your proposed plans for the Club ("Plans") comply with all applicable ordinances, building codes and permit requirements, lease requirements and restrictions and the Americans with Disabilities Act. You must use only registered architects, engineers and professional and licensed contractors, each of whom must be approved by us. We reserve the right to withdraw our approval of any architects, contractors, designers and/or engineers if the service provider's continuation of a relationship with you is deemed harmful to the Workout Anytime franchise system, us or the Marks, as determined in our reasonable discretion. You must submit the Plans to us and revise the Plans as we require. Once we consent to the Plans, neither you nor your contractor may change them unless you again obtain our consent. You may not submit the Plans to your local government agency or begin site preparation or construction before we have notified you, in writing, that we have consented to the Plans. You may not commence construction until you have obtained all required permits and licenses. The approved architect must perform a survey of the lease space as part of the architect process.

**8.7 Opening.** We will not authorize the opening of the Club unless all of the following conditions have been met: your Managers and all employees have been trained; the Club is ready for opening in all other respects and is in compliance with all System standards (including signage, inventory, fixtures and equipment); the Initial Franchise Fee has been paid in full; all state and local requirements to operate a health club facility have been satisfied; the required certificates of insurance have been furnished to us; you are in compliance with all terms of this Agreement; all items contained in our then-current opening checklist have been completed to our satisfaction; and you have met your pre-sale membership obligations, which shall not begin until ~~eighteen~~ (810) weeks prior to opening nor without our prior written authorization. You must begin pre-selling memberships upon execution of your lease.

## SECTION 9 MAINTENANCE AND UPGRADING THE CLUB

**9.1 Compliance with Standards.** In recognition of the mutual benefits that come from maintaining the System's reputation for quality, you will at all times comply with all System standards, specifications, processes, procedures, requirements and instructions regarding the Franchised Location, including the layout of furnishings, fixtures, and equipment, as are set forth in the Platform or in accordance with System standards.

**9.2 Maintenance.** You must maintain the interior and exterior of the Club and all fixtures, furnishings, signs and equipment in first-class condition and in the highest degree of cleanliness, orderliness, sanitation and repair in accordance with the requirements of the System and the Platform and the lease for the Franchised Location, including repainting the Club at least every 3 years. The Club must be adequately lighted and meet all brand standards, including exterior window graphics, interior graphics and location identifiers within the Club. Expenditures in connection with signage and equipment are considered a maintenance expenditure (whether for repair or replacement) under this Section rather than a remodeling expenditure under Section 9.3. There is no limitation on the amount that you may be required to spend for repairs and maintenance. You may not make any alteration, addition, replacement or improvement in, or to, the Franchised Location without our prior written consent.

**9.3 Remodeling.** In addition to ordinary maintenance and upkeep, we have the right to require you to undertake structural changes, remodeling and renovations and other modifications to the Club and all fitness equipment to conform to the design, color schemes and presentation of the Marks that we are then requiring of new Workout Anytime businesses.

**9.4 Computer System.** You must, at your expense, modify, upgrade or update your computer system at any time that we require you to do so at your sole expense. You are required to maintain your credit card processing hardware and software in compliance with the Payment Card Industry (PCI) Data Security Standards ("PCI-DSS").

## SECTION 10 BRIDGE LMS PLATFORM

**10.1 Provided on Loan.** As provided in Section 7.2.I, we will furnish you one copy of, or provide electronic access to, the Bridge LMS Platform ("Platform") on loan. (As used in this Agreement, the term "Platform" also includes the FranConnect HUB of library resources and all written and electronic correspondence from us regarding the System, other publications, materials, drawings, memoranda, videotapes, CDs, DVDs, audio tapes, and electronic media that we from time to time may provide to you.) The Platform contains mandatory specifications, standards, policies and procedures prescribed from time to time by us for Workout Anytime businesses. You will operate the Club in accordance with the Platform.

**10.2 Modifications.** The Platform may be modified by us from time to time to: **(a)** reflect changes in the System, including, without limitation, changes in specifications, standards, policies and procedures of Workout Anytime businesses; **(b)** specify brands, types and/or models of equipment which must be used by you in the operation of the Club; and **(c)** specify changes in the décor, format, image, products, services and operations of a Workout Anytime business prescribed by us. You must accept and use all such changes and make those expenditures as required to implement those changes. If a dispute about the contents of the Platform occurs, the master copy maintained by us at our principal office will be controlling.

**10.3 Confidential Nature.** You will treat the contents of the Platform as confidential and will not copy or otherwise reproduce, in whole or in part, or in any way make the contents of the Platform available to any person other than those persons employed by you to whom disclosure is necessary to enable you to operate the Club.

**10.4 Variations.** Since complete uniformity under varying conditions may not be possible or practical, we reserve the right, at our discretion, to vary standards for any Workout Anytime business based upon the peculiarities, particularities and circumstances of that Workout Anytime business.

## **SECTION 11 FRANCHISEE'S DUTIES AND OBLIGATIONS**

**11.1 Best Efforts.** You will diligently develop the business of the Club and use your best efforts to market and promote the Club's core services and products.

**11.2 Operational Requirements.** During the Term you will comply with all present and future standards, specifications, processes, procedures, requirements and instructions regarding the operation of the Club as set forth in the Platform or otherwise in writing, including, but not limited to, the following requirements:

**A.** A complete set of exercise equipment must be initially ordered from us or an approved supplier and all additional equipment must be ordered from us or an approved supplier.

**B.** You must conduct pre-opening sales for your Club in accordance with our standards and the Platform. If you have not sold at least 500 memberships by the date your Club opens for business, we have the right to send up to 2 representatives to the Club for up to 10 days to provide sales and other training to you and your staff. You must pay our then-current training fee, plus travel, living and other expenses of our representatives.

**C.** You or your Manager must devote full time and best efforts to the management and operation of the Club.

**D.** You may only offer services and products for sale at the Club that have been approved by us. We reserve the right, in our sole discretion, to disallow any service or product that you have requested permission to offer. Any additional service or product we introduce into the System must be offered on a continuing basis at the Club at the time and in the manner required by us. All equipment, signs, products, supplies and other items necessary to add new services or products must be acquired, installed and utilized at your expense following 60 days' notice from us.

**E.** Only signs, advertising and promotional material, services, equipment, supplies, uniforms, furnishings, flooring, color/design scheme and fixtures that meet our standards and specifications can be used at the Club or in the promotion or marketing of the Club.

**F.** All consultants and employees of the Club must be clean and neat in appearance and must always wear Workout Anytime brand approved attire.

**G.** The Club and its operations must comply with all applicable state and local laws, ordinances, rules, codes, regulations and other requirements.

**H.** The Club must be open for business 24 hours every day during the Term, except for permitted closures, and the Club must be staffed at least for those hours we periodically specify.

**I.** The employees, equipment and supplies, inventory and other items on hand at the Club must always be sufficient in quality and number to efficiently meet the current and anticipated volume of business.

**J.** You must maintain the Club and all fixtures, furnishings, signs, fitness equipment and all other components of the Club in the highest degree of cleanliness and sanitation in accordance with the requirements of the System. All necessary and appropriate measures must be taken to avoid an unsatisfactory sanitation or health rating by or from any governmental agency or authority. Conditions or practices disapproved by any such agency or authority must be promptly corrected.



**K.** All of your dealings and transactions with members, customers, suppliers and other franchisees must be performed fairly and honestly. You will not permit ~~a~~-non-member access to your Club, except on an introductory or trial basis and then only for a maximum of 30 days. You will not solicit or entice another franchisee's member to terminate its membership to have the member become associated with your Club.

**L.** You must provide a reasonable space at your point of sale counter or another reasonable location inside the Club for a franchise recruitment advertisement which you agree to restock with materials we provide.

**M.** You are solely responsible for recruiting new customers to your Club through advertising, marketing and business networking. Once an individual joins your Club, that person's membership fees are paid solely to you regardless of whether the member uses another Workout Anytime club. No membership may be transferred without our prior written consent, which we may grant or withhold in our discretion.

**N.** You will establish prices for all products and services at the Club other than individual/family and corporate membership rates and the Rate Guaranty Fee, which you understand and agree are to be periodically established solely by us in our sole discretion.

**O.** You must permit members of any other Workout Anytime club to use your Club and treat them with the same courtesy and respect you regularly extend to a member originating from your Club. This membership reciprocity includes access to tanning, massages and premium services, if the member has purchased a membership that includes premium services at their originating Workout Anytime club. You must permit those members to utilize such premium features at your Club to promote a positive experience for both you and the member.

**P.** You are responsible for keeping up to date on competitors. This includes an awareness of competitors' pricing, promotional offers, advertising and services.

**Q.** You must provide training to your employees as we require.

**R.** In accordance with applicable law, you are responsible for obtaining all health club certifications and licensing prior to opening.

**S.** You may not transfer members of your Club to any other Workout Anytime club without the express written permission of the member and us.

**T.** You will immediately notify us of any legal action or proceeding by an individual or agency against you relating to your Club.

**U.** Following our request, you will present to members of your Club those evaluation forms we periodically prescribe and participate or request your members to participate in any marketing surveys performed by us or on our behalf.

**V.** Beginning in the 12th month after the Club opens for business, you must generate a minimum of monthly Gross Revenue of \$35,000 ("Minimum Monthly Gross Revenue Requirement"). If you fail to attain the Minimum Monthly Gross Revenue Requirement for 2 consecutive months, we have the right to impose any one or all of the following requirements until your monthly Gross Revenues equal or exceed the Minimum Monthly Gross Revenue Requirement: **(i)** we may increase your required local advertising requirement by up to 200%; and/or **(ii)** we may require that your Manager and/or you attend additional training at our headquarters or at another location that we designate and you will be required to pay our then-current training fee.

**W.** You will fully cooperate with inspections and visits by our representatives and designees conducted at the Club.

**X.** During the Term and for 3 years after the expiration and termination of the Term, you will ensure that you have provided us your current home address and telephone numbers.

**11.3 Management of the Club.** If you are an individual, you or your Manager who has successfully completed our training program must directly supervise the Club [for the minimum required staffed hours](#). If you are a business entity or if you have, in our judgment, insufficient experience in a similar business or in business management generally, then you must nominate an operating partner or Manager having the required experience who will have direct responsibility for all operations of the Club. Any change in the operating partner or Manager will be subject to our approval.

**11.4 Attendance at Annual Convention.** If we conduct a franchise convention, you or your representative must attend at your cost. If we charge a registration fee for the convention, you must pay the fee regardless of whether you attend.

**11.5 Employee Matters.** You will be solely responsible for: **(a)** hiring, training and supervising efficient, competent and courteous employees of good character for the operation of the Franchised Business; **(b)** the terms of their employment and compensation; and **(c)** the proper training of the employees in the operation of the Club. You will obtain from each of your personnel a signed acknowledgement that such individual understands, acknowledges, and agrees that he or she is an employee of yours and not ours and that such individual will look solely to you for his or her compensation and for all other matters related to their relationship with you. You will post a notice on an employee bulletin board clearly visible to employees at the Club notifying all employees of their employer and clearly stating that neither we nor our affiliates are their employer.

## **SECTION 12**

### **PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES**

**12.1 Sourcing.** We have the right to require that all equipment, inventory, flooring, supplies and all other items that you purchase for use, sale or resale in the Club: **(a)** meet specifications that we establish from time to time; **(b)** be purchased only from suppliers to whom we have consented (which may include us and/or our affiliates); and/or **(c)** be purchased only from a single source or from a limited number of designated sources (which may include us and/or our affiliates). To the extent that we establish specifications, require our consent to suppliers or designate specific suppliers for particular items, we will publish our requirements in the Platform or otherwise in writing. We may create purchasing restrictions to control the quality and selection, and ensure the consistency, of equipment, inventory, supplies and other merchandise; to consolidate System purchases to reduce costs or ensure availability of products; or for other valid business reasons. **Although approved by us, we and our affiliates make no warranty and expressly disclaim all warranties, including warranties of merchantability or fitness for any purpose, with respect to equipment (including, without limitation, all exercise equipment), inventory, supplies or other approved items.**

**12.2 Approved Suppliers.** If you would like to purchase equipment, inventory, [services](#) or supplies that you are not required to purchase from us or a designated supplier, from a supplier to whom we have not consented, you must submit a written request for consent. We have the right to inspect the proposed supplier's facilities, [capacity](#) and test samples of the proposed products [or services](#). You agree to pay to us a reasonable fee, not to exceed the actual cost of the inspection and testing the proposed product, [service](#) or evaluating the proposed supplier, including personnel and travel costs, whether or not the product or supplier is accepted. We have the right to grant, deny or revoke consent to products, services and suppliers in our sole discretion. We will notify you of our decision as soon as practicable following our evaluation. [Requests not approved in writing by us after 30 days from submission are deemed to be disapproved.](#) We reserve the right to reinspect the facilities, [services](#) and products of any accepted



supplier and revoke acceptance upon the supplier's failure to meet any of our ~~then current~~then current criteria.

**12.3 Rebates.** We and our affiliates may earn income on your purchase and lease of equipment, inventory, products and/or supplies. If we or our affiliates receive any rebates, commissions or other payments from third-party suppliers based on your purchases or leases from them, we may retain the rebates, commissions or other payments. You agree that we are entitled to such income and consideration.

## **SECTION 13**

### **INSURANCE, INDEMNIFICATION AND RELEASE**

**13.1 Insurance.** You must maintain in full force and effect that insurance which you determine to be necessary, which must include at least the types of insurance and the minimum policy limits specified in the Platform or otherwise in writing. Each insurance policy must be written by an insurance company that maintains an "A+" or better rating by the latest edition of Best's Insurance Rating Service (or another rating service designated by us). The insurance policy or policies must be in effect when you take possession of the Franchised Location. The insurance policy or policies must protect you, us and our respective past, present and future officers, directors, managers, members, owners, employees, representatives, consultants, attorneys and agents. We and any entity with an insurable interest designated by us must be named as additional insureds in the policy or policies (statutory policies excepted). Each policy must include a waiver of subrogation in our favor. We may require additional types of coverage or increase the required minimum amount of coverage upon reasonable notice. Your obligation to obtain coverage is not limited in any way by insurance that we maintain. You must provide us with certificates of insurance evidencing the required coverage and proof of payment therefor no later than the date you sign this Agreement. The evidence of insurance must include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days' prior written notice to us. If you fail to obtain and maintain insurance coverage as required by this Agreement, we have the right, but not the obligation, to obtain the required insurance on your behalf and to charge you for the cost of the insurance, plus a reasonable fee for our services in procuring the insurance.

**13.2 Indemnification.** You agree to defend, indemnify, and hold harmless us and our past, present and future affiliates, officers, directors, managers, members, shareholders, agents, attorneys, consultants, and employees against any claims, losses, costs, expenses, liabilities and damages (collectively, "Claims") arising directly or indirectly from, as a result of, or in connection with the Club, as well as the costs of defending against those Claims (including, but not limited to, reasonable attorneys' fees, costs of investigation, settlement costs and interest). You promptly will give us written notice of any litigation, proceeding, or dispute filed or instituted against you that could directly or indirectly affect us or any of the other indemnitees under this Section and, upon request, you will furnish us with copies of any documents from those matters as we may request.

With respect to any threatened or actual litigation, proceeding, or dispute that could directly or indirectly affect us or any of the other indemnitees under this Section, we will have the right, but not the obligation, to: **(a)** choose counsel; **(b)** direct and control the handling of the matter; and/or **(c)** settle any claim against the indemnitees. Our exercise of these rights does not affect your obligation to indemnify and hold us harmless in accordance with this Section. This Section will survive the expiration or termination of this Agreement, and applies to Claims even if they exceed the limits of your insurance coverage.

**13.3 General Release.** You (on behalf of yourself and your parent, subsidiaries and affiliates) (collectively, "Releasers") freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their and our respective past and present officers, directors, shareholders, members, managers, agents and employees, in their corporate and individual capacities,

with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “demands”), that any Releasor now owns, has or claims to have or holds, or may in the future own or hold, or at any prior time owned, held, had or claimed to have, based on, arising out of or relating to, in whole or in part any fact, event, conduct or omission occurring on or before the Effective Date, including, without limitation, demands arising under federal, state and local laws, rules and ordinances and demands arising out of, or relating to this Agreement and all other agreements between any Releasor and us or our parent, subsidiaries or affiliates, the sale of any franchise to any Releasor, the development and operation of the Club and the development and operation of all other Workout Anytime businesses operated by any Releasor that are franchised by us. Releasors expressly agree that fair consideration has been given by us for this release, and they fully understand that this is a negotiated, complete and final release of all demands.

Notwithstanding the foregoing, claims arising from representations in our Franchise Disclosure Document, or its exhibits or amendments, are expressly excluded from this release.

## **SECTION 14 TRADEMARKS**

**14.1 Limited Right to Use.** Your right to use the Marks applies only to the Club operated at the Franchised Location as expressly provided in this Agreement. We will provide you guidelines for the use of the Marks. Both during and after the Term, you agree not to directly or indirectly contest or aid in contesting the validity of our rights and/or our affiliates’ rights in the Marks or take any action detrimental to our rights in the Marks.

**14.2 Acknowledgments.** You acknowledge that: (a) the Marks are valid and serve to identify our products, services and Workout Anytime businesses; (b) your use of the Marks under this Agreement does not give you any ownership interest in them; and (c) all goodwill associated with the Marks inures exclusively to our benefit and is our property. Upon the expiration or termination of the Term, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement.

**14.3 Specific Restrictions on Use.** You agree: (a) to use only the Marks that we designate, and only in the manner we authorize; (b) to use the Marks only for the operation of Club at the Franchised Location and in authorized advertising for the Club; (c) to operate and advertise the Club only under the name “Workout Anytime” without prefix or suffix; (d) to display the Marks in the Club, at the Franchised Location, and on brochures and other printed materials, employee uniforms and vehicles only in the manner that we authorize; (e) not to use the Marks or any names confusingly similar to the Marks as part of your entity or legal name; (f) to permit our representatives to inspect your operations to verify that you are properly using the Marks; (g) to use the Marks to promote and to offer for sale only the products and services that we have authorized, and not use any of the Marks in association with any other products, materials or services; (h) not to use or permit the use of the Marks or any names confusingly similar to the Marks as part of any Internet domain name or e-mail address or in the operation of any Internet web site without our prior written consent; (i) not to use the Marks to incur any obligation or indebtedness on our behalf; and (j) to ensure that the Marks bear the “®”, “™”, or “SM” symbol, as we prescribe from time to time.

**14.4 Changes to the Marks.** We have the absolute right to change, discontinue, or substitute for any of the Marks and to adopt new Marks for use with the System without any liability for any impact to the System. You agree to implement any such change at your own expense, regardless of the reason for the change, within the time that we reasonably specify.

**14.5 Third-Party Challenges.** You agree to notify us promptly of any unauthorized use of the Marks that you suspect or of which you have knowledge. You also agree to inform us promptly of any challenge by any person or entity to the validity of, our ownership of, or our right to license others to use, any of the Marks. You acknowledge and agree that we have the right, but not the obligation, to initiate, direct and control any litigation or administrative proceeding relating to the Marks, including, but not limited to, any settlement. You agree to sign all documents and render any other assistance we may deem necessary to the defense or prosecution of any such proceeding.

## **SECTION 15 LOSS, CONDEMNATION AND CASUALTY**

**15.1 Loss.** You will promptly advise us following your receipt of a notice of default or termination of your Club's lease, mortgage, equipment lease or security agreement related to the purchase of equipment and provide us a copy of the notice. You will also promptly give us notice of any proposed taking of your Club, or any of your equipment, or any portion thereof through the exercise of the power of eminent domain, foreclosure, or any dispossessory action. If the Club or a substantial part thereof is to be taken, the Club may be relocated within the Territory or elsewhere following our written approval in accordance with our relocation procedures. If you open a Club at another location within one year of the closing of the old Club, the new Club will be deemed to be the Club licensed under the Agreement. If a condemnation, lease termination or mortgage default takes place and a new Club does not open within one year, this Agreement will terminate following notice from us.

**15.2 Damage to the Club.** If the Club is damaged, you will expeditiously repair the damage. If the damage requires that the Club be closed, you will immediately notify us in writing, and will: **(a)** relocate the Club as provided in Section 15.1; or **(b)** repair or rebuild the Club in accordance with our then-existing standards and general specifications and reopen the Club as soon as practicable (but, in any event, within 12 months after the closing of the Club) and give us 30 days' advance written notice of the reopening. If the Club is not (or, in our opinion, cannot be) reopened in accordance with this Section, or relocated pursuant to Section 15.1, this Agreement will terminate following notice from us. The Term will not be extended by any interruption in the Club's operations, except for an act of God that results in the Club being closed not less than 60 days nor more than 180 days.

## **SECTION 16 COVENANTS**

**16.1 Confidential Information.** During and after the Term, you may not communicate, divulge or use for any purpose other than the development and/or operation of the Club any confidential information, knowledge, trade secrets or know-how which may be communicated to you or which you may learn by virtue of this Agreement or the operation of the Club. You may divulge confidential information only to your professional advisers, your employees who must have access to the information to develop or operate the Club, your contractors and your landlord, provided that you obtain our prior consent. All information, knowledge and know-how relating to us, our business plans or the System are deemed confidential for purposes of this Agreement, except information that you can demonstrate came to your attention by lawful means prior to our disclosure, or that is or becomes a part of the public domain other than through you. At our request, you will require your employees, and any other person or entity to whom you wish to disclose any confidential information to sign agreements providing that they will maintain the confidentiality of the disclosed information. The agreements, which may be provided by us, must be in a form satisfactory to us and must identify us as a third-party beneficiary with the independent right to enforce the agreements.

**16.2 Restrictions During Term.** You acknowledge and agree that: (i) pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and confidential information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; (ii) the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; (iii) in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (iv) we would be unable to adequately protect the System and its trade secrets and confidential information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Workout Anytime businesses if franchisees were permitted to hold interests in competitive businesses; and (v) restrictions on your right to hold interests in, or perform services for, competitive businesses will not hinder your activities. Accordingly, you agree that, during the Term, you will not, without our prior written consent, either directly or indirectly through any other person or entity:

A. Divert or attempt to divert any business or customer, or potential business or customer, of any Workout Anytime business to any Competitive Business (as defined in Section 16.2.D).

B. Own, manage, engage in, advise, make loans to, be employed by, assist or have any interest in any Competitive Business.

C. During the Term, there is no geographical limitation on these restrictions.

D. As used in this Agreement, the term “Competitive Business” means any business that engages in or operates gymnasiums or workout facilities or offers fitness instruction or personal training.

**16.3 Restrictions After Termination, Expiration or Transfer.** In light of your acknowledgments and agreements as set forth in Section 16.2, you agree as follows:

A. For a period of 2 years following the expiration, termination or transfer of this Agreement, you covenant and agree that you will not own, manage, engage in, advise, make loans to, be employed by, assist or have any interest in any Competitive Business that is (or is intended to be) located at or within 25 miles of the Franchised Location or within 25 miles of any other Workout Anytime business.

B. For a period of 2 years following the expiration or termination of this Agreement or a transfer, you further covenant and agree that you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease or transfer the Franchised Location to any person, firm, partnership, corporation, or other entity which you know, or have reason to know, intends to operate a Competitive Business at the Franchised Location. You, by the terms of any conveyance selling, assigning, leasing or transferring your interest in the Franchised Location, must include restrictive covenants as are necessary to ensure that a Competitive Business that would violate this Section is not operated at the Franchised Location for this 2-year period, and you must take all steps necessary to ensure that these restrictive covenants become a matter of public record.

**16.4 Modification.** We have the right, in our sole discretion, to reduce the scope of any covenant in this Section 16 effective immediately upon your receipt of written notice, and you agree that you will comply with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 19.3. If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the 2-year period following expiration, termination or transfer of this Agreement, you fail to comply with your obligations under this Section, that period of noncompliance will not be credited toward your satisfaction of the 2-year obligation. Following the resolution of any dispute regarding the enforceability of this

Section that is resolved in our favor, the 2-year period (or such other period as may be deemed reasonable by the court) will run from the date of the resolution.

**16.5 Applicability.** If you are a business entity, all officers, directors, stockholders, partners, members, trustees, beneficiaries and/or principals of you, the franchisee, and any persons controlled by, controlling or under common control with you must execute our standard form of Non-Competition, Non-Solicitation and Confidentiality Agreement. This Section 16 does not prohibit you, any Principal Owner or any guarantor under this Agreement from having: **(a)** interests in any other franchise-related agreement with us or our affiliates that remains in effect; or **(b)** ownership of less than 5% of the outstanding equity securities of any ~~publicly held~~ publicly held corporation, as defined in the Securities and Exchange Act of 1934.

## **SECTION 17 TERMINATION**

**17.1 Termination by You.** If you are in compliance with this Agreement and we materially breach this Agreement and fail to substantially cure the breach within 60 days after a written notice of the breach is delivered to us by you, you may terminate this Agreement, effective 10 days after delivery to us of a notice of termination. If you terminate this Agreement in accordance with this Section, you must comply with the post-termination procedures set forth in Section 17.5.

**17.2 Termination Following Notice.** In addition to the grounds for termination stated elsewhere in this Agreement, we may terminate this Agreement, and the rights granted by this Agreement, by written notice to you, without giving you an opportunity to cure, upon the occurrence of any of the following events:

- A.** You or your Manager fail to complete our initial training program.
- B.** You fail to open the Club for business by the required opening date, unless we, in our sole discretion, extend this period to address unforeseen construction delays that are not within your control.
- C.** You or any Principal Owner (as defined in Section 18.3) becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction.
- D.** You or any Principal Owner has made a material misrepresentation or omission in your application for the rights granted by this Agreement or is convicted of or pleads no contest to a felony or other crime or offense that may adversely affect the goodwill associated with the Marks.
- E.** There is a material breach of any obligation under Section 16.
- F.** We discover that you made a material misrepresentation or omitted a material fact in the information that you furnished to us in connection with our decision to enter into this Agreement.
- G.** You knowingly falsify any report required to be furnished to us or make any material misrepresentation in your dealings with us or fail to disclose any material facts to us.
- H.** You, any Principal Owner, any guarantor under this Agreement or any of your managers, members, officers or directors is convicted of, or pleads no contest to, a crime that we reasonably believe is likely to harm the reputation of the System or our goodwill.
- I.** Any Transfer that requires our prior written consent occurs without your having obtained that prior written consent.



**J.** You, any Principal Owner or any other entity that is a Workout Anytime franchisee and in which you or any Principal Owner have a direct or indirect ownership interest remain in default beyond the applicable cure period under: **(i)** any other agreement with us or our affiliates; **(ii)** any real estate lease, equipment lease or financing instrument relating to the Club; or **(iii)** any agreement with any vendor or supplier to the Club; provided that if the default is not by you, you are given written notice of the default and 10 days to cure the default.

**K.** You refuse to permit, or try to hinder, an examination or audit of your books and records or inspection of the Club or Franchised Location as permitted by this Agreement.

**L.** Any condition exists with respect to the Club that, in our reasonable judgment, seriously jeopardizes public health or safety.

**M.** During any 12-month period, you fail to operate the Club for 3 or more consecutive days or 5 total days unless we determine, in our sole discretion, that the failure was beyond your control.

**N.** Any Principal Owner fails or refuses to sign the Guarantee.

**O.** An entity that is not a party to this Agreement is operating the Club without our prior written consent.

### **17.3 Termination Following Expiration of Cure Period.**

**A.** Except for those items listed in Sections 17.2, 17.3.B and 17.3.C, you will have 30 days after written notice of default from us within which to remedy the default and provide evidence of that remedy to us. If any default is not cured within that time, this Agreement will terminate without further notice to you effective immediately upon expiration of that time, unless we notify you otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within 30 days, you will have that additional time to correct the default as we believe to be reasonably required (not to exceed 90 days) provided that you begin taking the actions necessary to correct the default during the 30-day cure period and diligently and in good faith pursue those actions to completion. You will be in default under this Section 17.3.A for any failure to materially comply with any of the requirements imposed by this Agreement or otherwise in writing, or to carry out the terms of this Agreement in good faith.

**B.** Notwithstanding the provisions of Section 17.3.A, if you fail to pay any monies owed to us or our affiliates when those monies become due and payable and you fail to pay those monies within 5 days after receiving written notice of default, this Agreement will terminate effective immediately upon expiration of that time, unless we notify you otherwise in writing.

**C.** If you have received 2 or more notices of default under this Agreement within the previous 12 months, we will be entitled to send you a notice of termination upon your next default under this Agreement in that 12-month period without providing you an opportunity to remedy that default.

**17.4 Statutory Limitations.** If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Agreement, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

**17.5 Effect of Termination.** Upon termination or expiration of this Agreement, unless we direct you otherwise:

**A.** All rights granted to you under this Agreement will immediately terminate and you must immediately cease to operate the Club.

**B.** You must promptly pay all sums owing to us, our affiliates and your suppliers and you forfeit all rights to receive membership fees and any other revenue from the Workout Anytime members of the Franchised Location.

**C.** You and all persons and entities subject to the restrictions contained in Section 16 will continue to abide by those restrictions and will not, directly or indirectly, take any action that violates those restrictions.

**D.** You must immediately cease to use, by advertising or in any other manner, the Marks and all other distinctive forms, slogans, signs, symbols, web sites, domain names, email addresses, and devices associated with the System. Within 15 days, you must promptly take those actions as may be necessary to cancel any assumed name registration or equivalent registration, and any domain name registration that contains any Marks.

**E.** You must make modifications or alterations to the Franchised Location and the Club immediately upon termination or expiration of this Agreement as necessary to prevent the operation of any business in violation of Section 16 and any specific additional changes we reasonably request for that purpose. Upon our request, you must return to us, at our cost, any signage that we specify.

**F.** You must immediately deliver to us all hard copies, and delete all electronic copies, of the Platform and all training materials, marketing materials, records, files, instructions, and correspondence in your possession or control that contain confidential information. You also must deliver to us all hard copies, and delete all electronic copies, of customer information and customer lists that you have compiled and uninstall any software that we have provided.

**G.** The limited exclusive rights granted to you in the Territory will terminate, and we will have the right to operate, and license others to operate, Workout Anytime businesses anywhere in the Territory.

#### **17.6 Lost Revenue Damages.**

**A.** If we terminate this Agreement because of your breach or if you terminate this Agreement without cause, you and we agree that it would be difficult, if not impossible, to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of the Royalty Fee and the Brand Fund Development Fee through the remainder of the term of this Agreement. Therefore, you and we agree that a reasonable estimate of such damages, less any cost savings we might have experienced, ("Lost Revenue Damages") is an amount equal to the net present value of the Royalty Fee and the Brand Fund Development Fee that would have been paid had this Agreement not been terminated, from the date of termination to the scheduled expiration of the Term ("Measurement Period").

**B.** For the purposes of this Section, Lost Revenue Damages will be calculated as follows: **(1)** the aggregate of the Royalty Fee and the Brand Fund Development Fee percentages multiplied by the average monthly Gross Revenue of your Club during the 12 full calendar months immediately preceding the termination date (or, if as of the effective date of termination, your Club has not been operating for at least 12 full calendar months, we will use the average monthly Gross Revenues of all Workout Anytime businesses operating during that 12 month period); **(2)** multiplied by the number of calendar months in the Measurement Period.

**C.** You agree to pay us Lost Revenue Damages, as damages and not as a penalty, as calculated in accordance with this Section, within 15 days after the effective date of termination, or on any later date that we determine. You and we agree that the calculation described in this Section is a calculation only of the Lost Revenue Damages and that nothing will preclude or limit us from proving and recovering any other damages caused by your breach of this Agreement.

**17.7 Option to Purchase Your Business and Inventory.** On the expiration or termination of this Agreement for any reason, we will have the right, but not the obligation, exercisable by written notice delivered to you within 30 days after the date of expiration, to purchase all or part of the physical assets used in the Club, except your personal assets. There will be no compensation for goodwill, and the purchase price for the assets will be equal to their fair market value less such goodwill. If you and we cannot agree on the purchase price for the assets that we desire to purchase within 10 days following our exercise of this option to purchase, an independent appraiser we designate will determine the fair market value, and you and we will share equally the cost of the appraiser. The appraiser's decision will be final and binding with no right to appeal. The closing of the purchase will take place at a location, and on a date, we choose, and will be completed in accordance with all applicable bulk sales laws. At closing, you will deliver to us a bill of sale for the assets, in a form acceptable to us. We will be entitled to set off against the purchase price any amounts you then owe us or any affiliate of ours, and to pay out of the purchase price any of your unpaid creditors.

## **SECTION 18**

### **TRANSFER~~AND~~; ASSIGNMENT; RELOCATION**

**18.1 Transfers By Us.** We have the unrestricted right to transfer or assign ownership interests in us and all or any part of our interest in this Agreement to any person or legal entity without your consent. You agree that we will have no liability after the effective date of transfer or assignment for the performance of, or any failure to perform, any obligations transferred. We also have the right to delegate to others the performance of any of our duties under this Agreement.

#### **18.2 Your Governing Documents.**

**A.** If you are (or Transfer your interests in this Agreement to) a business entity, during the Term, your (or the transferee's) governing documents must provide that your (or its) activities are limited exclusively to the development of Workout Anytime businesses and that no Transfer (as defined in Section 18.4.A.) of an ownership interest may be made except in accordance with Section 18.4. Any stock or other ownership certificates that you issue must bear a conspicuous printed legend to that effect.

**B.** You represent that you have furnished us with a list of all holders of a direct or indirect equity interests in you and their respective percentage interests, as well as copies of your governing documents (and any amendments thereto) and any other corporate documents, books or records that we may request, and that all such information is current as of the date on which you sign this Agreement. Your direct and indirect owners and their respective equity interests as of the Effective Date are identified in Exhibit A. You must promptly update this information as changes occur.

**18.3 Guarantees.** All holders of direct or indirect equity interests in you of 10% or more ("Principal Owners") must jointly and severally guarantee your payment and performance under this Agreement and must bind themselves to the terms of this Agreement pursuant to the Guarantee and Assumption of Obligations attached as Exhibit B ("Guarantee"). Notwithstanding the foregoing, we reserve the right, in our sole discretion, to waive the requirement that some or all of the Principal Owners execute the Guarantee and/or to limit the scope of the Guarantee. We reserve the right to require that any guarantor provide personal financial statements to us from time to time.

You acknowledge that, unless otherwise agreed to in writing by us, it is our intent to have individuals (and not corporations, limited liability companies or other business entities) execute the Guarantee. Accordingly, if any Principal Owner is not an individual, we will have the right to have the Guarantee executed by individuals who have only an indirect ownership interest in you. (By way of example, if a Principal Owner is a corporation, we have the right to require that the Guarantee be executed by individuals who have an ownership interest in that corporation.)



If you, any guarantor or any parent, subsidiary or affiliate of yours holds any interest in other businesses that are franchised by us, at our request, the party who owns that interest will execute, concurrently with this Agreement, a form of cross-guarantee to us for the payment of all obligations for those businesses, unless waived in writing by us in our sole discretion. For purposes of this Agreement, an affiliate of yours is any company controlled, directly or indirectly, by you or your parent or subsidiary.

#### **18.4 Transfers by You.**

**A. Definition of Transfer.** For purposes of this Agreement, a “Transfer” by you means any sale, assignment, transfer, conveyance, merger, give away, pledge, mortgage or other encumbrance, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) of: **(i)** any interest in this Agreement; **(ii)** if you are a business entity, any direct or indirect ownership interests in you; or **(iii)** substantially all of your assets pertaining to your operations under this Agreement.

**B. No Transfer Without Our Consent.** You acknowledge that this Agreement is personal to you and we have selected you as a developer based on our reliance on your (and your direct and indirect owners’) character, skill, aptitude and business and financial capacity. Neither you nor any of your direct or indirect owners may undertake any Transfer or permit any Transfer to occur without obtaining our prior written consent. The decision as to whether to consent to a Transfer will be made in the exercise of our business judgment, but our consent will not be unreasonably withheld. We have the right to communicate with and counsel you, your direct and indirect owners and the proposed transferee on any aspect of a proposed Transfer. You agree to provide any information and documentation relating to the proposed Transfer that we reasonably require, including, but not limited to, a copy of the proposed offer. Unless otherwise agreed, we do not waive any claims against the transferring party if we consent to a Transfer.

Except as otherwise provided in this Section 18.4, if you or your direct or indirect owners propose to undertake a Transfer, the following conditions apply (unless waived by us):

**(1)** You and your direct and indirect owners must:

**(a)** Be in compliance with all obligations to us under this Agreement and any other agreements you have with us, our affiliates, any lenders that have provided financing to you and your major suppliers as of the date of the request for our consent to the Transfer.

**(b)** Pay to us a Transfer fee in the amount of 50% of the then-current initial franchise fee charged to new franchisees to reimburse us for our reasonable costs and expenses incurred in reviewing and documenting the Transfer, including legal and accounting fees.

**(c)** Advise us in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, submit a copy of all contracts and all other agreements or proposals and submit all other information requested by us relating to the proposed Transfer.

**(2)** The proposed transferee (and, if the proposed transferee is a business entity, all persons that have any direct or indirect ownership interest in the proposed transferee as we may require) must demonstrate to our satisfaction extensive experience in high quality operations of a character and complexity similar to a Workout Anytime business; must meet the managerial, operational, experience, quality, character and business standards for a developer promulgated by us from time to time; must possess a good character, business reputation and credit rating; must have an organization whose management culture is compatible with our management culture; and must have adequate financial resources and working capital to meet the development obligations under this Agreement. If the proposed transferee is an existing Workout Anytime business franchisee, the transferee and its direct and indirect

owners must not be in default under their agreements with us and must have substantially complied with our operating standards.

(3) An assignment agreement and/or any other agreements that we require to reflect the Transfer must be signed by the transferor and the proposed transferee. In addition, we may require, at our option, that amendments to this Agreement and/or our then-current standard form of franchise agreement (for a term ending on the expiration of the Initial Term) be signed.

(4) You, your Principal Owners, all of your guarantors under this Agreement and the transferee must execute a general release, in a form prescribed by us, of all claims against us, our affiliates and our and their past, present and future affiliates, officers, directors, members, managers, shareholders, agents and employees. You, your Principal Owners and your guarantors under this Agreement will remain liable to us for all obligations arising before the effective date of the Transfer.

(5) The price and other proposed terms of the Transfer must not, in our reasonable business judgment, have the effect of negatively impacting the prospect for the future viability of the Franchised Business.

(6) If the transferee is a business entity, those persons or entities designated by us, which may include, but are not limited to, those with a direct or indirect ownership interest of 10% or more in the transferee, must execute our then-current form of Guarantee.

(7) The proposed transferee and those of its employees that we designate must complete all training course we require and pay our then-current training fee.

(8) Each of your affiliates that have entered into a franchise agreement with us must, as of the date of the request for our consent to the Transfer, be in compliance with all obligations to us under those agreements and with all obligations under any agreement with any lenders that have provided financing pursuant to an arrangement with us.

**C. Transfer upon Death or Permanent Incapacity.** If the Transfer is a transfer of direct or indirect ownership interests in you following the death or permanent incapacity (as reasonably determined by us) of a person that has a direct or indirect ownership interest in you, that person's executor, administrator or personal representative must apply to us in writing within 3 months after the death or declaration of permanent incapacity for consent to Transfer the person's interest. The Transfer will be subject to the provisions of this Section 18.4, as applicable. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of this Section 18.4, the executor may Transfer the decedent's interest to another successor that we have accepted, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 18.4.C. within 6 months after the date of death or appointment of a personal representative, we may terminate this Agreement without opportunity to cure.

**D. Transfer for Convenience of Ownership.** If you are an individual or a partnership, we will consent to the Transfer of this Agreement to a business entity that you form for the convenience of ownership, provided that: (i) the entity has and will have no business other than the operation of Workout Anytime businesses; (ii) you comply with the requirements in Sections 18.2 and the provisions of Section 18.4.B., as applicable; and (c) the owners hold equity interests in the new entity in the same proportion shown on Exhibit A.

**E. Right of First Refusal.** We have the right, exercisable within 30 days after receipt of the notice (and information) specified in Section 18.4.B, to send written notice to you that we intend to purchase the interest or assets proposed to be transferred. We may assign our right of first refusal to someone else either before or after we exercise it. However, our right of first refusal will not apply with regard to Transfers to the spouse, son or daughter of a direct or indirect owner in you (including Transfers

to a spouse, son or daughter as a result of death or permanent incapacity as described in Section 18.4.C), provided that the transferees meet all criteria required of new franchisees.

If the Transfer is proposed to be made pursuant to a sale, we or our designee may purchase the interest proposed to be transferred on the same economic terms and conditions offered by the third-party. Closing on our purchase must occur within 60 days after the date of our notice to the seller electing to purchase the interest (or, if the parties cannot agree on the cash equivalent, as provided in the next sentence, within 60 days after the appraiser's determination). If we cannot reasonably be expected to furnish the same consideration as the third-party, we may substitute the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, we and you will each select a professionally certified appraiser and the two selected appraisers will select a third professionally certified appraiser to determine the fair market value of the interest proposed to be transferred. The third appraiser will appraise the fair market value of the interest proposed to be transferred and the value set by the third appraiser will be conclusive. The appraisers' fees and costs will be borne equally by us and you. Any material change in the terms of the offer from a third party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer.

If a Transfer is proposed to be made by gift, we and you will each select a professionally certified appraiser and the two selected appraisers will select a third professionally certified appraiser to determine the fair market value of the interest proposed to be transferred. The third appraiser will appraise the fair market value of the interest proposed to be transferred and the value set by the third appraiser will be conclusive. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within 30 days after our notice to the transferor of the appraiser's determination of fair market value. The appraisers' fees and costs will be borne equally by us and you.

At any point, we may decline to exercise our right of first refusal. The decision by us and/or our designee to decline to exercise our right of first refusal will not constitute our consent to the proposed Transfer or a waiver of any other provision of this Section 18.4 with respect to the proposed Transfer. If we elect not to exercise our rights under this Section, the transferor may not complete the Transfer until he has complied with this Section 18.4. Closing of the Transfer must occur within 60 days of our election (or that longer period as applicable law may require); otherwise, the third-party's offer will be treated as a new offer subject to our right of first refusal. The Transfer is conditional upon our determination that the Transfer was completed on terms substantially the same as those offered to us. You must provide to us copies of all ~~fully executed~~fully executed agreements and any other information we request relating to the Transfer.

**F. Relocation.** You may not relocate your Club for any purpose without our express prior written approval. If we consent to your Workout Anytime Club relocation, you must pay us a fee equal to 50% of our then-current Initial Franchise Fee ("Relocation Fee").

## **SECTION 19 MISCELLANEOUS**

**19.1 Relationship of Parties.** This Agreement does not create a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, joint employer, partner, employee or servant of each other for any purpose. You are not authorized to make any contract, agreement, warranty or representation on our behalf, or to create any obligation, express or implied, on our behalf. During the Term, you agree to hold yourself out to the public as an independent contractor operating the Club under license from us, and you agree to exhibit a notice to that effect (the location and content of which we reserve the right to specify) in a conspicuous place at the Club.

**19.2 Consents and Waivers.** Whenever our prior written approval, acceptance or consent is required under this Agreement, you agree to make a timely written request to us for our consent. Our approval, acceptance or consent must be in writing and signed by an authorized officer or manager to be effective. We make no warranties or guarantees upon which you may rely by providing any waiver, approval, consent or suggestion to you in connection with this Agreement and assume no liability or obligation to you therefor, or by reason of any neglect, delay, or denial of any request therefor. We will not, by virtue of any waivers, approvals, consents, advice or services provided to you, assume responsibility or liability to you or to any third parties to which we would not otherwise be subject.

No delay or failure to exercise any right under this Agreement or to insist upon your strict compliance with any obligation or condition, and no custom or practice that differs from the terms of this Agreement, will constitute a waiver of our right to exercise the contractual right or demand your strict compliance with the terms of this Agreement. Our waiver of any particular default does not affect or impair our rights with respect to any subsequent default you may commit. Our waiver of a default by another franchisee does not affect or impair our right to demand your strict compliance with the terms of this Agreement. Our acceptance of any payments due from you does not waive any prior defaults.

**19.3 Entire Agreement.** Each element of this Agreement is essential and material. This Agreement, the Platform, the documents referred to in this Agreement and the attachments to this Agreement constitute the entire agreement between you and us with respect to the Franchised Business at the Franchised Location and supersede all prior negotiations, representations, correspondence and agreements concerning the same subject matter. Except for our Franchise Disclosure Document and your Development Agreement (if applicable), there are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and in the attachments. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed in writing.

**19.4 Severability and Construction.** Each provision of this Agreement is severable from the others. If, for any reason, any provision is determined by a court to be invalid, the invalidity will not impair the operation of the remaining provisions of this Agreement. The latter will continue to be given full force and effect and bind us and you; the invalid provision(s) will be deemed not to be a part of this Agreement. Each provision of this Agreement that, expressly, or by reasonable implication, is to be performed, in whole or in part, after the expiration, termination or Transfer of this Agreement will survive expiration, termination or Transfer. This Agreement will not be interpreted in favor of or against any party based on a party's sophistication or based on the party that drafted this Agreement. Except as expressly otherwise provided, nothing in this Agreement is intended, or will be deemed, to confer any rights or remedies upon any person or legal entity other than you and us.

**19.5 Our Discretion.** Whenever we have a right and/or the discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make that decision or exercise our right and/or discretion on the basis of our judgment of what is in the best interests of the System. Our judgment of what is in the best interests of the System, at the time our decision is made or our right or discretion is exercised, can be made without regard to whether: **(a)** other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; **(b)** our decision or the action taken promotes our financial or other individual interest; **(c)** our decision or the action taken applies differently to you and one or more other franchisees or our company-owned or affiliate-owned operations; or **(d)** our decision or the action taken is adverse to your interests. Nothing in this Agreement

is intended to disclaim the representations made in the Franchise Disclosure Document. We will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations under this Agreement.

**19.6 Notices.** Notices related to this Agreement will be effective upon receipt (or first rejection) and may be given by any of the following delivery methods: **(a)** certified or registered mail; **(b)** U.S. Priority Mail or national commercial delivery service (e.g., UPS, Federal Express); or **(c)** email (if receipt is verified within 24 hours of transmission). Either party can change its notice address by informing the other party. Notices sent will be sent to the addresses listed on the first page of this Agreement, however, we also may send notices addressed to you at the Franchised Location. A copy of notices to us will also be sent to Andrew Beilfuss, Esq., Quarles & Brady, 411 East Wisconsin Avenue, Suite 2400, Milwaukee, WI 53202-4426.

**19.7 Miscellaneous.** All references to gender and number will be construed to include such other gender and number as the context may require. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement may be signed using electronic signatures, and those signatures will have full legal force and effect. Time is of the essence of this Agreement for each provision in which time is a factor.

**19.8 Injunctive Relief.** You recognize that your failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with the restrictions contained in Section 16 or the failure to comply with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will be entitled to declaratory and injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security.

**19.9 Control During Crisis Situation.** If an event occurs at the Club that has or reasonably may cause harm or injury to customers, guests or employees (*i.e.*, slip and fall injuries, natural disasters, robberies, shootings, Data Breach, etc.) or may damage the Marks, the System or our reputation (collectively “Crisis Situation”), you must: **(a)** immediately contact appropriate emergency care providers to assist it in curing the harm or injury; and **(b)** immediately inform us by telephone of the Crisis Situation. You must refrain from making any internal or external announcements (*i.e.*, no communication with the news media) regarding the Crisis Situation (unless otherwise directed by us or public health officials).

To the extent we deem appropriate, in our sole and absolute discretion, we or our designee may control the manner in which the Crisis Situation is handled by the parties, including, without limitation, conducting all communication with the news media, providing care for injured persons and/or temporarily closing the Club. The parties acknowledge that, in directing the management of any Crisis Situation, we or our designee may engage the services of attorneys, experts, doctors, testing laboratories, public relations firms and those other professionals as we deem appropriate. You and your employees must cooperate fully with us or our designee in our efforts and activities in this regard and will be bound by all further Crisis Situation procedures developed by us from time to time hereafter. The indemnification under Section 13.2 will include all losses and expenses that may result from the exercise by us or our designee of the management rights granted in this Section 19.9.



**19.10 Compliance with U.S. Laws.** You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (“Order”), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: **(a)** do not, and hereafter will not, engage in any terrorist activity; **(b)** are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and **(c)** are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

## **SECTION 20 DISPUTE RESOLUTION**

**20.1 Choice of Law.** Except as provided in this Section 20.1, this Agreement and the relationship between the parties is governed by and will be construed in accordance with the laws of the state of Georgia. Notwithstanding the foregoing: **(a)** the covenants in Section 16 will be governed by the laws of the state in which the Franchised Business is located; and **(b)** nothing in this Section is intended, or will be deemed, to make any Georgia law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if that law would not otherwise be applicable.

**20.2 Arbitration.** Except as qualified below, any dispute between the parties or any of their respective affiliates, officers, directors, employees, agents or owners arising out of, in connection with or in relation to this Agreement, the parties’ relationship or the Club must be submitted to binding arbitration under the authority of the Federal Arbitration Act without reference to any state arbitration statutes and must be determined by arbitration administered by the American Arbitration Association (“AAA”) pursuant to its then-current commercial arbitration rules and procedures. The arbitration will take place in the city where our headquarters are located at the time the demand for arbitration is filed. The arbitration will be heard by a single arbitrator who has at least 10 years of experience in franchise law. The arbitrator must follow the law and not disregard the terms of this Agreement.

Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts.

The decision of the arbitrator will be final and binding on all parties to the dispute; however, either party may appeal the award to the AAA and the arbitrator may not under any circumstances: **(a)** stay the effectiveness of any award pending termination of this Agreement; **(b)** assess punitive or exemplary damages; **(c)** make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance set by us.

Notwithstanding the foregoing, the parties agree that the following claims will not be subject to arbitration: **(i)** any action for declaratory or equitable relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party’s tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder; **(ii)** any action in ejectment or for possession of any interest in real or personal property; or **(iii)** any action by us to collect any sums due to us.

**20.3 Choice of Forum.** The parties agree, for any action not subject to arbitration, you must file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business or where the Club is or was located or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

**20.4 Limitation of Actions.** Any legal action or proceeding (including a proceeding related to the offer and sale of a franchise to you) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, regardless of when discovered. The preceding limitation period does not apply: **(a)** with respect to payments owed by one party to the other; **(b)** if prohibited by applicable law; or **(c)** if applicable law provides for a shorter limitations period.

**20.5 Mutual Waiver of Jury Trial.** Each of us irrevocably waives trial by jury in any action not subject to arbitration.

**20.6 Mutual Waiver of Punitive Damages.** Each of us waives any right to or claim of punitive, exemplary, multiple or consequential damages against the other in litigation and agrees to be limited to the recovery of actual damages sustained.

**20.7 Remedies Not Exclusive.** Except as provided in Sections 20.1 through 20.6, no right or remedy that the parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under applicable law.

**20.8 Reimbursement of Costs and Expenses.** If either party brings an action to enforce this Agreement, the party prevailing in that proceeding will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you must reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

**20.9 Rights of Parties are Cumulative.** The parties' rights under this Agreement are cumulative and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement that it is entitled by law or this Agreement to exercise or enforce.

## **SECTION 21 ACKNOWLEDGEMENTS**

You represent, acknowledge and warrant to us (and you agree that these representations, acknowledgments and warranties will survive termination of this Agreement) that:

**21.1** We have entered, and will continue to enter, into agreements with other franchisees. The manner in which we enforce our rights and the franchisees' obligations under any of those other agreements will not affect our ability to enforce our rights or your obligations under this Agreement.

**21.2** The Initial Franchise Fee is not refundable for any reason.

**21.3** We may change or modify the System, from time to time, including the Platform, and you will be required to make such expenditures as those changes or modifications in the System may require.

**21.4** Nothing in this Agreement prohibits us or our affiliates from: **(a)** operating or licensing others to operate Workout Anytime businesses at any location other than in the Territory during the Term; **(b)** operating or licensing others to operate health club facilities, other than Workout Anytime businesses, at any location; **(c)** utilizing the System or any part of the System in any manner other than operation by us or our affiliates of a Workout Anytime business in the Territory; **(d)** developing and owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and/or **(e)** purchasing, being purchased by, merging or combining with, businesses that directly compete with Workout Anytime businesses.

**21.5** Although this Agreement contains provisions requiring you to operate the Club in compliance with the System: **(a)** we and our affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of your business or employment decisions; **(b)** neither you nor we intend for us or our affiliates to incur any liability in connection with or arising from any aspect of the System or your use of the System, whether or not in accordance with the requirements of the Platform; and **(c)** you are the sole employer of your employees and you and we are not joint employers.

**21.6** You will be solely responsible for: **(a)** hiring, training and supervising efficient, competent and courteous employees of good character for the operation of the Franchised Business; **(b)** the terms of their employment and compensation; and **(c)** the proper training of the employees in the operation of the Franchised Business.

**21.7** Your execution of this Agreement does not and will not conflict or interfere, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any third party to which you, any of your owners or any affiliate of yours is a party, including, but not limited to, any noncompetition provision.

**IN WITNESS WHEREOF**, the parties have executed this Agreement by their duly authorized representatives.

**FRANCHISEE:**

\_\_\_\_\_

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

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

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

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

**FRANCHISOR:**

**WORKOUT ANYTIME FRANCHISING  
SYSTEMS, LLC**, a Georgia limited liability  
company

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

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

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

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



**EXHIBIT A**  
**FRANCHISE INFORMATION**

1. **Territory:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. **Franchised Location:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

~~3. **Balance of the Initial Franchise Fee Paid:**~~ \_\_\_\_\_

~~4~~3. **Ownership:** The following is a list of all holders of a direct or indirect equity interest in you and their respective percentage interests:

Name	Address	Percentage Ownership Interest

04/~~2023~~2024

## EXHIBIT B

### GUARANTEE AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the foregoing Franchise Agreement dated as of \_\_\_\_\_ (“Agreement”) by and between Workout Anytime Franchising Systems, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”), the undersigned (collectively, “Guarantors”) hereby personally and unconditionally agree as follows:

**1. Guarantee and Assumption of Franchisee’s Obligations.** Guarantors hereby: (A) guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that Franchisee and any assignee of Franchisee’s interest under the Agreement will: (i) punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (ii) punctually pay all other monies owed to Franchisor and/or its affiliates; (B) agree to be personally bound by each and every provision in the Agreement, including, without limitation, the provisions of Section 13.2 and Section 16; and (C) agree to be personally liable for the breach of each and every provision in the Agreement.

**2. General Release.** Each Guarantor (if an individual, on behalf of him/herself and his/her heirs, representatives, successors and assigns, and if a business entity, on behalf of itself and its parent, subsidiaries and affiliates) (collectively, “Releasors”), freely and without any influence, forever releases and covenants not to sue Franchisor, its parent, subsidiaries and affiliates and their respective past and present officers, directors, managers, members, shareholders, agents and employees, in their corporate and individual capacities, with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “claims”), that any Releasor now owns, has or claims to have or holds, or may in the future own or hold, or at any prior time owned, held, had or claimed to have, based on, arising out of or relating to, in whole or in part, any fact, event, conduct or omissions occurring on or before the date of this Guarantee, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Guarantee, the Agreement and all other agreements between any Releasor and Franchisor or its parent, subsidiaries or affiliates, the sale of any franchise to any Releasor, the development and operation of the Franchised Business and the development and operation of all other businesses operated by any Releasor that are franchised by Franchisor. Releasors expressly agree that fair consideration has been given by Franchisor for this release, and they fully understand that this is a negotiated, complete and final release of all claims.

**3. General Terms and Conditions.** The following general terms and conditions will apply to this Guarantee:

**A.** Each of the undersigned waives: (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (iv) any right he/she/it may have to require that an action be brought against Franchisee or any other person as a condition of liability; (v) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guarantee by the undersigned; (vi) any law or statute which requires that Franchisor make demand upon, assert claims against or collect from Franchisee or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; (vii) any and all other notices and legal or equitable defenses to which he may

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be entitled; and (viii) **any and all right to have any legal action under this Guarantee decided by a jury.**

**B.** Each of the undersigned consents and agrees that: **(i)** his/her/its direct and immediate liability under this Guarantee will be joint and several; **(ii)** he/she/it will render any payment or performance required under the Agreement if Franchisee fails or refuses punctually to do so; **(iii)** such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; **(iv)** such liability will not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guarantee, which will be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Franchisee to Franchisor or its affiliates under the Agreement; and **(v)** monies received from any source by Franchisor for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by Franchisor. In addition: **(a)** each Guarantor acknowledges that the obligations under this Guarantee will continue to remain in force and effect unless Franchisor in its sole discretion, in writing, releases him/her/it from this Guarantee; and **(b)** following any Transfer, the obligations of each Guarantor under this Guarantee will continue to remain in force and effect unless Franchisor in its sole discretion, in writing, releases the Guarantor from this Guarantee. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Sections 16.3 of the Agreement will remain in force and effect for a period of 2 years after any such release by Franchisor. A release by Franchisor of any Guarantor will not affect the obligations of any other Guarantor.

**C.** If Franchisor brings a legal action to enforce this Guarantee, the prevailing party in that proceeding will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses will be determined by the court and not by a jury.

**D.** If Franchisor utilizes legal counsel (including in-house counsel employed by Franchisor or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned will reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

**E.** This Guarantee will inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Franchisor's interests in and rights under this Guarantee are freely assignable, in whole or in part, by Franchisor. Any assignment will not release the undersigned from this Guarantee.

**G.** Section 20 of the Agreement is incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee will have the meaning given them in the Agreement.

*[SIGNATURE PAGE FOLLOWS]*

**IN WITNESS WHEREOF**, each of the undersigned has hereunto affixed his signature.

**GUARANTORS:**

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

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

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

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

Address: \_\_\_\_\_

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

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

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

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

Address: \_\_\_\_\_

**EXHIBIT C**  
**NON-COMPETITION AND NON-SOLICITATION AGREEMENT**  
**(LIMITED PRINCIPALS)**

This Non-Competition and Non-Solicitation Agreement (“Agreement”) is entered into as of \_\_\_\_\_ (“Effective Date”) by and between Workout Anytime Franchising Systems, LLC (“Franchisor”) and \_\_\_\_\_ (“Obligor”).

**RECITALS**

Obligor is an owner of the legal entity identified in Exhibit A that is a party to the Franchise Agreement identified in Exhibit 1 or a manager and/or primary operator of Franchisee’s Workout Anytime franchised health club facility (“Club”).

Obligor acknowledges that Franchisor has a legitimate business interest in protecting its franchise and franchisees from unfair competition by an existing or former franchisee who: (1) has had special, intimate knowledge of Franchisor’s methods and trade secrets and confidential information for the operation of a Workout Anytime Club; (2) is able to take advantage of the knowledge and experience gained in running a Workout Anytime Club, and use such knowledge and experience in operating a new competing business without having to continue to pay royalties and other fees for such information, thereby placing other franchisees at a competitive disadvantage; or (3) diverts business and customers from a current or former Workout Anytime Club to a competitor of Franchisor

Obligor acknowledges that Franchisor has a legitimate business interest in re-franchising the territory of a former franchisee and Franchisor would suffer irreparable damage absent this Agreement because it would be unable to attract new franchisees to the area served by its former franchisee.

Obligor acknowledges that Franchisor requires the execution of this Agreement as an ancillary requirement to Franchisor’s simultaneous grant of a franchise to Franchisee.

**NOW, THEREFORE**, the parties agree as follows:

**1. Consideration in Exchange for Obligor’s Covenants.** Obligor acknowledges and confirms that Franchisor’s willingness to execute and perform under the Franchise Agreement is expressly conditioned on execution of this Agreement by Obligor and that serves as valuable and adequate consideration received in exchange for Obligor’s promises and covenants made in this Agreement.

**2. Obligor’s In-Term Non-Competition and Non-Solicitation Covenants.** During the term of the Franchise Agreement, and without geographic limits, Obligor will not directly or indirectly (such as through corporations or other entities controlled by the Obligor or by or through or in conjunction with any other individual person or persons including, but not limited to, Obligor’s spouse (if any) and employees) undertake any of the following:

**a.** Divert or attempt to divert any business or customer of any Club to any competitor or do anything injurious or prejudicial to the goodwill associated with Franchisor’s Marks, methods, the Workout Anytime Franchise System, or Franchisor’s business practices.

**b.** Own, maintain, engage in, be associated with, be employed by, advise, assist, invest in, be landlord to, franchise, or have any interest in any health club, gymnasium, or fitness center business which is the same or substantially like or competitive with any Workout Anytime Club,

04/~~2023~~2024

c. Use, communicate, disseminate, provide access, or divulge to anyone at any time any confidential information or trade secrets of Franchisor, or at any time copy, duplicate, record or otherwise reproduce any confidential information or trade secrets of Franchisor, including without limitation those materials contained within the secure password protected Franchise resource section of Franchisor's website, except as expressly permitted in the Franchise Agreement.

**3. Obligor's Post-Term Non-Competition and Non-Solicitation Covenants.** For purposes of this Section 3, the word "Conclusion" means the termination, assignment or transfer and/or expiration of the Franchise Agreement corresponding to this Agreement, regardless of whether such termination/expiration occurs prior to, or at the end of, such Franchise Agreement's term (the "Term").

a. Upon the Conclusion of the Term, Obligor will not:

(i) Directly or indirectly, for a 2 year period following the Conclusion of the Term, and without geographic limitation, divert or attempt to divert any business or customer of any health club facility to any competitor, or do anything injurious or prejudicial to the goodwill associated with Franchisor's Marks, methods or the Workout Anytime Franchise System.

(ii) For a 2 year period following the Conclusion of the Term within 25 miles of the location of the Club, own, maintain, engage in, be associated with, be employed by, advise, assist, invest in or have any interest in any business that engages in or offers franchises for businesses that engage in or operate gymnasiums, fitness, or workout facilities which is the same as, or substantially like or competitive with any Workout Anytime Club.

b. Upon the Conclusion of the Term, Obligor will not, at any time, directly or indirectly: (i) communicate, disseminate, provide access, reveal or divulge to anyone, in whole or in part, any of Franchisor's confidential information or trade secrets; (ii) use, copy, duplicate, record or otherwise reproduce at any time any of Franchisor's confidential information or trade secrets; and (iii) use in any manner whatsoever any of the Marks, the methods, Franchisor's Operations Manuals, any of the materials contained within the secure password protected Franchise resource section of Franchisor's website, or any other proprietary or intellectual property rights of Franchisor and the Workout Anytime Franchise system.

c. Upon the Conclusion of the Term, Obligor will immediately return to Franchisor all Operations Manuals, all training materials, all of Franchisor's proprietary software and printed matters, all website materials, all other confidential information and trade secrets, and all of Franchisor's advertising and promotional signs and related items.

**4. Severability.** The covenants contained in this Agreement will be construed as agreements severable and independent from each other, except that any violation of Section 2 will constitute a material breach and default of the Franchise Agreement and cause for immediate termination of the Franchise Agreement without opportunity to cure. If any Section of this Agreement is deemed by a court of competent jurisdiction to be invalid or unenforceable, then the maximum legally allowable restriction permitted by applicable law will control and bind Obligor.

**5. Enforcement Costs.** Obligor agrees to pay Franchisor all the costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with its enforcement of this Agreement.

**6. Counterparts, Entire Agreement, Amendments.** This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which together will be

one and the same instrument. The parties may execute such counterparts via fax, or electronically via PDF. This Agreement, together with the Franchise Agreement, contains the entire agreement of the parties pertaining to the subject matter hereof and no prior or contemporaneous representations, inducements, promises, or agreements, oral or otherwise, between the parties not set forth herein will be of any force and effect. Any modifications to this Agreement must be accomplished by a written agreement signed by both parties.

7. **Injunction.** Obligor recognizes and agrees that the injury that Franchisor and certain of its franchisees will suffer in the event of Obligor's breach of any covenant contained in this Agreement cannot be compensated by monetary damages alone, and Obligor therefore agrees that in the event of a breach or threatened breach by Obligor of this Agreement, Franchisor (and its affiliates, successors and assigns), in addition to and not in limitation of, any other rights, remedies, or damages available to Franchisor (and/or its affiliates, successors, and assigns) at law, in equity, under this Agreement or otherwise, will be entitled to seek an injunction from any court of competent jurisdiction in order to prevent or restrain any such breach by Obligor or by Obligor's agents, representatives, employees, partners, co-owners, or any and all other persons directly or indirectly acting for or with him/her/it.

8. **Choice of Law, Venue and Jurisdiction.** This Agreement will be construed and governed under and in accordance with the laws of the State in which the Club is located. Obligor must file any suit against Franchisor only in the federal or state court having jurisdiction where Franchisor's principal offices are located at the time suit is filed. Franchisor may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed or in the jurisdiction where Obligor resides or does business or where the Club is or was located or where the claim arose. Obligor consents to the personal jurisdiction of those courts over you and to venue in those courts.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date by their duly authorized representatives.

~~Date~~ **OBLIGOR:**  
FRANCHISING

WORKOUT ANYTIME  
SYSTEMS, LLC

~~Print Name:-~~

~~Address~~ Signature: \_\_\_\_\_ By: \_\_\_\_\_  
\_\_\_\_\_

~~Date:-~~ \_\_\_\_\_

~~Print Name~~ your name: \_\_\_\_\_ ~~By:~~ \_\_\_\_\_  
Title: \_\_\_\_\_

Title: \_\_\_\_\_ (if applicable): \_\_\_\_\_

Date of Signature: \_\_\_\_\_

~~Address~~ Signature: \_\_\_\_\_

Print your name: \_\_\_\_\_

Print Title (if applicable): \_\_\_\_\_

Date of Signature: \_\_\_\_\_

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

Print your name: \_\_\_\_\_

Print Title (if applicable): \_\_\_\_\_

Date of Signature: \_\_\_\_\_



<p align="center"><b>Summary report:</b>  <b>Litera Compare for Word 11.6.0.100 Document comparison done on</b>  <b>5/13/2024 12:52:04 PM</b></p>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original DMS:</b> iw://docs.quarles.com/ACTIVE/81229541/1	
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<b>Changes:</b>	
<u>Add</u>	134
<del>Delete</del>	63
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<u>Table Insert</u>	0
<del>Table Delete</del>	0
<u>Table moves to</u>	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	197

## **EXHIBIT B**

### **NON-COMPETITION AND NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT**

## NON-COMPETITION AND NON-SOLICITATION AGREEMENT

This Non-Competition and Non-Solicitation Agreement (“Agreement”) is entered into as of \_\_\_\_\_ (“Effective Date”) by and between Workout Anytime Franchising Systems, LLC (“Franchisor”) and \_\_\_\_\_ (“Obligor”).

### RECITALS

Obligor is an owner of the legal entity identified in Exhibit A that is a party to the Franchise Agreement identified in Exhibit 1 or a manager and/or primary operator of Franchisee’s Workout Anytime franchised health club facility (“Club”).

Obligor acknowledges that Franchisor has a legitimate business interest in protecting its franchise and franchisees from unfair competition by an existing or former franchisee who: **(1)** has had special, intimate knowledge of Franchisor’s methods and trade secrets and confidential information for the operation of a Workout Anytime Club; **(2)** is able to take advantage of the knowledge and experience gained in running a Workout Anytime Club, and use such knowledge and experience in operating a new competing business without having to continue to pay royalties and other fees for such information, thereby placing other franchisees at a competitive disadvantage; or **(3)** diverts business and customers from a current or former Workout Anytime Club to a competitor of Franchisor

Obligor acknowledges that Franchisor has a legitimate business interest in re-franchising the territory of a former franchisee and Franchisor would suffer irreparable damage absent this Agreement because it would be unable to attract new franchisees to the area served by its former franchisee.

Obligor acknowledges that Franchisor requires the execution of this Agreement as an ancillary requirement to Franchisor’s simultaneous grant of a franchise to Franchisee.

**NOW, THEREFORE**, the parties agree as follows:

**1. Consideration in Exchange for Obligor’s Covenants.** Obligor acknowledges and confirms that Franchisor’s willingness to execute and perform under the Franchise Agreement is expressly conditioned on execution of this Agreement by Obligor and that serves as valuable and adequate consideration received in exchange for Obligor’s promises and covenants made in this Agreement.

**2. Obligor’s In-Term Non-Competition and Non-Solicitation Covenants.** During the term of the Franchise Agreement, and without geographic limits, Obligor will not directly or indirectly (such as through corporations or other entities controlled by the Obligor or by or through or in conjunction with any other individual person or persons including, but not limited to, Obligor’s spouse (if any) and employees) undertake any of the following:

**a.** Divert or attempt to divert any business or customer of any Club to any competitor or do anything injurious or prejudicial to the goodwill associated with Franchisor’s Marks, methods, the Workout Anytime Franchise System, or Franchisor’s business practices.

**b.** Own, maintain, engage in, be associated with, be employed by, advise, assist, invest in, be landlord to, franchise, or have any interest in any health club, gymnasium, or fitness center business which is the same or substantially like or competitive with any Workout Anytime Club,

c. Use, communicate, disseminate, provide access, or divulge to anyone at any time any confidential information or trade secrets of Franchisor, or at any time copy, duplicate, record or otherwise reproduce any confidential information or trade secrets of Franchisor, including without limitation those materials contained within the secure password protected Franchise resource section of Franchisor's website, except as expressly permitted in the Franchise Agreement.

**3. Obligor's Post-Term Non-Competition and Non-Solicitation Covenants.** For purposes of this Section 3, the word "Conclusion" means the termination, assignment or transfer and/or expiration of the Franchise Agreement corresponding to this Agreement, regardless of whether such termination/expiration occurs prior to, or at the end of, such Franchise Agreement's term (the "Term").

a. Upon the Conclusion of the Term, Obligor will not:

(i) Directly or indirectly, for a 2 year period following the Conclusion of the Term, and without geographic limitation, divert or attempt to divert any business or customer of any health club facility to any competitor, or do anything injurious or prejudicial to the goodwill associated with Franchisor's Marks, methods or the Workout Anytime Franchise System.

(ii) For a 2 year period following the Conclusion of the Term within 25 miles of the location of the Club, own, maintain, engage in, be associated with, be employed by, advise, assist, invest in or have any interest in any business that engages in or offers franchises for businesses that engage in or operate gymnasiums, fitness, or workout facilities which is the same as, or substantially like or competitive with any Workout Anytime Club.

b. Upon the Conclusion of the Term, Obligor will not, at any time, directly or indirectly: (i) communicate, disseminate, provide access, reveal or divulge to anyone, in whole or in part, any of Franchisor's confidential information or trade secrets; (ii) use, copy, duplicate, record or otherwise reproduce at any time any of Franchisor's confidential information or trade secrets; and (iii) use in any manner whatsoever any of the Marks, the methods, Franchisor's Operations Manuals, any of the materials contained within the secure password protected Franchise resource section of Franchisor's website, or any other proprietary or intellectual property rights of Franchisor and the Workout Anytime Franchise system.

c. Upon the Conclusion of the Term, Obligor will immediately return to Franchisor all Operations Manuals, all training materials, all of Franchisor's proprietary software and printed matters, all website materials, all other confidential information and trade secrets, and all of Franchisor's advertising and promotional signs and related items.

**4. Severability.** The covenants contained in this Agreement will be construed as agreements severable and independent from each other, except that any violation of Section 2 will constitute a material breach and default of the Franchise Agreement and cause for immediate termination of the Franchise Agreement without opportunity to cure. If any Section of this Agreement is deemed by a court of competent jurisdiction to be invalid or unenforceable, then the maximum legally allowable restriction permitted by applicable law will control and bind Obligor.

**5. Enforcement Costs.** Obligor agrees to pay Franchisor all the costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with its enforcement of this Agreement.

6. **Counterparts, Entire Agreement, Amendments.** This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which together will be one and the same instrument. The parties may execute such counterparts via fax, or electronically via PDF. This Agreement, together with the Franchise Agreement, contains the entire agreement of the parties pertaining to the subject matter hereof and no prior or contemporaneous representations, inducements, promises, or agreements, oral or otherwise, between the parties not set forth herein will be of any force and effect. Any modifications to this Agreement must be accomplished by a written agreement signed by both parties.

7. **Injunction.** Obligor recognizes and agrees that the injury that Franchisor and certain of its franchisees will suffer in the event of Obligor's breach of any covenant contained in this Agreement cannot be compensated by monetary damages alone, and Obligor therefore agrees that in the event of a breach or threatened breach by Obligor of this Agreement, Franchisor (and its affiliates, successors and assigns), in addition to and not in limitation of, any other rights, remedies, or damages available to Franchisor (and/or its affiliates, successors, and assigns) at law, in equity, under this Agreement or otherwise, will be entitled to seek an injunction from any court of competent jurisdiction in order to prevent or restrain any such breach by Obligor or by Obligor's agents, representatives, employees, partners, co-owners, or any and all other persons directly or indirectly acting for or with him/her/it.

8. **Choice of Law, Venue and Jurisdiction.** This Agreement will be construed and governed under and in accordance with the laws of the State in which the Club is located. Obligor must file any suit against Franchisor only in the federal or state court having jurisdiction where Franchisor's principal offices are located at the time suit is filed. Franchisor may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed or in the jurisdiction where Obligor resides or does business or where the Club is or was located or where the claim arose. Obligor consents to the personal jurisdiction of those courts over you and to venue in those courts.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the Effective Date by their duly authorized representatives.

**OBLIGOR:**

**WORKOUT ANYTIME FRANCHISING  
SYSTEMS, LLC**

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

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

Print your name: \_\_\_\_\_

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

Print Title (if applicable): \_\_\_\_\_

Date of Signature: \_\_\_\_\_

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

Print your name: \_\_\_\_\_

Print Title (if applicable): \_\_\_\_\_

Date of Signature: \_\_\_\_\_

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

Print your name: \_\_\_\_\_

Print Title (if applicable): \_\_\_\_\_

Date of Signature: \_\_\_\_\_

## **EXHIBIT C**

### **DEVELOPMENT AGREEMENT**





## DEVELOPMENT AGREEMENT

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Developer

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Effective Date

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### EXHIBITS

EXHIBIT A - DEVELOPMENT INFORMATION

EXHIBIT B - GUARANTEE AND ASSUMPTION OF OBLIGATIONS

**Workout Anytime Franchising Systems, LLC**

**DEVELOPMENT AGREEMENT**

This Development Agreement ("Agreement") is entered into as of \_\_\_\_\_ ("Effective Date") by and between Workout Anytime Franchising Systems, LLC, a Georgia Limited Liability Company ("Workout Anytime," "Franchisor," "us" or "we"), whose principal address is 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia, 30009, and \_\_\_\_\_, a \_\_\_\_\_ ("Developer," "you" or "your") whose principal address is \_\_\_\_\_.

**RECITALS**

We own a proprietary system for developing, opening and operating 24 hour health and fitness facilities for the general public through a uniform system which has high standards of service, uses quality equipment, and operates under the business format created and developed by us known as the Workout Anytime Franchise System ("System").

The distinguishing characteristics of the System include, but are not limited to, the name and mark "Workout Anytime," workable and functional interior and exterior designs, confidential operating procedures, standards and specifications for equipment, services, products, and both management and marketing programs. All distinguishing characteristics may be changed, improved, and further developed by us.

The System is identified by certain trade names, service marks, logos, emblems, and indicia of origin, including "Workout Anytime" and "24/7 Get Fit," "Workout Anytime 24/7" and other trade names and service marks which are now, or may be in the future, designated by us for use with the System ("Marks").

We continue to use, develop and control the use of the Marks to identify to the public the source of services and products marketed under the System, and which represent the System's high standards of quality, cleanliness, appearance and service.

You recognize the benefits to be derived from being identified with the System. You also recognize the value of the Marks and the continued uniformity of image to you, us and other franchisees. You understand the importance to the System of our high and uniform standards of quality, cleanliness, appearance and service, and further recognize the necessity of developing and opening your Workout Anytime health and fitness facilities ("Franchised Club(s)") in conformity within the System.

You recognize that to enhance the value of the System and goodwill associated with it, this Agreement places detailed obligations on you, including adherence to our reasonable present and future requirements regarding the types of services offered, advertising, physical facilities, operational techniques, and related matters.

You have applied to us for, and we desire to grant to you, the right to establish and operate an agreed-upon number of Franchised Clubs within a specified geographic Development Area ("Development Area") and in accordance with a specified schedule ("Development Schedule"), subject to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

## SECTION 1. GRANT OF DEVELOPMENT RIGHTS

**1.1 Grant and Development Area.** We hereby grant you, subject to the terms and conditions of this Agreement, the right to develop Franchised Clubs in the Development Area during the term of this Agreement (“Development Term”). The Development Term begins on the Effective Date and, unless this Agreement is terminated at an earlier date as provided in Section 5 expires on the first to occur of: **(a)** the date that the last Franchised Club is required to be opened pursuant to the Development Schedule in attached Exhibit A; or **(b)** the date that the last Franchised Club required by the Development Schedule opens for business. There is no renewal term for this Agreement.

**1.2 Development Rights Only.** This Agreement is not a license or franchise agreement. It does not give you the right to operate Franchised Clubs or use the System or the Marks, nor does it give you any right to license others to operate Franchised Clubs. Each Franchised Club developed pursuant to this Agreement must be established and operated in strict accordance with a separate Franchise Agreement.

## SECTION 2. TERRITORIAL PROTECTION AND RESERVATION OF RIGHTS

**2.1 Limited Exclusivity.** Except as reserved in Section 2.2, we will not, during the Development Term, operate or franchise others to operate Workout Anytime Businesses in the Development Area, provided you are in compliance with the terms of this Agreement and any other agreements with us or our affiliates, and you are current on all obligations due to us and our affiliates.

**2.2 Our Reservation of Rights.** The System (including the products, services and merchandise sold under the Marks) has been developed, and is designed, to function effectively in a wide variety of environments, many of which are not practically available to you. Accordingly, we reserve to ourselves and our affiliates the rights to:

A. Grant other franchises or licenses for, and operate company or affiliate-owned, health and fitness businesses operated in private establishments located in the Development Area, if access to those businesses is limited to employees of the business or transient guests of the business.

B. Establish, and license others to establish, Workout Anytime businesses at any location outside the Development Area, notwithstanding their proximity to the Development Area or the actual or threatened impact on your Franchised Clubs.

C. Own and operate health and fitness businesses under different trademarks at any location inside or outside of the Development Area, or grant others the right to own and operate health and fitness businesses under different trademarks at any locations inside or outside of the Development Area.

D. Sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise from any location or to any purchaser (including members of your Franchised Clubs), through any channel or method of distribution (including, but not limited to, sales made by or through mail order and/or on the Internet) and retain all revenues from those

sales, so long as those sales are not conducted from a Workout Anytime business operated at a location inside the Development Area.

E. Purchase, be purchased by, merge or combine with, businesses that directly compete with Workout Anytime business.

F. Own, operate and franchise clubs offering the same or similar services under the Marks in non-traditional venues such as airports, train stations, military bases, educational facilities, hospitals, health care facilities and casinos.

G. Engage in any other activities not expressly prohibited by this Agreement.

### **SECTION 3. FEES**

**3.1 Development Fee.** In connection with your commitment to develop the number of Franchised Clubs outlined in Exhibit A, you agree to pay us a development fee equal to \$35,000 for the first Franchised Club, plus \$5,000 times the number of Franchised Clubs we grant you the right open under this Agreement after the first Franchised Club (“Development Fee”). The Development Fee is payable as follows: (a) \$35,000 plus \$5,000 for each additional Club you agree to develop is due upon signing of the Development Agreement; and (b) \$10,000 upon signing of each Franchise Agreement for each additional Franchised Club after the Franchised Club. You will not be required to pay an Initial Franchise Fee for the Franchised Clubs we grant you the right to operate under this Agreement. The Development Fee is fully earned by us when paid and is not refundable.

### **SECTION 4. DEVELOPMENT SCHEDULE**

**4.1 Development Schedule.** During the Development Term, you must develop, open and continuously operate in the Development Area the number of Franchised Clubs specified in the Development Schedule. For each Franchised Club to be developed during the Development Term, you must develop and open the Franchised Club by the applicable opening date listed in the Development Schedule (“Opening Date”). Your strict compliance with the Development Schedule is essential to this Agreement. Any failure by you to develop and open a Franchised Club by the applicable Opening Date will constitute a material, non-curable breach of this Agreement, which will permit us to terminate this Agreement immediately by giving you written notice of termination. **TIME IS OF THE ESSENCE.**

**4.2 Execution of Franchise Agreements.** After your receipt of an approved letter of intent for the site, we will prepare and forward to you a Franchise Agreement. The form of Franchise Agreement for the Franchised Clubs to be developed by you pursuant to this Agreement will be the standard form in general use at the time that you receive the approved letter of intent for the site of the applicable Franchised Club. Within 15 days after you receive the Franchise Agreement, you must sign the Franchise Agreement and return it to us along with the balance of Development Fee attributable to that Franchised Club.

## **SECTION 5. DEFAULT AND TERMINATION**

**5.1 Grounds for Termination.** In addition to the grounds for termination stated elsewhere in this Agreement, we may terminate this Agreement, and the rights granted by this Agreement, upon written notice to you without an opportunity to cure upon the occurrence of any of the following events:

- A.** You fail to develop and open a Franchised Club by the applicable Opening Date.
- B.** At any time during the Development Term, you fail to have open and operating the number of Franchised Clubs required by the Development Schedule.
- C.** You are insolvent or unable to pay your creditors (including us); file a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is filed against you a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization that is not dismissed within 60 days of the filing; you make an assignment for the benefit of creditors; or a receiver or trustee is appointed for you and not dismissed within 60 days of the appointment.
- D.** Execution is levied against your business or property; suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Club developed hereunder is instituted against you and is not dismissed within 60 days; or the real or personal property of any Franchised Club developed hereunder is sold after levy thereupon by any sheriff, marshal or constable.
- E.** There is a material breach of any obligation under Section 8.
- F.** Any Transfer that requires our prior written consent occurs without your having obtained that prior written consent.
- G.** You remain in default beyond the applicable cure period, if any, under any other agreement with us or our affiliates.

**5.2 Statutory Limitations.** If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Agreement, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

## **SECTION 6. OBLIGATIONS ON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement:

**6.1** You will have no further right to develop or open Franchised Clubs in the Development Area, except that you will be entitled to complete and open a Franchised Club for which you have begun construction. We will have the right to operate, and license others to operate, Workout Anytime Clubs anywhere in the Development Area except as otherwise provided in an effective franchise agreement.

**6.2** You must promptly return to us all materials and information furnished by us or our affiliates, except materials and information furnished with respect to a Franchised Club which is open and operating pursuant to an effective franchise agreement.

**6.3** We will retain all fees paid to us pursuant to this Agreement or a franchise agreement executed pursuant to this Agreement.

**6.4** You and all persons and entities subject to the covenants contained in Section 8 will continue to abide by those covenants and must not, directly or indirectly, take any action that violates those covenants.

**6.5** You must immediately pay to us and our affiliates all sums due and owing us or our affiliates pursuant to this Agreement.

## **SECTION 7. TRANSFER AND ASSIGNMENT**

**7.1 Transfers By Us.** We have the unrestricted right to transfer or assign ownership interests in us and all or any part of our interest in this Agreement to any person or legal entity without your consent. You agree that we will have no liability after the effective date of transfer or assignment for the performance of, or any failure to perform, any obligations transferred. We also have the right to delegate to others the performance of any of our duties under this Agreement.

### **7.2 Your Governing Documents.**

**A.** If you are (or Transfer your interests in this Agreement to) a business entity, during the Term, your (or the transferee's) governing documents must provide that your (or its) activities are limited exclusively to the development of Workout Anytime businesses and that no Transfer (as defined in Section 7.4.A.) of an ownership interest may be made except in accordance with Section 7.4. Any stock or other ownership certificates that you issue must bear a conspicuous printed legend to that effect.

**B.** You represent that you have furnished us with a list of all holders of a direct or indirect equity interests in you and their respective percentage interests, as well as copies of your governing documents (and any amendments thereto) and any other corporate documents, books or records that we may request, and that all such information is current as of the date on which you sign this Agreement. Your direct and indirect owners and their respective equity interests as of the Effective Date are identified in Exhibit A. You must promptly update this information as changes occur.

**7.3 Guarantees.** All holders of direct or indirect equity interests in you of 10% or more ("Principal Owners") must jointly and severally guarantee your payment and performance under this Agreement and must bind themselves to the terms of this Agreement pursuant to the Guarantee and Assumption of Obligations attached as Exhibit B ("Guarantee"). Notwithstanding the foregoing, we reserve the right, in our sole discretion, to waive the requirement that some or all of the Principal Owners execute the Guarantee and/or to limit the scope of the Guarantee. We reserve the right to require that any guarantor provide personal financial statements to us from time to time.

You acknowledge that, unless otherwise agreed to in writing by us, it is our intent to have individuals (and not corporations, limited liability companies or other business entities) execute the



Guarantee. Accordingly, if any Principal Owner is not an individual, we will have the right to have the Guarantee executed by individuals who have only an indirect ownership interest in you. (By way of example, if a Principal Owner is a corporation, we have the right to require that the Guarantee be executed by individuals who have an ownership interest in that corporation.)

If you, any guarantor or any parent, subsidiary or affiliate of yours holds any interest in other businesses that are franchised by us, at our request, the party who owns that interest will execute, concurrently with this Agreement, a form of cross-guarantee to us for the payment of all obligations for those businesses, unless waived in writing by us in our sole discretion. For purposes of this Agreement, an affiliate of yours is any company controlled, directly or indirectly, by you or your parent or subsidiary.

#### **7.4 Transfers by You.**

**A. Definition of Transfer.** For purposes of this Agreement, a “Transfer” by you means any sale, assignment, transfer, conveyance, merger, give away, pledge, mortgage or other encumbrance, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) of: **(i)** any interest in this Agreement; **(ii)** if you are a business entity, any direct or indirect ownership interests in you; or **(iii)** substantially all of your assets pertaining to your operations under this Agreement.

**B. No Transfer Without Our Consent.** You acknowledge that this Agreement is personal to you and we have selected you as a developer based on our reliance on your (and your direct and indirect owners’) character, skill, aptitude and business and financial capacity. Neither you nor any of your direct or indirect owners may undertake any Transfer or permit any Transfer to occur without obtaining our prior written consent. The decision as to whether to consent to a Transfer will be made in the exercise of our business judgment, but our consent will not be unreasonably withheld. We have the right to communicate with and counsel you, your direct and indirect owners and the proposed transferee on any aspect of a proposed Transfer. You agree to provide any information and documentation relating to the proposed Transfer that we reasonably require, including, but not limited to, a copy of the proposed offer. Unless otherwise agreed, we do not waive any claims against the transferring party if we consent to a Transfer.

Except as otherwise provided in this Section 7.4, if you or your direct or indirect owners propose to undertake a Transfer, the following conditions apply:

**(1)** You and your direct and indirect owners must:

**(a)** Be in compliance with all obligations to us under this Agreement and any other agreements you have with us, our affiliates, any lenders that have provided financing to you and your major suppliers as of the date of the request for our consent to the Transfer.

**(b)** Advise us in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, submit a copy of all contracts and all other agreements or proposals and submit all other information requested by us relating to the proposed Transfer.

**(c)** Make the Transfer only in conjunction with a simultaneous Transfer of the same rights and interest with respect to all agreements with us in the Development Area.

(2) The proposed transferee (and, if the proposed transferee is a business entity, all persons that have any direct or indirect ownership interest in the proposed transferee as we may require) must demonstrate to our satisfaction extensive experience in high quality operations of a character and complexity similar to a Workout Anytime business; must meet the managerial, operational, experience, quality, character and business standards for a developer promulgated by us from time to time; must possess a good character, business reputation and credit rating; must have an organization whose management culture is compatible with our management culture; and must have adequate financial resources and working capital to meet the development obligations under this Agreement. If the proposed transferee is an existing Workout Anytime business franchisee, the transferee and its direct and indirect owners must not be in default under their agreements with us and must have substantially complied with our operating standards.

(3) An assignment agreement and/or any other agreements that we require to reflect the Transfer must be signed by the transferor and the proposed transferee. In addition, we may require, at our option, that amendments to this Agreement and/or our then-current standard form of development agreement (for a term ending on the expiration of the Development Term) be signed.

(4) You, your Principal Owners, all of your guarantors under this Agreement and the transferee must execute a general release, in a form prescribed by us, of all claims against us, our affiliates and our and their past, present and future affiliates, officers, directors, members, managers, shareholders, agents and employees. You, your Principal Owners and your guarantors under this Agreement will remain liable to us for all obligations arising before the effective date of the Transfer.

(5) The price and other proposed terms of the Transfer must not, in our reasonable business judgment, have the effect of negatively impacting the prospect for the future viability of your Franchised Clubs.

(6) If the transferee is a business entity, those persons or entities designated by us, which may include, but are not limited to, those with a direct or indirect ownership interest of 10% or more in the transferee, must execute our then-current form of Guarantee.

(7) The proposed transferee and those of its employees that we designate must complete all training course we require and pay our then-current training fee.

(8) Each of your affiliates that have entered into a franchise agreement with us must, as of the date of the request for our consent to the Transfer, be in compliance with all obligations to us under those agreements and with all obligations under any agreement with any lenders that have provided financing pursuant to an arrangement with us.

**C. Transfer upon Death or Permanent Incapacity.** If the Transfer is a transfer of direct or indirect ownership interests in you following the death or permanent incapacity (as reasonably determined by us) of a person that has a direct or indirect ownership interest in you, that person's executor, administrator or personal representative must apply to us in writing within 3 months after the death or declaration of permanent incapacity for consent to Transfer the person's interest. The Transfer will be subject to the provisions of this Section 7.4, as applicable. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of this Section 7.4, the executor may Transfer the decedent's interest to another successor that we have accepted, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of

under this Section 7.4.C. within 6 months after the date of death or appointment of a personal representative, we may terminate this Agreement without opportunity to cure.

**D. Transfer for Convenience of Ownership.** If you are an individual or a partnership, we will consent to the Transfer of this Agreement to a business entity that you form for the convenience of ownership, provided that: **(i)** the entity has and will have no business other than the operation of Workout Anytime businesses; **(ii)** you comply with the requirements in Sections 7.2 and the provisions of Section 7.4.B., as applicable; and **(c)** the owners hold equity interests in the new entity in the same proportion shown on Exhibit A.

## **SECTION 8. COVENANTS**

**8.1 Confidential Information.** During and after the Development Term, you may not communicate, divulge or use for any purpose other than the development of Franchised Clubs any confidential information, knowledge, trade secrets or know-how which may be communicated to you or which you may learn by virtue of this Agreement. You may divulge confidential information only to your professional advisers, your employees who must have access to the information to develop Franchised Clubs, your contractors and your landlord, provided that you obtain our prior consent. All information, knowledge and know-how relating to us, our business plans or the System are deemed confidential for purposes of this Agreement, except information that you can demonstrate came to your attention by lawful means prior to our disclosure, or that is or becomes a part of the public domain other than through you. At our request, you will require your employees, and any other person or entity to whom you wish to disclose any confidential information to sign agreements providing that they will maintain the confidentiality of the disclosed information. The agreements, which may be provided by us, must be in a form satisfactory to us and must identify us as a third-party beneficiary with the independent right to enforce the agreements.

**8.2 Restrictions During Development Term.** You acknowledge and agree that: **(i)** pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and confidential information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(ii)** the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; **(iii)** in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(iv)** we would be unable to adequately protect the System and its trade secrets and confidential information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Workout Anytime businesses if franchisees were permitted to hold interests in competitive businesses; and **(v)** restrictions on your right to hold interests in, or perform services for, competitive businesses will not hinder your activities. Accordingly, you agree that, during the Development Term, you will not, without our prior written consent, either directly or indirectly through any other person or entity:

**A.** Divert or attempt to divert any business or customer, or potential business or customer, of any Workout Anytime business to any Competitive Business (as defined in Section 8.2.D).

**B.** Own, manage, engage in, advise, make loans to, be employed by, assist or have any interest in any Competitive Business.

**C.** During the Development Term, there is no geographical limitation on these restrictions.

**D.** As used in this Agreement, the term “Competitive Business” means any business that engages in or operates gymnasiums or workout facilities or offers fitness instruction or personal training.

**8.3 Restrictions After Termination, Expiration or Transfer.** In light of your acknowledgments and agreements as set forth in Section 8.2, you agree that for a period of 2 years following the expiration, termination or transfer of this Agreement, you covenant and agree that you will not own, manage, engage in, advise, make loans to, be employed by, assist or have any interest in any Competitive Business that is (or is intended to be) located at or within 25 miles of the Development Area or within 25 miles of any other Workout Anytime business.

**8.4 Modification.** We have the right, in our sole discretion, to reduce the scope of any covenant in this Section 8 effective immediately upon your receipt of written notice, and you agree that you will comply with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 9.3. If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the 2-year period following expiration, termination or transfer of this Agreement, you fail to comply with your obligations under this Section, that period of noncompliance will not be credited toward your satisfaction of the 2-year obligation. Following the resolution of any dispute regarding the enforceability of this Section that is resolved in our favor, the 2-year period (or such other period as may be deemed reasonable by the court) will run from the date of the resolution.

**8.5 Applicability.** If you are a business entity, all officers, directors, stockholders, partners, members, trustees, beneficiaries and/or principals of you, the franchisee, and any persons controlled by, controlling or under common control with you must execute our standard form of Non-Competition, Non-Solicitation and Confidentiality Agreement. This Section 8 does not prohibit you, any Principal Owner or any guarantor under this Agreement from having: **(a)** interests in any other franchise-related agreement with us or our affiliates that remains in effect; or **(b)** ownership of less than 5% of the outstanding equity securities of any publicly-held corporation, as defined in the Securities and Exchange Act of 1934.

## **SECTION 9. MISCELLANEOUS**

**9.1 Relationship of Parties.** This Agreement does not create a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, joint employer, partner, employee or servant of each other for any purpose. You are not authorized to make any contract, agreement, warranty or representation on our behalf, or to create any obligation, express or implied, on our behalf. During the Development Term, you agree to hold yourself out to the public as an independent contractor under license from us.

**9.2 Consents and Waivers.** Whenever our prior written approval, acceptance or consent is required under this Agreement, you agree to make a timely written request to us for our consent. Our approval,

acceptance or consent must be in writing and signed by an authorized officer or manager to be effective. We make no warranties or guarantees upon which you may rely by providing any waiver, approval, consent or suggestion to you in connection with this Agreement and assume no liability or obligation to you therefor, or by reason of any neglect, delay, or denial of any request therefor. We will not, by virtue of any waivers, approvals, consents, advice or services provided to you, assume responsibility or liability to you or to any third parties to which we would not otherwise be subject.

No delay or failure to exercise any right under this Agreement or to insist upon your strict compliance with any obligation or condition, and no custom or practice that differs from the terms of this Agreement, will constitute a waiver of our right to exercise the contractual right or demand your strict compliance with the terms of this Agreement. Our waiver of any particular default does not affect or impair our rights with respect to any subsequent default you may commit. Our waiver of a default by another franchisee does not affect or impair our right to demand your strict compliance with the terms of this Agreement. Our acceptance of any payments due from you does not waive any prior defaults.

**9.3 Entire Agreement.** Each element of this Agreement is essential and material. This Agreement, the documents referred to in this Agreement and the attachments to this Agreement constitute the entire agreement between you and us with respect to the development of Franchised Clubs and supersede all prior negotiations, representations, correspondence and agreements concerning the same subject matter. Except for our Franchise Disclosure Document and any Franchise Agreements signed pursuant to this Agreement (if applicable), there are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and in the attachments. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed in writing. Notwithstanding anything in this Agreement to the contrary, or in any related agreement, nothing is intended to disclaim the representations we made in the franchise disclosure document.

**9.4 Severability and Construction.** Each provision of this Agreement is severable from the others. If, for any reason, any provision is determined by a court to be invalid, the invalidity will not impair the operation of the remaining provisions of this Agreement. The latter will continue to be given full force and effect and bind us and you; the invalid provision(s) will be deemed not to be a part of this Agreement. Each provision of this Agreement that, expressly, or by reasonable implication, is to be performed, in whole or in part, after the expiration, termination or Transfer of this Agreement will survive expiration, termination or Transfer. This Agreement will not be interpreted in favor of or against any party based on a party's sophistication or based on the party that drafted this Agreement. Except as expressly otherwise provided, nothing in this Agreement is intended, or will be deemed, to confer any rights or remedies upon any person or legal entity other than you and us.

**9.5 Our Discretion.** Whenever we have a right and/or the discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make that decision or exercise our right and/or discretion on the basis of our judgment of what is in the best interests of the System. Our judgment of what is in the best interests of the System, at the time our decision is made or our right or discretion is exercised, can be made without regard to whether: **(a)** other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; **(b)** our decision or the action taken promotes our financial or other individual interest; **(c)** our decision or the action taken applies

differently to you and one or more other franchisees or our company-owned or affiliate-owned operations; or **(d)** our decision or the action taken is adverse to your interests. We will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations under this Agreement.

**9.6 Notices.** Notices related to this Agreement will be effective upon receipt (or first rejection) and may be given by any of the following delivery methods: **(a)** certified or registered mail; **(b)** U.S. Priority Mail or national commercial delivery service (e.g., UPS, Federal Express); or **(c)** email (if receipt is verified within 24 hours of transmission). Either party can change its notice address by informing the other party. Notices sent will be sent to the addresses listed on the first page of this Agreement. A copy of notices to us will also be sent to Andrew Beilfuss, Esq., Quarles & Brady, 411 East Wisconsin Avenue, Suite 2400, Milwaukee, WI 53202-4426.

**9.7 Miscellaneous.** All references to gender and number will be construed to include such other gender and number as the context may require. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement may be signed using electronic signatures, and those signatures will have full legal force and effect. Time is of the essence of this Agreement for each provision in which time is a factor.

**9.8 Injunctive Relief.** You recognize that your failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with the restrictions contained in Section 8 or the failure to comply with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will be entitled to declaratory and injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security.

**9.9 Compliance with U.S. Laws.** You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 ("Order"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: **(a)** do not, and hereafter will not, engage in any terrorist activity; **(b)** are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and **(c)** are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

## **SECTION 10. DISPUTE RESOLUTION**



**10.1 Choice of Law.** Except as provided in this Section 10.1, this Agreement and the relationship between the parties is governed by and will be construed in accordance with the laws of the state of Georgia. Notwithstanding the foregoing: **(a)** the covenants in Section 8 will be governed by the laws of the state in which the Franchised Business is located; and **(b)** nothing in this Section is intended, or will be deemed, to make any Georgia law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if that law would not otherwise be applicable.

**10.2 Arbitration.** Except as qualified below, any dispute between the parties or any of their respective affiliates, officers, directors, employees, agents or owners arising out of, in connection with or in relation to this Agreement, the parties' relationship or a Franchised Club must be submitted to binding arbitration under the authority of the Federal Arbitration Act without reference to any state arbitration statutes and must be determined by arbitration administered by the American Arbitration Association ("AAA") pursuant to its then-current commercial arbitration rules and procedures. The arbitration will take place in the city where our headquarters are located at the time the demand for arbitration is filed. The arbitration will be heard by a single arbitrator who has at least 10 years of experience in franchise law. The arbitrator must follow the law and not disregard the terms of this Agreement.

Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts.

The decision of the arbitrator will be final and binding on all parties to the dispute; however, either party may appeal the award to the AAA and the arbitrator may not under any circumstances: **(a)** stay the effectiveness of any award pending termination of this Agreement; **(b)** assess punitive or exemplary damages; **(c)** make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance set by us.

Notwithstanding the foregoing, the parties agree that the following claims will not be subject to arbitration: **(i)** any action for declaratory or equitable relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder; **(ii)** any action in ejectment or for possession of any interest in real or personal property; or **(iii)** any action by us to collect any sums due to us.

**10.3 Choice of Forum.** The parties agree, for any action not subject to arbitration, you must file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business or where the Club is or was located or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

**10.4 Limitation of Actions.** Any legal action or proceeding (including a proceeding related to the offer and sale of a franchise to you) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of



the legal action or proceeding, regardless of when discovered. The preceding limitation period does not apply: (a) with respect to payments owed by one party to the other; (b) if prohibited by applicable law; or (c) if applicable law provides for a shorter limitations period.

**10.5 Mutual Waiver of Jury Trial.** Each of us irrevocably waives trial by jury in any action not subject to arbitration.

**10.6 Mutual Waiver of Punitive Damages.** Each of us waives any right to or claim of punitive, exemplary, multiple or consequential damages against the other in litigation and agrees to be limited to the recovery of actual damages sustained.

**10.7 Remedies Not Exclusive.** Except as provided in Sections 10.1 through 10.6, no right or remedy that the parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under applicable law.

**10.8 Reimbursement of Costs and Expenses.** If either party brings an action to enforce this Agreement, the party prevailing in that proceeding will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you must reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

**10.9 Rights of Parties are Cumulative.** The parties' rights under this Agreement are cumulative and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement that it is entitled by law or this Agreement to exercise or enforce.

## **SECTION 11. ACKNOWLEDGMENTS**

You represent and warrant to us (and you agree that these representations, acknowledgments and warranties will survive termination of this Agreement) that:

**11.1** We have entered, and will continue to enter, into agreements with other franchisees. The manner in which we enforce our rights and the franchisees' obligations under any of those other agreements will not affect our ability to enforce our rights or your obligations under this Agreement.

**11.2** The fees paid by you pursuant to this Agreement are not refundable for any reason.

**11.3** Nothing in this Agreement prohibits us or our affiliates from: (a) operating or licensing others to operate Workout Anytime businesses at any location other than in the Development Area during the Development Term; (b) operating or licensing others to operate health club facilities, other than Workout Anytime businesses, at any location; (c) utilizing the System or any part of the System in any manner other than operation by us or our affiliates of a Workout Anytime business in the Development Area; (d) developing and owning other franchise systems for the same or similar products and services using trade

names and trademarks other than the Marks; and/or (e) purchasing, being purchased by, merging or combining with, businesses that directly compete with Workout Anytime businesses.

**11.4** Although this Agreement contains provisions requiring you to develop Franchised Clubs in compliance with the System: (a) we and our affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of your business or employment decisions; (b) neither you nor we intend for us or our affiliates to incur any liability in connection with or arising from any aspect of the System or your use of the System; and (c) you are the sole employer of your employees and you and we are not joint employers.

**11.5** You will be solely responsible for: (a) hiring, training and supervising efficient, competent and courteous employees of good character for the operation of the Franchised Clubs; (b) the terms of their employment and compensation; and (c) the proper training of the employees in the operation of the Franchised Clubs.

**11.6** Your execution of this Agreement does not and will not conflict or interfere, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any third party to which you, any of your owners or any affiliate of yours is a party, including, but not limited to, any noncompetition provision.

**IN WITNESS WHEREOF**, the parties have executed this Agreement by their duly authorized representatives.

**DEVELOPER:**

**FRANCHISOR:**

\_\_\_\_\_

**WORKOUT ANYTIME FRANCHISING  
SYSTEMS, LLC**

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

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

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

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

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

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

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

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

**EXHIBIT A**  
**DEVELOPMENT INFORMATION**

**1. Development Area.** The Development Area will be \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Your rights in the Development Area are subject to the limitations described in Section 2. Any political boundaries contained in the description of the Development Area will be considered fixed as of the Effective Date and will not change notwithstanding a political reorganization or a change in those boundaries. Unless otherwise specified, all street boundaries are deemed to include only the inside portion of the stated boundary.

**2. Development Fee.** The Development Fee is \$\_\_\_\_\_.

**3. Development Schedule.** During the Development Term, you will develop and continue to operate a total of \_\_\_\_ Franchised Clubs in the Development Area in accordance with the following schedule:

<b>Franchised Club Number</b>	<b>Opening Date</b>	<b>Cumulative Number of Franchised Clubs to be Open and Operating on the Opening Date, Including the Franchised Club to be Established</b>

**4. Ownership:** The following is a list of all holders of a direct or indirect equity interest in you and their respective percentage interests:

<b>Name</b>	<b>Address</b>	<b>Percentage Ownership Interest</b>

## EXHIBIT B

### GUARANTEE AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the foregoing Development Agreement dated as of \_\_\_\_\_ (“Agreement”) by and between Workout Anytime Franchising Systems, LLC (“Franchisor”) and \_\_\_\_\_ (“Developer”), the undersigned (collectively, “Guarantors”) hereby personally and unconditionally agree as follows:

**1. Guarantee and Assumption of Developer’s Obligations.** Guarantors hereby: (A) guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that Developer and any assignee of Developer’s interest under the Agreement will: (i) punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (ii) punctually pay all other monies owed to Franchisor and/or its affiliates; (B) agree to be personally bound by each and every provision in the Agreement, including, without limitation, the provisions of Section 8; and (C) agree to be personally liable for the breach of each and every provision in the Agreement.

**2. General Terms and Conditions.** The following general terms and conditions will apply to this Guarantee:

**A.** Each of the undersigned waives: (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (iv) any right he/she/it may have to require that an action be brought against Developer or any other person as a condition of liability; (v) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the execution of and performance under this Guarantee by the undersigned; (vi) any law or statute which requires that Franchisor make demand upon, assert claims against or collect from Developer or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Developer or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; (vii) any and all other notices and legal or equitable defenses to which he may be entitled; and (viii) **any and all right to have any legal action under this Guarantee decided by a jury.**

**B.** Each of the undersigned consents and agrees that: (i) his/her/its direct and immediate liability under this Guarantee will be joint and several; (ii) he/she/it will render any payment or performance required under the Agreement if Developer fails or refuses punctually to do so; (iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; (iv) such liability will not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which Franchisor may from time to time grant to Developer or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guarantee, which will be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Developer to Franchisor or its affiliates under the Agreement; and (v) monies received from any source by Franchisor for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by Franchisor. In addition: (a) each

Guarantor acknowledges that the obligations under this Guarantee will continue to remain in force and effect unless Franchisor in its sole discretion, in writing, releases him/her/it from this Guarantee; and **(b)** following any Transfer, the obligations of each Guarantor under this Guarantee will continue to remain in force and effect unless Franchisor in its sole discretion, in writing, releases the Guarantor from this Guarantee. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Sections 8.3 of the Agreement will remain in force and effect for a period of 2 years after any such release by Franchisor. A release by Franchisor of any Guarantor will not affect the obligations of any other Guarantor.

**C.** If Franchisor brings a legal action to enforce this Guarantee, the prevailing party in that proceeding will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses will be determined by the court and not by a jury.

**D.** If Franchisor utilizes legal counsel (including in-house counsel employed by Franchisor or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned will reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

**E.** This Guarantee will inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Franchisor's interests in and rights under this Guarantee are freely assignable, in whole or in part, by Franchisor. Any assignment will not release the undersigned from this Guarantee.

**G.** Section 10 of the Agreement is incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee will have the meaning given them in the Agreement.

**IN WITNESS WHEREOF**, each of the undersigned has hereunto affixed his signature.

**GUARANTORS:**

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

\_\_\_\_\_

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

Address: \_\_\_\_\_

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

\_\_\_\_\_

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

Address: \_\_\_\_\_

## **EXHIBIT D**

### **STATE ADMINISTRATORS AND DESIGNATION OF SERVICE OF PROCESS**



## STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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

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

STATE	AGENCY	PROCESS, IF DIFFERENT
<b>California</b>	<p>Department of Financial Protection and Innovation  <i>Los Angeles</i>                      320 West 4th Street, Suite 750                      Los Angeles, CA 90013-2344                      (213) 576-7500</p> <p><i>Sacramento</i>                      2101 Arena Blvd.                      Sacramento, CA 95834                      (916) 445-7205</p> <p><i>San Diego</i>                      1350 Front Street, Room 2034                      San Diego, CA 92101-3697                      (619) 525-4233</p> <p><i>San Francisco</i>                      One Sansome Street, Suite 600                      San Francisco, CA 94104-4428                      (415) 972-8565</p> <p>Toll Free (866) 275-2677</p>	<p>Commissioner of Business Oversight                      320 West 4th Street, Suite 750                      Los Angeles, CA 90013-2344</p>
<b>Hawaii</b>	<p>Department of Commerce and Consumer Affairs                      Business Registration Division                      P.O. Box 40                      Honolulu, HI 96810                      (808) 586-2727                      (808) 586-2740                      (808) 586-2744</p>	<p>Commissioner of Securities of Department of Commerce and Consumer Affairs                      Business Registration Division                      Securities Compliance Branch                      King Kalakaua Building                      335 Merchant Street, Room 205                      Honolulu, HI 96813</p>

STATE	AGENCY	PROCESS, IF DIFFERENT
<b>Illinois</b>	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62701 (217) 782-4465	
<b>Indiana</b>	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
<b>Maryland</b>	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
<b>Michigan</b>	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section G. Mennen Williams Building, 1st Floor 525 W. Ottawa St. Lansing, MI 48913 (517) 335-7567	
<b>Minnesota</b>	Minnesota Department of Commerce Securities Unit 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 (651) 539-1500	Minnesota Department of Commerce Securities Unit Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101
<b>New York</b>	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 Phone: (212) 416-8222	Attention: New York Secretary of State New York Department of State The Division of Corporations One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 12231-0001 (518) 473-2492

STATE	AGENCY	PROCESS, IF DIFFERENT
<b>North Dakota</b>	North Dakota Securities Department 600 Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510
<b>Rhode Island</b>	Securities Division Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex – Bldg 69-1 Cranston, RI 02920-4407 (401) 462-9527	
<b>South Dakota</b>	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	
<b>Virginia</b>	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219-3630 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street Richmond, VA 23219
<b>Washington</b>	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760 -or 150 Israel Road SW Tumwater, WA 98501	Director of Dept. of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760

STATE	AGENCY	PROCESS, IF DIFFERENT
<b>Wisconsin</b>	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701 -or 345 West Washington Avenue Fourth Floor Madison, WI 53703 (608) 266-2801 (608) 266-2139	Administrator, Division of Securities Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703

## **EXHIBIT E**

### **PERSONAL DATA DISCLOSURE AND FRANCHISEE OWNERSHIP INFORMATION FORM**

## I. PERSONAL DATA DISCLOSURE

This information will be kept strictly confidential. Please provide all available information. Should certain information not be available at this time, such as your new health club facility telephone number, please provide it immediately upon its availability, but no later than your scheduled facility opening date.

Your Name \_\_\_\_\_

Home Address \_\_\_\_\_

City/State/Zip Code \_\_\_\_\_

SSN        -        -       

Date of Birth \_\_\_\_\_

Home Phone \_\_\_\_\_

Work Phone \_\_\_\_\_

Cell Phone \_\_\_\_\_

E-mail Address \_\_\_\_\_

Workout Anytime Phone \_\_\_\_\_

Workout Anytime Fax \_\_\_\_\_

Facility's Address \_\_\_\_\_

City/State/Zip Code \_\_\_\_\_

Signed: \_\_\_\_\_

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

## II. FRANCHISEE OWNERSHIP INFORMATION FORM

1. FULL NAME(S) OF FRANCHISEE [If this franchise is owned by a legal entity, only insert the name of the legal entity; if this franchise is owned by one or more individuals, only insert the name(s) of such individual(s):

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

Individual Owner(s): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. THE FRANCHISE WILL BE OWNED BY (Check which one applies):

\_\_\_\_\_  
SOLE  
PROPRIETOR

Fed. Tax I.D. # \_\_\_\_\_

Fed. Tax I.D. # \_\_\_\_\_

\_\_\_\_\_  
PARTNERS  
HIP

Fed. Tax I.D. # \_\_\_\_\_

Fed. Tax I.D. # \_\_\_\_\_

\_\_\_\_\_  
CORPORATI  
ON

Fed. Tax I.D. # \_\_\_\_\_

\_\_\_\_\_  
LIMITED  
LIABILITY COMPANY

\_\_\_\_\_  
OTHER  
BUSINESS ENTITY  
(Please explain on a separate piece of  
paper)

3. NAMES OF ALL OWNERS, PARTNERS, SHAREHOLDERS OR MEMBERS AND PERCENTAGE OF OWNERSHIP INTEREST: (Please use separate sheet if necessary)

NAME: \_\_\_\_\_

SOCIAL SECURITY NUMBER:

\_\_\_\_\_

NAME:

\_\_\_\_\_

SOCIAL SECURITY NUMBER:

\_\_\_\_\_

NAME:

\_\_\_\_\_

SOCIAL SECURITY NUMBER:

\_\_\_\_\_

% OF OWNERSHIP: \_\_\_\_\_

% OF OWNERSHIP: \_\_\_\_\_

% OF OWNERSHIP: \_\_\_\_\_



4. LIST OF DIRECTORS, MANAGERS OR GENERAL PARTNERS: (Please use separate sheet if necessary)

NAME: \_\_\_\_\_

SOCIAL SECURITY NUMBER: \_\_\_\_\_

NAME: \_\_\_\_\_

SOCIAL SECURITY NUMBER: \_\_\_\_\_

NAME: \_\_\_\_\_

SOCIAL SECURITY NUMBER: \_\_\_\_\_

NAME: \_\_\_\_\_

SOCIAL SECURITY NUMBER: \_\_\_\_\_

5. LIST OF OFFICERS: (Please use separate sheet if necessary)

NAME: \_\_\_\_\_ TITLE: \_\_\_\_\_

SOCIAL SECURITY NUMBER: \_\_\_\_\_

NAME: \_\_\_\_\_ TITLE: \_\_\_\_\_

SOCIAL SECURITY NUMBER: \_\_\_\_\_ TITLE: \_\_\_\_\_

NAME: \_\_\_\_\_

SOCIAL SECURITY NUMBER: \_\_\_\_\_ TITLE: \_\_\_\_\_

NAME: \_\_\_\_\_

SOCIAL SECURITY NUMBER: \_\_\_\_\_

6. DESIGNATED CONTACT PERSON:

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

## **EXHIBIT F**

### **SPECIFIC STATE ADDENDUM**

#### **STATE ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following are additional disclosures for our Multistate Franchise Disclosure Document. Various state franchise laws require us to make these additional disclosures. These additional disclosures will not apply to you unless you meet the jurisdictional requirements of the applicable state franchise registration and disclosure law independently without reference to these additional disclosures. These disclosures supplement our Disclosure Document and supersede any conflicting information contained in the main body of the Disclosure Document:

#### **FOR THE STATE OF CONNECTICUT**

1. Item 3 is amended to read as follows:

Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the ten (10) year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

Neither Company nor any person identified in Item 2 above is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities & Exchange Act of 1934) suspending or expelling these persons from membership in the association or exchange.

## **FOR THE STATE OF ILLINOIS**

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

Illinois law governs the agreements between the parties to this franchise. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

A Surety Bond has been obtained by Franchisor to assure its financial capability; the Bond is on file with the Office of the Illinois Attorney General. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In Illinois, the Physical Fitness Facility Medical Emergency Preparedness Act, 210 ILCS 74/15 and 74/15(b) (West 2016) sets forth that an automated external defibrillator is required; and that "a physical fitness facility must ensure that there is a trained AED user on staff during staffed business hours. For purposes of this Act, "trained AED user" has the meaning ascribed to that term in section 10 of the Automated External Defibrillator Act.

## **FOR THE STATE OF INDIANA**

1. Item 8 of the Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. Items 6 and 9 of the Disclosure Document are amended to add the following:  
The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.
3. Item 17 of the Disclosure Document is amended to add the following:  
Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Item 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

Item 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

Item 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

### **FOR THE STATE OF MARYLAND**

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. The Office of the Maryland Attorney General requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens. This financial assurance requirement was imposed by the Office of the Maryland Attorney General due to Franchisor's financial condition.
2. Item 17 is modified to provide as follows: "This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."
3. Item 17(b) is modified to also provide, "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."
4. Item 17(h) is modified to also provide, "The provision in the Franchise Agreement that provides that we may terminate the agreement upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)."
5. Item 17(u) is modified to also provide, "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."
6. Item 17(v) is modified to also provide, "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."
7. All representations (including the Franchisee Disclosure Questionnaire) requiring prospective franchisees to assent to a release, estoppel or waiver or liability are not intended to nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement or (ii) disclaiming

reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

#### **FOR THE STATE OF MINNESOTA**

1. Item 13 of the Disclosure Document is amended as follows:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, 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.

2. Item 17 of the Disclosure Document is amended as follows:

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 you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

Item 17 shall not provide for a prospective general release of claims against us that 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.

Item 20 of the Franchise Disclosure Document is amended as follows:

Franchisor has posted a surety bond with the Minnesota Department of Commerce Securities Section in the amount of \$35,000. This condition of registration was imposed by the Minnesota Department of Commerce due to Franchisor's financial condition.

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

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 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 CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

With the exception of what is stated above, the following applies 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 a 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 the franchisee by Article 33 of the General Business Law of the State of New York
6. Franchise Questionnaires and Acknowledgements--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.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

#### **FOR THE STATE OF NORTH DAKOTA**

Item 5 of the Disclosure Document is amended to add the following:

The payment of the Initial Franchise Fee are not due until such time as the franchisor has fulfilled its pre-opening obligations and the franchisee has commenced business pursuant to the franchise agreement.

Item 17 (c) of the Disclosure Document and Section 2 of the Franchise Agreement requires the franchisee to sign a general release upon renewal of the franchise agreement. Those provisions are deleted in their entirety.

Item 17 (i) of the Disclosure Document and Section 6 of the Area Development Agreement requires the franchisee to consent to termination or liquidated damages. Those provisions are deleted in their entirety.

Item 17 (r) of the Disclosure Document and Section 16.3 of the Franchise Agreement discloses the existence of certain covenants restricting competition to which franchisees must agree. Those provisions are deleted in their entirety.

Item 17 (u) of the Disclosure Document and Section 8 of the Area Development Agreement which require the franchisee to agree to arbitration or mediation of disputes in Georgia is amended to provide that the site of arbitration or mediation must be agreeable to all parties and must not be remote from the franchisee’s place of business.



Item 17 (v) of the Disclosure Document and Section 8 of the Area Development Agreement provide that franchisees must consent to the jurisdiction of courts in Georgia. Those sections are deleted in their entirety.

Section 17 (w) of the Disclosure Document and Section 8 of the Area Development Agreement provide that the agreement shall be construed according to the laws of the state of Georgia. Those sections are amended to substitute “North Dakota” for references to “Georgia”.

#### **FOR THE STATE OF SOUTH DAKOTA**

Item 5 of the Disclosure Document is amended to add the following:

The payment of the Initial Franchise Fee are not due until such time as the franchisor has fulfilled its pre-opening obligations and the franchisee has commenced business pursuant to the franchise agreement.

#### **FOR THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Workout Anytime Franchising Systems, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Item 5 of the Disclosure Document is amended to add the following:

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

The following statements are added to Item 17.h:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any grounds for default or termination stated in the franchise agreement or development 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**

Item 5 of the Disclosure Document is amended to add the following:

“Persons who receive financial incentives to refer franchise prospects to Franchisors may be required to register as franchise brokers under the laws of Washington state.”

“The payment of the Initial Franchise Fee is not due until such time as the franchisor has fulfilled its pre-opening obligations and the franchisee is open for business pursuant to the franchise agreement. With respect to each business the franchisee opens under the Development Agreement, the Franchisor will collect the Initial Franchise Fee proportionally with respect to each franchised business. The Initial Franchise Fee will not be due in full after Franchisee develops its first outlet”

Item 17 of the Disclosure Document is amended to add the following:

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**RIDER TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, (“we,” “us,” or, “our”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its principal business address at \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Workout Anytime that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.
2. Illinois law governs the agreements between the parties to this franchise..
3. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
4. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
5. A Surety Bond has been obtained by Franchisor to assure its financial capability; the Bond is on file with the Office of the Illinois Attorney General. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.
6. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
7. Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
8. In Illinois, the Physical Fitness Facility Medical Emergency Preparedness Act, 210 ILCS 74/15 and 74/15(b) (West 2016) sets forth that an automated external defibrillator is required; and that “a physical fitness facility must ensure that there is a trained AED user on staff during staffed business hours. For purposes of this Act, “trained AED user” has the meaning ascribed to that term in section 10 of the Automated External Defibrillator Act.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

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

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

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

**FRANCHISE OWNER**

\_\_\_\_\_  
[Print Name of Franchise Entity]

By: \_\_\_\_\_  
[Signature of person signing  
on behalf of entity]

Title of Signatory: \_\_\_\_\_

**RIDER TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”) by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, (“**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ [**corporation, limited liability company, general partnership, or limited partnership**] formed under the laws of the State of \_\_\_\_\_, [**or a sole proprietorship**] with its principal business address at \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) you are domiciled in Illinois, and/or (b) the Workout Anytime that you will operate under the Area Development Agreement and Franchise Agreement will be located in Illinois.
2. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. Illinois law governs the agreements between the parties to this franchise.
4. A Surety Bond has been obtained by Franchisor to assure its financial capability; the Bond is on file with the Office of the Illinois Attorney General. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.
5. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
6. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
7. Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
8. In Illinois, the Physical Fitness Facility Medical Emergency Preparedness Act, 210 ILCS 74/15 and 74/15(b) (West 2016) sets forth that an automated external defibrillator is required; and that “a physical fitness facility must ensure that there is a trained AED user on staff during staffed business hours. For purposes of this Act, “trained AED user” has

the meaning ascribed to that term in section 10 of the Automated External Defibrillator Act.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

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

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

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

**DEVELOPER**

\_\_\_\_\_  
[Print Name of Franchise Entity]

By: \_\_\_\_\_  
[Signature of person signing  
on behalf of entity]

Title of Signatory: \_\_\_\_\_

**RIDER TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, (“we,” “us,” or, “our”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its principal \_\_\_\_\_ business \_\_\_\_\_ address \_\_\_\_\_ at \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Workout Anytime that you will operate under the Franchise Agreement will be located in Maryland; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Maryland.

2. **RELEASES.** The following is added to the Franchise Agreement:

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver or liability are not intended to nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law.

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. This requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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

**(SIGNATURES CONTINUED ON FOLLOWING PAGE)**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

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

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

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

**FRANCHISE OWNER**

\_\_\_\_\_  
[Print Name of Franchise Entity]

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

[Signature of person signing  
on behalf of entity]

Title of Signatory: \_\_\_\_\_



**RIDER TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
DEVELOPMENT AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date") by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, ("**we**," "**us**," or, "**our**"), and

\_\_\_\_\_, a \_\_\_\_\_  
[**corporation, limited liability company, general partnership, or limited partnership**] formed under the laws of the State of \_\_\_\_\_, [**or a sole proprietorship**] with its principal business address at \_\_\_\_\_ ("**you**" or "**your**").

1.     **BACKGROUND.** We and you are parties to that certain Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the "Development Agreement") that has been signed concurrently with the signing of this Rider.

2.     **RELEASES.** The following is added to the Development Agreement:

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver or liability are not intended to nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law.

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. This requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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.

**(SIGNATURES CONTINUED ON FOLLOWING PAGE)**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

**DEVELOPER**

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

\_\_\_\_\_  
[Print Name of Franchise Entity]

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

By: \_\_\_\_\_  
[Signature of person signing on  
behalf of entity]

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

Title of signatory: \_\_\_\_\_

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

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

**RIDER TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, (“we,” “us,” or, “our”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its principal \_\_\_\_\_ business \_\_\_\_\_ address \_\_\_\_\_ at \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Workout Anytime that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **RENEWAL AND TERMINATION.** The following is added to the Franchise Agreement:

However, 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 you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

4. **GOVERNING LAW.** The Franchise Agreement is amended with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Georgia, without regard to its conflict of laws rules, except that (1) any Georgia law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Sub-section and (2) nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

5. **CONSENT TO JURISDICTION.** Sub-section 17H. of the Franchise Agreement is deleted and replaced with the following:

Subject to Sub-section 17.F. above and the provisions below, we and you (and your owners) agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction which is closest to where our principal office then is located, and we and you (and each owner) irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, we and you (and your owners) agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you are domiciled or the CLUB is located. Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in the Agreement shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the Minnesota Franchises Law, any restrictions as to punitive damages or jury trials is deleted.

7. **INJUNCTIVE RELIEF.** The Franchise Agreement is amended with the following:

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us, the Marks, and/or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions (subject to our obligation to arbitrate the underlying claim if required by this Agreement). You agree that we may seek such injunctive relief in addition to such further or other relief as may be available by law or in equity. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

8. **LIMITATIONS OF CLAIMS.** The following is added to the Franchise Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

**(SIGNATURES CONTINUED ON FOLLOWING PAGE)**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

**FRANCHISE OWNER**

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

\_\_\_\_\_  
[Print Name of Franchise Entity]

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

By: \_\_\_\_\_  
[Signature of person signing on  
behalf of entity]

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

Title of signatory: \_\_\_\_\_

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

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

**RIDER TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
DEVELOPMENT AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, (“we,” “us,” or, “our”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its principal \_\_\_\_\_ business \_\_\_\_\_ address \_\_\_\_\_ at \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Development Agreement”) that has been signed concurrently with the signing of this Rider.

2. **RELEASES.** The following is added to the Development Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **TERMINATION.** The following is added to the Development Agreement:

However, with respect to franchise development rights 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 you be given 90 days’ notice of termination (with 60 days to cure).

4. **GOVERNING LAW.** The Franchise Agreement is amended with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Georgia, without regard to its conflict of laws rules, except that (1) any Georgia law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Sub-section and (2) nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

5. **CONSENT TO JURISDICTION.** Section 15 of the Development Agreement is deleted and replaced with the following:

We and you (and your owners) agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction which is closest to where our principal office then is located, and we and you (and each owner) irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, we and you (and your owners)

agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you are domiciled or the CLUB is located. Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in the Agreement shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the Minnesota Franchises Law, any restrictions as to punitive damages or jury trials is deleted.

7. **INJUNCTIVE RELIEF.** The Franchise Agreement is amended with the following:

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us, the Marks, and/or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions (subject to our obligation to arbitrate the underlying claim if required by this Agreement). You agree that we may seek such injunctive relief in addition to such further or other relief as may be available by law or in equity. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

8. **LIMITATIONS OF CLAIMS.** The following is added to the Development Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

**DEVELOPER**

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

\_\_\_\_\_  
[Print Name of Franchise Entity]

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

By: \_\_\_\_\_  
[Signature of person signing on  
behalf of entity]

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

Title of signatory: \_\_\_\_\_

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

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





**RIDER TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, (“we,” “us,” or, “our”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its principal \_\_\_\_\_ business \_\_\_\_\_ address \_\_\_\_\_ at \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Workout Anytime that you will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES.** The following is added to the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **COVENANT NOT TO COMPETE.** The following is added to the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **ARBITRATION.** The Franchise Agreement is amended to read as follows:

We and you agree that, except for controversies, disputes, or claims related to or based on improper use of the Marks or Confidential Information, all controversies, disputes, or claims between us and our affiliates, and our and their respective shareholders, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, affiliates, and/or employees) arising out of or related to:

- (1) this Agreement or any other agreement between you and us (or our affiliates);
- (2) our relationship with you;
- (3) the validity of this Agreement or any other agreement between you and us (or our affiliates); or
- (4) any System Standard;

must be submitted for binding arbitration, ~~on~~Upon demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Sub-section otherwise provides, according to the then current commercial arbitration rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in or within fifteen (15) miles of our then existing principal office; provided, however, that to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ I, et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

5. **GOVERNING LAW.** The Franchise Agreement is amended with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1, et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law and except as otherwise required by North Dakota law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Georgia, without regard to its conflict of laws rules, except that any Georgia law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Sub-section.

6. **CONSENT TO JURISDICTION.** The Franchise Agreement is amended with the following:

Subject to the above and the provisions below, we and you (and your owners) agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction which is closest to where our principal office then is located, and we and you (and each owner) irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, we and you (and your owners) agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you are domiciled or the CLUB is located. Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

7. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, any restriction as to punitive damages or jury trials found within the Franchise Agreement is deleted.

8. **LIMITATIONS OF CLAIMS.** The following is added to the Franchise Agreement:

The statutes of limitations under North Dakota law apply with respect to claims arising under the North Dakota Franchise Investment Law.

9. Section 4.1 of the Franchise Agreement is amended to add the following: The payment of the Initial Franchise Fee are not due until such time as the franchisor has fulfilled its pre-opening obligations and the franchisee has commenced business pursuant to the franchise agreement.

(SIGNATURES CONTINUED ON FOLLOWING PAGE)

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

**FRANCHISE OWNER**

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

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

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

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

\_\_\_\_\_  
[Print Name of Franchise Entity]

By: \_\_\_\_\_  
[Signature of person signing  
on behalf of entity]

Title of Signatory: \_\_\_\_\_

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

**RIDER TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, (“we,” “us,” or, “our”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its principal business address at \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Workout Anytime that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **GOVERNING LAW.** The Franchise Agreement is amended with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1, et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Georgia, without regard to its conflict of laws rules, except that (1) any Georgia law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Sub-section and (2) to the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

3. **CONSENT TO JURISDICTION.** The Franchise Agreement is amended as follows:

Subject to the above and the provisions below, we and you (and your owners) agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction which is closest to where our principal office then is located, and we and you (and each owner) irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, we and you (and your owners) agree that any of us may enforce any arbitration orders and awards in the courts of the state or

states in which you are domiciled or the CLUB is located. Notwithstanding the foregoing, to the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

**(SIGNATURES CONTINUED ON  
FOLLOWING PAGE)**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

**FRANCHISE OWNER**

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

\_\_\_\_\_  
[Print Name of Franchise Entity]

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

By: \_\_\_\_\_  
[Signature of person signing  
on behalf of entity]

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

Title of Signatory: \_\_\_\_\_

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

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

**RIDER TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
FRANCHISE AGREEMENT  
FOR USE IN SOUTH DAKOTA**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, (“we,” “us,” or, “our”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its principal business address at \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in South Dakota and the Workout Anytime that you will operate under the Franchise Agreement will be located in South Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in South Dakota.

2. Section 3.1 of the Franchise Agreement is amended to add the following:

“The payment of the Initial Franchise Fee is not due to Franchisor until Franchisor has completed all of its pre-opening requirements to Franchisee and Franchisee is operational.”

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

**FRANCHISE OWNER**

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

\_\_\_\_\_  
[Print Name of Franchise Entity]

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

By: \_\_\_\_\_  
[Signature of person signing  
on behalf of entity]

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

Title of Signatory: \_\_\_\_\_

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

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

**RIDER TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
FRANCHISE AGREEMENT  
FOR USE IN VIRGINIA**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, (“we,” “us,” or, “our”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its \_\_\_\_\_ principal \_\_\_\_\_ business \_\_\_\_\_ address \_\_\_\_\_ at \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Virginia; and/or (b) the Workout Anytime that you will operate under the Franchise Agreement will be located or operated in Virginia; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Virginia.
2. Section 3.1 of the Franchise Agreement is amended to add the following:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.
3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**(SIGNATURES CONTINUED ON FOLLOWING PAGE)**



**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

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

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

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

**FRANCHISE OWNER**

\_\_\_\_\_  
[Print Name of Franchise Entity]

By: \_\_\_\_\_  
[Signature of person signing  
on behalf of entity]

Title of Signatory: \_\_\_\_\_

**RIDER TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN VIRGINIA**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, (“we,” “us,” or, “our”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its \_\_\_\_\_ principal \_\_\_\_\_ business \_\_\_\_\_ address \_\_\_\_\_ at \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) you are domiciled in Virginia; and/or (b) the Workout Anytime that you will operate under the Development Agreement will be located or operated in Virginia; and/or (c) any of the offering or sales activity relating to the Development Agreement occurred in Virginia.
2. Section 2 of the Development Agreement is amended to add the following:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under each franchise agreement. Payment of the Initial Franchise Fee and other initial fees will be due to the franchisor, upon the franchisor’s completion of its pre-opening obligations for each franchise opened under the Development Agreement.
3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**(SIGNATURES CONTINUED ON FOLLOWING PAGE)**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

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

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

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

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

**DEVELOPER**

\_\_\_\_\_  
[Print Name of Franchise Entity]

By: \_\_\_\_\_  
[Signature of person signing  
on behalf of entity]

Title of Signatory: \_\_\_\_\_

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

**ADDENDUM TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
FRANCHISE AGREEMENT  
FOR USE IN WASHINGTON**

**THIS ADDENDUM** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, (“we,” “us,” or, “our”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its principal \_\_\_\_\_ business \_\_\_\_\_ address \_\_\_\_\_ at \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) you are a resident of Washington; and/or (b) the Workout Anytime that you will operate under the Franchise Agreement will be located or operated wholly or partly in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.
2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
3. Sections 3.1 and 3.2 of the Franchise Agreement are amended to add the following: The payment of the Initial Franchise Fee is not due until such time as the franchisor has fulfilled its pre-opening obligations and the franchisee is open for business pursuant to the franchise agreement. With respect to each business the franchisee opens under the Development Agreement, the Franchisor will collect the Initial Franchise Fee proportionally with respect to each franchised business. The Initial Franchise Fee will not be due in full after Franchisee develops its first outlet.
4. Nothing in Section 21 of the Franchise Agreement is intended to waive any rights you have under the anti-fraud provisions outlined in RCW 19.100.170 of the Washington Franchise Investment Act.
5. Section 17.6(A) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “A. If we terminate this Agreement because of your breach or if you terminate this Agreement without cause, you and we agree that it would be difficult, if not impossible, to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of the Royalty Fee and the Brand Development Fee through the remainder of the term of this Agreement. Therefore, you and we agree that a reasonable estimate of such damages, less any cost savings we might have experienced, (“Lost Revenue Damages”) is an amount equal to the net present value of the Royalty Fee and the Brand Development Fee that would have been paid had this Agreement not been terminated, from the date of termination until the earlier of (1) three years from the date of termination; or (2) scheduled expiration of the Term (“Measurement Period”).”
6. The following language is hereby deleted from Section 19.2 of the Franchise Agreement:

“We make no warranties or guarantees upon which you may rely by providing any waiver, approval, consent or suggestion to you in connection with this Agreement and assume no liability or obligation to you therefor, or by reason of any neglect, delay, or denial of any request therefor. We will not, by virtue of any waivers, approvals, consents, advice or services provided to you, assume responsibility or liability to you or to any third parties to which we would not otherwise be subject.”

7. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
8. 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.
9. 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.
10. 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.
11. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
12. 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.
13. 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.
14. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**(SIGNATURES CONTINUE ON FOLLOWING PAGE)**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

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

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

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

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

**FRANCHISE OWNER**

\_\_\_\_\_  
[Print Name of Franchise Entity]

By: \_\_\_\_\_  
[Signature of person signing  
on behalf of entity]

Title of Signatory: \_\_\_\_\_

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

**ADDENDUM TO THE WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN WASHINGTON**

**THIS ADDENDUM** is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**, a limited liability company formed under the laws of the State of Georgia, with its principal business address at 2325 Lakeview Parkway, Suite 200, Alpharetta, Georgia 30009, (“we,” “us,” or, “our”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its principal \_\_\_\_\_ business \_\_\_\_\_ address \_\_\_\_\_ at \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Rider. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) you are a resident of Washington; and/or (b) the Workout Anytime that you will operate under the Area Development Agreement will be located or operated wholly or partly in Washington; and/or (c) any of the offering or sales activity relating to the Area Development Agreement occurred in Washington.

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

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

2. RCW 19.100.180 may supersede the Area Development 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 Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. Section 3.1 of the Area Development Agreement is amended to add the following: “The State of Washington has imposed a financial condition under which the Development Fee due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Area Development Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business You open under the Area Development Agreement, the State of Washington will require that the Development Fee be released proportionally with respect to each franchised business.”

4. The following language is hereby deleted from Section 9.2 of the Development Agreement:

“We make no warranties or guarantees upon which you may rely by providing any waiver, approval, consent or suggestion to you in connection with this Agreement and assume no liability or obligation to you therefor, or by reason of any neglect, delay, or denial of any request therefor. We will not, by virtue of any waivers, approvals, consents, advice or services provided to you, assume responsibility or liability to you or to any third parties to which we would not otherwise be subject.”

5. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of

the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Area Development Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

6. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

8. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

9. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting 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 Area Development Agreement or elsewhere are void and unenforceable in Washington.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date.

**Workout Anytime Franchising Systems, LLC,**  
a Georgia limited liability company

**DEVELOPER**

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

\_\_\_\_\_  
[Print Name of Franchise Entity]

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

By: \_\_\_\_\_  
[Signature of person signing  
on behalf of entity]

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

Title of Signatory: \_\_\_\_\_

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

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



## **EXHIBIT G**

### **FINANCIAL STATEMENTS**

# **Workout Anytime Franchising Systems, LLC**

## **Financial Statements**

**December 31, 2023 and 2022**



# **Workout Anytime Franchising Systems, LLC**

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## **Independent Auditor's Report**

To the Members of  
Workout Anytime Franchising Systems, LLC

### ***Opinion***

We have audited the accompanying financial statements of Workout Anytime Franchising Systems, LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, changes in members' deficit and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Workout Anytime Franchising Systems, LLC as of December 31, 2023 and 2022, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Bennett Thrasher LLP*

April 30, 2024

# Workout Anytime Franchising Systems, LLC

## Balance Sheets

December 31, 2023 and 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 157,724	\$ 233,654
Accounts receivable	427,963	374,927
Deferred commissions, current	98,485	87,780
Prepaid expenses and other current assets	<u>90,608</u>	<u>106,740</u>
Total current assets	774,780	803,101
Property and equipment, net	83,810	37,462
Operating lease right-of-use asset, net	687,531	-
Deferred commissions, net of current portion	788,323	764,115
Other assets	<u>538,617</u>	<u>160,778</u>
Total assets	<u>\$ 2,873,061</u>	<u>\$ 1,765,456</u>
<b>Liabilities and Members' Deficit</b>		
Current liabilities:		
Accounts payable	\$ 544,974	\$ 388,895
Accrued expenses	223,748	265,124
Loans payable, current	9,995	9,895
Member notes payable, current	650,900	31,205
Redemption note payable, current	233,333	-
Due to members	60,000	117,586
Due to related party	1,479	1,479
Current portion of operating lease liability	152,838	-
Deferred revenue, current	<u>272,747</u>	<u>217,247</u>
Total current liabilities	2,150,014	1,031,431
Paycheck Protection Program loans	4,156	13,301
Economic Injury Disaster loan	150,000	150,000
Member notes payable, net of current portion	241,476	23,669
Redemption note payable, net of current portion	350,000	-
Operating lease liability, net of current portion	581,516	-
Deferred revenue, net of current portion	<u>2,212,350</u>	<u>2,190,847</u>
Total liabilities	5,689,512	3,409,248
Commitments and contingencies (Note 6)		
Members' deficit	<u>(2,816,451)</u>	<u>(1,643,792)</u>
Total liabilities and members' deficit	<u>\$ 2,873,061</u>	<u>\$ 1,765,456</u>

See accompanying notes to the financial statements.

# Workout Anytime Franchising Systems, LLC

## Statements of Income

For the Years Ended December 31, 2023 and 2022

	2023	2022
Revenues:		
Royalty and monthly fees	\$ 6,494,552	\$ 5,752,643
Commissions	740,136	640,754
Initial franchise fees	281,997	223,205
Other	<u>444,413</u>	<u>599,157</u>
Total revenues	<u>7,961,098</u>	<u>7,215,759</u>
Operating expenses:		
Commissions	1,735,199	1,777,183
Product costs	395,993	796,055
Salaries and benefits	2,419,808	2,185,308
Marketing and advertising	744,047	544,058
General and administrative	2,695,677	2,441,391
Depreciation and amortization	<u>24,237</u>	<u>24,592</u>
Total operating expenses	<u>8,014,961</u>	<u>7,768,587</u>
Loss from operations	<u>(53,863)</u>	<u>(552,828)</u>
Other income (expense):		
Gain on debt forgiveness	-	859,504
Other income, net	70,761	101,927
Interest expense	<u>(104,332)</u>	<u>(18,645)</u>
Total other (expense) income	<u>(33,571)</u>	<u>942,786</u>
Net (loss) income	<u>\$ (87,434)</u>	<u>\$ 389,958</u>

*See accompanying notes to the financial statements.*

## Workout Anytime Franchising Systems, LLC

### Statements of Changes in Members' Deficit For the Years Ended December 31, 2023 and 2022

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Balance at December 31, 2021	\$ (2,033,750)
Net income	<u>389,958</u>
Balance at December 31, 2022	(1,643,792)
Distributions	(85,225)
Redemption of member units	(1,000,000)
Net loss	<u>(87,434)</u>
Balance at December 31, 2023	<u>\$ (2,816,451)</u>

*See accompanying notes to the financial statements.*



# Workout Anytime Franchising Systems, LLC

## Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Net (loss) income	\$ (87,434)	\$ 389,958
Adjustments to reconcile net (loss) income to net cash used by operating activities:		
Depreciation and amortization	24,237	24,592
Non-cash lease expense	153,689	-
Gain on debt forgiveness	-	(859,504)
Changes in operating assets and liabilities:		
Accounts receivable	(53,036)	(37,832)
Deferred commissions	(34,913)	(99,456)
Prepaid expenses and other current assets	16,132	(48,914)
Other assets	(380,506)	(85,000)
Accounts payable	156,079	247,045
Accrued expenses	(41,376)	89,552
Deferred rent	-	(16,203)
Operating lease liabilities	(106,866)	-
Deferred revenue	77,003	321,796
Net cash used by operating activities	(276,991)	(73,966)
Cash flows from investing activities:		
Purchases of property and equipment	(67,918)	(6,060)
Net cash used by investing activities	(67,918)	(6,060)
Cash flows from financing activities:		
Payments on Paycheck Protection Program loan	(9,045)	(13,515)
Payments to members	(57,586)	(113,250)
Borrowings from member notes payable	893,000	65,000
Payments on member notes	(172,165)	(10,126)
Redemption of member units	(300,000)	-
Distributions paid	(85,225)	-
Net cash provided (used) by financing activities	268,979	(71,891)
Net decrease in cash and cash equivalents	(75,930)	(151,917)
Cash and cash equivalents, beginning of year	233,654	385,571
Cash and cash equivalents, end of year	\$ 157,724	\$ 233,654
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 94,544	\$ 14,482
Right-of-use assets acquired under operating leases	\$ 841,220	\$ -
Note payable issued for redemption of member units	\$ 700,000	\$ -

See accompanying notes to the financial statements.

# **Workout Anytime Franchising Systems, LLC**

## **Notes to the Financial Statements December 31, 2023 and 2022**

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### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### **Nature of Operations**

Workout Anytime Franchising Systems, LLC (the Company) franchises fitness facilities throughout the United States, Canada, and Central America, and provides management services for the personal training programs offered at these fitness facilities. The Company was organized on April 5, 2004. At December 31, 2023 and 2022, there were 188 and 182 franchised fitness facilities open and operating under the Workout Anytime name, respectively. At December 31, 2023, there were 149 fitness facilities under varying stages of development.

#### **Basis of Accounting**

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Franchise Operations**

The Company enters into franchise agreements with unrelated third parties to operate fitness centers using the Company's brand within a defined geographical area. The franchisees are required to operate their fitness centers in compliance with a franchise agreement that includes adherence to operating and quality control procedures established by the Company. The Company does not provide loans, leases, or guarantees to franchisees or their employees and vendors.

#### **Revenue Recognition**

In accordance with Accounting Standards Codification (ASC) 606, revenue is recognized when the customer obtains control of promised goods or services in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To achieve this core principle, the Company applies the following five steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations in the contract
- Recognize revenue as performance obligations are satisfied

Revenues consist primarily of fees from fitness facilities operated by franchisees and fees from developers with exclusive rights to open clubs in specific areas of the United States. Revenues from franchisees include non-refundable initial and renewal franchise fees, continuing royalties, brand development fees, advertising contributions, development and training materials, website maintenance and management services for personal training programs offered based upon a fixed fee and percentage of club revenue. The Company's responsibilities under the franchise agreements include providing training, operating manuals and approving site selection and otherwise supporting the franchise in opening the clubs. These activities are highly interrelated, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation, which is satisfied by providing a right to use the Company's intellectual property over the term of each franchise agreement.

Non-refundable initial and renewal franchise fees and development fees are payable by the franchisee upon the execution of the agreement. These fees are initially recorded to deferred revenue and are amortized on a straight-line basis to franchise fee revenue over the term of the underlying franchise agreement, which begins at the execution of the franchise agreement.

Franchisee royalties and brand development fees are calculated as a fixed fee and a percentage of club revenue. During December 31, 2023 and 2022, franchisee royalties were 4% to 6% and brand development fees were up to 1% to be paid monthly over the term of the franchise agreement. Franchise agreement royalties, inclusive of brand development fees, represent sales-based revenues that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchised club sales occur. Advertising contributions range from 0% to 1% based on monthly club revenue.

Products and supplies revenues are recognized when shipped to the franchisee or developer. The product and supplies revenue is included in other revenues in the accompanying statements of income.

Franchise conference revenues consist of franchisee registration fees and corporate sponsorship from preferred vendors. Revenue is recognized when the conference takes place. The franchise conference revenue is included in other revenues in the accompanying statements of income.

The Company receives commission payments from certain vendors when the franchisees use the preferred vendor arrangements. The amounts of the commissions depend upon the system's volume of purchases from the vendors. The Company recognizes revenue for these commissions in the period in which the underlying transaction takes place or the point in which the commission due is determinable. As of December 31, 2023 and 2022, the Company had in place a commission agreement with a services vendor that provides for monthly commissions based on transaction volume of the vendor.

### **Cash and Cash Equivalents**

The Company considers all highly liquid instruments purchased with an original maturity date of three months or less to be cash and cash equivalents. At times, cash and cash equivalent balances may exceed federally insured amounts. The Company believes it mitigates any risk by depositing cash and investing in cash equivalents with major financial institutions.

### **Accounts Receivable**

Accounts receivable is primarily comprised of recurring monthly fees not received by the Company as of December 31, 2023 and 2022. The Company considers the accounts receivable to be fully collectible; accordingly, no allowance for credit losses is provided. The Company uses the services of two third-party billing companies to collect royalties and other monthly fees from the franchisees.

## **Property and Equipment**

Property and equipment are recorded at cost, less accumulated depreciation, and amortization. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows: furniture and fixtures, 7 years; equipment, 5 years; software, 3 years; and leasehold improvements, the lesser of the expected lease term or the estimated useful lives of the underlying assets. Expenditures for maintenance and repairs are charged to expense as incurred. Additions and betterments are capitalized.

## **Impairment of Long-Lived Assets**

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. In the opinion of management, no long-lived assets were impaired as of December 31, 2023 and 2022.

## **Deferred Commissions**

Sales commissions earned by the Company's development team for acquiring new franchisees are considered incremental and recoverable costs of obtaining and implementing a contract with a customer. Sales commissions on new development or franchise agreements are deferred and amortized on a straight-line basis over the estimated customer relationship which the Company has determined to be the term of the contract, generally 10 or 15 years. Sales commissions paid based on club ownership transfers of existing clubs are expensed as incurred. The Company determined the estimated customer relationship by taking into consideration standard contract terms and conditions, contract renewals and other factors.

## **Advertising**

The Company expenses advertising costs as incurred. Marketing and advertising expense totaled \$744,047 and \$544,058 for the years ended December 31, 2023 and 2022, respectively.

## **Income Taxes**

The Company is a limited liability company and is taxed as a partnership for Federal and state income tax purposes. Accordingly, no provision for income taxes is reflected in the financial statements.

The Company applies the provisions of accounting standards for income taxes. These standards require that a tax position be recognized or derecognized based on a 'more-likely-than-not' threshold. This applies to positions taken or expected to be taken in a tax return. The Company does not believe its financial statements include any material uncertain tax positions.

## **New Accounting Pronouncement**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, which is codified in Accounting Standards Codification 842 Leases (ASC 842) and supersedes current lease guidance. The guidance requires lessees to recognize the following for all leases (with the exception of short-term leases) at the commencement date: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset (ROU asset), which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

The Company adopted ASC 842 on January 1, 2022 using the modified retrospective approach and as a result did not restate prior periods. The Company elected the package of three practical expedients permitted within the standard pursuant to which the Company did not reassess initial direct costs, lease classification or whether contracts contain or are leases. As of December 31, 2022, the Company was under a month-to-month lease arrangement and as such the adoption of ASC 842 did not result in the recognition of ROU assets or corresponding operating lease liabilities. In 2023, the Company entered into a long-term lease resulting in the recognition of a ROU asset of \$841,220 with a corresponding lease liability of \$841,220.

## **Note 2: Property and Equipment**

Property and equipment consists of the following:

	<b>2023</b>	<b>2022</b>
Equipment	\$ 129,955	\$ 133,071
Furniture and fixtures	78,901	55,839
Software	47,674	48,971
Leasehold improvements	<u>27,147</u>	<u>7,064</u>
	283,677	244,945
Less: accumulated depreciation and amortization	<u>(199,867)</u>	<u>(207,483)</u>
	<u><u>\$ 83,810</u></u>	<u><u>\$ 37,462</u></u>

Depreciation and amortization expense associated with property and equipment totaled \$21,570 and \$21,925 for the years ended December 31, 2023 and 2022, respectively.

## **Note 3: Debt**

### **Paycheck Protection Program Loans**

During the second quarter of fiscal years 2020 and 2021, the Company applied for and received loans pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic security Act (the CARES Act) enacted March 27, 2020, in the principal amounts of \$459,463 and \$436,752, respectively (the PPP Loans). Proceeds from the PPP Loans are available to fund designated expenses, including certain payroll costs, group health care benefits and other permitted expenses, including rent and interest on mortgages and other debt obligations incurred before February 15, 2020. Under the terms of the PPP, up to the entire amount of principal and accrued interest may be forgiven to the extent the proceeds of the PPP Loans are used for qualifying expenses as described in the CARES Act and applicable implementing guidance issued by the U.S. Small Business Administration (SBA) under the PPP.

The Company applied for forgiveness in 2021 and during July 2022, received forgiveness from the SBA in the amounts of \$422,752 and \$436,752, respectively. The Company will continue to be subject to additional review by the SBA over the next four years, which could result in reversal of the forgiveness. As of December 31, 2023 and 2022, the outstanding balance on the combined loan totaled \$14,151 and \$23,196, respectively. The outstanding balance bears interest at 1% per annum and requires monthly interest and principal payments of \$840 through April 2025.

### **Economic Injury Disaster Loan**

In May 2020, the Company was authorized by the SBA to receive an Economic Injury Disaster Loan totaling \$150,000. The note bears interest at 3.75% per annum. Monthly installment payments of \$731, applied first to accrued interest and then to the outstanding principal, begin 12 months from the date of the note. During 2022, the SBA extended the payment deferment period to 30 months from the date of the note. Any remaining balance of principal and interest will be payable 30 years from the date of the loan. The Company may prepay this note in part or in full at any time, without notice or penalty. The note is secured by substantially all assets of the Company. At December 31, 2023 and 2022, the balance on this loan totaled \$150,000. As of December 31, 2023 and 2022, accrued interest totaled \$9,788, and is included within accrued expenses in the accompanying balance sheets.

At December 31, 2023, future minimum payments on long-term debt are as follows:

Year Ending December 31,	
2024	\$ 9,995
2025	3,307
2026	-
2027	2,697
2028	3,294
Thereafter	<u>144,009</u>
	<u>\$ 163,302</u>

### **Note 4: Related Party Transactions**

Amounts due to members totaled \$60,000 and \$117,586 as of December 31, 2023 and 2022, respectively. These amounts represent reimbursable expenses paid by the members on behalf of the Company. These amounts are due on demand and bear no interest.

Member notes payable consisted of the following at December 31:

	2023	2022
\$65,000 note payable, interest of 8% per annum, payments of \$2,940 payable monthly through August 2024	\$ 33,796	\$ 54,874
\$300,000 note payable, interest of 2% per annum, payments of \$13,878 payable monthly through April 2025	265,580	-
\$50,000 note payable, interest of 10% per annum, payments of \$2,307 payable monthly through July 2025	50,000	-
\$100,000 note payable, interest of 10% per annum, payments of \$4,164 through August 2025	100,000	-
\$100,000 note payable, interest of 10% per annum, payments of \$4,164 through August 2025	100,000	-
\$275,000 note payable, interest of 11.5% per annum, payments of \$9,068 through November 2026	275,000	-
\$68,000 note payable, interest of 11.5% per annum, payments of \$2,242 through November 2026	68,000	-
	<u>\$ 892,376</u>	<u>\$ 54,874</u>

In accordance with the Company's operating agreement, employee members are required to sell their ownership to the Company upon a termination of employment. The Company was subject to an arbitration process with a former employee relating to the valuation of the units. On April 9, 2023, a settlement was reached on this matter and the Company redeemed the former employee's member units for \$1,000,000, which will be paid over a three-year period. The Company made an initial payment of \$300,000 and entered into a promissory note for the remaining \$700,000. The note bears interest at 10% per annum and requires quarterly payments of \$58,333 through April 2026. At December 31, 2023, the note payable totaled \$583,333.

At December 31, 2023, future minimum payments on member notes payable and the redemption note payable are as follows:

Year Ending December 31,

2024	\$ 884,233
2025	347,169
2026	<u>244,307</u>
	<u>\$ 1,475,709</u>

## **Note 5: Right-of-use Asset and Liability**

### **Operating Leases**

The Company leases office space under a non-cancelable operating lease expiring in March 2028. The lease generally requires that the Company pay taxes, maintenance, and insurance.

ROU asset represents the Company's right to use an underlying asset for the lease term and lease liability represents the Company's obligation to make payments arising from the lease. The Company's leases may include options to extend or terminate the lease. These options to extend are included in the lease term when it is reasonably certain that the option will be exercised.

The Company has made an accounting policy election to not recognize ROU assets and liabilities for leases with a term of twelve months or less unless the lease includes an option to renew or purchase the underlying asset that is reasonably certain to be exercised. The Company has also elected not to separate non-lease components from the associated lease components and instead account for each separate lease component as a single lease component in the determination of lease liabilities and corresponding ROU assets.

The Company has made the private company election to apply the risk-free rate to discount lease payments to present value, which was equal to 3.99% at adoption.

Operating lease expense for the year ended December 31, 2023 totaled \$153,689 and is included in general and administrative expenses in the accompanying statements of income. Rent expense for the office lease totaled \$116,678 for the year ended December 31, 2022 and is included in general and administrative expenses in the accompanying statements of income.

Future operating lease payments as of December 31, 2023 for each of the next five years and thereafter are as follows:

Year Ending December 31,	
2024	\$ 179,364
2025	184,788
2026	190,344
2027	196,008
2028	<u>50,477</u>
Total	800,981
Less amount representing interest	<u>(66,627)</u>
Present value of future minimum lease payments	734,354
Less current obligations under leases	<u>(152,838)</u>
Long-term obligations	<u>\$ 581,516</u>

## **Note 6: Commitments and Contingencies**

### **Litigation**

The Company from time to time may be a defendant in legal actions generally incidental to its business. Although it is difficult to predict the outcome of any potential or threatened litigation, management believes that any ultimate liability will not materially impact the financial position and results of operations of the Company.

### **Significant Concentrations**

As of December 31, 2023 and 2022, approximately 66% and 60%, respectively, of the Company's accounts payable balance related to one vendor.



**Note 7: Subsequent Events**

The Company has evaluated all subsequent events between the balance sheet date of December 31, 2023, and the date of the report, the date the financial statements were available for issuance, and has concluded that all subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

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# **Workout Anytime Franchising Systems, LLC**

## **Financial Statements**

**December 31, 2021 and 2020**



# Workout Anytime Franchising Systems, LLC

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December 31, 2021 and 2020

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## **Independent Auditor's Report**

To the Members of  
Workout Anytime Franchising Systems, LLC

### ***Opinion***

We have audited the accompanying financial statements of Workout Anytime Franchising Systems, LLC (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in members' deficit and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Workout Anytime Franchising Systems, LLC as of December 31, 2021 and 2020, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**BETTER TOGETHER**

A Limited Liability Partnership of Certified Public Accountants & Consultants

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Bennett Thrasher LLP*

April 25, 2022

# Workout Anytime Franchising Systems, LLC

## Balance Sheets

December 31, 2021 and 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 385,571	\$ 242,643
Accounts receivable	337,095	268,872
Deferred commissions, current	69,885	52,733
Prepaid expenses and other current assets	<u>57,826</u>	<u>30,326</u>
Total current assets	850,377	594,574
Property and equipment, net	53,327	46,046
Deferred commissions, net of current portion	682,554	592,351
Other assets	<u>78,445</u>	<u>81,111</u>
Total assets	<u>\$ 1,664,703</u>	<u>\$ 1,314,082</u>
<b>Liabilities and Members' Deficit</b>		
Current liabilities:		
Accounts payable	\$ 141,850	\$ 389,466
Accrued expenses	79,173	199,461
Accrued commissions	96,399	81,936
Due to members	230,836	200,631
Due to related party	1,479	1,479
Deferred revenue, current	<u>194,247</u>	<u>154,997</u>
Total current liabilities	743,984	1,027,970
Paycheck Protection Program loans	896,215	459,463
Economic Injury Disaster loan	150,000	150,000
Deferred rent	16,203	31,254
Deferred revenue, net of current portion	<u>1,892,051</u>	<u>1,732,527</u>
Total liabilities	3,698,453	3,401,214
Commitments and contingencies (Note 5)		
Members' deficit	<u>(2,033,750)</u>	<u>(2,087,132)</u>
Total liabilities and members' deficit	<u>\$ 1,664,703</u>	<u>\$ 1,314,082</u>

See accompanying notes to the financial statements.

# Workout Anytime Franchising Systems, LLC

## Statements of Operations

For the Years Ended December 31, 2021 and 2020

	2021	2020
Revenues:		
Royalty and monthly fees	\$ 5,126,514	\$ 4,166,314
Commissions	577,495	557,217
Corporate owned facility	-	176,314
Initial franchise fees	173,726	316,373
Other	556,345	412,755
Total revenues	<u>6,434,080</u>	<u>5,628,973</u>
Operating expenses:		
Commissions	1,459,379	1,062,727
Product costs	739,101	647,379
Salaries and benefits	1,916,247	1,966,578
Marketing and advertising	284,899	368,137
General and administrative	1,731,932	1,877,897
Depreciation and amortization	30,872	68,738
Total operating expenses	<u>6,162,430</u>	<u>5,991,456</u>
Income (loss) from operations	<u>271,650</u>	<u>(362,483)</u>
Other income (expense):		
Other expense, net	(2,439)	(7,256)
Gain on sale of Company owned facility	-	63,144
Interest expense	(12,233)	(3,389)
Total other income (expense)	<u>(14,672)</u>	<u>52,499</u>
Net income (loss)	<u>\$ 256,978</u>	<u>\$ (309,984)</u>

See accompanying notes to the financial statements.

## Workout Anytime Franchising Systems, LLC

### Statements of Changes in Members' Deficit For the Years Ended December 31, 2021 and 2020

---

Balance at December 31, 2019	\$ (1,399,220)
Distributions	(377,928)
Net loss	<u>(309,984)</u>
Balance at December 31, 2020	(2,087,132)
Distributions	(203,596)
Net income	<u>256,978</u>
Balance at December 31, 2021	<u>\$ (2,033,750)</u>

*See accompanying notes to the financial statements.*



# Workout Anytime Franchising Systems, LLC

## Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Net income (loss)	\$ 256,978	\$ (309,984)
Adjustments to reconcile net income (loss) to net cash used by (used) by operating activities:		
Gain on sale of Company owned facility	-	(63,144)
Depreciation and amortization	30,872	68,738
Changes in operating assets and liabilities:		
Accounts receivable	(68,223)	43,046
Deferred commissions	(107,355)	13,787
Prepaid expenses and other current assets	(27,500)	71,793
Accounts payable	(247,616)	(84,008)
Accrued expenses	(120,288)	11,473
Accrued commissions	14,463	48,161
Due to related party	-	1,479
Deferred rent	(15,051)	(3,543)
Deferred revenue	198,774	(124,073)
Net cash used by operating activities	(84,946)	(326,275)
Cash flows from investing activities:		
Proceeds from sale of Company owned facility	-	105,300
Purchases of property and equipment	(35,487)	(19,113)
Net cash (used) provided by investing activities	(35,487)	86,187
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	436,752	459,463
Proceeds from Economic Injury Disaster loan	-	150,000
Borrowings from members	30,205	84,278
Distributions paid	(203,596)	(377,928)
Net cash provided by financing activities	263,361	315,813
Net increase in cash and cash equivalents	142,928	75,725
Cash and cash equivalents, beginning of year	242,643	166,918
Cash and cash equivalents, end of year	<u>\$ 385,571</u>	<u>\$ 242,643</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	<u>\$ 6,608</u>	<u>\$ 3,389</u>

See accompanying notes to the financial statements.

# **Workout Anytime Franchising Systems, LLC**

## **Notes to the Financial Statements**

**December 31, 2021 and 2020**

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### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### **Nature of Operations**

Workout Anytime Franchising Systems, LLC (the Company) franchises fitness facilities throughout the United States, Canada, and Central America, and provides management services for the personal training programs offered at these fitness facilities. The Company was organized on April 5, 2004. At December 31, 2021 and 2020, there were 178 and 171 franchised fitness facilities open, respectively, and operating under the Workout Anytime name with an additional 117 and 85 under varying stages of development, respectively. The Company also had one corporate owned fitness facility, which was sold during 2020.

#### **Basis of Accounting**

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Franchise Operations**

The Company enters into franchise agreements with unrelated third parties to operate fitness centers using the Company's brand within a defined geographical area. The franchisees are required to operate their fitness centers in compliance with a franchise agreement that includes adherence to operating and quality control procedures established by the Company. The Company does not provide loans, leases, or guarantees to franchisees or their employees and vendors.

#### **Revenue Recognition**

In accordance with Accounting Standards Codification (ASC) 606, revenue is recognized when the customer obtains control of promised goods or services in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To achieve this core principle, the Company applies the following five steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations in the contract
- Recognize revenue as performance obligations are satisfied

Revenues consist primarily of fees from fitness facilities operated by franchisees and fees from area developers with exclusive rights to develop specific areas of the United States. Revenues from franchisees include non-refundable initial and renewal franchise fees, continuing royalties, branding development fees, advertising contributions, development and training materials, website maintenance and management services for personal training programs offered based upon a fixed fee and percentage of club revenue. The Company's responsibilities under the franchise agreements include providing training, operating manuals and assistance with site selection and otherwise supporting the franchise in opening the clubs. These activities are highly interrelated, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation, which is satisfied by providing a right to use the Company's intellectual property over the term of each franchise agreement.

Non-refundable initial and renewal franchise fees are payable by the franchisee upon the execution of the franchise agreement. These fees are initially recorded to deferred revenue and are amortized on a straight-line basis to franchise fee revenue over the term of the underlying franchise agreement, which begins at the execution of the franchise agreement.

Franchisee royalties, including brand development fees, are calculated as a fixed fee and a percentage of franchise revenue. During December 31, 2021 and 2020, franchisee royalties were 4% to 6% and brand development fees were up to 1% to be paid over the term of the franchise agreement. Franchise agreement royalties, inclusive of brand development fees, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchised club sales occur. Advertising contributions range from 0% to 1% and are based upon monthly club revenue.

Products and supplies revenues are recognized when shipped to the franchisee or area developer. The product and supplies revenue is included in other revenues in the accompanying statements of operations.

Franchise conference revenues consist of franchisee registration fees and corporate sponsorship from preferred vendors. Revenue is recognized when the conference takes place. The franchise conference revenue is included in other revenues in the accompanying statements of operations.

The Company receives commission payments from certain vendors, when the franchisees use the preferred vendor arrangements. The amounts of the commissions depend upon the system's volume of purchases from the vendors. The Company recognizes revenue for these commissions in the period in which the underlying transaction takes place or the point in which the commission due is determinable. As of December 31, 2021 and 2020, the Company had in place a commission agreement with a services vendor that provides for monthly commissions based on transaction volume of the vendor.

The revenue from the corporate-owned fitness facility included membership dues and certain other fees. Customers were offered multiple membership levels with various time durations. Membership dues were recognized over the membership term on straight-line basis. Other fees were recognized when earned.

### **Cash and Cash Equivalents**

The Company considers all highly liquid instruments purchased with an original maturity date of three months or less to be cash and cash equivalents. At times, cash and cash equivalent balances may exceed federally insured amounts. The Company believes it mitigates any risk by depositing cash and investing in cash equivalents with major financial institutions.

## **Accounts Receivable**

Accounts receivable is primarily comprised of recurring monthly fees not received by the Company as of December 31, 2021 and 2020. The Company considers the accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is provided. The Company uses the services of two billing companies to collect royalties and other monthly fees from the franchisees.

## **Property and Equipment**

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows: furniture and fixtures, 7 years; equipment, 5 years; software, 3 years; and leasehold improvements, the lesser of the expected lease term or the estimated useful lives of the underlying assets. Expenditures for maintenance and repairs are charged to expense as incurred. Additions and betterments are capitalized.

## **Impairment of Long-Lived Assets**

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. In the opinion of management, no long-lived assets were impaired as of December 31, 2021 and 2020.

## **Deferred Commissions**

Sales commissions earned by the Company's development team for acquiring new franchisees are considered incremental and recoverable costs of obtaining and implementing a contract with a customer. Sales commissions paid based on monthly club revenues where the amortization period is one year or less are expensed as incurred. All other sales commissions are deferred and then amortized on a straight-line basis over the estimated customer relationship which the Company has determined to be the term of the contract, generally 10 or 15 years. The Company determined the estimated customer relationship by taking into consideration standard contract terms and conditions, contract renewals and other factors.

## **Deferred Rent**

For operating leases which contain fixed escalations in rental payments, the Company records the total rent expense on a straight-line basis over the reasonably assured lease term as defined in Financial Accounting Standards Board (FASB) ASC 840, *Leases*. The Company also records landlord construction allowances for normal tenant improvements as deferred rent and amortizes the allowances over the reasonably assured lease term as a reduction of rent expense. Deferred rent represents the difference between rent expense computed on a straight-line basis and actual cash payments for rent.

## **Advertising**

The Company expenses advertising costs as incurred. Marketing and advertising expense totaled \$284,899 and \$368,137 for the years ended December 31, 2021 and 2020, respectively.

## Income Taxes

The Company is a limited liability company and is taxed as a partnership for Federal and state income tax purposes. Accordingly, no provision for income taxes is reflected in the financial statements.

The Company applies the provisions of accounting standards for income taxes. These standards require that a tax position be recognized or derecognized based on a 'more-likely-than-not' threshold. This applies to positions taken or expected to be taken in a tax return. The Company does not believe its financial statements include any material uncertain tax positions.

## New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires an entity to recognize a right-of-use asset and a lease liability for most of its leases. The liability will be equal to the present value of the lease payments. The asset will generally be based on the liability. The guidance also requires additional disclosures to enable users of financial statements to understand the amount, timing and uncertainty of cash flows arising from leases. The guidance will be effective for fiscal years beginning after December 15. The Company is currently evaluating the potential impact of ASU 2016-02 on its financial statements.

## Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation. This reclassification had no material effect on previously reported results of operations or shareholders' equity.

## COVID-19 Disruption

In March 2020, the World Health Organization officially designated COVID-19 as a pandemic, and as a result, businesses across the country and the world have had to take steps to protect their employees, and employees of companies with whom they do business. The associated business disruption has ranged from limited to significant, depending on the nature of the business being impacted. Government mandates required franchisees to close their facilities for approximately two months during 2020, resulting in significant reduction in revenue. Subsequent months have experienced more normalized revenue. Although most restrictions related to the pandemic have been lifted as of the report date, it is uncertain as to whether any future restrictions and resulting business disruption could occur and there can be no assurance that a significant impact to the business will not take place. There have been no adjustments to these financial statements as a result of this uncertainty.

## Note 2: Property and Equipment

Property and equipment consists of the following:

	2021	2020
Equipment	\$ 127,011	\$ 94,178
Furniture and fixtures	55,839	53,186
Software	48,971	48,971
Leasehold improvements	<u>7,064</u>	<u>7,064</u>
	238,885	203,399
Less: accumulated depreciation and amortization	<u>(185,558)</u>	<u>(157,353)</u>
	<u>\$ 53,327</u>	<u>\$ 46,046</u>

Depreciation and amortization expense associated with property and equipment totaled \$28,205 and \$66,071 for the years ended December 31, 2021 and 2020, respectively.

### **Note 3: Debt**

#### **Paycheck Protection Program Loans**

During the second quarter of fiscal years 2020 and 2021, the Company applied for and received loans pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic security Act (the CARES Act) enacted March 27, 2020, in the principal amounts of \$459,463 and \$436,752, respectively (the PPP Loans). Proceeds from the PPP Loans are available to fund designated expenses, including certain payroll costs, group health care benefits and other permitted expenses, including rent and interest on mortgages and other debt obligations incurred before February 15, 2020. Under the terms of the PPP, up to the entire amount of principal and accrued interest may be forgiven to the extent the proceeds of the PPP Loans are used for qualifying expenses as described in the CARES Act and applicable implementing guidance issued by the U.S. Small Business Administration (SBA) under the PPP. The Company applied for forgiveness of the first PPP Loan and believes such forgiveness will be approved. The Company has not applied for forgiveness of the second PPP Loan. There can be no assurance that the Company will obtain forgiveness of the PPP Loans in whole or in part. In the event that forgiveness is not granted, the PPP loans would require repayment over a two year period at 1.00% interest.

#### **Economic Injury Disaster Loan**

In May 2020, the Company was authorized by the SBA to receive an Economic Injury Disaster Loan (EIDL) totaling \$150,000. The note bears interest at 3.75% per annum. Monthly installment payments of \$731, applied first to accrued interest and then to the outstanding principal, begin 12 months from the date of the note. During 2021, the SBA extended the payment deferment period to 24 months from the date of the note. Any remaining balance of principal and interest will be payable 30 years from the date of the loan. The Company may prepay this note in part or in full at any time, without notice or penalty. The note is secured by substantially all assets of the Company. At December 31, 2021 and 2020, the balance on this loan totaled \$150,000. As of December 31, 2021, accrued interest totaled \$5,625 and is included within accrued expenses in the accompanying balance sheets. Accrued interest was nominal as of December 31, 2020.

### **Note 4: Related Party Transactions**

Commercial Fitness Products, Inc. (CFP) is wholly-owned by a member of the Company. CFP provides the Company and its franchisees with equipment and flooring on an as needed basis. Amounts due to CFP totaled \$14,633 as of December 31, 2020 and are included within accounts payable in the accompanying balance sheets. This balance was paid in full during 2021, with no outstanding payables remaining as of December 31, 2021.

Workout Anytime PT Systems, LLC (PT) shares common ownership with the Company. The Company occasionally funds PT to pay expenses. Amounts due from PT totaled \$6,920 as of December 31, 2021 and 2020, respectively, and are included within prepaid expenses and other current assets in the accompanying balance sheets.

Amounts due to members totaled \$230,836 and \$200,631 as of December 31, 2021 and 2020, respectively. These amounts represent reimbursable expenses paid by the members on behalf of the Company. These amounts are due on demand and bear no interest.

## **Note 5: Commitments and Contingencies**

### **Operating Leases**

The Company leases office space under a non-cancelable operating lease expiring March 2022, excluding renewal options. The lease generally requires that the Company pay taxes, maintenance, and insurance. For the years ended December 31, 2021 and 2020, rent expense related to the office lease totaled \$109,732 and is included in general and administrative expenses in the accompanying statements of operations.

During 2016, the Company purchased an existing fitness facility and assumed the related noncancelable operating lease with an initial expiration date during 2023. Concurrent with the purchase, the lease was extended to October 2024. The lease generally required that the Company pay taxes, maintenance, and insurance. In November 2020, the Company sold the fitness facility and the operating lease was assumed by the buyer. For the year ended December 31, 2020, rent expense related to the fitness facility totaled \$61,496, and is included in general and administrative expenses in the accompanying statements of operations

Management believes that in the normal course of business, leases that expire will be renewed or replaced by other leases.

Future minimum lease payments under non-cancelable operating leases total \$31,272 for the year ended December 31, 2021.

### **Litigation**

The Company is party to a lawsuit in which the claimant alleges purported breaches of fiduciary duty in regards to his 10% share of membership units in the Company. The Company and their legal counsel have not been able to determine the likelihood of an unfavorable event and as such, no accrual for potential losses has been recorded in the accompanying balance sheets. However, the Company will likely be required to redeem the member's ownership during 2022 based upon fair value, which is to be determined. Such amount will be paid quarterly over three years.

The Company from time to time may be a defendant in legal actions generally incidental to its business. Although it is difficult to predict the outcome of any potential or threatened litigation, management believes that any ultimate liability will not materially affect the financial position and results of operations of the Company

### **Significant Concentrations**

As of December 31, 2021 and 2020, approximately 80% and 34%, respectively, of the Company's accounts payable balance related to three and two vendors, respectively.

## **Note 6: Subsequent Events**

The Company has evaluated all subsequent events between the balance sheet date of December 31, 2021, and the date of the report, the date the financial statements were available for issuance, and has concluded that all subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

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**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**



## **EXHIBIT H**

### **OPERATIONS MANUAL**

#### **Table of Contents**



***Your Fitness. Your Schedule.***

## Bridge Program Course Content

**MEPT for New Franchise Partners Courses 12-30-2022**

**(estimated time to complete program-19 Hours): 779 pages & video**

1. CEO-Steve Strickland-Mission Vision Values-11
2. Introduction to the Workout Anytime Support Center-44
3. Introduction to Bridge Learning Management System- 7
4. Workout Anytime Franchise Partner and Club Staff Education Process-12
5. Microsoft TEAMS How to Participate-9
6. Franchise Office 365 Email Platform-18
7. Outlook Email (Security Risk Management-Email Etiquette-9
8. FranConnect Sky-18
9. Bridge Enrollment-22
10. Marketing from A to Z in the Fitness Industry-26
11. Presale Marketing Plan-Mazdi-34
12. Brand Marketing-10
13. Purchase Funnel/Yearly Calendar & Messaging-7
14. Creative Strategy-12
15. Social Media Vision, Resources & Tools-13
16. New Franchise Partner Club PT Launch Timeline-4
17. Workout Anytime PT Department Vision-7
18. 6 PT Must-Haves for Success! (Part 1 of 3)- 40
19. 6 PT Must-Haves for Success! (Part 2 of 3)-
20. 6 PT Must-Haves for Success! (Part 3 of 3)- 3

21. Workout Anytime Social Media- Part 1- 16
22. Workout Anytime Social Media- Part 2-
23. Workout Anytime Social Media- Part 3-
24. Brand Guidelines-7
25. Yearly Budget Planning-4
26. Local Club Marketing-5
27. PR-No Limit-12
28. Social Media Security-6
29. Introduction to WOAT Ignite-Engage App-47
30. Introduction to the Membership Sales Training Process-6
31. The Telephone Inquiry-22
32. Membership Tour and New Member Onboarding Process
33. The Prospect Meet and Greet-5
34. Goal/Feature/Benefit/Feedback System-8
35. Preparing for and Executing an Effective Membership Tour-3
36. New Member Onboarding-34
37. Data Trak Overview
38. Data Trak EAE Agreement Entry
39. MICO-Member Facing & PreSale Enrollment-Video
40. CRS Overview-Video
41. Introduction to Ignite-Sales-4
42. Ignite Sales Live User Training-Video
43. Ignite Sales Live Admin Training-Video
44. Ignite Sales Reports Training-Video
45. Ignite Sales Templates and Automations-Video
46. Buddy Referral Course-6
47. B2B and Guerilla Marketing Strategies-12
48. Eulerity Part 1-Video
49. Eulerity Part 2-Video
50. Eulerity Part 3-Video

51. WOA Radio-4
52. WOATV Presale Strategy-8
53. Successful Social Media Strategies Part 1-Video
54. Successful Social Media Strategies Part 2-Video
55. Successful Social Media Strategies Part 3-Video
56. Silver Sneakers and Prime Senior Fitness Programs-Video
57. Renew Active Program Overview from United Health Care Optum-Video
58. Introduction to Hydromassage for New Franchise Partners-8
59. Styku Best Practices-57
60. Introduction to Power Systems Club Buying Page for Functional Equipment-14
61. Theragun Welcome, Science and the Theragun Difference-Video
62. Traditional Finnish Sauna Education Course-28
63. Benefits of Infrared Sauna-7
64. Introduction to Beauty Angel-22
65. Introduction to Human Touch Massage Chair-Video
66. Introduction to Fitness ~~on-Demand~~Upon demand-3
67. Introduction to MXM-4
68. Franchise Partner Introduction to ISSA-Trainer Certification-Video
69. ABC Fitness Solutions: Onboarding Process w/ABC-Video
70. ABC Fitness Solutions: “Go Live” Preparation for Clubs-10
71. ABC Fitness Solutions: Remote ABC Training-7
72. ABC Fitness: How to order key cards for clubs-6
73. Franchise Operations: Club Location Branding-36
74. Workout Anytime Franchise Standard Insurance Requirements-8

- 75. Hiring Career Minded Team Members-31
- 76. Career Plug-23
- 77. Career Plug 101- How to use Career Plug-Video

**PT Education Pathway for New Franchise Partners Courses  
04-25-2022 (estimated time to complete program-3 hours):  
142 pages & Video**

- 1. Planning PT Department for Profit (Part 1 of 3)-Video
- 2. Planning PT Department for Profit (Part 2 of 3)-Video
- 3. Planning PT Department for Profit (Part 3 of 3)-2
- 4. Understanding PT Profit and Production Bonuses (Part 1 of 2)-Video
- 5. Understanding PT Profit and Production Bonuses (Part 2 of 2)- Video
- 6. PT Pricing-3
- 7. Staffing for Success-2
- 8. Franchise Partner Introduction to ISSA-Trainer Certification-Video
- 9. Recruiting your PT Team-1
- 10. Screening Call Guidelines-1
- 11. Interview Process-Video
- 12. Onboarding your TEAM-2
- 13. Key PT Metrics and PT Production-8
- 14. Tracking and Managing PT Revenue (Part 1 of 2)-Video
- 15. Tracking and Managing PT Revenue (Part 2 of 2)-Video
- 16. Sprint 8 Program and Launch Part 1-9
- 17. Sprint 8 Program and Launch Process Part 2-10
- 18. Sprint 8 Program and Launch Process Part 3-10
- 19. Sprint 8 Program and Launch Process Part 4-94

**Transfer/Existing Franchise Partner Education Pathway**  
**12-30-2022 (estimated time to complete program- 16 hours):**  
**740 pages & Video**

1. CEO Steve Strickland- Mission-Vision-Values- 11
2. Introduction to the Workout Anytime Support Center- 44
3. Introduction to Bridge Learning Management System- 7
4. Workout Anytime Franchise Partner and Club Staff Education Process- 12
5. Microsoft Teams-How to Participate 01-20-2021- 9
6. Introduction to the Membership Sales Training Process- 6
7. The Telephone Inquiry- 22
8. The Prospect Meet and Greet- 5
9. Goal/Feature/Benefit/Feedback System- 8
10. Preparing for and Executing an Effective Membership Tour- 3
11. New Member Onboarding- 34
12. Daily Club Manager Responsibilities- 8
13. Hiring Career Minded Team Members- 31
14. Career Plug 12.29.2022- 23
15. Career Plug 101- How to Use Career Plug- Video
16. Franchisee Office 365 Email Platform 03-30-2021- 18
17. Outlook Email (Security Risk Mgmt) Email Etiquette 09-01-2020- 9
18. FranConnect Sky 03-13-2020- 18
19. Bridge Enrollment 08-26-2020- 22
20. Marketing from A to Z in the Fitness Industry- 26
21. Brand Marketing 11-06-2020- 10
22. Purchase Funnel/Yearly Calendar & Messaging 11-06-2020- 7
23. Creative Strategy 11-06-2020- 12
24. Brand Guidelines 11-06-2020- 7
25. Yearly Budget Planning 09-18-2020- 4

- 26. Local Club Marketing 11-06-2020- 5
- 27. PR-No Limit 12-21-2020- 12
- 28. Digital Ecosystem Overview- 30
- 29. Eulerity 11-06-2020 (Part 1 of 3)- Video
- 30. Eulerity 11-06-2020 (Part 2 of 3)- Video
- 31. Eulerity 11-06-2020 (Part 3 of 3)- Video
- 32. WOA Radio 09-11-2020- 4
- 33. Momentfeed- Part 1- 12
- 34. Momentfeed- Part 2- Google My Business- 11
- 35. WOATV Open Club Strategy 11-06-2020- 8
- 36. Social Media Vision Resources and Tools 01-2021-13
- 37. Workout Anytime Social Media 08-25-2020- Part 1- 16
- 38. Workout Anytime Social Media 08-25-2020- Part 2
- 39. Workout Anytime Social Media 08-25-2020- Part 3
- 40. Social Media Security- 6
- 41. Successful Social Media Posting Strategies- Part 1- Video
- 42. Successful Social Media Posting Strategies- Part 2- Video
- 43. Successful Social Media Posting Strategies- Part 3- Video
- 44. Buddy Referral Course- 6
- 45. B2B and Guerilla Marketing Strategies- 12
- 46. DataTrak Overview 01-19-2021- Video
- 47. DataTrak EAE Agreement Entry- Video
- 48. MICO-Member Facing and Pre-Sale Enrollment- Video
- 49. CRS Overview- Video
- 50. Introduction to Ignite-Sales- 4
- 51. Ignite Sales Live User Training- Video
- 52. Ignite Sales Live Admin Training- Video
- 53. Ignite Sales Reports Training- Video
- 54. Ignite Sales Templates and Automations- Video
- 55. New Franchise Partner Club PT Launch Timeline  
08-25-2020- 4
- 56. Workout Anytime PT Department Vision- 11
- 57. 6 Must-Haves for Success (Part 1 of 3)- 40

- 58.6 Must-Haves for Success (Part 2 of 3)
- 59.6 Must-Haves for Success (Part 3 of 3)
- 60.Introduction to the WOAT Ignite-Engage App 12-23-2022-47
- 61.Silver Sneakers and Prime Senior Fitness Programs 01-31-2020- Video
- 62.Renew Active Program Overview from United Health-Video
- 63.Introduction to Hydromassage for New Franchise Partners- 8
- 64.Styku Best Practices- 57
- 65.Introduction to Power Systems Club Buying Page Portal-14
- 66.Theragun Welcome, Science, and the Theragun Difference 10-11-20- Video
- 67.Traditional Finnish Sauna Education Course- 28
- 68.Benefits of Infrared Sauna- 7
- 69.Introduction to the Beauty Angel (Redlight and Whole Body Vibration)- 22
- 70.Introduction to the Human Touch Massage Chair- Video
- 71.Introduction to Fitness ~~on Demand~~Upon demand- 3
- 72.Franchise Partner Introduction to ISSA-Trainer Certification- Video
- 73.Introduction to MXM- 11-03-2021- 4

## **Workout Anytime Club Manager's Program Courses**

**10-1-2021 (estimated time to complete program– 4 hours):  
325 pages & video**

- 1. Introduction to Bridge Learning Management System- 3
- 2. Workout Anytime Mission-Vision-Values and Strategic Drivers- 7
- 3. Introduction to the Membership Sales Training Process-6
- 4. The Telephone Inquiry-22



5. The Prospect Meet and Greet-5
6. Goal Feature/Benefit/Feedback System-8
7. Preparing for and Executing and Effective Membership Tour-3
8. New Member Onboarding-34
9. Buddy Referral Course- 6
- 10.Daily Club Manager Responsibilities- 8
- 11.B2B and Guerilla Marketing Strategies- 12
- 12.Workout Anytime Standard Email Platform- 19
- 13.Introduction to Ignite Sales-4
- 14.Ignite Sales Live User Training-Video
- 15.Ignite Sales Live Admin Training-Video
- 16.Ignite Sales Reports Training-Video
- 17.Ignite Sales Templates and Automations-Video
- 18.Brand Marketing-10
- 19.Purchase Funnel/Yearly Calendar & Messaging-7
- 20.Local Club Marketing-5
- 21.PR-No Limit-12
- 22.Live the Locally Owned and Operated-4
- 23.Sprint 8 Program and Launch Part 1- 9
- 24.Sprint 8 Program and Launch Part 2- 10
- 25.Sprint 8 Program and Launch Part 3- 10
- 26.Sprint 8 Program and Launch Part 4- 94
- 27.Activating and Using the Member Facing App-33
- 28.Hydromassage Basics-Video

**Fitness Director Education Pathway Program Courses**  
**4-25-2022 (estimated time to complete program- 2 hours): 73**  
**pages & video**

1. Introduction to Bridge Learning Management System- 3
2. Fitness Director: Welcome to the TEAM-1

3. Workout Anytime Mission-Vision-Values and Strategic Drivers- 7
4. Conducting a Quality Success Session Part 1-Video
5. Conducting a Quality Success Session Part 2-Video
6. Conducting a Quality Success Session Part 3-Video
7. Conducting a Quality Success Session Part 4-Video
8. Conducting a Quality Success Session Part 5-Video
9. Discussing the Success Session (Part 1 of 3) -Video
10. Discussing the Success Session (Part 2 of 3) -Video
11. Discussing the Success Session (Part 3 of 3) -Video
12. Presenting PT Packages (Part 1 of 3)-Video
13. Presenting PT Packages (Part 2 of 3)-Video
14. Presenting PT Packages (Part 3 of 3)-Video
15. Overcoming Objections (Part 1 of 2)-Video
16. Overcoming Objections (Part 2 of 2)-Video
17. Building a Full Schedule (Part 1 of 3)-Video
18. Building a Full Schedule (Part 2 of 3)-Video
19. Building a Full Schedule (Part 3 of 3)-Video
20. GFBF for Fast Success!!-Video
21. Datatrack Basics for Coaches (Part 1 of 3)-Video
22. Datatrack Basics for Coaches (Part 2 of 3)-Video
23. Datatrack Basics for Coaches (Part 3 of 3)-Video
- 24.6 Must Haves for PT Success for FD's Part 1-Video
- 25.6 Must Haves for PT Success for FD's Part 2-Video
- 26.6 Must Haves for PT Success for FD's Part 3-Video
27. Gross Focused Culture-Video
28. Setting Revenue Goals-Video
29. Managing your PT Renewals-Video
30. Monthly Meetings-Video
31. Weekly Meetings-Video
32. WOAT App New Club Launch Process 3-31-21- 62

**Membership Sales Team Member Education Pathway  
Program Courses 04-25-2022 (estimated time to complete  
program- 2 hours): 110 pages & video**

1. Introduction to Bridge Learning Management System- 3
2. Workout Anytime Mission-Vision-Values and Strategic Drivers-7
3. Introduction to the Membership Sales Training Process- 6
4. The Telephone Inquiry- 22
5. The Prospect Meet and Greet-5
6. Goal/Feature/Benefit/Feedback System- New 5/24/19- 8
7. Preparing for and Executing an Effective Membership Tour-3
8. New Member Onboarding-34
9. Buddy Referral Course- 6
10. B2B and Guerilla Marketing Strategies- 12
11. Ignite Sales Live User Training- 4
12. Hydromassage Basics-Video

**Coach Education Pathway Program Courses (estimated time  
to complete program- 5 hours): 43 pages & video**

1. Introduction to Bridge Learning Management System- 3
2. Welcome to the TEAM! Video
3. Workout Anytime Mission-Vision-Values and Strategic Drivers-7
4. Conducting a Quality Success Session Part 1-Video
5. Conducting a Quality Success Session Part 2-Video
6. Conducting a Quality Success Session Part 3-Video
7. Conducting a Quality Success Session Part 4-Video
8. Conducting a Quality Success Session Part 5-Video
9. Discussing the Success Session Part 1-Video
10. Discussing the Success Session Part 2- Video
11. Discussing the Success Session Part 3- Video
12. Presenting PT packages Part 1- Video

13. Presenting PT packages Part 2- Video
14. Presenting PT packages Part 3- Video
15. Overcoming Objections Part 1- Video
16. Overcoming Objections Part 2- Video
17. Building a Full Schedule Part 1- Video
18. Building a Full Schedule Part 2- Video
19. Building a Full Schedule Part 3- Video
20. GFBF for Fast Success-Video
21. Datatrak Basics for Coaches Part 1-Video
22. Datatrak Basics for Coaches Part 2- Video
23. Datatrak Basics for Coaches Part 3- Video
24. Activating and Using the Member Facing App

03-31/2021-33

**reACT Trainer Program – 2/17/19 (already included in the Manager’s Program, estimated time to complete 1 hour):**  
**Actual Equipment Function Video**

1. Getting Started with the reACT Trainer
2. Range of Motion and Proper Movement on the reACT Trainer
3. reACT Trainer Reverse Elliptical Motion and the Work/Rest Ratio
4. reACT Trainer: Stability Challenge Progression/Most Common Error
5. reACT Trainer: Common Movement Errors
6. reACT Trainer: Side Squat and Lunges
7. reACT Trainer: Single Leg Squat and Changing Exercises During Movement
8. reACT Trainer: Advanced Drills: Ball Throws/Thrusters
9. reACT Trainer: Advanced Core Training Drills: Warding Drills
10. reACT Trainer: Advanced Drills: Split Squats/Group Circuit Training.

## 11.Using the reACT Trainer to Drive Membership Sales

### **Medallia Program – 3/18/2019: (estimated time to complete- 2 hours) Actual Platform Video**

1. Introduction to Medallia
2. Medallia: Setting Alert Emails and Daily Recap
3. Medallia: General Navigation and Dashboard
4. Medallia: Read, Reply and Alert Assignment
5. Medallia: How to Process a Case
6. Medallia: Case Overview
7. Medallia: Case Management
8. Medallia: Score Overview and Score Results
9. Medallia: Using Ranker and Department Insights
10. Medallia: Using bookmarks Filtering, and Segmenting
11. Medallia: Segmentation Use Case and Custom Groups
12. Medallia: Email Management
13. Medallia: Healthcheck and Stats Tab
14. Medallia: Email Management

### **Sprint 8 Program: 6/26/2019 (Not Required- Learning Library, estimated time to complete- 43 minutes): 123 pages**

1. Sprint 8 Program and Launch Part 1- 9
2. Sprint 8 Program and Launch Part 2- 10
3. Sprint 8 Program and Launch Part 3- 10
4. Sprint 8 Program and Launch Part 4- 94

### **Sales Training for Fitness Coaches Program 10-1-2021 (Not Required- Learning Library, estimated time to complete- 1 hour): 152 pages**

1. Introduction to the Membership Sales Training Process- 6
2. The Telephone Inquiry- 20
3. The Prospect Meet and Greet-
4. Goal/Feature/Benefit/Feedback System- 8
5. Preparing for and Executing an Effective Membership Tour

6. New Member Onboarding
7. Buddy Referral Course- 6
8. B2B and Guerilla Marketing Strategies- 12

**Styku: Body Composition Basics Certification – 4/2/19 Enroll in Learning Library: (estimated time to complete- 2 hours)**  
**Actual Platform Video**

1. Introduction to Styku Body Scanner
2. How to Unbox Styku and Check for all Components
3. Styku Hardware Set-Up
4. How to Perform a Styku Scan
5. How to test the Precision of your Styku Scanner
6. Analysing a Baseline Styku Scan
7. Using the Body Measurements Function of the Styku Scanner
8. Body Composition Function of Styku Scanner
9. Using the Fitness and Health Tabs in Styku Program
10. Using Styku to Track Changes – Before and After
11. Sharing Styku Reports
12. Styku Settings and Advanced Features
13. Using the Aesthetics Tab on Styku Program
14. How to Maximize ROI on Your Styku Scanner

**Styku Instructor Certification Program- 10/9/19: (estimated time to complete- 2 hours) Actual Platform Video**

15. Introduction to Styku Body Scanner
16. How to Perform a Styku Scan
17. How to test the Precision of your Styku Scanner
18. Analysing a Baseline Styku Scan
19. Using the Body Measurements Function of the Styku Scanner
20. Body Composition Function of Styku Scanner
21. Using the Fitness and Health Tabs in Styku Program
22. Using Styku to Track Changes – Before and After

- 23. Sharing Styku Reports
- 24. Styku Settings and Advanced Features
- 25. Using the Aesthetics Tab on Styku Program
- 26. How to Maximize ROI on Your Styku Scanner

**Cloud Cover Music Quick Start Program- 11/19/2019:  
(estimated time to complete- 17 minutes) Actual Platform  
Video**

- 1. Cloud Cover- How to Create a Mix Station
- 2. Cloud Cover Music- How to Create a Music Schedule
- 3. Cloud Cover- How to Create a Message Preset
- 4. Cloud Cover- How to Create a Message Schedule

**Social Media Program Courses- 12/5/2019: (estimated time to  
complete- 2 hours) 66 pages & video**

- 1. Introduction to Workout Anytime Social Media- 12
- 2. Workout Anytime Social Media – Part 1- 16
- 3. Workout Anytime Social Media – Part 2- 16
- 4. Workout Anytime Social Media – Part 3- 16
- 5. Social Media Security- 6
- 6. Successful Social Media Posting Strategies – Part 1- Video
- 7. Successful Social Media Posting Strategies – Part 2- Video

**Renew Active Program- 12/9/2019 (Enroll in the Learning  
Library): Actual Platform Video**

**Silver Sneakers and Prime Fitness Programs- 1/31/2020  
(Enroll in the Learning Library): 17 pages and Video**

**The Value Proposition of Unlimited Group Training- 3/9/2020  
(Enroll in the Learning Library): 75 pages**

**Theragun Program for Franchise Partners 1-14-2022  
(estimated time to complete- 33 minutes) Video**



1. Theragun Welcome, Science and the Theragun Difference-Video
2. Theragun Devices, Protocols and Attachments-Video
3. Theragun Customer Demo and Sales Pitch-Video

**Theragun Foundations Program for Workout Anytime Membership Sales Team Members and Desk Staff-(estimated time to complete- 32 minutes) Video**

1. Introduction to Theragun Foundations Program, Program Objectives, Origins and Introduction to Percussive Therapy
2. Theragun Foundations: Science of Percussive Therapy Theragun Device; How to Use your Theragun
3. Theragun Foundations: Sales Pitch and Program Objectives Review

**Theragun Performance Specialist Program for Workout Anytime Fitness Team Members- (estimated time to complete- 2 hours) Video**

1. Introduction to Theragun
2. Theragun Origins and Introduction to Percussive Therapy
3. How to Use your Theragun
4. Theragun Practical Application: Movement Screen
5. Theragun Warm-Up
6. Using Theragun During a Training Session
7. How to Use Theragun for Recovery Sessions
8. Review of Course Objectives

**Human Touch Massage Chair Program- (estimated time to complete- 6 minutes) 2 pages and Video**

1. Introduction to the Human Touch Massage Chair (Model Novo XT2)-Video
2. How to Use the Human Touch Massage Chair-2



## **Espresso Bike Program- (estimated time to complete- 1 hour) Video**

1. Espresso Bike Set-up
2. Espresso Bike Basics
3. Using Quick/Start/Virtual Roads-Rides on the Espresso Bike
4. How to Use Games Feature on Espresso Bikes-Video
5. Learn How to Use Espresso Studio, Pedal and Challenges
6. How to Use Heart Rate Training on the Espresso Bike

## **WOAT App for Club Staff Program 3-31-2021(estimated time to complete- 24 minutes) 44 pages**

1. Activating and Using the Member Facing App-33
2. Stronger Together App Upgrade Features-11

## **WOAT App for Franchise Partners/Club Managers/Fitness Directors Program-3-31-2021 (estimated time to complete- 1 hour) 155 pages**

1. WOAT App New Club Launch Process-63
2. Activating and Using the Member Facing App-33
3. Stronger Together App Upgrade Features-11
4. Managing the Stronger Together App Upgrade-48

## **Ignite Sales Training Program (estimated time to complete- 2 hours) 4 pages & Video**

1. Ignite Sales Live Admin Training- 4
  2. Ignite Sales Live User Training- Video
  3. Ignite Sales Reports Training- Video
- Ignite Sales Templates and Automations- Video



## EXHIBIT I

### LIST OF FRANCHISEES

(\* Denotes Franchisees that are also Area Developers)

## **Alabama**

WOA Athens AL LLC  
dba Workout Anytime Athens, AL  
611 US-72  
Athens, AL 35611  
256 434 1176

WOAT Partners Leeds, Inc.\*  
dba Workout Anytime Leeds  
7480 Parkway Drive  
Leeds, AL 35094  
205 702 2789

Vanguard Fitness, Inc  
dba WOA Jacksonville AL  
1555 Pelham Rd South, Ste D  
Jacksonville, AL  
256 460 6496

SAE Florence, Inc  
dba Workout Anytime Florence  
992 Cox Creek Pkwy  
Florence, AL 35630  
256 349 5745

WOAT Shoals, Inc  
dba Workout Anytime Muscle Shoals  
300 S Wilson Dam Road  
Muscle Shoals AL 35661  
256 978 4376

WOA Sylacauga, LLC  
dba Workout Anytime Sylacauga  
544 W Fort Williams Street  
Sylacauga, AL 35150  
256 487 6287

Vanguard Fitness, Inc  
dba Workout Anytime Valley  
3731 20<sup>th</sup> Avenue  
Valley, AL 36854  
334 219 0150

Vanguard Fitness, Inc  
dba Workout Anytime Anniston  
3214 McClellan Blvd  
Anniston, AL 36201  
256 460 6495

Rock Solid Life Corporation  
dba Workout Anytime Pell City  
613 Martin St N Ste 100  
Pell City, AL 35125  
205 813 6040

Opelika Gym Guys LLC  
dba Workout Anytime Opelika  
501 2<sup>nd</sup> Ave  
Opelika, AL 36801  
334 737 6645

AP12 Enterprises, LLC  
dba Workout Anytime Calera  
225 Supercenter Dr  
Calera, AL 35040  
205 690 8799

## **Arkansas**

Fit Fix, LLC  
dba Workout Anytime Paragould  
1704 Linwood Drive Ste 1  
Paragould, AR 72450  
870 215 0635

WOATNEA, LLC  
dba Workout Anytime Hilltop-Jonesboro  
3410 E Johnson Ave Ste V  
Jonesboro, AR 72401  
870 336 0290

WOATNEA, LLC  
dba Workout Anytime Southwest-Jonesboro  
3106 Southwest Dr Ste D  
Jonesboro, AR 72404  
870 938 0007

## **Florida**

Off the X Fitness, LLC\*  
dba Workout Anytime Panama City Beach  
12117 Panama City Beach Pkwy  
Panama City Beach, FL 32407  
850 708 1247

MCB1 Fitness LLC  
dba Workout Anytime Longwood  
165 Wekiwa Springs Road, Ste C 151  
Longwood, FL 32779  
407 450 5646

Robins Nest 5, LLC  
dba Workout Anytime Ft Walton Beach  
99 Eglin Parkway NE, 28A  
Fort Walton Beach, FL 32548  
850 533 0555

Robins Nest 6, LLC  
dba Workout Anytime Destin  
981 Highway 98 E, Ste 8  
Destin, FL 32541  
850 428 2333

CRB6 Enterprise Inc  
dba Workout Anytime Jacksonville Oakleaf  
9526 Argyle Forest Blvd, Suite B7  
Jacksonville, FL 32222  
904 900 7519

CRB6 Enterprise Inc  
dba Workout Anytime Green Cove  
1425 S Orange Avenue  
Green Cove Springs, FL 32043  
904 900 7518

CRB6 Enterprise Inc  
dba Workout Anytime Duval Station  
731 Duval Station Rd, Ste 115  
Jacksonville, FL 32218  
904 900 7520

Robins Nest 7, LLC  
dba Workout Anytime Niceville  
1033 John Sims Parkway East  
Niceville, FL 32578  
850 481 3999

CRB6 Enterprise Inc  
dba Workout Anytime Orange Park  
1339 Blanding Blvd, Ste A  
Orange Park, FL 32065  
904 900 2071

SOFLO Fitness, Inc  
dba Workout Anytime Homestead  
28600 SW 137<sup>th</sup> Ave  
Homestead, FL 33033  
305 246 5544

Titusville Fitness Ventures, LLC  
dba Workout Anytime Titusville  
3265 Garden Street Unit 65B  
Titusville, FL 32796  
321 607 6100

Merritt Island Fitness Ventures, LLC  
dba Workout Anytime Merritt Island  
123 E Merritt Ave  
Merritt Island, FL 32953  
321 394 8550

WOAT Port Orange Inc  
dba Workout Anytime Port Orange  
3840C South Nova Rd  
Port Orange, FL 32127  
386 238 9902

Bay Fitness, Inc  
dba Workout Anytime Palm Bay  
5270 Babcock Street NE  
Palm Bay, FL 32905  
321 914 0274

WOAT DUN, LLC  
dba Workout Anytime Dunnellon  
11352 N Williams St #201  
Dunnellon, FL 34432  
352 533 6941

RAM Family Fitness, LLC  
dba Workout Anytime Fort Pierce  
1487 S US Highway 1  
Fort Pierce, FL 34950  
772 202 2866

Venice Gym, LLC  
dba Workout Anytime Venice  
478 US Highway 41 Bypass North  
Venice, FL 34285  
941 615 8246

WOA North Ocala, LLC  
dba Workout Anytime North Ocala  
2683 NE 35<sup>th</sup> St  
Ocala, FL 34479  
352 244 8920

## Georgia

Crossroads WOA, LLC  
dba Workout Anytime Buckhead  
1715 Howell Mill Road, Suite B1  
Atlanta, GA 30318  
404 355 7290

PLJ Capital, Inc  
dba Workout Anytime Cumming  
1485 Peachtree Parkway, Ste D 5-6  
Cumming, GA 30041  
678 947 0905

Double Down Fitness, Inc  
dba Workout Anytime Douglasville  
4900 Stewart Mill Road  
Douglasville, GA 30135  
404 772 2109

Strong Branch Inc  
dba Workout Anytime Alpharetta  
3000 Old Alabama Road Suite 123B  
Alpharetta, GA 30022  
678 205 2667

East Cobb WOA, LLC  
dba Workout Anytime Marietta South  
1275 Powers Ferry Rd  
Marietta, GA 30067  
770 971 6359

~~Grayson~~Shepherd Fitness Grayson, LLC  
dba Workout Anytime Grayson  
2715 Loganville Highway Suite 710  
Loganville, GA 30052  
~~470-375-3855~~ 865-360-1551

~~T. Evans & Co.~~ Make It Fun Fitness, LLC  
dba Workout Anytime Cascade  
3752 Cascade Road, Ste 130-140  
Atlanta, GA 30331  
~~404-691-3030~~ 404-884-1679

Greenwood Fit, Inc  
dba Workout Anytime Hiram  
92 Highland Pavilion Way  
Hiram, GA 30141  
770 943 7101

~~GKH@G7~~ Fitness ~~Corp.~~ Inc.  
dba Workout Anytime Decatur  
2836 Lavista Road, Suite C  
Decatur, GA 30033  
~~404-248-9777~~ 786-897-5405

AG Fitness, Inc  
dba Workout Anytime Marietta  
800 Whitlock Avenue SW, Suite 106  
Marietta, GA 30064  
678 355 5530

~~AYG, Inc~~  
RDP Fitness, LLC  
dba Workout Anytime Dunwoody  
4490 Chamblee Dunwoody Rd, Ste A  
Dunwoody, GA 30338  
~~770-454-2240~~ 678-200-7749

The Patari Group, LLC  
dba Workout Anytime Powder Springs  
4400 Brownsville Road  
Powder Springs, GA 30127  
770 222 5900

Spout Springs Fitness, LLC  
dba Workout Anytime Flowery Branch  
7338 Spout Springs Road  
Flowery Branch, GA 30542  
678 960 4130

The McClendon Hill Group, LLC  
dba Workout Anytime Roswell  
4401 Shallowford Road, Ste 144  
Roswell, GA 30075  
678 277 8119

WOAT Smyrna Fitness, Inc.  
dba Workout Anytime Smyrna  
3100 Highlands Parkway SE  
Smyrna, GA 30082  
404 939 2859

G4 Fitness, Inc  
dba Workout Anytime Suwanee  
2133 Lawrenceville-Suwanee Rd, Ste 1  
Suwanee, GA 30024  
678 323 1595

Crawl 2 Run Fitness, Inc.  
dba Workout Anytime Hudson Bridge  
1760 Hudson Bridge Road  
Stockbridge, GA 30281  
678 653 5358

Dan Hill, LLC  
dba Workout Anytime Woodstock  
6232 Old Hwy 5  
Woodstock, GA 30188  
678 401 2521

Yoe Strength, LLC  
dba Workout Anytime Milton  
13800 GA Hwy 9, Suite N  
Milton, GA 30004  
678 566 3080

KRW Fitness Group, LLC  
dba Workout Anytime Stockbridge  
3658 Hwy 138  
Stockbridge, GA 30281  
678 369 3568

Greenwood Strong, Inc  
dba Workout Anytime Kennesaw  
1600 Kennesaw Due West Road  
Kennesaw, GA 30152  
770 422 2279

WOAT Rome, LLC  
dba Workout Anytime Rome  
154 Hicks Drive  
Rome, GA 30161  
706 405 3364

Chastain Meadows WOA, LLC  
dba Workout Anytime Town Center  
2465 Chastain Meadows Parkway, NW  
Ste 105  
Marietta, GA 30066  
678 695 7797

Crawl 2 Walk Fitness, LLC  
dba Workout Anytime Ellenwood  
3056 Anvil Block Rd, Ste 117  
Ellenwood, GA 30294  
678 369 4147

HD Fitness, LLC  
dba Workout Anytime Locust Grove  
2694 Hwy 155  
Locust Grove, GA 30248  
678 782 7885

J&T Fitness, LLC  
dba Workout Anytime Tyrone  
1520 Hwy 74N  
Tyrone, GA 30290  
678 632 1512

WOAT Chatsworth. LLC  
dba Workout Anytime Chatsworth  
960 GI Maddox Parkway  
Chatsworth, GA 30705  
706 422 8300

T.E. Fitness, LLC  
dba Workout Anytime Union City  
4737 Jonesboro Rd Ste 50-70  
Union City, GA 30291  
770 742 9544

Charles Trippi Fitness, LLC  
dba Workout Anytime Watkinsville  
2061 Experiment Station Rd  
Watkinsville, GA 30677  
706 705 6008

Crawl 2 Sprint Fitness, Inc.  
dba Workout Anytime McDonough  
287 Jonesboro Rd  
McDonough, GA 30253  
678 782 6070

K2K Fitness, LLC  
dba Workout Anytime Snellville  
3035 Centerville Hwy, Ste 1  
Snellville, GA 30039  
678 995 5702

Crawl 2 Jump Fitness, Inc  
dba Workout Anytime Lovejoy  
10341 Tara Blvd, Unit 2  
Jonesboro, GA 30236  
678 653 0783

Winder Centre Fitness, LLC  
dba Workout Anytime Winder  
444 Atlanta Hwy NW, Ste 300  
Winder, GA 30680  
770 649 3600

Fairwinds Fitness, LLC  
dba Workout Anytime Ellijay  
500 Highlands Crossing, Ste 105-108  
East Ellijay, GA 30540  
706 635 2639

WOAT Calhoun, LLC  
dba Workout Anytime Calhoun  
516 W. Belmont Drive  
Calhoun, GA 30701  
706 609 0945

Cornelia Fitness, LLC  
dba Workout Anytime Cornelia  
378 Habersham Hills Circle  
Cornelia, GA 30531  
706 776 0024

Regal Fitness, LLC  
dba Workout Anytime Covington  
13015 Browns Bridge Rd Ste 530  
Covington, GA 30016  
770 648 4015

AMP Fitness, LLC  
dba Workout Anytime North Cumming  
2655 Freedom Parkway Ste 2627-2631  
Cumming, GA 30041  
470 253 7190

WOA Lafayette GA LLC  
dba Workout Anytime Lafayette  
106 Pearl Drive Suite 8  
LaFayette, GA 30728  
706 638 0400

AGHB Corp  
dba Workout Anytime Canton  
1449 Riverstone Parkway Ste 109  
Canton, GA 30114  
678 493 9360

## **Idaho**

Eagles Nest 8, LLC  
dba Workout Anytime North Boise  
7048 W State Street  
Boise, ID 83714  
208 509 5599

## **Indiana**

WOAT.M&M, LLC  
dba Workout Anytime Warsaw  
2880 Frontage Road  
Warsaw, IN 46580  
574 376 4148

K&M Wharton Properties, LLC  
dba Workout Anytime Jeffersonville  
1435 E 10th Street  
Jeffersonville, IN 47130  
812 288 7748

Galex Health and Wellness, LLC.  
dba Workout Anytime Noblesville  
5633 Pebble Village Ln  
Noblesville, IN 46062  
317 763 5173

WOATLGP, LLC  
dba Workout Anytime Logansport  
3304 E. Market St  
Logansport, IN 46947  
574 306 0313

## **Kansas**

Free State Mind & Body, LLC  
dba Workout Anytime East Lenexa  
8601 Hauser Court  
Lenexa, KS 66215  
913 296 7058

## **Kentucky**

KY WOAT, LLC  
dba Workout Anytime Louisville - Fern Creek  
9350 Cedar Center Way  
Louisville, KY 40291  
502 742 7055



~~BG Workout~~, [Greeneville Fitness](#) LLC  
dba Workout Anytime Greenwood Square  
2945-2 Scottsville Road Ste F  
Bowling Green, KY 42104  
~~270-495-1895~~ [270-590-1137](#)

Madisonville WOAT  
dba Workout Anytime Madisonville  
25 South Main Street  
Madisonville, KY 42431  
270 821 8021

Body Bros., Inc  
dba Workout Anytime Versailles  
480 Lexington Road  
Versailles, KY 40383  
859 214 4390

Stinson Fitness, LLC  
dba Workout Anytime Lexington  
3130 Mapleleaf Drive  
Lexington, KY 40509  
859 223 0200

LES Workout, LLC  
Dba Workout Anytime Glasgow  
930 Happy Valley Rd  
Glasgow, KY 42141  
270 629 4111

WOA Lexington, Inc  
dba Workout Anytime South Lexington  
3650 Boston Rd, Ste S  
South Lexington, KY 40514  
859 224 0200

LES Workout, LLC  
dba Workout Anytime Campbellsville  
102 Central Plaza  
Campbellsville, KY 42718  
270 469 9814

WOA Nicholasville, Inc  
dba Workout Anytime Nicholasville  
1035 N. Main Street  
Nicholasville, KY 40356  
859 881 0200

MaxOut Fitness, LLC  
dba Workout Anytime Corbin  
1019 Cumberland Falls Highway, Ste 105  
Corbin, KY 40701  
606 262 7508

Sim Sigg 1, LLC  
dba Workout Anytime Hillview  
135 Marketplace Dr Ste A  
Louisville, KY 40229  
502 277 1510

PH Fit, LLC  
dba Workout Anytime Lawrenceburg KY  
755 W Broadway St Ste 202  
Lawrenceburg, KY 40342  
502-517-9855

### **Maine**

Rankin WA, LLC  
dba Workout Anytime Portland  
1100 Brighton Ave, Ste 12  
Portland, ME 04102  
207 536 1473

Portland WA, LLC  
dba Workout Anytime Portland Downtown  
511 Congress St  
Portland, ME 04101  
207 613 9934

### **New Hampshire**

North Hampton WA, LLC  
dba Workout Anytime North Hampton  
45 Lafayette Rd, Ste 6  
North Hampton, NH 03862  
603 379 2314

### **North Carolina**

Cornerstone Fitness of NC, LLC  
dba Workout Anytime Kannapolis  
2218 Roxie Street, NE  
Kannapolis, NC 28083  
704 298 0715

Hafeez, LLC  
dba Workout Anytime Cary  
1235 NW Maynard Rd  
Cary, NC 27513  
919 724 4600

Battleground Fitness NC, LLC  
dba Workout Anytime Greensboro  
2403 Battleground Avenue  
Greensboro, NC 27408  
336 944 3680

~~HK~~Brown 24 Fitness ~~Enterprise~~, LLC  
dba Workout Anytime Winston Salem  
580 Hanes Mall Blvd, Suite 24  
Winston Salem, NC 27103  
~~336-893-8206~~336-776-6853

Asheboro Fitness, LLC  
dba Workout Anytime Asheboro  
1414 East Dixie Drive  
Asheboro, NC 27203  
336 460 9306

Exit Plan Investments, LLC  
dba Workout Anytime Indian Trail  
5850 We Hwy 74, Ste 100  
Indian Trail, NC 28079  
704 234 8254

Why Weight Fitness, LLC  
dba Workout Anytime Clinton  
337 North Blvd Ste 50  
Clinton, NC 28328  
910 385 9992

Bostcago Fitness, LLC  
dba Workout Anytime Marion  
500 North Main Street, Ste 14  
Marion, NC 28752  
828 559 9061

Up-Lifting Expectations, Inc  
dba Workout Anytime Brevard  
115 Forest Gate Drive  
Pisgah Forest, NC 28768  
828 883 9628

Spindale Fitness, LLC  
dba Workout Anytime Spindale  
1639 College Ave Ste 100  
Spindale, NC 28160  
828 305 8100

~~Cornerstone Fitness of Mint Hill, LLC~~  
Holland Business Ventures, Inc.  
dba Workout Anytime Mint Hill  
6273 Wilson Grove Rd  
Mint Hill, NC 28227  
~~704-573-4431~~571-239-4113

Pine Rentals, LLC  
dba Workout Anytime Aberdeen  
1303 N Sandhills Blvd  
Aberdeen, NC 28315  
910 773 0259

Lenoir Fitness, LLC  
dba Workout Anytime Lenoir  
340 Blowing Rock Road  
Lenoir, NC 28645  
828 757 1007

Weaverville Fitness, LLC  
dba Workout Anytime Weaverville  
129 Weaver Blvd  
Weaverville, NC 28787  
828 484 6924

Cornerstone Fitness of Charlotte, LLC  
dba Workout Anytime Hickory  
2515 Springs Rd, Northeast  
Hickory, NC 28601  
828 838 1301

Dynamic Industry Systems, LLC  
dba Workout Anytime Lake Wheeler  
2720 Lake Wheeler Rd Ste 122  
Raleigh, NC 27603  
919 500 9163

Cornerstone Fitness of Mayberry, LLC  
dba Workout Anytime Mount Airy  
639 W Independence Blvd  
Mount Airy, NC 27030  
336 339 4721

## **Ohio**

DFFC, LLC  
dba Workout Anytime Heath  
960 Hebron Road  
Heath, OH 43056  
740 915 4730

TRIM Fitness 24/7  
dba Workout Anytime Monfort Heights  
5441 North Bend Road, Suite 106  
Cincinnati, OH 45247  
513 481 8746

DFPT, LLC  
dba Workout Anytime Miamisburg  
120 N Heincke Road  
Miamisburg, OH 45342  
937 305 4779

HRS Fitness, LLC  
dba Workout Anytime Kettering  
2234 S Smithville Rd  
Kettering, OH 45420  
937 619 9233

## **Oklahoma**

Neela Gagan Fitness-Oklahoma, LLC  
dba Workout Anytime Durant  
905 W Main Street  
Durant, OK 74701  
580 872 4888

## **Oregon**

LETSGETYOUFIT, LLC  
dba Workout Anytime Beaverton  
14360 SW Allen Blvd  
Beaverton, OR 97005  
503 605 1200

## **Pennsylvania**

Vincent Fitness, LLC  
dba Workout Anytime Levittown  
153 Levittown Pkwy, Ste 3-5  
Levittown, PA 19054  
215 547 4525

Sun Fitness, LLC  
dba Workout Anytime East Rochester  
750 Ohio River Blvd  
Rochester, PA 15074  
724 480 1688

Moon Fitness, LLC  
dba Workout Anytime West View  
1030 West View Park Drive  
Pittsburg, PA 15229

## **South Carolina**

~~Elevate Fitness One~~ [DJK Holdings, LLC](#)  
dba Workout Anytime Easley  
6525 Calhoun Memorial Hwy  
Easley, SC 29640  
~~864-442-6775~~ [843-320-7186](#)

~~Spark Step, LLC~~  
[J&J Fitness Holdings, LLP](#)  
dba Workout Anytime Rock Hills  
347 E Main Street  
Rock Hill, SC 29730  
~~803-820-9466~~ [571-239-4113](#)

WOA Sumter Fitness, LLC  
dba Workout Anytime Sumter  
493 N Guignard Drive, Suite 140  
Sumter, SC 29150  
803 773 0101

Low County F&H, LLC.  
dba Workout Anytime Summerville  
975 Bacons Bridge Road, Suite 100  
Summerville, SC 29485  
843 285 5131

Panilly, LLC  
dba Workout Anytime Camden  
1670 Springdale Drive, Suite 13C  
Camden, SC 29020  
803 425 0099

University Square Fitness, LLC  
dba Workout Anytime North Greenville  
5000 Old Buncombe Rd  
North Greenville, SC 29617  
864 609 4500

~~Hammerhead~~Healthy Fitness, ~~Inc.~~LLC  
dba Workout Anytime Aiken  
1614 Richland Avenue West  
Aiken, SC 29801  
~~803-220-4424~~ [912-202-6834](tel:912-202-6834)

WOAT1, LLC  
dba Workout Anytime Boiling Springs  
1915 Old Furnace Rd, Ste D  
Boiling Springs, SC 29316  
864 707 1202

Life Changing Fitness, LLC  
dba Workout Anytime Gaffney  
108 Wilkinsville Highway  
Gaffney, SC 29340  
864 480 9992

WOAT2, LLC  
dba Workout Anytime Duncan  
700 E Main Street Ste 8C  
Duncan, SC 29334  
864 336 3909

Cornerstone Fitness of Lancaster, LLC  
dba Workout Anytime Lancaster  
1200 Highway 9 Bypass  
Lancaster, SC 29720  
803 289 8589

### **Tennessee**

Wittle Jaymo, LLC  
dba Workout Anytime Cleveland  
221 Ocoee Crossing NW  
Cleveland, TN 37312  
423 790 7907

BMD & Associates-Antioch  
dba Workout Anytime Antioch  
3536 Murfreesboro Pike  
Antioch, TN 37013  
615 927 6677

Volunteer Fitness, LLC  
dba Workout Anytime Knoxville - Bearden  
6739 A Kingston Pike  
Knoxville, TN 37919  
865 558 3588

Volunteer Fitness Maryville, LLC  
dba Workout Anytime Maryville  
141 Foothills Mall Drive  
Maryville, TN 37801  
865 233 5963

Kiva Fitness, Inc  
dba Workout Anytime Sevierville  
242 Collier Drive  
Sevierville, TN 37862  
865 640 2270

Eagle Fitness, LLC  
dba Workout Anytime Cookeville  
120 South Willow Avenue Ste D  
Cookeville, TN 38501  
931 526 8598

WOAT Lenox Village, LLC  
dba Workout Anytime Lenox Village  
6900 Lenox Village Drive  
Nashville, TN 37211  
615 730 9716

Hermitage Fitness Club, LLC  
dba Workout Anytime Hermitage  
4656 Lebanon Pike  
Hermitage, TN 37076  
615 730 7459

WOAT Morristown, LLC  
dba Workout Anytime Morristown  
2340 Sandstone Drive  
Morristown, TN 37814  
423 353 1003

WOAT Hixson, LLC  
dba Workout Anytime Hixson  
5922 Hixson Pike  
Hixson, TN 37343  
423 870 9878

WOA Northshore, LLC  
dba Workout Anytime Northshore  
25 Cherokee Boulevard, Suite A  
Chattanooga, TN 37405  
423 710 1164

Bodies At Work, LLC  
dba Workout Anytime Powell  
3547 W Emory Road  
Powell, TN 37849  
865 441 4471

BMD & Associates- Smyrna, LLC  
dba Workout Anytime Smyrna  
13702 Old Nashville Hwy  
Smyrna, TN 37167  
615 440 8616

Bodies at Work Broadway, LLC  
dba Workout Anytime Halls  
7320 Norris Freeway  
Knoxville, TN 37918  
865 200 5140

WOA Athens TN, LLC  
dba WOA Athens  
921 Decatur Pike  
Athens, TN 37303  
423 453 5398

Gallatin WOAT, LLC  
dba Workout Anytime Gallatin  
565 Village Green Drive, Ste C  
Gallatin, TN 37066  
615 442 6572

Plateau Fitness, LLC  
dba Workout Anytime Crossville  
65 Cumberland Plaza  
Crossville, TN 38555  
931 250 5348

WOA Dayton, LLC  
dba Workout Anytime Dayton  
200 Able Drive Ste 9  
Dayton, TN 37321  
423 720 1061

Never 2 L8, LLC  
dba Workout Anytime Manchester  
2161 Hillsboro Blvd Ste 4B1  
Manchester, TN 37355  
931 450 1800

Shepherd Fitness, LLC  
dba Workout Anytime Ooltewah  
9408 Apison Pike, Ste 174  
Ooltewah, TN 37363  
423 702 8463

WOAT Elizabethton, LLC  
dba Workout Anytime Elizabethton  
619 W Elk Avenue  
Elizabethton, TN 37643  
423 547 9628

JDB Holdings, LLC  
dba Workout Anytime Seymour  
104 Simmons Rd  
Seymour, TN 37865  
865 773 0107

Greeneville Fitness, LLC  
dba Workout Anytime Greeneville TN  
1327 Tusculum Blvd  
Greeneville, TN 37745  
423 329 7711

Hendersonville WOAT, LLC  
dba Workout Anytime Hendersonville  
500 W Main St  
Hendersonville, TN 37075  
615 431 1636

WOAT Lawrenceburg, Inc  
dba Workout Anytime Lawrenceburg TN  
1952 N Locust Ave  
Lawrenceburg, TN 38464  
931 279 6165

WOAT Spring Hill, LLC  
dba Workout Anytime Spring Hill  
4886 Port Royal Rd Ste 200  
Spring Hill, TN 37174  
931 451 5195

WOA East Ridge TN, LLC  
dba Workout Anytime East Ridge  
4340 Ringgold Rd Ste 136  
Chattanooga, TN 37412  
423 475 5878

CC Fitness, LLC  
dba Workout Anytime LaFollette  
2500 Jacksboro Pike  
Jacksboro, TN 37757  
423 225 6221

Shepherd Fitness 3, LLC  
dba Workout Anytime Jefferson City  
119-1 West Broadway Blvd  
Jefferson City, TN 37760  
865 415 8978

### **Texas**

Maroon Four Enterprises, LLC  
dba Workout Anytime Princeton  
200 S Beauchamp Blvd, Ste 106  
Princeton, TX 75407  
469 609 0770

Plano Fit, LLC\*  
dba Workout Anytime Plano  
4101 E Park Blvd  
Plano, TX 75074  
940 220 9863

M4 Duncanville, LLC  
dba Workout Anytime Duncanville  
111 South Cedar Ridge Drive #115  
Duncanville, TX 75116  
469 860 9138

M4 Hurst, LLC  
dba Workout Anytime Hurst  
712 W Pipeline Rd Ste 500  
Hurst, TX 76053  
430 255 8143

Return to Exercise, LLC  
dba Workout Anytime Arlington  
4701 W Sublett Road Ste 111  
Arlington, TX 76017  
817 563 9000

M4 Anna, LLC  
dba Workout Anytime Anna  
2010 W White St Ste 140  
Anna, TX 75409  
469 840 4100

MF Beaty, LLC  
dba Workout Anytime Lake Worth  
4625 Boat Club Rd Ste 241  
Fort Worth, TX 76135  
682 800 2365

BCW WOAT, LLC  
dba Workout Anytime Casa View  
2425 Gus Thomasson Road  
Dallas, TX 75228  
214 758 0179

Mega Fit, LLC  
dba Workout Anytime Highland Village  
1952 Justin Road, Ste 118  
Highland Village, TX 75077  
972 885 8764

BCW WOAT Terrell, LLC  
dba Workout Anytime Terrell  
111 State Highway 205, Ste 106  
Terrell, TX 75160  
972 210 7298

BCW WOAT 3, LLC  
dba Workout Anytime Lake Highlands  
8648 Skillman St  
Dallas, TX 75243  
972 685 2219

BCW WOAT 4, LLC  
dba Workout Anytime North Arlington  
1701 W Randol Mill Rd Ste 542B  
Arlington, TX 76012  
682 302 8100

WOAT West Plano, LLC  
dba Workout Anytime West Plano  
3100 Independence Parkway Ste 314  
Plano, TX 75075  
469 367 0030

### **Virginia**

Bristol Fitness, Inc.  
dba Workout Anytime Bristol  
1315 Euclid Avenue  
Bristol, VA 24201  
276 285 3867

WOAT of Salem, Inc.  
dba Workout Anytime Ridgewood Farms  
1955 Electric Rd  
Salem, VA 24153  
540 404 9496

WOAT Salem, Inc  
dba Workout Anytime Rocky Mount  
934 Tanyard Road  
Rocky Mount, VA 24151  
540 238 2034

SVH Property Management, LLC  
dba Workout Anytime Smithfield  
1278 Smithfield Plaza  
Smithfield, VA 23430  
757 744 9584

WOAT Danville, LLC  
dba Workout Anytime Danville  
211 Nor Dan Dr Ste 1020  
Danville, VA 24540  
434 233 5155

Chain Breaking Fitness, LLC  
dba Workout Anytime Virginia Beach  
1077 Virginia Beach Blvd Ste 105  
Virginia Beach, VA 23451  
757 985 7788

WOAT Lynchburg, LLC  
dba Workout Anytime Lynchburg  
7621 Timberlake Rd Ste 1000  
Lynchburg, VA 24502  
434 515 0045

**SIGNED BUT NOT OPEN AS OF**  
**~~12/31/2022~~12/31/2023**

**Alabama – 3 Stores**

Workout Anytime Alabama (1)  
Steven Elliott (420)  
2040 Arbor Hill Parkway  
Hoover, AL 35244

Workout Anytime Alabama (2)  
John Harpole and Wes Caudell (318-319)  
2513 Brook Water Circle  
Birmingham AL 35243

**Arizona – 3 Stores**

Joe Franzen (3)  
1141 NE 126<sup>th</sup> Avenue  
Portland, OR 97230

**Florida – 16 Stores**

Workout Anytime Florida  
Tucker Painter/Blane Secrease (161)  
65 Park Place  
Panama City Beach, FL 32413

Workout Anytime Florida  
Maxwell Boales (165)

Workout Anytime Florida  
Mary Lajoie (202)  
1202 Jessie Harbor  
Osprey, FL 34229

Workout Anytime Florida (3)  
RBJ Ventures Inc (239-241)  
Melody McCoy and Blake Odom  
9905 NW 18<sup>th</sup> Drive  
Jasper, FL 32052

Workout Anytime Florida  
Kevin Edmonds (342)  
708 Staunton Drive  
Greensboro NC 27410

Workout Anytime Florida (3)  
Jerry Pugh (355-357)  
3185 Fairways Drive  
Homestead FL 33035

Workout Anytime Florida (3)  
Kenny Mustain (407-409)  
84 6Grand Harbour E  
Miramar Beach FL 32550

Workout Anytime Florida (2)  
WOAT NWI LLC (429-430)  
Allan and Jeff Svihlik  
711 N Garfield Street  
Valparaiso IN 46383

Nikki and Tim Bowman (Florida)  
104 Cheviot Way  
Southern Pines, NC 28387

**Georgia – 13 Stores**

Workout Anytime Georgia (4)  
Spout Springs Fitness LLC (267-270)  
Lynn and Paul Jackson, Randy Clevenger  
560 W Crossville Rd #102  
Roswell, GA 30075

Workout Anytime Georgia  
Holding Enterprise LLC (221)  
Virginia and Todd Holding  
4001 Halisport View NW  
Kennesaw, GA 30152

Workout Anytime Georgia  
GKH2 Fitness (317)  
Hemanth Grandhige and Hubert Kang  
2598 Woodwardia Road  
Atlanta GA 30345

Workout Anytime Georgia  
Kumar Gumparthy (351)  
2460 Riverglenn Circle  
Dunwoody GA 30338

Salim Porter/Regina Gray (Georgia)  
2279 Fieldstone Parkway  
Conyers, GA 30013

Workout Anytime Georgia  
Shepherd Fitness 2, LLC/Tara & Scott Shepherd  
8999 Sunridge Drive  
Ooltewah, TN 37363

AMP Fitness, LLC/ Patrick McBrayer  
225 Curie Drive, Suite 300  
Alpharetta, GA 30005

Yoma & Shanquiria Owens  
10965 Genova Terrace  
Hampton, GA 30228

Workout Anytime Georgia  
Mirsad Berkolli  
1794 Timber Creek Road  
Cleveland, TN 37323



William Baker  
4359 Greys Wise Way  
Marietta, GA 30008

Davidson, NC 28036

### **Idaho**

Workout Anytime Idaho (4)  
Chris Gately/Susie Robinson (376-379)  
6787 N Topaz Jewel Pl  
Meridian ID 83646

### **Kentucky**

Workout Anytime Kentucky (2)  
Oliver Hornsby (328-329)  
2700 Meadow Wood Ct  
Prospect KY 40059

Workout Anytime Kentucky (3)  
SimSigg 1 LLC (412-414)  
Logan Sims  
600 W Main St Ste 300  
Louisville KY 40202

Mafaz Ansar (KY) (3)  
476-478  
1107 Cave Run Lane  
Elizabethtown, KY 42701

### **Minnesota**

SMJ Enterprises, LLC (MN)  
Mike King, Shane Fleming  
601 Cedar Lake Road  
Minneapolis, MN 55405

### **Missouri**

Kurt Brumleve (Missouri)  
603 W Northern Row  
Teulopolis, IL 62467

### **North Carolina**

Workout Anytime North Carolina  
University Square Fitness LLC (272)  
Lynn and Paul Jackson, Randy Clevenger, Jeff  
Phillips  
7 Belfrey Drive  
Greer SC 29650

Workout Anytime North Carolina  
HK Fitness Enterprise LLC (211)  
Wade Harvey  
18601 Maplecroft Lake Lane

Workout Anytime North Carolina (3)  
Cornerstone Fitness of Mecklenburg LLC  
Cornerstone Fitness of HoldCo LLC (3) (name  
change) (390,391 and 393)  
Chris Grove, Chris Hill, Lawrence Hayes  
1100 Westlake Drive  
Kannapolis NC 28081

Workout Anytime North Carolina  
Nach Banwari and Sumit Mittal (359)  
525 Scaleybark Rd  
Charlotte NC 28209

Workout Anytime North Carolina  
Jim and Charity Smith (417)  
219 Downs Rd  
Greenville SC 29617

Workout Anytime North Carolina  
Michael King and Jefferson McBride (421)  
153 Mills Pl  
Asheville NC 28804

Workout Anytime North Carolina (2)  
Kevin Edmonds (426-427)  
708 Staunton Drive  
Greensboro NC 27410

### **Ohio**

Workout Anytime Ohio (2)  
Holly and Bob Surface (397-398)  
384 Sunset Drive  
Carlisle OH 45005

### **Oregon**

Joe Franzen  
1141 NE 126<sup>th</sup> Avenue  
Portland, OR 97230

### **South Carolina**

Workout Anytime South Carolina (2)  
Louis Puleo (246-247)  
116 Westridar Court  
Chapin SC 29036

Workout Anytime South Carolina  
Robert Brian Dills (301)  
210 Dillard Drive  
Easley SC 29642

Workout Anytime South Carolina  
John Black (433)  
105 Kenton Ct  
Simpsonville SC 29681

### **Tennessee**

Jerry Pugh (3)  
505 N Pickard Avenue  
Cookeville, TN 38501

John Burns (456)  
110 Lake Harbor Drive  
Hendersonville, TN 37075

Lorne Saltsman (332)  
367 County Club Estate  
Glasgow KY 42141

### **Texas**

Workout Anytime Texas  
James Pettengill (394)  
1106 Crosswind Drive  
Murphy TX 75094

Workout Anytime  
Rana Pawan and Manprit Bal (365)  
4813 Golden Eyes Lane  
McKinney TX 75070

Workout Anytime Texas (2)  
BCW WOAT LLC (369-370)  
Brad Wallace  
4221 Cedarbrush Dr  
Dallas TX 75229

Workout Anytime Texas  
Mike and Faith Beaty (372)  
708 Winding Bend Circle  
Highland Village TX 75077

Workout Anytime Texas  
Thomas Paul Meyer (402)  
6725 Zermatt Court  
Colleyville TX 76014

Workout Anytime Texas (2)  
Kote Ankam (373-374)  
10037 Bluewater Terrace  
Irving TX 75063

### **Virginia**

Workout Anytime Virginia  
South Boston Fitness Inc (234)  
Melanie and Rodney Bryant, Jonathan Beckett

195 Beckford Way  
Martinsville, VA 24112

Workout Anytime Virginia  
Randell Glenn Hollins (404)  
2593 Jackson Road  
Suffolk VA 23434

Workout Anytime Virginia (4)  
Alexis Burrell (423-424)  
200 Leicester Ct  
Chesapeake VA 23322

### **Wisconsin**

Workout Anytime Wisconsin  
DJK Fitness LLC (434)  
Dan Kania  
1073 Georgian Place  
Bartlett IL 60103

Workout Anytime Wisconsin (2)  
Dan Kania (435-436)  
1073 Georgian Place  
Bartlett IL 60103

## EXHIBIT "J"

### FORMER FRANCHISEES

The following franchisees have had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year (December 31, ~~2022~~2023) or who have not communicated with the franchisor within ten (10) weeks of the disclosure document issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

#### **Terminated**

#### **Transferred Ownership - 10**

Grayson Fitness, LLC  
dba Workout Anytime ~~Douglasville~~Grayson  
2715 Loganville Highway Suite 710  
Loganville, GA 30052  
470-375-3855  
~~Brandy Mitchell/Kevin Golston~~  
T. Evans & Co., LLC  
dba Workout Anytime Cascade  
3752 Cascade Road, Ste 130-140  
~~4900 Douglasville~~Atlanta, GA 30135 30331  
404 691 3030

#### **Ceased Operations**

GKH@ Fitness Corp  
~~WOAT-Huntsville~~  
~~Steven Elliott~~  
~~4952 University Drive, The Gallery~~  
~~Huntsville, AL 35816~~  
dba Workout Anytime Decatur  
~~WOAT-Boaz~~  
~~Sanjeev Sazena~~  
~~2044 US Hwy 431~~2836 Lavista Road, Suite DC  
Decatur, GA 30033  
404 248 9777  
~~Corona Center~~

~~Boaz~~AYG, AL, 35957Inc  
dba Workout Anytime Dunwoody  
4490 Chamblee Dunwoody Rd, Ste A  
Dunwoody, GA 30338  
770 454 2240

BG Workout, LLC  
dba Workout Anytime Greenwood Square  
2945-2 Scottsville Road Ste F  
Bowling Green, KY 42104  
QB\90002849.1

270 495 1895

HK Fitness Enterprise, LLC  
dba Workout Anytime Winston Salem  
580 Hanes Mall Blvd, Suite 24  
Winston Salem, NC 27103  
336 893 8206

Cornerstone Fitness of Mint Hill, LLC  
dba Workout Anytime Mint Hill  
6273 Wilson Grove Rd  
Mint Hill, NC 28227  
704 573 4431

Elevate Fitness One, LLC  
dba Workout Anytime Easley  
6525 Calhoun Memorial Hwy  
Easley, SC 29640  
864 442 6775

Spark Step, LLC  
dba Workout Anytime Rock Hills  
347 E Main Street  
Rock Hill, SC 29730  
803 820 9466

Hammerhead Fitness, Inc.  
dba Workout Anytime Aiken  
1614 Richland Avenue West  
Aiken, SC 29801  
803 220 4424

**Closed in 2023 - 2**

**Indiana**

K&M Wharton Properties, LLC  
dba Workout Anytime Jeffersonville  
1435 E. 10<sup>th</sup> Street  
Jeffersonville, IN 47130  
812-288-7748

BCW WOAT3, LLC  
Dba Workout Anytime Lake Highlands  
648 Skillman St  
Dallas, TX 75243  
972-685-2219

## **EXHIBIT K**

### **TERRITORY DESCRIPTION**

Unless otherwise attached hereto and initialed by the parties, the Territory defined by this agreement shall be determined within forty-five (45) days of the signing date of the Agreement.

## **EXHIBIT L**

### **LEASE AMENDMENT**



## **WORKOUT ANYTIME FRANCHISING SYSTEMS, LLC**

### **LEASE ADDENDUM**

This Addendum is attached to and made a part of that certain Lease (the "Lease") by and between \_\_\_\_\_ ("Landlord") and TBD LLC ("Tenant"), for certain premises located at the \_\_\_\_\_. In the event of any contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease to which it is attached, the terms and provisions of this Addendum shall control and be interpreted in such a manner as to override any provision of the Lease which would prevent the spirit and letter of the terms and provisions of this Addendum from being given full force and effect. All defined terms not specifically defined in this Addendum shall be given the same meaning as the defined terms in the Lease.

1. **ASSIGNMENT PROVISIONS.**

Tenant shall have the right to assign the Lease or sublet the Premises, without charge and without Landlord's consent being required, to Workout Anytime Franchising Systems, LLC ("Franchisor"). Tenant shall also have the right to assign the Lease or sublet the Premises, without charge and with Landlord's reasonable consent being required, to a duly authorized franchisee of Franchisor and thereupon Tenant shall be released from further liability under the Lease. In the event of an assignment to Franchisor, Franchisor shall have the right to reassign the Lease, without charge and with Landlord's reasonable consent being required, to a duly authorized franchisee of Franchisor and to thereupon be released from any further liability under the Lease. Any options to extend the term of the Lease shall automatically transfer to an assignee in connection with a transfer made pursuant to the foregoing paragraph. Tenant shall agree to attorn to any assignee of Landlord provided such assignee will agree not to disturb Tenant's possession of the Premises.

2. **WORKOUT ANYTIME NOTICE AND CURE RIGHTS.**

Landlord agrees to give Franchisor written notice of any Tenant defaults as a prerequisite to exercising any remedies against Tenant under the Lease. Franchisor shall have Tenant's cure period plus an additional ten (10) days (but in no event less than thirty (30) days total) to cure (at Franchisor's option) any such defaults on Tenant's behalf, and to perform any other acts on Tenant's behalf as may be necessary to keep the Lease in full force and effect. In the event Franchisor executes on its security interest in the Lease and Tenant's fixtures and equipment (pursuant to the terms of its Franchise Agreement with Tenant), such action shall not be deemed a default or assignment under the Lease; provided, however, Franchisor shall thereafter have the right to assign the Lease on Tenant's behalf, without charge and with Landlord's reasonable consent being required, to an authorized franchisee of Franchisor. Notice to Franchisor shall be addressed as follows:

Lease Administrator  
Workout Anytime Franchising Systems, LLC  
2325 Lakeview Parkway, Suite 200  
Alpharetta, GA 30009  
O: 770-809-1401  
F: 770-809-1403

3. **NO RADIUS/RELOCATION CLAUSES.**

Any radius restrictions or relocation provisions found in the Lease are hereby deleted.

4. USE CLAUSE.

Tenant shall have the right to use the Premises for purposes of a 24-hour 7 day a week Workout and Fitness Center and conduct retail sales and other ancillary purposes associated therewith including personal training, tanning and hydromassage. Tenant shall be permitted to operate, or allow another concessionaire or licensee to operate in or from the Premises in conjunction with Tenant's operation of its Workout Anytime fitness club.

5. ALTERATIONS.

Tenant may make nonstructural alterations and improvements to the interior of the Premises of \$10,000 or less per alteration without Landlord's prior consent, provided the work is performed in a good and workmanlike manner. Tenant may close its business once every five (5) years for up to thirty (30) days to refurbish and redecorate the Premises.

6. EXCLUSIVE.

Throughout the Term, as it may be extended under the terms of the Lease, Tenant shall have the exclusive right in the Shopping Center to operate a fitness facility. Landlord shall not allow any other party in the Shopping Center to violate the terms or spirit of this exclusivity agreement, and if a violation occurs, in addition to any other remedies Tenant may have at law or in equity, Tenant shall have the right to terminate the Lease upon thirty (30) days' written notice.

7. WORKOUT ANYTIME SIGNAGE.

Landlord hereby grants and approves the following signage rights:

- (a) Opening Signage. Tenant shall have a license to: Erect a banner on Tenant's fascia in accordance with local governmental regulations which sign shall say "Coming Soon – Workout Anytime" or words similar thereto during the period between the Lease execution date and sixty (60) days after the date Tenant opens for business, and display "Grand Opening" banners on or near the Premises during such period. Tenant shall be permitted to place a table on the outside of the premises, including signs and balloons for presales activities.
- (b) Permanent Signage. Landlord agrees to allow Tenant to use the standard sign package approved by Franchisor to the maximum size permitted by local governmental authorities.
- (c) Window Signs. Tenant shall be permitted in accordance with local government regulations to display signs and promotional items in the windows of the Premises, including permanent neon signs, provided the same are consistent with Franchisor's national standards.
- (d) Pylon/Monument/Directory Sign. Tenant shall be provided with a minimum two panels on the existing Shopping Center pylon/monument/directory sign free of charge, and shall be permitted to install a standard sign approved by Franchisor, including logo, on such panel.

8. TENANT FINANCING.

Tenant shall have the right from time to time to grant and assign a mortgage or other security interest in all of Tenant's personal property located within the Premises to its lenders in connection with Tenant's financing arrangements, and any lien of Landlord against Tenant's personal property (whether by statute or under the terms of the Lease) shall be subject and

subordinate to such security interest. Landlord shall execute such documents as Tenant's lenders may reasonably request in connection with any such financing.

9. HAZARDOUS MATERIALS.

Landlord represents and warrants that the Premises are free of all asbestos, asbestos containing materials and other hazardous or toxic materials (collectively, "Hazardous Materials"). Tenant shall have no obligation to make any repairs, alterations or improvements to the Premises or incur any costs or expenses whatsoever as a result of Hazardous Materials in or about the Shopping Center, Building or the Premises, other than those Hazardous Materials brought onto such areas by Tenant. Landlord shall be solely responsible for any changes to the Premises relating to Hazardous Materials (at Landlord's expense and not as a charge to Tenant's build out allowance), unless those Hazardous Materials were brought onto the Premises by Tenant. Landlord shall indemnify and hold Tenant harmless from and against all liabilities, costs, damages and expenses which Tenant may incur (including reasonable attorneys' fees) as the result of a breach of Landlord's representation and warranty set forth in this paragraph or the presence of Hazardous Materials in or about the Shopping Center, Building or the Premises, unless those Hazardous Materials were brought onto such areas by Tenant.

10. FRANCHISOR EXPANSION APPROVAL.

Landlord agrees that it will not, without the prior express consent of Workout Anytime Franchising Systems, LLC, which consent may be withheld for any reason, enter into a Lease with Tenant or its affiliates, successors or assigns for additional space in the shopping center for use as a fitness center (with or without classes), exercise facility or gymnasium, personal training facility including CrossFit, or for the expansion of the Tenant's original Premises.

**LANDLORD:**

**TENANT:**

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

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

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

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

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

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

## EXHIBIT M

### 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:

<b>State</b>	<b>Effective Date</b>
California	<del>Not Registered</del>
Hawaii	<del>Not Registered</del>
Illinois	<del>August 2, 2023</del>
Indiana	<del>May 25, 2023</del>
Maryland	<del>May 20, 2024</del>
Michigan	<del>May 23, 2023</del>
Minnesota	<del>July 27, 2023</del>
New York	<del>August 3, 2023</del>
North Dakota	<del>June 27, 2023</del>
Rhode Island	<del>May 2, 2023</del>
South Dakota	<del>May 26, 2023</del>
Virginia	<del>July 13, 2023</del>
Washington	<del>May 20, 2024</del>
Wisconsin	<del>May 23, 2023</del>

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 “N”

### RECEIPTS

## RECEIPT

This Disclosure Document Summarizes Certain Provisions Of The Franchise Agreement And Other Information In Plain Language. Read The Disclosure Document And All Agreements Carefully.

If Workout Anytime Franchising Systems, LLC offers you a franchise, it must provide this Disclosure Document to you fourteen (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. See Exhibit "~~GF~~" to this Disclosure Document to determine whether your State requires delivery of these materials sooner than the referenced fourteen (14) calendar day period. New York requires that you receive this Franchise 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.

If Workout Anytime Franchising Systems, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and, if applicable, to your State agency on Exhibit "~~ED~~" to this Disclosure Document.

The name, principal business address, and telephone number of each "franchise seller" offering the franchise are as follows: Randy Trotter, Terri Harof and Steven C. Strickland, 2325 Lakeview Parkway, Suite 200, Alpharetta, GA 30009; (770) 809-1401; and

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The Issuance Date of this Disclosure Document is May ~~23~~13, ~~2023~~2024.

See Exhibit "~~ED~~" for our registered agents authorized to receive service of process.

I received on the date appearing adjacent to my signature below a Franchise Disclosure Document of Workout Anytime Franchising Systems, LLC dated May ~~23~~13, ~~2023~~2024, which included the Exhibits (Exhibits "A" through "N") listed below:

- A. Franchise Agreement
- B. Non-Competition, Non-Solicitation and Confidentiality Agreement
- C. Development Agreement
- D. State Administrators and Agents for Service of Process
- E. Personal Data Disclosure and Franchisee Ownership Information Form
- F. State Specific Addendum (as applicable)
- G. Financial Statements
- H. Operation's Manual
- I. List of Franchisees
- J. Former Franchises
- K. Territory Description
- L. Lease Addendum
- M. State Effective Dates
- N. Receipts

Date FDD Received:

\_\_\_\_\_, 20\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee – If an entity, all Members or Shareholders must sign

Printed Name



## RECEIPT

This Disclosure Document Summarizes Certain Provisions Of The Franchise Agreement And Other Information In Plain Language. Read The Disclosure Document And All Agreements Carefully.

If Workout Anytime Franchising Systems, LLC offers you a franchise, it must provide this Disclosure Document to you fourteen (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. See Exhibit “~~G~~F” to this Disclosure Document to determine whether your State requires delivery of these materials sooner than the referenced fourteen (14) calendar day period. New York requires that you receive this Franchise 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.

If Workout Anytime Franchising Systems, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and, if applicable, to your State agency on Exhibit “E” to this Disclosure Document.

The name, principal business address, and telephone number of each “franchise seller” offering the franchise are as follows: Randy Trotter Terri Harof and Steven C. Strickland, 2325 Lakeview Parkway, Suite 200, Alpharetta, GA 30009; (770) 809-1401; and

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The Issuance Date of this Disclosure Document is May ~~23~~13, ~~2023~~2024.

See Exhibit “~~E~~D” for our registered agents authorized to receive service of process.

I received on the date appearing adjacent to my signature below a Franchise Disclosure Document of Workout Anytime Franchising Systems, LLC dated May ~~23~~13, ~~2023~~2024, which included the Exhibits (Exhibits “A” through “N”) listed below:

- A. Franchise Agreement
- B. Non-Competition, Non-Solicitation and Confidentiality Agreement
- C. Area Development Agreement
- D. State Administrators and Agents for Service of Process
- E. Personal Data Disclosure and Franchisee Ownership Information Form
- F. State Specific Addendum (as applicable)
- G. Financial Statements
- H. Operation’s Manual
- I. List of Franchisees
- J. Former Franchises
- K. Territory Description
- L. Lease Addendum
- M. State Effective Dates
- N. Receipts

Date FDD Received:

\_\_\_\_\_, 20\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee – If an Entity all Members or  
Shareholders Must sign

\_\_\_\_\_  
Printed Name

<p align="center"><b>Summary report:</b>  <b>Litera Compare for Word 11.6.0.100 Document comparison done on</b>  <b>5/13/2024 12:41:40 PM</b></p>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original DMS:</b> iw://docs.quarles.com/ACTIVE/81229293/6	
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<b>Changes:</b>	
<u>Add</u>	668
<del>Delete</del>	564
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	10
<del>Table Delete</del>	79
<u>Table moves to</u>	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	1
Embedded Excel	0
Format changes	0
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