

FRANCHISE DISCLOSURE DOCUMENT



Stretch Lab Franchise SPV, LLC
a Delaware limited liability company
17877 Von Karman Ave., Suite 100
Irvine, California 92614
(949) 346-3000
salesinfo@xponential.com
www.stretchlab.com

The franchise is the right to develop, own and operate, as part of the Stretch Lab® system, a fitness studio that provides specialized stretch and fitness services using designated equipment. The total investment necessary to begin operation of a Stretch Lab studio is \$269,019 to \$610,224, which includes \$157,150 to \$210,350 that must be paid to franchisor or its affiliates.

You and we may also enter into a multi-unit agreement under which you would agree to acquire an agreed upon number of franchises and open an agreed upon number of studios within a designated development area and pursuant to an agreed upon opening schedule. Under the multi-unit agreement, you will typically commit to developing at least three outlets. The total investment necessary to enter into a multi-unit agreement for the right to develop three studios ranges from \$289,019 to \$680,224, which includes (a) the total initial investment to begin operation of your initial Stretch Lab Studio, which includes \$157,150 to \$210,350 that must be paid to franchisor or its affiliates, and (b) a development fee of \$20,000 and a potential sourcing fee of \$50,000 which must be paid to franchisor or its affiliates. If you are granted the right to develop more than three studios (there is no set maximum), you must pay to us (a) an additional development fee of \$10,000 for each additional studio you commit to develop, and (b) a potential sourcing fee as follows: \$50,000 (four to five studios), \$84,000 (six to nine studios), and \$120,000 (ten or more studios).

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact ~~Niklaus Kish~~ [Brandon Ruiz](#) at Stretch Lab Franchise SPV, LLC, 17877 Von Karman Ave., Suite 100, Irvine, California 92614, and at (949) 346-3000.

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 accountant.

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

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

ISSUANCE DATE: March 14, 2025, as amended ~~August 18, 2025~~

February 19, 2026

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own states.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement, even if your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
3. **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.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
5. **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.
6. **Supplier control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
7. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
8. **Cross Defaults.** If you or any of your affiliates enter into more than one agreement with the franchisor or its affiliates — such as additional franchise agreements or multi-unit development agreements — a default under any one of those other agreements can also be considered a default under your Franchise Agreement. Your default on one agreement can terminate your rights on any and all other agreements that you have with the franchisor or its affiliates. Failure to meet your obligations under any one agreement may result in the 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.

THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY

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

- (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 the Michigan Franchise Investment 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 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.^{2025-082026-02*}
- (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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
Telephone Number: 517-373-7117

*Note: Despite subparagraph (f) above, we intend to fully enforce the arbitration provisions of the franchise agreement. We believe that paragraph (f) is preempted by federal law and cannot preclude us from enforcing these arbitration provisions. We will seek to enforce this section as written.

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

TABLE OF CONTENTS

ITEM 1	THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2	BUSINESS EXPERIENCE	5
ITEM 3	LITIGATION	7
ITEM 4	BANKRUPTCY	14
ITEM 5	INITIAL FEES	15
ITEM 6	OTHER FEES.....	17
ITEM 7	ESTIMATED INITIAL INVESTMENT.....	23
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	28
ITEM 9	FRANCHISEE’S OBLIGATIONS	32
ITEM 10	FINANCING	33
ITEM 11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	34
ITEM 12	TERRITORY.....	50
ITEM 13	TRADEMARKS.....	54
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	55
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	56
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	57
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	58
ITEM 18	PUBLIC FIGURES	67
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS	68
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	75
ITEM 21	FINANCIAL STATEMENTS.....	84
ITEM 22	CONTRACTS	84
ITEM 23	RECEIPTS.....	84

EXHIBITS

- A. FORM OF FRANCHISE AGREEMENT AND EXHIBITS
- B. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
- C. FINANCIAL STATEMENTS
- D. GUARANTEE OF PERFORMANCE
- E. STATEMENT OF PROSPECTIVE FRANCHISEE
- F. TABLE OF CONTENTS OF LEARNING MANAGEMENT SYSTEM
- G. FORM OF GENERAL RELEASE
- H. STATE SPECIFIC ADDENDA
- I. LIST OF CURRENT FRANCHISEES AND, IF APPROPRIATE, THEIR OUTLETS
- J. LIST OF FRANCHISEES THAT LEFT THE SYSTEM IN THE PAST YEAR
- K. FORM OF MULTI-UNIT AGREEMENT
- L-1. FORM OF SOURCING FEE ADDENDUM (FRANCHISE AGREEMENT)
- L-2. FORM OF SOURCING FEE ADDENDUM (MULTI-UNIT AGREEMENT)
- M. RECEIPTS

Stretch Lab Franchise SPV, LLC

~~2025-08~~2026-02 FDD

1320.014.008/433674

ITEM 1

THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language, this disclosure document (this “Disclosure Document”) uses “we,” “us,” “our,” “Franchisor” or “Stretch Lab” to mean Stretch Lab Franchise SPV, LLC, the franchisor. “You” means the person, corporation, partnership or other entity that buys the franchise and those of your owners who personally assume and guarantee performance of your obligations under your agreements with us. Terms used but not defined in this Disclosure Document (including various capitalized terms) have the meanings given to them in the Franchise Agreement attached as Exhibit A to this Disclosure Document (the “Franchise Agreement”).

Franchisor

We do business under the name Stretch Lab Franchise SPV, LLC, or in some cases, simply as “Stretch Lab.” We do not do business under any other name. Our principal business address is 17877 Von Karman Ave., Suite 100, Irvine, CA 92614, and our business phone number is (949) 346-3000. We are a Delaware limited liability company formed on March 6, 2023.

Except as provided in this Item, we have not and do not offer franchises in any other line of business and we have not otherwise been involved in other substantive business activity.

Predecessors and Internal Reorganization

Stretch Lab® franchises were first offered in December 2017 by Stretch Lab Franchise, LLC (our “Predecessor”) who continued to offer franchises for Stretch Lab-branded studios (“Studios”) until March 2023. In December 2017, Predecessor acquired from Stretch Lab, LLC (“Initial Operator”) all rights, title and interest in and to the Stretch Lab trademarks and other intellectual property. Initial Operator operated Studios (the “Existing Studios”) prior to Predecessor’s acquisition, but did not offer franchises for Studios. To facilitate the possibility of future funding and financing opportunities (each a “Financing Opportunity”) for our parent entities, in March 2023, we and our affiliates engaged in an internal reorganization (the “Reorganization”), pursuant to which we acquired from Predecessor, and currently own, the Marks (defined below) and other intellectual property related to the development and operation of Studios and the Stretch Lab system. We began selling franchises for Studios as of April 4, 2023. The Franchise Agreements, area development agreements, and certain other agreements related to Studios that were signed by Predecessor before the Reorganization were assigned to us as of December 31, 2023.

Parents

As part of the Reorganization, our direct parent, XPOF Assetco, LLC (“Assetco”), was created. As described in Item 21 of this Disclosure Document, Assetco guarantees our obligations as franchisor. Assetco’s current direct parent is Xponential Fitness LLC (“Xponential”). Xponential, via an intermediate holding company, is controlled by Xponential Fitness, Inc. (“XFI”), which is a publicly traded company listed on the New York Stock Exchange under the symbol “XPOF.” We anticipate that, if a Financing Opportunity occurs, it would be conducted by newly created indirect parents (immediately upstream of Assetco) and that our and Assetco’s only involvement in the Financing Opportunity would be to guarantee the obligations of our newly created indirect parents who are involved in the transaction. We expect that guarantee would cause the leverage ratio of debt to “Adjusted EBITDA” of Xponential and its subsidiaries (including us) to increase in an amount not determinable unless and until the details of the Financing Opportunity are determined. “Adjusted EBITDA” means EBITDA (net income/loss before interest, taxes, depreciation and amortization), adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance.

Affiliates

Currently, there are ~~6~~five brands within the portfolio of brands owned and franchised by subsidiaries of Xponential: BFT[®], Club Pilates[®], ~~Lindora[®]~~, Pure Barre[®], Stretch Lab[®], and Yoga Six[®] (collectively, the “Xponential Brands”).

Our affiliate, BFT Franchise SPV, LLC (“BFT SPV”), a Delaware limited liability company, has offered franchises for fitness studios that provide functional, group training fitness instruction and related services under the BFT[®] trademark (“BFT Studios”) since April 2023. Our affiliate, and predecessor to BFT SPV, BFT Franchise Holdings, LLC (“BFT”), a Delaware limited liability company, previously offered franchises for BFT Studios from January 2022 through March 2023. The franchise agreements, area development agreements, and certain other agreements related to BFT Studios that were signed by BFT before the Reorganization were assigned to BFT SPV as of December 31, 2023. As of December 31, 2024, there were 49 franchised BFT Studios in operation.

Our affiliate, Club Pilates Franchise SPV, LLC (“CP SPV”), a Delaware limited liability company, has offered franchises for fitness studios that provide Pilates and other exercise classes under the CLUB PILATES[®] trademark (“Club Pilates Studios”) since April 2023. Our affiliate, and predecessor to CP SPV, Club Pilates Franchise, LLC (“CP”), a Delaware limited liability company, previously offered franchises for Club Pilates Studios from March 2015 through March 2023. The franchise agreements, area development agreements, and certain other agreements related to Club Pilates Studios that were signed by CP before the Reorganization were assigned to CP SPV as of December 31, 2023. As of December 31, 2024, there were 1,029 franchised Club Pilates Studios in operation.

~~Our affiliate, Lindora Franchise, LLC (“Lindora Franchisor”), a Delaware limited liability company, has offered franchises for Lindora Studios that provide or arrange for the provision of certain medical and non-medical products and services under the Lindora[®] trademark (“Lindora Studios”) since December 2023; however, Lindora Franchisor became our affiliate in January 2024. As of December 31, 2024, there were 31 franchised Lindora Studios in operation.~~

Our affiliate, PB Franchising SPV, LLC (“PB SPV”), a Delaware limited liability company, has offered franchises for fitness studios that provide indoor fitness classes/instruction through a combination of Pilates, weights and ballet, including using a ballet barre, under the PURE BARRE[®] trademark (“Pure Barre Studios”) since April 2023. Our affiliate, and predecessor to PB SPV, PB Franchising, LLC (“PB”), a Delaware limited liability company, previously offered franchises for Pure Barre Studios from 2012 through March 2023. The franchise agreements, area development agreements, and certain other agreements related to Pure Barre Studios that were signed by PB before the Reorganization were assigned to PB SPV as of December 31, 2023. As of December 31, 2024, there were 617 franchised Pure Barre Studios in operation.

Our affiliate, Yoga Six Franchise SPV, LLC (“YS SPV”), a Delaware limited liability company, has offered franchises for fitness studios that offer and provide indoor yoga classes/instruction and other related exercise classes under the YOGA SIX[®] trademark (“Yoga Six Studios”) since April 2023. Our affiliate, and predecessor to YS SPV, Yoga Six Franchise, LLC (“YS”), a Delaware limited liability company, previously offered franchises for Yoga Six Studios from September 2018 through March 2023. The franchise agreements, area development agreements, and certain other agreements related to Yoga Six Studios that were signed by YS before the Reorganization were assigned to YS SPV as of December 31, 2023. As of December 31, 2024, there were 192 franchised Yoga Six Studios in operation.

Since 2018, our affiliate, Xponential Fitness Brands International, LLC (“XFB International”), a Delaware limited liability company, has offered master franchises and unit franchises outside the United States for Studios and for fitness studios developed and operated under the various other Xponential Brands. Since 2023, Assetco has offered franchises in Canada for fitness studios developed and operated under the various Xponential Brands.

Neither Assetco nor XFB International have ever owned or operated a Studio or offered franchises for Studios in the United States.

Our affiliate, Xponential Gift Cards, LLC (“XGC”), a California limited liability company, manages the branded gift card programs for various Xponential Brands. XGC has never owned or operated a Studio or offered franchises for Studios.

Our affiliate, Xponential Procurement Services, LLC (“XPS”), a Delaware limited liability company, manufactures, and provides to franchisees, custom millwork, cabinets, tables, display cases, engraved wood signs, point of sale displays, custom acrylic panels, and other similar products. XPS has never owned or operated a Studio or offered franchises for Studios.

All of the entities referenced in this Item 1 share our principal business address. Neither we nor any other entity described in this Item 1 has owned or operated a Studio or offered franchises in this or any other line of business except as specifically described in this Item 1. We have no other predecessors, parents or affiliates that are required to be disclosed in this Item 1.

For purposes of this Disclosure Document, BFT SPV, CP SPV, PB SPV, and YS SPV are together referred to as the “Affiliate SPV Franchisors,” and Predecessor, BFT, CP, PB, and YS are together referred to as the “Affiliate Prior Franchisors.” Our affiliates, AKT Franchise, LLC, CycleBar Franchising, LLC (“CB”), Row House, LLC, Rumble Franchise, LLC (“RF”), [Lindora Franchise, LLC \(“Lindora Franchisor”\)](#) and Stride Franchise, LLC are collectively referred to as the “Former Portfolio Brand Franchisors”, and AKT Franchise SPV, LLC, CycleBar Franchising SPV, LLC (“CB SPV”), Row House Franchise SPV, LLC, Rumble Franchise SPV, LLC (“RF SPV”), and Stride Franchise SPV, LLC are collectively referred to as the “Former Portfolio Brand SPV Franchisors.”

Agent for Service of Process

Our agents for service of process are disclosed in Exhibit B.

The Franchise We Offer

We offer for sale a franchise to operate a Studio at a specific location (each a “Franchise”) pursuant to the terms of our form of franchise agreement attached to this Disclosure Document as Exhibit A (the “Franchise Agreement”). We expect that all Studios will typically operate from a commercial space located within a retail shopping center. We may, however, consider alternative sites, on a case-by-case basis, at a franchisee’s request.

If you are granted a Franchise, you must operate your Studio at a location that we approve (the “Authorized Location”). You must sign the Franchise Agreement to be granted a Franchise for your Studio. If you are a legal entity, such as a limited liability company, partnership, or corporation, each person who directly or indirectly owns a 10% or greater ownership in you (each, a “Guarantor”) must sign and deliver to us our then-current form of Guarantee, Indemnification, and Acknowledgment (a “Guarantee”), and one of your Guarantors must be designated as an “Operating Principal”, who has the authority communicate with us and otherwise act on your behalf in all matters relating to your Studio.

Each Studio offers private and group stretching classes and related therapy services and any other services that we authorize (collectively, the “Approved Services”). Studios are established and operated under a comprehensive design that includes a spacious interior, at least 10 stretch benches, exercise equipment/apparatuses necessary to provide the Approved Services, specifications, and procedures for operations; quality customer service; management and financial control; training and assistance; and advertising and promotional programs (which we call our “System”). The System’s standards, specifications and procedures (collectively, the “System Standards”) are described in our confidential learning management system, which includes electronic versions of manuals and

written policies and procedures related to the development and operation of Studios (as we may collectively refer to as, the “Learning Management System”). The System and the Learning Management System, and their various components, may be modified, discontinued, and further developed at our discretion.

Your Studio must engage at least one individual that is capable of and authorized to provide fitness instruction and other Approved Services at all times (an “Authorized Instructor”). To be an Authorized Instructor, the individual must attend and complete our proprietary “Flexologist Training Program” (the “Flexologist Training Program”) – otherwise known as “Flexologist Training” or “FTP” – designed to provide individuals with guidelines and information on how to provide the Approved Services in accordance with our current System Standards.

Development Rights

We also offer qualified individuals and entities the right to acquire multiple Franchises (the “Development Rights”) within a designated geographical area (the “Development Area”) under our current form of multi-unit agreement, which is attached to this Disclosure Document as Exhibit K (the “Multi-Unit Agreement”). The Multi-Unit Agreement will provide a designated schedule in which you (or your affiliates) must acquire Franchises and open and operate the designated number of Studios (a “Development Schedule”).

For each Franchise you acquire pursuant to the Multi-Unit Agreement, you (or your affiliate) will sign our then-current form of Franchise Agreement. When you sign the Multi-Unit Agreement, you will also sign your 1st Franchise Agreement in the form attached to this Disclosure Document as Exhibit A. Each subsequent Franchise Agreement you sign will be our then-current form, and it might contain terms that are materially different than those found in our current form, including with respect to fees.

You will be required to pay us a one-time development fee that will be calculated based on the number of Studios you commit to develop under the Multi-Unit Agreement (the “Development Fee”),

Market and Competition

The market for fitness services and studios is crowded. You will face competition for members from other stretching studios, gyms, personal trainers, yoga and Pilates studios, fitness/exercise centers and studios, health clubs, barre-based studios, and even other System franchisees. While traditionally not seasonal, Studios may see some fluctuations in membership sales after the first of the calendar year and during the summer months.

Laws, Rules, and Regulations

Some states require that health/fitness facilities have a staff person available during all hours of operation that is certified in basic cardiopulmonary resuscitation or other specialized medical training. Some state or local laws may also require that health/fitness facilities have an automated external defibrillator and/or other first aid equipment on the premises. Certain states and local governments have passed laws relating specifically to health/fitness facilities, including laws requiring bonds if a health and fitness facility sells memberships valid for more than a specified time period, requiring facility owners to deposit into escrow certain amounts collected from members before the facility opens (so-called “presale” memberships), and imposing other restrictions on memberships that health and fitness facilities sell. At a minimum, your Studio will be subject to various federal, state and local laws, and regulations affecting the business, including laws relating to membership agreements, zoning, access for the disabled, and safety and fire standards. You may need the local fire marshals or other local, state or federal agency’s permission before you begin operations. Additionally, while Stretch Lab Studios are not intended or permitted to perform specifically regulated services, certain state and local laws, regulations, and licensing requirements may be applicable to your Studio, depending on the location of your Studio, including

without limitation, massage therapy licensing. There may also be certain applicable employment regulations, including worker's compensation insurance requirements.

You must acquire and maintain certain licenses, permits, and authorizations to operate your Studio under the applicable laws of where your Studio is located. Among other things, you will need to ensure that all music played by you or your Authorized Instructors at your Studio is properly licensed for use in connection with the provision of the Approved Service, or if permitted by us, any other purpose.

ITEM 2 BUSINESS EXPERIENCE

Michael Nuzzo: Chief Executive Officer

Since August 2025, Michael Nuzzo has been our Chief Executive Officer and the Chief Executive Officer of XFI, Assetco, each of the Affiliate SPV Franchisors, ~~Lindora Franchisor~~, each of the Affiliate Prior Franchisors, each of the Former Portfolio Brand Franchisors, each of the Former Portfolio Brand SPV Franchisors, and XFB International. Mr. Nuzzo served as the Chief Executive Officer of Eyemart Express in Dallas Texas from October 2022 to August 2025 and the Chief Operating Officer of Petco, Inc. in San Diego, California from May 2015 to August 2022. Mr. Nuzzo was in between positions in September 2022. Mr. Nuzzo is based in Irvine, California.

~~Niklaus Kish:~~ Brandon Ruiz: Senior Vice President, Brand President

Since December 2025, Mr. ~~Kish~~Ruiz has served as our ~~Senior Vice President~~, Brand ~~President since April 2025~~. He has also served as Brand President of BFT SPV since March 2025. Previously, he ~~Mr. Ruiz~~ served as ~~BFT SPV's~~the Senior ~~Vice President of~~Director, Strategy and Operations (from ~~June 2024~~April 2025 to ~~March~~October 2025. He also served as Brand President of Row House Franchise SPV, LLC), the Senior Director, Pet Services (from ~~March 2023~~August 2022 to ~~May 2024~~April 2025) and Row House Franchise, LLCthe Director, Pet Services (from ~~March 2023~~ to ~~May 2024~~). From ~~May~~July 2020 to ~~March 2022~~, Mr. Kish was Senior Vice President of Studio Sales and Operations for Xponential. Previously, from ~~October 2019~~ to ~~March 2020~~, ~~August 2022~~). Mr. Kish was Director of Presales for Aspyr Holdings, located ~~Ruiz was~~ in Costa Mesa, California. For the month of April 2020, Mr. Kish was between positions: ~~in November 2025~~. Mr. ~~Kish~~Ruiz is based in Irvine, California.

John Meloun: Chief Financial Officer

Since March 2023, Mr. Meloun has served as our Chief Financial Officer and the Chief Financial Officer of Assetco, each of the Affiliate SPV Franchisors, and each of the Former Portfolio Brand SPV Franchisors. ~~Since January 2024, Mr. Meloun has also served as the Chief Financial Officer of Lindora Franchisor~~. Mr. Meloun has also served as the Chief Financial Officer for: AKT Franchise, LLC, CP, CycleBar Holdco, LLC, Row House Franchise, LLC, and YS (each since September 2019); CB (since July 2019); PB (since October 2018); RB and Stride Franchise, LLC (each since March 2021); our Predecessor (since October 2019); Xponential Intermediate Holdings, LLC and CycleBar Worldwide, Inc. (each since March 2021); ~~and~~ XFB International (since January 2020) ~~and Lindora Franchise (since January 2024)~~. Mr. Meloun has also served as the Chief Financial Officer of Xponential (since July 2018) and Xponential Employment Services, Inc. (since January 2022). Mr. Meloun is based in Irvine, California.

~~Andrew Hagopian~~ Gavin O'Connor: Chief Legal Counsel and Administrative Officer

Since ~~April 2023~~November 2025, Mr. ~~Hagopian~~O'Connor has served as our Chief Legal ~~Counsel and Administrative~~ Officer and the Chief Legal ~~Counsel and Administrative~~ Officer of Assetco, ~~and~~ each of the Affiliate SPV Franchisors, ~~and each of the~~ Former Portfolio Brand SPV Franchisors. ~~Since August 2023, Mr. Hagopian has served as the Chief Legal Officer of each of the~~ Affiliate Prior Franchisors, and ~~each of the~~ Former Portfolio Brand

Franchisors. ~~Since January 2024, Mr. Hagopian has also served as the Chief Legal Officer of Lindora Franchisor. Since November 2024, Mr. Hagopian has served as the Chief Legal Officer of XFB International. Since March 2023, Mr. Hagopian has also served as the Chief Legal Officer of Xponential and XFI. From June 2022 to February 2023, Mr. Hagopian served as~~[Previously, Mr. O'Connor served as the Chief Administrative Officer](#), General Counsel of Newlight Technologies, Inc., based in Huntington Beach, California. ~~From January 2021 to June 2022, Mr. Hagopian served as General Counsel for BetMGM, based in Las Vegas, Nevada. From December 2016 to December 2020, Mr. Hagopian served as Chief~~[and Corporate Secretary of European Wax Center, Inc. in Plano, TX from January 2020 to November 2025.](#) ~~Mr. Counsel for MGM Resorts International, based in Las Vegas, Nevada. Mr. Hagopian~~[O'Connor](#) is based in Irvine, California.

Timothy Weiderhott: Chief Operating Officer, North America

Since February 2025, Mr. Weiderhott has served as our Chief Operating Officer, North America and the Chief Operating Officer, North America of Assetco, ~~Lindora Franchisor~~, and each of the Affiliate SPV Franchisors, Former Portfolio Brand SPV Franchisors, Affiliate Prior Franchisors, and Former Portfolio Brand Franchisors. Since January 2025, Mr. Weiderhott has also served as the Chief Operating Officer of North America of Xponential. Previously, Mr. Weiderhott served as the Chief Operating Officer and VP of Franchising (from June 2024 to January 2025) and the Chief Development Officer (from November 2022 to June 2024) of Barkley Ventures Franchising dba Central Bark in Phoenix, Arizona. From September 2019 to November 2022, Mr. Weiderhott served as Chief Executive Officer of Wow Wow Hawaiian Lemonade Franchising based in Phoenix, Arizona. Mr. Weiderhott is based in Phoenix, Arizona.

John Kawaja: President, North America

~~Since February 2025, Mr. Kawaja has served as our President, North America and the President, North America of Assetco, Lindora Franchisor, and each of the Affiliate SPV Franchisors, Former Portfolio Brand SPV Franchisors, Affiliate Prior Franchisors, and Former Portfolio Brand Franchisors. Since January 2025, Mr. Kawaja has also served as the President of North America of Xponential. Mr. Kawaja previously served as Xponential's President Wholesale from October 2024 to January 2025. From November 2023 to September 2024, Mr. Kawaja served as President of G/Fore in Los Angeles, California. From December 2022 to October 2023 (and earlier from January 2021 through April 2021), Mr. Kawaja served as Co-Founder of leftBrain Performance based in San Diego, California. From May 2021 to November 2022, Mr. Kawaja served as CEO N.A. of 54 Group in San Diego, California. From August 2020 to December 2020, Mr. Kawaja served as Consultant to the PGA European Tour in London, United Kingdom. From September 2018 to July 2020, Mr. Kawaja served as President of Honma Golf in Carlsbad, California. Mr. Kawaja is based in Irvine, California.~~

Kevin Beygi: Chief Technology Officer

~~Since February 2025, Mr. Beygi has served as our Chief Technology Officer and the Chief Technology Officer of Assetco, Lindora Franchisor, and each of the Affiliate SPV Franchisors, Former Portfolio Brand SPV Franchisors, Affiliate Prior Franchisors, and Former Portfolio Brand Franchisors. Since January 2025, Mr. Beygi has also served as the Chief Technology Officer of Xponential. From February 2021 to January 2025, Mr. Beygi served as the Director of Data Analytics of Microsoft in Redmond, Washington. From June 2020 to January 2021, Mr. Beygi served as Senior Data Scientist of Midcontinent Independent System Operator (MISO) in Carmel, Indiana. From November 2019 to May 2020, Mr. Beygi served as a Data Scientist Consultant for Disney in Orlando, Florida. Mr. Beygi is based in Irvine, California.~~

Eric Simon: Chief Development Officer

Since February 2025, Mr. Simon has served as our Chief Development Officer and the Chief Development Officer of Assetco, ~~Lindora Franchisor~~, and each of the Affiliate SPV Franchisors, Former Portfolio Brand SPV

Franchisors, Affiliate Prior Franchisors, and Former Portfolio Brand Franchisors. Since January 2025, Mr. Simon has also served as the Chief Development Officer of Xponential. Previously, Mr. Simon served as the SVP, Franchise Sales & Development (from December 2023 to January 2025) and the VP Franchise Sales & Development (from November 2016 to December 2023) for The Joint Corp. in Scottsdale, Arizona. Mr. Simon is based in Scottsdale, Arizona.

Louise Ocasion: Chief Marketing Officer

Since April 14, 2025, Ms. Ocasion has served as our Chief Marketing Officer, and the Chief Marketing Officer of Assetco, each of the Affiliate SPV Franchisors, ~~Lindora Franchisor~~, each of the Affiliate Prior Franchisors, each of the Former Portfolio Brand Franchisors, each of the Former Portfolio Brand SPV Franchisors, and XFB International. She has also been (i) a member of the Board of Directors of Petwise in Novato, California since July 2024, and (ii) a principal at 310 Ventures, Inc. in Los Angeles, California since May 2024. From May 2020 to June 2020, Ms. Ocasion was not employed. From July 2020 to April 2024, she was employed in various roles by Instant Brands in Downers Grove, Illinois, most recently as its President, North America and Global Chief Marketing Officer. Ms. Ocasion is based in Los Angeles, California.

Andrew Marlow-Velasco: Senior Vice President of Learning & Development (Xponential)

~~Since November 2024, Mr. Marlow Velasco has served as the Senior Vice President of Learning & Development of Xponential. Previously, Mr. Marlow Velasco served as PB's Senior Vice President of Operations (from November 2023 to November 2024), Vice President of Sales (from August 2020 to November 2023), and National Sales Director (from October 2018 to August 2020). Mr. Marlow Velasco is based in Irvine, California.~~

ITEM 3 LITIGATION

Concluded Action (Franchisor-Initiated Action)

~~Stretch Lab Franchise, LLC, et al. vs. Stretch Lab, LLC, et. al. (Case No.: 2:18-cv-07816). In October 2018, Predecessor filed a complaint (the "Complaint") against the Initial Operator and its principals (the "Defendants") in the United States District Court for the Central District of California (the "Court") for breach of contract, breach of implied covenant of good faith and fair dealing, trademark infringement and unfair competition arising out of Defendants' failure to comply with certain of their post-closing obligations under an asset purchase agreement the parties entered into on November 15, 2017 (the "APA"), wherein Predecessor sought (i) compensatory damages in an amount to be determined at trial, (ii) reimbursement of costs incurred in connection with the action, (iii) injunctive relief enjoining Defendants' use of the Marks absent Defendants' signing the agreed-upon form of franchise agreement(s) prescribed in the APA to govern the Existing Studios; and (iv) declaratory relief that Predecessor validly terminated consulting agreements with certain of the individual Defendants due to Defendants' respective breaches and failure to cure. Predecessor filed a motion for preliminary injunction with the Court requesting immediate injunctive relief (the "Motion"). Defendants did not comply with the APA and instead filed counterclaims against Predecessor for breach of contract and fraudulent inducement with respect to the APA, conversion and purported violations of the California Franchise Investment Law and state franchise relationship laws. Predecessor undertook to vigorously pursue its claims and defend against any counterclaims, and was eventually able to negotiate an amicable resolution with Defendants where the Defendants assigned over all of their rights, title and interest in and to (a) all assets and rights associated with the existing and active business operations of the 4 Studios that were established, opened and being actively operated by Defendants, and (b) our company or any of our affiliates, for consideration totaling \$6.5M pursuant to the terms of an otherwise confidential asset purchase agreement the parties executed. The proceeding was thereafter dismissed with prejudice by the Court upon the mutual request of the parties.~~

Pending Actions Involving Parent, Predecessor or Affiliate

Dance Fitness Michigan LLC, et al. v. AKT Franchise, LLC, et al., filed August 30, 2023 (as amended on March 28, 2025), Superior Court of the State of California, County of Orange, Case No. 30-2023-01345433-CU-AT-CXC (the “AKT Lawsuit”). This action was filed by certain former AKT franchisees and their purported owners after AKT initiated an arbitration against and sought damages from certain of them for breaches of their franchise agreements. In addition to the relief described below, the plaintiffs seek declaratory and injunctive relief to allow them to litigate their claims in this action rather than in the original arbitration proceedings initiated by AKT. In this action, one or more of the following parties: Dance Fitness Michigan LLC, Property Maintenance, Inc., 6pk Mason LLC, 6pk Liberty LLC, Teeny Turner LLC, S2 Fitness Enterprises, LLC, Soros & Associates, LLC, AdEdge Services Inc., Deanna Alfredo, Amanda Davis, Nisha Moeller, Samantha Cox, Suzanne Fischer, Nichole Soros, Michael Soros, Paul Dumas, Jodi Dumas and Laura Hannan (collectively, the “AKT Plaintiffs”) allege that one or more of the following parties: AKT Franchise, LLC, AKT Franchise SPV, LLC, Assetco, Xponential, XFI, Xponential Intermediate Holdings LLC, H&W Investco LP, H&W Investco II LP, LAG Fit, Inc., MGAG LLC, Anthony Geisler, Mark Grabowski, Melissa Chordock, Elizabeth “Liz” Batterton Cooper, Alexander Cordova, Lance Freeman, Ryan Junk, Megan Moen, John Meloun, Sarah Luna, Tori Johnston, Justin LaCava, Bobby Tetsch, Brandon Wiles, Jason Losco, Brittney Holobinko, Amy Wehrkamp, Scott Svilich, Sarah Nolan, Emily Brown, Rachel Markovic, and Brenda Morris (collectively, the “AKT Defendants”) allegedly: (a) violated pre-sale disclosure obligations under the California Franchise Investment Law, the Michigan Franchise Investment Law and the Florida Franchise Act by failing to provide a compliant Franchise Disclosure Document and failing to disclose certain information they contend was required to be disclosed by, and making certain statements they contend were incorrect and prohibited under, those laws some of which they contend were erroneous (the “Pre-Sale Disclosure Claims”); (b) fraudulently induced them to purchase franchises; (c) breached the implied covenant of good faith and fair dealing (the “Covenant Claim”); (d) breached a purported agreement to provide certain financing; and (e) engaged in unfair and deceptive trade practices. The AKT Plaintiffs seek rescission of various franchise agreements, actual and special damages, attorney’s fees, costs and interest. ~~AKT Defendants have been served with the complaint, and each AKT Defendant has filed a demurrer to the complaint and/or a motion to quash the complaint scheduled to be heard in August 2025~~ [This matter is at the pleadings stage.](#)

Enlightened Armadillo, Inc., et al. v. Yoga Six Franchise, LLC, et al., filed November 22, 2023, Superior Court of the State of California, County of Orange, Case No. 30-2023-01367265-CU-AT-CXC (the “EA Lawsuit”). This is an action filed by the same attorney who represents the AKT Plaintiffs in the AKT Lawsuit. The plaintiffs are two Yoga Six franchisees (Enlightened Armadillo, Inc. and Snug Holding Company LLC) and their purported owners (Mark Hrubant, Ella Hrubant, and Melinda Sung) (collectively, the “Y6 Plaintiffs”) who assert essentially the same Pre-Sale Disclosure Claims (with respect only to the California Franchise Investment Law) and Covenant Claim (as to the Yoga Six entities only) against YS SPV, YS, Assetco, Xponential, XFI, Xponential Intermediate Holdings LLC, H&W Franchise Intermediate Holdings LLC, Lag Fit Inc., H&W Investco LP, H&W Investco II LP, MGAG LLC, Anthony Geisler, Mark Grabowski, Lindsay Junk, Nate Chang, Jason Losco, Lance Freeman, Ryan Junk, Megan Moen, John Meloun, Sarah Luna, Brenda Morris, and Justin LaCava (collectively, the “Y6 Defendants”). The Y6 Plaintiffs seek declaratory and injunctive relief regarding the enforceability of the mandatory arbitration provisions in the franchise agreements, rescission of their franchise agreements, actual and special damages, attorney’s fees, costs and interest. ~~Y6 Defendants have been served with the complaint and all, except H&W Franchise Intermediate Holdings LLC, filed a demurrer to the complaint and/or a motion to quash the complaint. On April 25, 2025, the court sustained without leave to amend in part and overruled in part the demurrers to the complaint and granted the motions to quash by Mark Grabowski, Lance Freeman, Justin LaCava and Brenda Morris. The Y6 Defendants, except H&W Franchise Intermediate Holdings LLC, Mark Grabowski, Lance Freeman, Justin LaCava and Brenda Morris, filed answers, and YS filed a cross-complaint against the Y6 Plaintiffs for breach of contract and breach of guarantee.~~ [This matter is at the pleadings stage](#)

Nickle Acquisition LLC v. Xponential Fitness, Inc. et al., filed February 3, 2025, Superior Court of the State of California, County of Orange, Case No. 30-2025-01459041-CU-AT-CXC (the “Nickle Acquisition Lawsuit”).

This is an action filed by the same attorney who represents the AKT Plaintiffs and the Y6 Plaintiffs in the AKT Lawsuit and the EA Lawsuit, respectively. The plaintiffs, Nickle Acquisition LLC (“Nickle Acquisition”), a former franchisee of the BFT and CycleBar franchise brands, and its purported owners, Michael D. Nickle and Jana Nickle (“Nickles” together with Nickle Acquisition, “Nickle Plaintiffs”), allege that one or more of XFI, CB, CB SPV, BFT, BFT SPV, Xponential, Xponential Intermediate Holdings LLC, Assetco, H&W Franchise Intermediate Holdings LLC, LAG FIT, Inc., H&W Investco LP, H&W Investco II LP, MGAG LLC, Anthony Geisler, Mark Grabowski, Trevor Lucas, Lou DeFrancisco, Ryan Junk, Sarah Luna, Lance Freeman, Kristie Iavasile, and Navitas Credit Corp. (collectively, the “Nickle Defendants”) allegedly: (a) violated the California Franchise Investment Law for purportedly (i) failing to disclose directors, principal officers, and individuals with management responsibility and litigation and material terms of settlements in Franchise Disclosure Documents; (ii) willfully making untrue statements regarding franchisee’s estimated initial investment and time to open studios in the in Franchise Disclosure Documents; and (iii) failing to timely disclose the Franchise Disclosure Documents; (b) willfully made untrue financial performance representations and other representations and failed to disclose financial performance representations in Franchise Disclosure Documents; (c) breached the franchise agreements and covenant of good faith and fair dealing by allegedly undercutting membership sales; (d) made fraudulent omissions by allegedly failing to disclose kickbacks, financial relationships, lack of standard due diligence, and material facts regarding the Xponential franchise system; and (e) committed fraudulent inducement by allegedly making misrepresentations regarding the Castle Pines CycleBar studio performance. Nickle Plaintiffs seek declaratory judgment that the franchise agreements, including the arbitration provisions, are void and unenforceable, and rescission of the franchise agreements, actual and special damages, attorney’s fees, costs, and interest. ~~The Nickle Defendants, except for H&W Franchise Intermediate Holdings LLC, Mark Grabowski and Trevor Lucas, filed demurrers to the complaint and/or motions to quash the complaint, scheduled to be heard in October of 2025. A case management conference is scheduled for October 2025~~ [This matter is at the pleadings stage.](#)

Alex Zaltsman, Fitwell License Holdings, LLC, XPO Fitness Operator, LLC, RH Ventures II, LLC, and PB Ventures I, LLC v. Xponential Fitness LLC, Row House Franchise, LLC, and PB Franchising, LLC, American Arbitration Association, Case No. 01-25-0001-1348. On February 26, 2025, Fitwell License Holdings, LLC, XPO Fitness Operator, LLC, RH Ventures II, LLC, and PB Ventures I, LLC, current and former Row House and Pure Barre multi-unit franchisees, and their purported owner, Alex Zaltsman (collectively, “Zaltsman Claimants”), assert that Xponential, Row House Franchise, LLC, and PB (collectively, the “Zaltsman Defendants”) violated the Connecticut Unfair Trade Practices Act, New Jersey Consumer Fraud Act, New Jersey Franchise Practice Act, and New York Franchise Act and committed common law fraud in the inducement by providing false or misleading financial performance representations in Item 19 of their Franchise Disclosure Documents, by unlawfully terminating an area development agreement and franchise agreement, and by making material misrepresentations and omissions of material facts in connection with Zaltsman Claimants’ acquisition, development and operation of their Row House and Pure Barre studios. Zaltsman Claimants seek to recover alleged actual, treble and punitive damages and, alternatively, seek rescission of their franchise agreements. [The Zaltsman Defendants, except Xponential, filed an Answering Statement; an arbitrator has been selected and the evidentiary hearing is set for 2026.](#)

Rumble Marina Co. and Jason Mighdoll v. Rumble Fitness, LLC, Rumble 1001, LLC, and Xponential Fitness, Inc., Superior Court of the State of California, San Francisco County, Case No. CGC25627419. On July 18, 2025, Rumble Marina Co. and its purported President, Jason Mighdoll (collectively, the “Mighdoll Plaintiffs”), filed a lawsuit against Rumble Fitness, LLC, Rumble 1001, LLC, and XFI (collectively, the “Rumble Defendants”), alleging that, in connection with the transfer and sale of a Rumble Boxing studio in San Francisco, California, the Rumble Defendants breached the contract and the implied covenant of good faith and fair dealing, made false promises, and conducted themselves in an unlawful, unfair, and fraudulent manner under the California Business and Professions Code in connection with a purported oral agreement between the parties. Mighdoll Plaintiffs seek damages and accounting, disgorgement, and restitution of all monies, assets, and benefits allegedly wrongfully obtained by Rumble Defendants. This action is in the pleadings stage.

JSP Group LLC; Spencer O. Pettit; Jesse T. Pettit v P.B. Franchising SPV LLC, filed July 31, 2024, American Arbitration Association, Case No. 01-24-0007-0509. In September 2024, a demand for arbitration was initiated by a franchisee and its owners, for a monetary claim of \$299,999 due to alleged fraud, breach of contract, and violation of state unfair trade practice statutes. Pure Barre brought a counterclaim against Claimants and Xponential was removed from the complaint by joint stipulation. This action is in the discovery stage.

XPOF Assetco, LLC, et al ats Waughland Investment Corp. et al, notice of Arbitration delivered September 11, 2025. On September 11, 2025, a Stretch Lab franchisee and area developer in Toronto, Ontario, delivered a Notice of Arbitration asserting claims against XPOF Assetco, LLC, Stretch Lab Franchise, LLC, XPOF Issuer, LLC, Xponential Fitness, Inc., Megan Moen, Verdine Baker, Sarah Luna, and John Meloun, seeking the rescission of various franchise agreements and area development agreements entered into between the parties pursuant to section 6(2) of the Arthur Wishart Act (Franchise Disclosure), 2000 and statutory damages totalling CAD \$4,043,999, plus interest and costs. The franchisor intends to dispute and vigorously defend the franchisee's claim as well as to assert a counterclaim arising from the abandonment of the franchises and unlawful competition from the franchise locations following their rebranding.

Shannon McGill et al. v. Xponential Fitness LLC, et al., filed November 22, 2023, United States District Court for the Southern District of Ohio, Case No. 2:23-cv-03909. Former employees of Mitch Brown and/or his legal entity, MD Pro Fitness, LLC (the "Brown Defendants"), filed the above captioned putative class action complaint against Xponential; Assetco; AKT Franchise, LLC; AKT Franchise SPV, LLC; CB; CB SPV; PB; PB SPV; Row House, LLC; Row House SPV, LLC; Stride Franchise, LLC; Stride Franchise SPV, LLC; YS; and YS SPV (the "Xpo Defendants"), as well as against the Brown Defendants. The Brown Defendants were a former franchisee of PB SPV; Row House SPV, LLC; Stride Franchise SPV, LLC; and YS SPV. The complaint alleges violations of the Fair Labor Standards Act, as well as employment laws from different states in connection with the former franchisee's owner-operated studio locations. The parties executed a settlement agreement and are currently awaiting court approval of the settlement.

Concluded Litigation

Stretch Lab Franchise, LLC, et al. vs. Stretch Lab, LLC, et. al. (Case No.: 2:18-cv-07816). In October 2018, Predecessor filed a complaint (the "Complaint") against the Initial Operator and its principals (the "Defendants") in the United States District Court for the Central District of California (the "Court") for breach of contract, breach of implied covenant of good faith and fair dealing, trademark infringement and unfair competition arising out of Defendants' failure to comply with certain of their post-closing obligations under an asset purchase agreement the parties entered into on November 15, 2017 (the "APA"), wherein Predecessor sought (i) compensatory damages in an amount to be determined at trial, (ii) reimbursement of costs incurred in connection with the action, (iii) injunctive relief enjoining Defendants' use of the Marks absent Defendants' signing the agreed-upon form of franchise agreement(s) prescribed in the APA to govern the Existing Studios; and (iv) declaratory relief that Predecessor validly terminated consulting agreements with certain of the individual Defendants due to Defendants' respective breaches and failure to cure. Predecessor filed a motion for preliminary injunction with the Court requesting immediate injunctive relief (the "Motion"). Defendants did not comply with the APA and instead filed counterclaims against Predecessor for breach of contract and fraudulent inducement with respect to the APA, conversion and purported violations of the California Franchise Investment Law and state franchise relationship laws. Predecessor undertook to vigorously pursue its claims and defend against any counterclaims, and was eventually able to negotiate an amicable resolution with Defendants where the Defendants assigned over all of their rights, title and interest in and to (a) all assets and rights associated with the existing and active business operations of the 4 Studios that were established, opened and being actively operated by Defendants, and (b) our company or any of our affiliates, for consideration totaling \$6.5 million pursuant to the terms of an otherwise confidential asset purchase agreement the parties executed. The proceeding was thereafter dismissed with prejudice by the Court upon the mutual request of the parties.

4LMVMT, LLC, et al. v. Yoga Six Franchise, LLC, et al., filed January 24, 2025, American Arbitration Association, Irvine, California), Case No. 01-25-0000-3620 (the “4LMVMT Arbitration”). On January 28, 2025, an arbitration was initiated by a Yoga Six franchisee and its purported owners, Ana Llewellyn, Nicholas Llewellyn, and Nicholas Llewellyn II against YS, Xponential, Lindsay Junk, and Sarah Luna. On February 18, 2025, the Yoga Six franchisee, Ana Llewellyn and Nicholas Llewellyn (collectively, the “Claimants”) filed an Amended Demand for Arbitration against YS and Xponential (collectively, the “Respondents”), seeking damages for claims arising out of and related to four of Claimant’s franchise agreements. Claimants purchased four resale Studios located in Oklahoma and Minnesota between May 2022 and April 2023, after communicating with certain Respondents about the opportunity. Claimants assert that three out of the four Studios had to close, alleging that one or more of Respondents: (a) fraudulently induced Claimant to enter each of the four franchise agreements; (b) breached a purported agreement to provide certain financing and support; (c) breached the fiduciary duty owed to Claimants; (d) acted negligently and/or grossly negligent during the franchise relationship; and (e) violated the Oklahoma Business Opportunity Sales Act (71 O.S. § 807 & § 808) and Minnesota securities laws. ~~Claimants seek actual damages for the Studio closures and loss of income, attorney’s fees, assumption of liability and ownership of Claimants’ remaining open Studio, release from future obligations related to the Studios, promissory estoppel and/or dissolution of all franchise agreements and future liability thereunder, and indemnification and reimbursement of costs related to ongoing civil litigation. On February 11, 2025, YS filed an Answer and Counterclaim for breach of contract and breach of guaranty. An arbitrator has been selected, and the evidentiary hearing is set for April 13-16, 2026.~~ Claimants sought damages for the Studio closures, termination of all franchise agreements and future liabilities, and related expenses. The parties reached a settlement agreement on Nov. 10, 2025 under which Yoga Six Franchise, LLC paid \$304,000 to the landlord of the plaintiff’s Studio in Maple Grove, Minn. to terminate the plaintiff’s lease and to release the landlord’s claims against the plaintiffs relating to that lease. All of the parties signed the settlement agreement, and released and dismissed all of the claims asserted against the other parties. Following this settlement, this arbitration was dismissed with prejudice.[EH1.1]

American Health Concepts, LLC and Yaqim Lalani v. Yoga Six Franchise, LLC et al., filed December 11, 2024, Superior Court of Dekalb County State of Georgia, Case No. 24-cv-11069 (the “AHC Lawsuit”). This action was filed by American Health Concepts, LLC and its purported owner, Yaqim Lalani (collectively, the “AHC Plaintiffs”), asserting that one or more of YS, Xponential, Anthony Geisler, and Lindsay Junk (the “AHC Defendants”): (a) violated the Federal Trade Commission Act by allegedly (i) failing to disclose individuals serving as directors, trustees, general partners or other individuals who had management responsibility in the Franchise Disclosure Document disclosed to AHC Plaintiffs, (ii) providing false or misleading financial performance representations in Item 19 of the Franchise Disclosure Document disclosed to AHC Plaintiffs; and (iii) making misrepresentations regarding studio closures in Item 20 of the Franchise Disclosure Document disclosed to AHC Plaintiffs; and (b) committed fraud in the inducement by allegedly making false or misleading statements in the Franchise Disclosure Document disclosed to AHC Plaintiffs. AHC Plaintiffs also assert money had and received, unjust enrichment, and that the development agreement between the parties is void for lack of consideration. AHC Plaintiffs seek damages, attorney’s fees, and other just and proper relief. ~~On March 12, 2025, AHC Defendants filed a Notice of Removal to remove the AHC Lawsuit to the United States District Court for the North District of Georgia, Atlanta Division (Case No. 1:25-cv-01315-SCJ). On April 2, 2025, Yoga Six moved to dismiss and to compel arbitration or transfer venue to the U.S. District Court for the Central District of California, Southern Division. Those motions remain outstanding.~~ This case was dismissed on October 31, 2025. Plaintiffs have the opportunity to bring the suit again if they choose, however, many of their causes of action may be barred due to the one-year Statute of Limitation provision in the Development Agreement and Franchise Agreement.

~~*Alex Zaltsman, Fitwell License Holdings, LLC, XPO Fitness Operator, LLC, RH Ventures II, LLC, and PB Ventures I, LLC v. Xponential Fitness LLC, Row House Franchise, LLC, and PB Franchising, LLC, American Arbitration Association*, Case No. 01-25-0001-1348. On February 26, 2025, Fitwell License Holdings, LLC, XPO Fitness Operator, LLC, RH Ventures II, LLC, and PB Ventures I, LLC, current and former Row House and Pure~~

~~Barre multi-unit franchisees, and their purported owner, Alex Zaltsman (collectively, “Zaltsman Claimants”), assert that Xponential, Row House Franchise, LLC, and PB (collectively, the “Zaltsman Defendants”) violated the Connecticut Unfair Trade Practices Act, New Jersey Consumer Fraud Act, New Jersey Franchise Practice Act, and New York Franchise Act and committed common law fraud in the inducement by providing false or misleading financial performance representations in Item 19 of their Franchise Disclosure Documents, by unlawfully terminating an area development agreement and franchise agreement, and by making material misrepresentations and omissions of material facts in connection with Zaltsman Claimants’ acquisition, development and operation of their Row House and Pure Barre studios. Zaltsman Claimants seek to recover alleged actual, treble and punitive damages and, alternatively, seek rescission of their franchise agreements. The Zaltsman Defendants, except Xponential, filed an Answering Statement; an arbitrator has been selected, and the evidentiary hearing is set for June 8-12, 15-19, 2026.~~

~~*Rumble Marina Co. and Jason Mighdoll v. Rumble Fitness, LLC, Rumble 1001, LLC, and Xponential Fitness, Inc.*, Superior Court of the State of California, San Francisco County, Case No. CGC25627419. On July 18, 2025, Rumble Marina Co. and its purported President, Jason Mighdoll (collectively, the “Mighdoll Plaintiffs”), filed a lawsuit against Rumble Fitness, LLC, Rumble 1001, LLC, and XFI (collectively, the “Rumble Defendants”), alleging that, in connection with the transfer and sale of a Rumble Boxing studio in San Francisco, California, the Rumble Defendants breached the contract and the implied covenant of good faith and fair dealing, made false promises, and conducted themselves in an unlawful, unfair, and fraudulent manner under the California Business and Professions Code in connection with a purported oral agreement between the parties. Mighdoll Plaintiffs seek damages and accounting, disgorgement, and restitution of all monies, assets, and benefits allegedly wrongfully obtained by Rumble Defendants. This action is in the pleadings stage.~~

Pending Securities Litigation

XFI and certain of its current and former officers, directors, shareholders, and securities underwriters have been named in five securities-related lawsuits that are pending as of the date of this Disclosure Document. Two of those lawsuits (namely, Taylor General Lawsuit and the WBP Pension Fund Lawsuit, each as defined below) were consolidated on October 3, 2024, with the Taylor General Lawsuit as the lead lawsuit. In the consolidated complaint filed in the Taylor General Lawsuit on July 26, 2024, the plaintiffs, who purport to be shareholders of XFI, allege that certain defendants made certain omissions and misstatements of material facts in certain of XFI’s publicly disclosed and filed documents between July 23, 2021 and May 10, 2024 (“Class Period”) and violated certain provisions of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and the Securities Act of 1933 (the “SEC Claims”), and seek (i) to represent themselves and other shareholders of XFI who held shares during the designated Class Period in a putative class action, and (ii) damages. Defendants filed a motion to dismiss the consolidated complaint on October 8, 2024. On December 6, 2024, the plaintiffs filed an opposition to defendants’ motion to dismiss and sought leave to file a proposed supplemental consolidated complaint. On February 18, 2025, the Court granted the plaintiffs’ motion to supplement, denying defendants’ pending motion to dismiss as moot. On February 28, 2025, plaintiffs filed the supplemented complaint. On April 15, 2025, the defendants filed their motion to dismiss the supplemented complaint. Instead of opposing the defendants’ motion to dismiss, on May 6, 2025, the plaintiffs filed an amended consolidated complaint which, among other things, added three new entity defendants to the claim under Section 20(a) of the Exchange Act. ~~The defendants filed a motion to dismiss the amended consolidated complaint on July 1, 2025 that is scheduled for hearing on November 14, 2025.~~ This action is at the pleadings stage. Any future federal securities lawsuits filed by XFI shareholders asserting Exchange Act or Securities Act claims based on the same or similar facts as Taylor General Lawsuit and/or the WBP Pension Fund Lawsuit would likely be consolidated with the current actions.

Additionally, the Ayers Lawsuit and Akande Lawsuit were consolidated (the “Consolidated Shareholder Derivative Action”) on June 24, 2024, and, on March 31, 2025, the Nelson Lawsuit was consolidated into the Consolidated Shareholder Derivative Action. The Consolidated Shareholder Derivative Action is stayed pending

final resolution of the consolidated Taylor General Lawsuit and WBP Pension Fund Lawsuit. It is possible that additional shareholder derivative lawsuits will be filed purportedly on behalf of XFI based on the same set of facts alleged in the Ayers Lawsuit, Akande Lawsuit, and Nelson Lawsuit.

City of Taylor General Employees Retirement System v. Xponential Fitness, Inc., Anthony Geisler, John Meloun, Mark Grabowski, Brenda Morris, Chelsea Grayson, BoFA Securities, Inc., Jefferies LLC, Morgan Stanley & Co. LLC, Guggenheim Securities, LLC, Piper Sandler & Co., Robert W. Baird & Co. Incorporated, Raymond James & Associates, Inc., Roth Capital Partners, LLC, and R. Seelaus & Co., LLC, filed February 9, 2024, United States District Court for the Central District of California, Southern Division, Case No. 8:24-cv-00285 (the “Taylor General Lawsuit”).

Gideon Akande v. Anthony Geisler, John Meloun, Jair Clarke, Mark Grabowski, Chelsea A. Grayson, Brenda Morris, and Xponential Fitness, Inc., filed March 10, 2024, United States District Court for the Central District of California, Western Division, Case No. 2:24-cv-01928. In this shareholder derivative lawsuit, the plaintiff purports to bring claims on behalf XFI against certain of its current and former officers and directors, alleging that the defendants are liable to XFI for certain of the SEC Claims at issue in the consolidated Taylor General Lawsuit and also (i) breached fiduciary duties, mismanaged XFI’s business, and wasted XFI’s assets, (ii) were unjustly enriched, and (iii) abused their ability to control and influence XFI. In addition to damages, the plaintiffs seek (i) an order directing XFI and the individual defendants to improve XFI’s corporate governance, and (ii) restitution by the individual defendants (the “Akande Lawsuit”).

Patrick Ayers v. Anthony Geisler, Jair Clarke, Mark Grabowski, Chelsea A. Grayson, Brenda Morris, John Meloun, and Xponential Fitness, Inc. filed on May 10, 2024, United States District Court for the Central District of California, Southern Division, Case No. 2:24-cv-3937. The plaintiffs in this shareholder derivative lawsuit allege similar claims as in the Akande Lawsuit (the “Ayers Lawsuit”).

City of West Palm Beach Police Pension Fund v. Xponential Fitness, Inc., Anthony Geisler, John Meloun, Mark Grabowski, Brenda Morris, Chelsea Grayson, BoFA Securities, Inc., Jefferies LLC, Morgan Stanley & Co. LLC, Guggenheim Securities, LLC, Piper Sandler & Co., Robert W. Baird & Co. Incorporated, Raymond James & Associates, Inc., Roth Capital Partners, LLC, and R. Seelaus & Co., LLC, filed on June 18, 2024, United States District Court for the Central District of California, Southern Division, Case No. 8:24-cv-01333 (the “WBP Pension Fund Lawsuit”).

Stefanie Nelson v. Anthony Geisler, Jair Clarke, Mark Grabowski, Chelsea A. Grayson, John Meloun, Brand Morris, and Xponential Fitness, Inc., filed on February 10, 2025, United States District Court for the Central District of California, Southern Division, Case No. 8:25-cv-00258. The plaintiffs in this shareholder derivative lawsuit allege similar claims as in the Akande Lawsuit and Ayers Lawsuit (the “Nelson Lawsuit”).

Regulatory Matters

In the Matter of: The Commissioner of Financial Protection and Innovation v. Xponential Fitness, Inc., et al. On November 4, 2024, in order to avoid the expense of a hearing and other possible court proceedings, the Commissioner of California’s Department of Financial Protection and Innovation (“DFPI”) and us, Affiliate SPV Franchisors, Affiliate Prior Franchisors, Former Portfolio Brand SPV Franchisors, and Former Portfolio Brand Franchisors (collectively, the “Brand Franchisors”), and XFI, Xponential, Assetco, and Xponential Intermediate Holdings LLC (together with the Brand Franchisors, the “DFPI Parties”) entered into a negotiated Consent Order to resolve as to all of the DFPI Parties, DFPI’s investigation as to the DFPI Parties’ compliance with the California Franchise Investment Law (“CFIL”). The Consent Order acknowledges that, in its investigation, the Commissioner found, without the necessity of hearing or litigation, that certain registration applications filed by the Brand

Franchisors with the DFPI contained material misrepresentations and omissions and sets forth the agreement of the DFPI Parties, without admitting nor denying any of the Commissioner's findings, to desist and refrain from violating Sections 31110, 31200 and 31201 of the California Corporations Code and to pay an administrative penalty of \$450,000. The Consent Order also acknowledges that [CP-SPV-we](#) failed to timely file certain exemption notices. Finally, the Consent Order also requires that persons (a) with management responsibility relating to the sale or operation of the Brand Franchisors, (b) assisting the Brand Franchisors in preparing franchise materials or selling franchises and (c) certifying the accuracy of Franchise Disclosure Documents filed with the Commissioner by the Brand Franchisors complete required compliance training.

In the Matter of Determining Whether there has been a violation of the Franchise Investment Protection Act by: Xponential Fitness LLC. On August 12, 2025, the State of Washington's Department of Financial Institutions, Securities Division ("DFI") and Xponential entered into a negotiated Consent Order to resolve DFI's investigation as to Xponential's compliance with the Washington Franchise Investment Protection Act ("FIPA"). The Consent Order acknowledges that, in its investigation, the DFI found, without the necessity of hearing or litigation, that certain franchise disclosure documents of the various Xponential brands contained material misrepresentations and omissions. The Consent Order sets forth the agreement of Xponential, without admitting or denying any of DFI's findings, to desist and refrain from violating RCW 19.100.170 of FIPA, and to reimburse DFI for investigation costs in the amount of \$5,400.

Except as provided above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

In Re Timothy Paul Weiderhofs and Dena Rose Weiderhofs (Case No. 2:23-bk-05397-BKM; Bankruptcy Court, District of Arizona). On August 9, 2023, Xponential's Chief Operating Officer of North America, Timothy Weiderhofs, and his wife filed a personal Chapter 7 bankruptcy petition after an unrelated restaurant venture failed in light of the COVID-19 pandemic. A discharge was granted by the bankruptcy court on December 20, 2023. Mr. Weiderhofs's principal business address is our principal business address.

In Re Instant Brands Acquisition Holdings Inc., et al. (Case No. 23-90716; Bankruptcy Petition, U.S. Bankruptcy Court, Southern District of Texas (Houston)). On June 11, 2023, Instant Brands Acquisition Holdings Inc. and certain affiliated entities (including the entities by whom Ms. Ocasio, at the time, was employed) filed a voluntary Chapter 11 bankruptcy petition to restructure their debt. On February 23, 2024, the court approved the reorganization plan. On March 6, 2024, certain interested parties appealed the bankruptcy court's denial of their objection to the reorganization plan. On March 26, 2025, the appeal court affirmed the bankruptcy court's judgement, upholding the approval of the reorganization plan.

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

ITEM 5 INITIAL FEES

Franchise Agreement

Initial Franchise Fee

You must pay to us a lump sum initial franchise fee of \$65,000 (the “Initial Franchise Fee”) to establish a single Studio under a Franchise Agreement. The Initial Franchise Fee is due upon the signing of the Franchise Agreement. The Initial Franchise Fee will be fully earned by us upon payment and is not refundable, in whole or in part, under any circumstance.

We proudly participate in the International Franchise Association’s VetFran Program. If you are a veteran of the United States Armed Forces and meet the requirements of the VetFran Program, the Initial Franchise Fee will be reduced to \$48,750.

Separately, if you (or your affiliates) already own and operate a Stretch Lab Studio, then the Initial Franchise Fee for your second franchise will be reduced to \$55,000. If you (or your affiliates) already own and operate at least two Stretch Lab Studios, then the Initial Franchise Fee for your third or subsequent franchise(s) will be reduced to \$45,000. These reduced Initial Franchise Fees are conditioned on the prerequisite that you (and your affiliates) are in compliance with all franchise agreements and any other agreement between us (and our affiliates) and you (and your affiliates).

Pre-Sales and Soft Opening Retail Inventory Kit

Prior to opening your Studio, you must purchase from us an initial inventory kit (the “Pre-Sales and Soft Opening Retail Inventory Kit”), which includes, but is not limited to, presale merchandise and other apparel that will be available for resale as part of your Approved Products, including items branded with the Marks, and other t-shirts, towels, exercise clothing and related accessories. The components will be determined in coordination with our team to ensure brand consistency and optimal product selection. The cost for the pre-sales retail package, which is a component of the Pre-Sales and Soft Opening Retail Inventory Kit, will be collected directly by the retail team at the start of the Pre-Sales Phase, while the Soft Opening retail inventory cost will be included as a line item in the equipment invoice. While you currently purchase the Pre-Sales and Soft Opening Retail Inventory Kit from us, we may designate that you purchase it directly from a third-party Approved Supplier.

You are required to use certain of these items in coordination with the pre-opening sales plan we approve or designate for your Studio, which is designed to generate prospective Studio clientele and members and otherwise promote the Studio prior to opening (the “Opening Support Program”). We anticipate that you will begin pre-selling Studio memberships (the “Pre-Sales Phase”) for approximately five (5) months before you open your Studio’s doors to the general public for participation in regular services in the physical premises of your Studio (the “Soft Opening”).

The cost of the Pre-Sales and Soft Opening Retail Inventory Kit ranges from \$20,000 to \$24,000. This amount is non-refundable and is deemed fully earned upon payment. We expect to impose this charge for the kit uniformly.

Initial Instructor Training Fee (in Connection with the Flexologist Training Program)

You must ensure that your initial staff of Authorized Instructors attends and completes the appropriate Flexologist Training Program training before the opening of your Studio, which will take place either at your Studio or remotely via our online learning management System. The Flexologist Training Program currently has a program

tuition fee of \$850 per instructor (the “Initial Instructor Training Fee”). We estimate we will provide the FTP to eight (8) to ten (10) individuals. As such, we estimate that you will pay us between \$6,800 to \$8,500 in corresponding Initial Instructor Training Fees. The Initial Instructor Training Fee is uniformly imposed and is non-refundable upon payment.

Reduced Technology Fee

As of your Studio’s Soft Opening, you will be required to commence paying us a technology fee for the technology services we provide as part of the System (the “Technology Fee”), which is currently \$675 per month. However, upon the commencement of your Pre-Sales Phase, you must begin paying us a reduced Technology Fee in the amount of \$150 per month. As such, we estimate that your payment of Technology Fees for five (5) months prior to your Studio’s Soft Opening will be \$750. The Technology Fee is payable in a lump sum, is uniformly imposed, and is non-refundable under any circumstances.

Fitness Equipment & Initial FF&E Package

The Fitness Equipment & Initial FF&E Package includes: (i) a Studio fixture package (comprised of a millwork bundle (front desk, retail display), millwork accessories and other related supplies); (ii) the package of fitness equipment and other operational equipment we designate to be used in Studios (stretch beds) and smaller pieces of related exercise equipment (e.g., Hyperice equipment, rollers, and straps); (iii) other items related to the outfitting and design and buildout of your Studio; and (iv) shipping costs for the foregoing items, which may vary depending on the geographic location of your Studio. You will purchase the Fitness Equipment & Initial FF&E Package from us (or if designated, our affiliate), which will be due prior to the opening of your Studio. The cost of the Fitness Equipment & Initial FF&E Package is approximately \$64,600 to \$84,100. The amount is payable in lump sum, uniformly imposed, and non-refundable under any circumstances.

Multi-Unit Agreement

Development Fee

If we award you the right to acquire multiple Franchises for Studios within a given Development Area, you must commit to developing and opening at least 3 Studios and pay us a one-time Development Fee in a lump sum upon your execution of the Multi-Unit Agreement. You must execute our current form of Franchise Agreement for the first Studio we grant you the right to open within your Development Area concurrently with the Multi-Unit Agreement. Your Development Fee will be equal to \$10,000 for each Studio, less the first one, that you commit to opening in satisfaction of an agreed upon Development Schedule specified in the Multi-Unit Agreement. The number of Studios required to be open under a Multi-Unit Agreement is an agreed upon number (typically, at least 3 Studios). If your Multi-Unit Agreement requires that you open 3 Studios, your Development Fee will be 2 x \$10,000, or \$20,000. For each additional Studio you are required to open under your Development Schedule, your Development Fee will increase by \$10,000. While the Development Fee is not a deposit, we will apply it, in \$10,000 increments, toward satisfaction of the initial franchise fee due under each Franchise Agreement (less the first one) you sign in satisfaction of your obligations under the Multi-Unit Agreement. The initial franchise fees paid under each Franchise Agreement shall be the same as required as of the date of this Disclosure Document. The Development Fee is payable in a lump sum, is not refundable, and is determined in the same manner for all franchisees who sign Multi-Unit Agreements.

You will be required to enter into our then-current form of franchise agreement for each Studio you wish to open under your Multi-Unit Agreement.

Your Development Fee will be deemed fully earned upon payment and is not refundable under any circumstances. The Development Fee described above is calculated and applied uniformly to all of our franchisees.

Note Regarding Sourcing Fees

If you are purchasing an existing Studio from a System franchisee and a franchise broker is owed a commission in connection with the purchase, you will pay a \$30,000 sourcing fee to us, to help cover the commission owed to the broker, in lieu of the Initial Franchise Fee.

Additionally, if you are an existing franchisee and a franchise broker is owed a commission in connection with the purchase of your additional franchise(s) and/or Development Rights under a Multi-Unit Agreement based on a previously-made introduction to us or our affiliates, you will pay us an additional sourcing fee as follows: (i) if you acquire a single additional franchise, the sourcing fee will be \$28,000 (in addition to the Initial Franchise Fee); (ii) if you acquire Development Rights under a Multi-Unit Agreement for the right to open two (2) additional Studios, then the sourcing fee will be \$40,000 (in addition to your Development Fee); (iii) if you acquire Development Rights under a Multi-Unit Agreement for the right to open three (3) to five (5) Studios, then the sourcing fee will be \$50,000 (in addition to your Development Fee); (iv) if you acquire Development Rights under a Multi-unit Agreement for the right to open six (6) to nine (9) Studios, then the sourcing fee will be \$84,000 (in addition to your Development Fee); and (v) if you acquire Development Rights under a Multi-Unit Agreement for the right to open ten (10) or more Studios, then the sourcing fee will be \$120,000 (in addition to your Development Fee). Any applicable sourcing fee will be due on the signing of your Franchise Agreement and/or Multi-Unit Agreement, will be fully earned upon payment, and will not be refundable under any circumstances. In this instance, you will sign the Form of Sourcing Fee Addendum (Franchise Agreement), as attached as Exhibit L-1, and/or the Form of Sourcing Fee Addendum (Multi-Unit Agreement), as attached as Exhibit L-2, respectively.

ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	8% of Gross Sales generated by your Studio over the relevant reporting period ¹	Payable weekly via electronic funds transfer (“EFT”) based on the Gross Sales of your Studio during the preceding business week	You will be required to start paying your Royalty once your Studio begins collecting revenue from operations. We may collect your Royalty on a different interval (for example, monthly).
Contributions to Brand Development Fund ²	Currently, 2% of Gross Sales ¹	Payable weekly around the same time and in the same manner as the Royalty	Your contributions (the “Fund Contributions”) to the Brand Development Fund (the “Fund”) will begin when your Studio begins generating revenue from operations. We may, on notice to you, adjust the amount of your required Fund Contributions, subject to the Marketing Expenditure Cap. ³

Type of Fee	Amount	Due Date	Remarks
Regional or Local Advertising Co-Op	As the Co-Op determines (not currently charged)	As the Co-Op determines	We may establish regional cooperatives comprised of Studios that are within a given geographical area (each, a “Co-Op”). If a Co-Op is established where your Studio is located, you will be required to participate in that Co-Op and contribute to that Co-Op in the amounts the Co-Op determines. We may, on notice to you, adjust the amount of your required contributions to the Co-Op, subject to the Marketing Expenditure Cap. ³
Local Advertising Requirement	The greater of (a) \$1,500 or (b) 2% of the prior month’s Gross Sales ¹	Payable monthly with your 1 st Royalty payment each month	This is a spending requirement, but we reserve the right to have you pay this amount to us rather than spending it yourself. We may, on notice to you, adjust the amount of your required spending, subject to the Marketing Expenditure Cap. ³
Initial Instructor Training Fee (in Connection with the Flexologist Training Program)	Then-current fee Currently, \$850 per trainee that signs up to attend the FTP	As incurred	You must have at least one (1) individual who completes our Flexologist Training Program (which is for your instructors). We may increase the fee by 10% annually. You will be responsible for the costs and expenses associated with completing the Flexologist Training Program (e.g., employee payroll expenses).
Additional Training	If charged, up to \$500/day per trainer.	Prior to training	This fee is paid in connection with additional training/instruction that we may provide on an ongoing basis in connection with the overall operation and development of your Studio. We will only charge a training fee in connection with training that (a) you request we provide, or (b) we are required to provide on-site at your Studio. We will not charge this fee in connection with training that we require you to attend at our corporate headquarters or other training facility we designate. We will not charge any training fee in connection with minor, day-to-day assistance that we provide remotely over the phone or via email, subject to our availability. In addition to our then-current training fee, you will always be responsible for the costs and expenses that are incurred in connection with you and your personnel attending training.

Type of Fee	Amount	Due Date	Remarks
Successor Franchise Fee	\$10,000	Prior to expiration of initial term	You must renovate and modernize the Studio at your expense at the time you are granted a successor franchise to conform to our then-current standards and image.
Transfer Fee	\$10,000	Upon your request for our consent to any proposed transfer	Instead of the standard transfer fee, we will only charge an administrative fee amounting to: (i) \$750 if you are an individual franchisee and assigning your franchise rights to an entity that you fully own; or (ii) \$1,500 if the assignment is from an existing System franchisee to another immediate family member. Payment of the transfer fee is one (1) of the conditions you must satisfy in order to assign an interest in your Franchise Agreement, your Studio, and/or you (if you are a business entity). There are various other terms and conditions upon which we may condition our consent to any such transfer.
Technology Fee	Currently, \$675 per month	Payable monthly around the same time and in the same manner as the Royalty	We charge you a recurring Technology Fee to help cover the costs and expenses associated with developing, implementing, licensing or otherwise using and integrating the technology we determine appropriate to provide as part of the System or otherwise in connection with your Studio and/or Studio network. We may increase the Technology Fee by 10% annually.
Relocation Fee	\$5,000	Upon submission of a proposal to relocate	You will not be permitted to relocate your Studio without our prior written approval, which may be withheld in our discretion. We may assess a relocation fee of \$5,000 at the time you submit the proposed location for your relocated Studio. Generally, we do not approve requests to relocate your Studio after a site selection has been made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection.

Type of Fee	Amount	Due Date	Remarks
Music Licensing Fee ⁴	Amounts charged by the providers and/or applicable performing rights organizations (PROs) for such music licensing	As invoiced or otherwise agreed	We may require that the music licensing fee (the “Music Licensing Fee”) amount be paid directly to performing rights organizations (PROs) or to our then-current Approved Supplier (which may be us or our affiliate) that handles and manages these licenses for System franchisees.
Insurance Policies ⁵	Amount of unpaid premium	As agreed	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Mystery Shopper and Other Quality Control Programs	If charged, \$500/year	As arranged	Payable only if we establish a mystery shopper program or other quality control mechanism/program, in which case we may require a franchisee to contribute up to \$500/year to help defray the costs of such programs that are designed to preserve the goodwill and brand image.
Audit Fees ⁶	Costs incurred by us in connection with conducting audit Currently, we estimate that such costs will typically be between \$500 to \$2,500 (plus costs of any travel)	Within 15 calendar days after receipt of audit report	Payable only if (a) an audit or review shows an understatement of Gross Sales for the audited period of 2% or more, or (b) the audit or review is being conducted in response to your failure to timely submit any reports required by your Franchise Agreement.
Late Fees	The lesser of (a) the highest applicable legal rate for open account business credit, or (b) 1.5% per month	Upon demand	Applies to all amounts not paid when due, until paid in full. We may also require you to pay an administrative fee of \$50 for each late payment or late report.
Non-Compliance Fee	\$100 for each day of non-compliance	Upon demand	Payable only in the event you fail to comply with your material obligations under your Franchise Agreement. The Non-Compliance Fee will be incurred during each day of non-compliance.
Cost of Enforcement or Defense	All costs including attorney’s fees	Upon settlement or conclusion of claim or action	You will reimburse us for all costs in enforcing our obligations concerning the Franchise Agreement if we prevail.
Indemnification	All costs including attorney’s fees	Upon settlement or conclusion of claim or action	You will defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Studio.

Type of Fee	Amount	Due Date	Remarks
Alternative Supplier Approval ⁷	\$500 per day for personnel engaged in evaluating a supplier	At time of request	Additionally, you must reimburse us for any travel, accommodations, and meal expenses.
Management Fee	The reasonable costs/expenses we incur in connection with taking over operations, including manager's salary, room and board, travel expenses, and all other related expenses	When incurred	If we take over the operations of your Studio due to your breach of the Franchise Agreement (or your death or disability), we may take all actions necessary to operate the Studio.
Lost Revenue Damages	The applicable amount of Lost Revenue Damages, as further defined in the Remarks	Upon termination of Franchise Agreement	If you terminate the Franchise Agreement without cause or we terminate the Franchise Agreement for your breach, you must pay us an amount equal to the net present value of: (1) the lesser of 36 or the number of calendar months remaining on the term of the Franchise Agreement absent termination, multiplied by (2) the sum of the Royalty and Fund Contribution percentages in effect as of the termination date, multiplied by (3) the average monthly Gross Sales of your Studio during the 24 full calendar months immediately preceding the termination date, minus (4) any cost savings we experienced as a result of the termination. However, if (i) as of the termination date, your Studio had not operated a full 24 calendar months, monthly average Gross Sales will equal the highest monthly Gross Sales achieved during the period in which you operated your Studio, and (ii) if the termination was based on your unapproved closure of your Studio, average monthly Gross Sales would be based on the 24 full calendar months immediately preceding the closure of your Studio.

Notes to Item 6 Table:

~~All fees are uniformly imposed by and are payable to us, unless otherwise noted. No other fees or payments are to be paid to us, and we do not currently impose and collect any other fees or payments for any third party.~~ Any fees paid to us are non-refundable unless otherwise noted. Fees payable to third parties may be refundable based on your individual arrangements. All fees are payable in US currency, to us or our designated or approved vendors, and uniformly applied to new system franchisees (however, in some instances that we consider appropriate, we may waive some or all of these fees). We do not currently impose and collect any other fees or payments for third parties.

¹ **Gross Sales.** Except as provided below, the term “Gross Sales” means the total revenue, in whatever form, generated by your Studio, whether or not in compliance with your Franchise Agreement and regardless of receipt, including all revenue generated from the sale and provision of any and all gift cards and other products and

services at or through your Studio and all proceeds from any business interruption insurance related to the non-operation of your Studio. Please note that the following are excluded from Gross Sales; (a) any sales tax and equivalent taxes that you collect for or on behalf of any governmental taxing authority and paid to it, (b) the value of any allowance issued or granted to any client of the Studio that you credit in good faith in full or partial satisfaction of the price of the Approved Products or Approved Services offered in connection with your Studio, or (c) the provision of the Flexologist Training Program at the Studio. You must participate in our then-current electronic funds transfer and reporting program(s). Currently, we collect all amounts owed to us through our designated third-party service provider. All fees owed and any other amounts designated by us must be received or credited to our account by pre-authorized bank debit by 5:00 p.m. P.S.T. on or before the applicable due date. Your Studio may be located in a jurisdiction whose taxing authority will subject us to tax assessments on payments you submit to us for the Royalty fees and Fund Contributions. Under such circumstances, you will be required to adjust, or “gross up” your payment to us to account for these taxes. Please note that certain existing franchisees pay a Royalty amounting to seven percent (7%) of Gross Sales.

² **Brand Development Fund.** We (and our affiliates) have established the Fund and you will be required to make a weekly Fund Contribution beginning the date your Studio begins collecting revenue from business operations. The Fund Contributions may be used for (among other things) product development; signage; creation, production and distribution of marketing, advertising, public relations and other materials in any medium, including the Internet; social media; administration expenses; brand/image campaigns; media; national, regional and other marketing programs; activities to promote current and/or future Studios and the brand; agency and consulting services; research; and any expenses approved by us and associated with your Studio. We will have sole discretion over all matters relating to the Fund.

³ **Marketing Expenditure Cap.** We cannot require that the percentage of Gross Sales that you are required to contribute to the Fund, contribute to a Regional or Local Advertising Co-Op, and spend on the Local Advertising Requirement (collectively, the “Required Marketing”) exceed, in the aggregate, seven percent (7%) per month (the “Marketing Expenditure Cap”). However, you must provide us with written notice if the Required Marketing exceeds the Marketing Expenditure Cap, and until we receive your written notice (the “Marketing Notice”), you must comply with the Required Marketing requirements, and no excess amounts will be refunded to you. If the Required Marketing exceeds the Marketing Expenditure Cap, you may, after we receive your Marketing Notice, reduce the Local Advertising Requirement, but only to the extent and for the time necessary to stay below the Marketing Expenditure Cap. You must immediately return to full compliance with Required Marketing once the Marketing Expenditure Cap is no longer exceeded.

⁴ **Music Licensing Fee.** We assume that you will directly clear music with ASCAP, BMI, SESAC, and GMR and that you do not play music in your Studio from any other performing rights organizations. If you choose to obtain music clearances from an approved vendor, you may incur higher prices than direct payments to the performing rights organizations.

⁵ **Insurance Policies.** The minimum limits for coverage under many policies will vary depending on several factors, including the size of your Studio, and the amount of services offered at your Studio. See Item 8 of this Disclosure Document for our minimum insurance requirements.

⁶ **Audit Fees.** You will be required to reimburse us for the cost of the audit in the event that (a) an audit discloses an understatement of Gross Sales for the audited period of two percent (2%) or more, or (b) the audit or review is being conducted in response to your failure to timely submit any reports required by your Franchise Agreement. You will also be required to pay the amount of such understatement, plus late fees and interest.

⁷ **Alternative Supplier Approval.** You may request the approval of an item, product, service or supplier. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement

Type of Expenditure ¹	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Initial Franchise Fee ²	\$65,000	\$65,000	Lump sum by certified check or bank wire	At signing of Franchise Agreement	Us
Sourcing Fee ²	\$0	\$28,000	Lump sum by certified check or bank wire	At signing of Franchise Agreement	Us
Travel & Living Expenses While Training ³	\$0	\$3,000	As arranged	As incurred	Transportation Carriers, Hotel Facilities, Etc.
Real Estate/Lease and Professional Fees ⁴	\$16,500	\$43,000	As arranged	As incurred	Landlord, Attorneys, Accountants
Net Leasehold Improvements ⁵ (Net of Estimated Tenant Improvement Allowances)	\$3,500	\$180,500	As arranged	As incurred	Approved Suppliers (Third-Party), Architects and Contractors
Signage ⁶	\$7,500	\$24,000	As arranged	As incurred	Approved Suppliers (Third-Party) and Vendors
Insurance ⁷	\$4,320	\$9,025	As arranged	Before Opening	Approved Suppliers (Third-Party)
Fitness Equipment & Initial FF&E Package ⁸	\$64,600	\$84,100	As required	Before Opening	Us
Pre-Sales and Soft Opening Retail Inventory Kit ⁹	\$20,000	\$24,000	Lump Sum	Before Opening	Us

Type of Expenditure ¹	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Computer System, Audio/Visual Equipment, and Related Components ¹⁰	\$5,500	\$6,000	As arranged	As arranged	Approved Suppliers (Third-Party) and Vendors
Initial Marketing & Advertising Spend ¹¹	\$37,900	\$44,700	As arranged	As arranged	Approved Suppliers (Third-Party) and Vendors
Initial Instructor Training Fees ¹²	\$6,800	\$8,500	As arranged	As arranged	Us
Technology and Software Fees ¹³	\$4,399	\$4,399	As arranged	As arranged	Us and Approved Suppliers (Third-Party)
Additional Funds – 3 months ¹⁴	\$33,000	\$86,000	As arranged	As incurred	Employees, Vendors, Utilities
Total Estimated Initial Investment:	\$269,019	\$610,224			

Notes to Table A:

All amounts payable to us are non-refundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. These figures are only estimates of the range of your initial costs during the development of your Studio, during the Pre-Sales Phase, and the first three (3) months of operation after your Studio's Soft Opening. Leasing and financing is available for many of the above expenses. We do not offer direct or indirect financing, but we may assist you in obtaining working capital through other sources.

¹ **General.** The initial investment table shows certain expenditures required to establish and operate a Studio. This Item 7 assumes and expects that (a) you will obtain financing to acquire the Fitness Equipment & Initial FF&E Package from a third-party Approved Supplier, rather than paying the full purchase price in lump sum; (b) you will timely perform all pre-opening obligations and open and commence operations of your Studio within the time periods prescribed in your Franchise Agreement; and (c) you will develop and build your Studio in accordance with our specifications for Studios. The typical Studio will likely be approximately 1,100 to 1,500 square feet in size and be in a rectangular shape. All estimates listed in the table above exclude tax. All estimates listed in the table above exclude tax.

² **Initial Franchise Fee.** The Initial Franchise Fee is non-refundable. The Initial Franchise Fee for a single Studio is \$65,000. We do not provide financing for the Initial Franchise Fee. If you are purchasing an existing Studio from a System franchisee and a franchise broker is owed a commission in connection with the purchase, you will pay us a \$30,000 sourcing fee in lieu of the Initial Franchise Fee. As provided in Item 5, if this is your (or your affiliates') 2nd Studio, the Initial Franchise Fee will be reduced to \$55,000, and if this is your (or your affiliates') 3rd or more Studio, the Initial Franchise Fee will be reduced to \$45,000. If you qualify for the VetFran Program, the Initial Franchise Fee will be reduced to \$48,750.

Additionally, if you are an existing franchisee and a franchise broker is owed a commission in connection with the purchase of your additional franchise based on a previously-made introduction to us or our affiliates, you will pay us an additional sourcing fee of \$28,000 (in addition to the Initial Franchise Fee).

³ **Travel and Living Expenses While Training.** You (or, if you are an entity, your Operating Principal) must attend and complete the “Owner/Operator Module” and our proprietary initial training program (the “Initial Training Program”). We will not charge any tuition or training fee in connection with your attendance of our Initial Training Program, provided all individuals attend at the same time. The estimate in Table A above assumes that only one (1) person (i.e., you or, if you are an entity, your Operating Principal) will attend the Initial Training Program, and you will be responsible for the costs and expenses associated with attending our Initial Training Program (e.g., transportation, meals, lodging and other expenses). The amount you will spend while training will depend on several factors, including the number of persons attending, the distance you must travel and the type of accommodations you choose, if any are needed. The low end of this range anticipates that you will not incur any travel and living expenses in connection with attending the Initial Training Program because either you live in the city in which we have a training facility or upon your request we have agreed to provide Initial Training Program at your Studio.

⁴ **Real Estate/Lease and Professional Fees.** If you do not own adequate Studio space, you must lease suitable premises. In addition to base rent, the lease may require you to pay common area maintenance charges, your pro rata share of the real estate taxes and insurance, and your pro rata share of HVAC and trash removal, which are included in the ranges provided above. You will also likely be required to pay a security deposit. This estimate includes three (3) months of base rent plus one (1) month for estimating the security deposit. This estimate is also designed to cover the legal and other professional fees associated with securing an approved premises.

⁵ **Net Leasehold Improvements.** This estimate includes the cost of leasehold improvements (net of estimated tenant improvement allowances), including floor coverings, wall treatments, ceilings, painting, electrical, carpentry, plumbing, HVAC, and similar work, as well as materials and the cost of labor. We expect that you will not sign a lease unless the landlord is willing to provide a reasonable tenant improvement allowance which, in our experience, has ranged from \$9,600 to \$383,850, or a median of \$40,000. The net leasehold improvements estimate also includes fees for professional services of an architect and sound consultant as well as permitting fees related to building construction.

⁶ **Signage.** You will need to purchase appropriate signage for your Studio that we approve. Each landlord has different restrictions it places on interior and exterior signage that may affect your costs. This estimate includes costs associated with permanent signage and graphics only, and does not include optional temporary signage and graphics.

⁷ **Insurance.** This estimate is for an annual premium of your minimum required insurance, using our required or approved third-party vendor. You will need to check with your insurance carrier for actual premium quotes and costs, and for the actual amount of deposit. Insurance costs depend on the area in which your Studio is located, your experience with the insurance carrier, the loss experience of the carrier, the amount of deductibles and of coverage, and other factors beyond our control. You should obtain appropriate advice from your own insurance professional before signing any binding documents or making any investments or other commitments, whether to us or anyone else.

⁸ **Fitness Equipment & Initial FF&E Package.** The Fitness Equipment & Initial FF&E Package includes: (i) a Studio fixture package (comprised of a millwork bundle (front desk, retail display), millwork accessories and other related supplies); (ii) the package of fitness equipment and other operational equipment we designate to be used in Studios (stretch beds) and smaller pieces of related exercise equipment (e.g., Hyperice equipment, rollers, and straps); (iii) other items related to the outfitting and design and buildout of your Studio; and (iv) shipping costs for the foregoing items, which may vary depending on the geographic location of your Studio.

⁹ **Pre-Sales and Soft Opening Retail Inventory Kit.** The Pre-Sales and Soft Opening Retail Inventory Kit must be purchased directly through us. This package will include designated branded merchandise, apparel, and accessories to support presales and soft opening retail sales. We will provide a curated retail inventory based on your Studio's retail display needs. The components will be determined in coordination with our team to ensure brand consistency and optimal product selection. The cost for the pre-sales retail package, which is a component of the Pre-Sales and Soft Opening Retail Inventory Kit, will be collected directly by the retail team at the start of the Pre-Sales Phase, while the Soft Opening retail inventory cost will be included as a line item in the equipment invoice. While you currently purchase the Pre-Sales and Soft Opening Retail Inventory Kit from us, we may designate that you purchase it directly from a third-party Approved Supplier.

¹⁰ **Computer System, Audio/Visual Equipment, and Related Components.** You must acquire a personal computer and a point-of-sale system ("POS System") for use in the operation of the Studio. Your Computer System must be equipped with a high-speed connection to the Internet and must include a local area network with a dedicated server. You can expect initial cash outlays to be lower if the items can be leased rather than purchased. These costs are paid to suppliers, when incurred, before beginning business and are usually not refundable. In addition, this estimate includes certain related equipment (e.g., tablets, wireless speakers, security cameras, etc.). You may be required to purchase the security camera(s) and related accessories from a third-party Approved Supplier (see Item 8 of this Disclosure Document). We will also make available to you a certain business management software program specific for the Studio to be loaded on to your system. You will pay the third-party vendor directly for all fees associated with the use of such software.

¹¹ **Initial Marketing & Advertising Spend.** While you must spend at least \$15,000 on your initial marketing program (the "Initial Marketing & Advertising Spend") in coordination with your Opening Support Program, we estimate that you will spend approximately \$37,900 to \$44,700 on advertising and marketing expenses during the Pre-Sales Phase and the first three (3) months after your Studio's Soft Opening. We may require that you spend any portion of these funds on services or products supplied by one or more of our Approved Suppliers. We will have the right to modify our Opening Support Program as we determine appropriate in our sole discretion. You must provide us with supporting documentation evidencing these expenditures upon our request.

¹² **Initial Instructor Training Fees.** Our Flexologist Training Program is an instructor onboarding training. It is for all instructors you and other System franchisees engage to work at a Studio. This estimate anticipates that between eight (8) to ten (10) individuals will attend FTP at our current FTP fee (\$850 per person).

¹³ **Technology and Software Fees.** This estimate is designed to cover our current Technology Fee and Software Fee obligations from when you begin the Pre-Sales Phase of opening your Studio, which we estimate you will begin five (5) months prior to the Soft Opening of your Studio, and over the first three (3) months of operation, for a total of eight (8) months of payments. As of the date of this Disclosure Document, those fees are \$675 and \$203 per month, respectively; however, you will pay a reduced Technology Fee in the amount of \$150 during your Pre-Sales Phase.

¹⁴ **Additional Funds.** This is an estimate of certain funds needed to cover your business (not personal) expenses during the first three (3) months of operation after your Studio's Soft Opening and certain other typical expenses in connection with the development of the Studio during the Pre-Sales Phase, such as expenses incurred in connection with the selling of pre-sale memberships. These expenses include, for example, payments to us, vendor processing fees, business incorporation and legal costs, broker and consultant fees, bank service fees, music licensing fees; initial personnel wages, ongoing purchases of equipment and supplies, utilities, recruitment fees, and repairs and maintenance. The estimate for music licensing fees assumes that you will directly clear music with ASCAP, BMI, SESAC, and GMR and that you do not play music in your Studio from any other performing rights organizations. If you choose to obtain music clearances from an approved vendor, you may incur higher prices than direct payments to the performing rights organizations. This estimate is net of any estimated revenue generated in connection with your Studio during the relevant time period and does not include potential costs associated with

Studios that may be located in jurisdictions that specifically regulate, or require additional licenses to perform, services at your Studio, including, without limitation, massage therapy licensing requirements.

The estimates in this Item 7 are based on: (i) our franchisees' experience in developing Studios; (ii) our and our Predecessor's experience in selling franchises for Studios; (iii) the experience of Affiliate SPV Franchisors and Affiliate Prior Franchisors in developing other fitness concepts and information related to their respective studio investment costs; (iv) current estimates we have received from our Approved Suppliers and other third-party vendors; and (v) our affiliates' experience in developing and/or operating Studios and franchises of other Xponential Brands. The availability and terms of financing to you will depend on factors such as the availability of financing in general, your creditworthiness, the collateral security that you may have, and policies of lending institutions concerning the type of business you operate. This estimate does not include any finance charge, interest, or debt service obligation.

B. Multi-Unit Agreement (Using Example of Franchise Award to Develop 3 Studios)

Type of Expenditure ¹	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Development Fee ²	\$20,000	Lump sum by certified check or bank wire	At signing of the Multi-Unit Agreement.	Us
Sourcing Fee ³	\$0 to \$50,000	Lump sum by certified check or bank wire	At signing of the Multi-Unit Agreement.	Us
Initial Investment to Open Initial Stretch Lab Studio ⁴	\$269,019 to \$610,224	See Table A of this Item 7.		
TOTAL ESTIMATED INITIAL INVESTMENT³	\$289,019 to \$680,224	This is the total estimated initial investment to enter into a Multi-Unit Agreement for the right to develop three (3) total franchised Studios, as well as the costs to open and commence operating your initial Studio for the first three months, as described more fully in Table A of this Item 7. See Note 3.		

Notes to Table B:

¹ **General.** All amounts payable to us are non-refundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. These figures are estimates of the range of your initial costs in the first three months of operating the initial Studio you are granted under your Multi-Unit Agreement only.

² **Development Fee.** The Development Fee is payable to us and is non-refundable. The actual amount of the Development Fee will depend on the number of Studios you agree to develop under the Development Schedule because the Development Fee is equal to \$10,000 times the number of Studios you agree to open, less one. The number of Studios required to be open under a Multi-Unit Agreement is an agreed upon number (typically, at least 3 Studios). If your Multi-Unit Agreement requires that you open 3 Studios, your Development Fee will be 2 x \$10,000, or \$20,000. For each additional Studio you are required to open under your Development Schedule, your Development Fee will increase by \$10,000. While the Development Fee is not a deposit, we will apply it, in \$10,000 increments, toward satisfaction of the initial franchise fee due under each Franchise Agreement (less the first one) you sign in satisfaction of your obligations under the Multi-Unit Agreement.

³ **Sourcing Fee.** Additionally, if you are an existing franchisee and a franchise broker is owed a commission in connection with the purchase of your Development Rights under a Multi-Unit Agreement based on a previously-made introduction to us or our affiliates, you will pay us an additional sourcing fee as follows: (i) if you acquire Development Rights under a Multi-Unit Agreement for the right to open two (2) additional Studios, then the sourcing fee will be \$40,000 (in addition to your Development Fee); (ii) if you acquire Development Rights under a Multi-Unit Agreement for the right to open three (3) to five (5) Studios, then the sourcing fee will be \$50,000 (in addition to your Development Fee); (iii) if you acquire Development Rights under a Multi-unit Agreement for the right to open six (6) to nine (9) Studios, then the sourcing fee will be \$84,000 (in addition to your Development Fee); and (iv) if you acquire Development Rights under a Multi-Unit Agreement for the right to open ten (10) or more Studios, then the sourcing fee will be \$120,000 (in addition to your Development Fee). For purposes of this chart in Item 7, we have included the potential additional sourcing fee in connection with the acquisition of Development Rights for three (3) Studios, as detailed in this Item 7.

⁴ **Initial Investment for Initial Studio.** This figure represents the total estimated initial investment required to open and commence operating the first Studio you agree to develop under your Multi-Unit Agreement. You will be required to enter into our then-current form of franchise agreement for the initial Studio you develop under your Multi-Unit Agreement, most likely once you have found a premises for the Studio that we approve. The range includes all the items outlined in Table A of this Item 7. It does not include any of the costs you will incur in opening the additional Studio(s) that you are awarded the right to develop under your Multi-Unit Agreement.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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

Approved Products and Approved Services

You may only market, offer, sell and provide the Approved Services, as well as any related merchandise and other products that we authorize for sale in conjunction with the Approved Services (the “Approved Products”) at your Studio in a manner that meets our System Standards. We will provide you with a list of our then-current Approved Products and Approved Services, along with their standards and specifications, as part of the Learning Management System or otherwise in writing prior to the opening of your Studio. We may update or modify this list in writing at any time. Notwithstanding any Approved Products or Approved Services, you are required to ensure that all products and services offered at your location comply with all applicable state and local laws, regulations, and licensing requirements that may be applicable to your Studio.

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

Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Studio from a supplier that we approve or designate (each, an “Approved Supplier”), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of the Learning Management System or otherwise in writing, and we may update or modify this list as we deem appropriate. When evaluating and approving

Approved Suppliers, we consider a variety of factors. While the prices at which a supplier sells its goods or services is one factor, it is not the only factor we consider. Our designation of an Approved Supplier does not mean that such Approved Supplier's prices will be lower than those of other suppliers.

Currently, we have Approved Suppliers for the following items that you must purchase in connection with the establishment and/or operation of your Studio: (i) Pre-Sales and Soft Opening Retail Inventory Kit; (ii) the Fitness Equipment & Initial FF&E Package and certain other equipment/supplies; (iii) insurance coverage; (iv) shipping and installation services; (v) training materials, including the "Webinar Training" associated with the Flexologist Training Program; and (vi) the POS System and then-current software we require you to use in connection with that POS System and your Studio, including, without limitation, any software and technology we determine to provide to you as part of our System in connection with your then-current Technology Fee.

We may develop proprietary products for use in your Studio, including private-label products that bear our Marks, and require you to purchase these items from us or our affiliate(s).

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

As of the date of this Disclosure Document: (i) other than the Pre-Sales and Soft Opening Retail Inventory Kit, the Fitness Equipment & Initial FF&E Package (including related services), Flexologist Training Program materials, the technology services we provide in exchange for our then-current Technology Fee, and certain services that XPS provides, such as custom millwork, cabinets, tables, display cases, engraved wood signs, point of sale displays, custom acrylic panels, and other similar products, neither we nor any of our affiliates are an Approved Supplier for any items you are required to purchase in connection with your Studio as part of our standard Franchise offering; and (ii) none of our officers own an interest in any of our Approved Suppliers other than us.

We may designate us or any of our affiliates as an Approved Supplier with respect to any other item you must purchase in connection with your Studio in the future.

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your "Required Purchases." We estimate that your Required Purchases in total will be about 46% to 84% of your total purchases to establish the Studio and about 75% to 91% of your purchases to continue the operation of the Studio. Please be advised that these percentages do not include the lease payments that you make in connection with your Studio.

We and our affiliates may derive revenue from any of the purchases that our System franchisees are required to make in connection with the Studio. In fiscal year 2024, we did not receive any revenue from the sale of goods and services to franchisees, but our Predecessor received \$9,246,461 from franchisees.

Non-Approved Products/Services and Alternate Supplier Approval

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your Studio that are not Approved Products and Approved Services; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using or offering the non-approved product or service in connection with your Studio; or (ii) purchasing from a non-approved supplier. You must pay us our then-current non-approved product or supplier evaluation fee when submitting your request, as well as cover our costs incurred in evaluating your request. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier's production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products and/or services, and request that you reimburse our actual costs associated with the testing/inspection.

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

Right to Receive Compensation and Negotiated Prices

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

We and/or our affiliates may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Studios in the System, such as rebates, commissions or other forms of compensation (including convention sponsorships), which may comprise of fixed payments and/or percentages of overall sales transactions. During the fiscal year 2024, we received \$1,954,815 in allowances, rebates, or other consideration from vendors in connection with purchases by franchisees, which constituted 5.6% of our total revenue of \$34,664,307 during the year, and our Predecessor received \$1,924,267 in allowances, rebates, and other consideration. Additionally, Xponential received \$6,837,252 in allowances, rebates, or other consideration from vendors in connection with purchases by franchisees of all Xponential Brands (including for CycleBar and Rumble brands, which ceased being a part of the Xponential Brands portfolio in 2025) in the United States and Canada. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

Cooperatives

No purchasing or distribution cooperatives have been formed.

Franchisee Compliance

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

Insurance

As a Franchise owner, you are required to obtain and maintain, at your sole expense, the required insurance coverages as prescribed in your Franchise Agreement and/or our Learning Management System. We may amend, modify, supplement or otherwise change the coverages or policies required below upon thirty (30) days' written notice to you (or such a shorter period of time that we determine appropriate if a health/safety or infringement-related issue) via the Learning Management System or otherwise. While the specifications and standards for such coverages may vary depending on the size of your Studio and/ or other factors, such as what is customary for businesses of your type in your area, as of the date of this Disclosure Document, we typically require the following coverages:

1. Commercial General Liability insurance covering your day-to-day business operations and premises liability exposures with limits not less than the following:

- a. Each Occurrence: \$1,000,000
- b. General Aggregate: \$5,000,000 (per Studio)
- c. Products Completed Operations Aggregate: \$5,000,000
- d. Personal and Advertising Injury: \$1,000,000
- e. Participant Legal Liability: \$1,000,000
- f. Professional Liability: \$1,000,000
- g. Damage to Premises Rented to You: \$1,000,000
- h. Employee Benefits Liability (each employee): \$1,000,000
- i. Employee Benefits Liability (aggregate): \$2,000,000
- j. Medical Expense (any one person): \$5,000
- k. Sexual Abuse and Molestation: included (not excluded)

Such insurance will include coverage for contractual liability (for liability assumed under an "insured contract"), products-completed operations, personal and advertising injury, premises liability, third party property damage and bodily injury liability (including death).

2. Automobile Liability insurance covering liability arising out of your use, operation or maintenance of any auto (including owned, hired, and non-owned autos, trucks or other vehicles) in connection with your ownership and operation of the franchise, with limits not less than the minimum compulsory requirements in your state (note: it is highly recommended to maintain at least \$1,000,000 each accident combined single limit for bodily injury and property damage). This requirement only applies to the extent that owned, leased or hired/rented vehicles are used in the operation of the Franchise.

3. Workers Compensation insurance covering all of your employees with statutory coverage and limits as required by state law. Such insurance will include coverage for Employer's Liability with limits not less than \$500,000 each accident, \$500,000 disease – each employee, and \$500,000 disease – policy limit.

4. Property insurance written on a special causes of loss coverage form with limits not less than the current replacement cost of the Studio's business personal property (including furniture, fixtures and equipment) and leasehold improvements (tenant improvements). Such Property insurance will include

glass coverage with limits not less than \$25,000, signage coverage with limits not less than \$10,000, and business interruption/extra expense coverage with limits not less than twelve months of rent.

5. Employment Practices Liability insurance with limits of not less than \$1,000,000 per claim in the aggregate, with a retention not larger than \$25,000, providing defense and coverage for claims brought by any of your employees or other personnel alleging various employment-related torts. Said policy shall also include Third Party Employment Practices Liability coverage.

Your policies must be written by an insurance company licensed in the state in which you operate the Studio and the insurance company must have at least an “A” Rating Classification as indicated in A.M. Best’s Key Rating Guide. We, Assetco, and subsidiaries/affiliates shall be included as Additional Insureds on the Studio’s Commercial General Liability policy.

Computer System

You must purchase the computer system that we specify, including computer hardware, software, the POS System, inventory control systems, and high-speed network connections (collectively, the “Computer System”). The component parts of the Computer System must be purchased from Approved Suppliers. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must sign any software license agreements that we or the licensor of the software require and any related software maintenance agreements. The Computer System is described in more detail in Item 11 of this Disclosure Document.

ITEM 9 FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Multi- Unit Agreement	Disclosure Document Item
a. Site Selection and acquisition/lease	Sections 1.2, 2.2.C, 7.1, 7.2, 15.1.A(10)-(11), and Exhibit 4	Section 2.D	Items 11 and 12
b. Pre-opening purchases/leases	Sections 5.4, 6.1, 7.3, and 7.4	Not Applicable	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 6.1 to 6.3, 6.5, 6.8, Article 7, and Section 9.2	Article 2	Items 6, 7 and 11
d. Initial and ongoing training	Sections 5.5 and 6.2	Not Applicable	Items 6, 7 and 11
e. Opening	Sections 2.2(D) and 6.1	Section 2.C	Item 11
f. Fees	Article 5 and Sections 6.2, 9.1, 9.2 and 9.4	Article 4	Items 5 and 6
g. Compliance with standards and policies / Operating Manual	Article 4 and Sections 1.2, 2.2.E, 6.3, 6.5, 7.1, 7.3, 8.1, 8.4, 8.5, 8.7 and 9.3	Section 2.D	Item 11
h. Trademarks and proprietary information	Article 4 and Sections 12.1, 15.1.A(6), and 15.1.A(8)	Article 5	Items 13 and 14

Obligation	Section in Franchise Agreement	Section in Multi- Unit Agreement	Disclosure Document Item
i. Restrictions on products/services offered	Sections 8.4 and 15.1.A(14)	Not Applicable	Items 8 and 16
j. Warranty and customer service requirements	Sections 8.1; 8.3 to 8.7	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Sections 8.7 and 15.1.B(12)	Sections 2.C and 2.D and Exhibit A	Item 12
l. Ongoing product/service purchases	Sections 6.5 and 8.4	Not Applicable	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 7.1 and 8.1	Not Applicable	Items 6 and 17
n. Insurance	Sections 10.5 and 15.1.B(8)	Not Applicable	Items 6, 7 and 8
o. Advertising and Fund	Article 9 and Sections 5.6 and 15.1.B(5)	Not Applicable	Items 6 and 11
p. Indemnification	Sections 4.1, 6.9, 7.1.E, 11.2, 15.4, and Exhibit 3	Section 7.B	Item 6
q. Owner's participation/management/staffing	Sections 2.2.B, 5.5.A, 5.5.B, 8.3, and 8.6	Article 1	Item 15
r. Records and reports	Section 10.1	Article 10	Item 11
s. Inspections and audits	Sections 8.2 and 10.2	Not Applicable	Items 11
t. Transfer	Section 13.1.B(3), Article 14, and Section 15.1.A(6)	Article 9	Items 6 and 17
u. Renewal	Section 3.2	Not Applicable	Item 17
v. Post-termination obligations	Article 13 and Section 15.3	Section 8.C	Item 17
w. Non-competition covenants	Article 13, Sections 15.1.A(13) and 15.3.G	Article 6	Item 17
x. Dispute resolution	Article 16	Article 12	Item 17
y. Guarantee	Section 2.2.B and Exhibit 3	Exhibit B	Item 1, Exhibit D

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

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

A. Pre-Opening Assistance

Franchise Agreement

Before your Studio's Soft Opening:

We will provide you (or, if you are an entity, your Operating Principal), as well as your Designated Manager (if appointed) of your Studio, with our proprietary Initial Training Program, that at least you (or, if appropriate, your Operating Principal) will need to complete prior to opening your Studio. We will typically provide the Initial Training Program within the thirty (30) days prior to your Studio opening, but that timing will be subject to the availability and schedules of our training personnel. We will provide the Initial Training Program at our corporate headquarters or other training facility we designate. (Franchise Agreement, Section 5.5). We will also provide the initial instructors that you designate as your prospective Authorized Instructors with our Flexologist Training Program as described more fully below in this Item (Franchise Agreement, Section 5.5).

If the Authorized Location for your Studio has not been identified at the time the Franchise Agreement is signed, we will work with you to designate a geographical area within which you must secure an Authorized Location for your Studio ("Designated Market Area") (Franchise Agreement, Section 1.2).

Prior to you attending your required initial training, we will provide you access to the Learning Management System, which contains mandatory and suggested specifications, standards and procedures. The Learning Management System is confidential and remains our property. We may modify the Learning Management System. (Franchise Agreement, Section 6.3). The Learning Management System is in digital format on a web platform and not a traditional paper or PDF format. However, we have attached the Table of Contents of the Learning Management System to this Disclosure Document as Exhibit F. The franchise owner section of the Learning Management System currently comprises of approximately 12 modules (which is approximately 47 pages on the digital platform).

We will provide you (through the Learning Management System or otherwise) with specifications for the layout and design of the Studio (Franchise Agreement, Sections 6.1 and 6.3).

We will provide you (through the Learning Management System or otherwise) with a list of the components of the Fitness Equipment & Initial FF&E Package, other furnishings, other supplies, and signs to be used in the Studio, as well as a list of Approved Suppliers (Franchise Agreement, Section 6.5).

We will license you the use of the then-current Marks we designate for use in connection with Studios (Franchise Agreement, Sections 4.1 and 4.2).

We will consult and advise you on establishing the Pre-Sales Phase and Opening Support Program (Franchise Agreement, Section 6.8).

Multi-Unit Agreement

If you enter into a Multi-Unit Agreement, we will designate your Development Area and subsequently review and provide our approval with regards to the premises you propose for each Studio location within the Development Area (Multi-Unit Agreement, Section 2.A and Exhibit A).

B. Site Selection Assistance and Time to Open

Site Selection Assistance: Franchise Agreement

You must assume all costs, liabilities, expenses and responsibility in connection with: (i) locating, obtaining and developing a premises for your Studio; and (ii) constructing, equipping, remodeling and/or building out the premises for use as a Studio, all in accordance with our System Standards. If the Authorized Location for your Studio has not been identified at the time the Franchise Agreement is signed, we will assign you a Designated Market Area. (Franchise Agreement, Section 1.2).

We may provide you with: (i) our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling and assistance we determine is appropriate; and (ii) the contact information of any local real estate broker that we have an existing relationship with and that is familiar with our confidential site selection/evaluation criteria, if we know any such brokers in or around the Designated Market Area you are assigned. (Franchise Agreement, Section 1.2). We do not generally own the premises that System franchisees use for their Studio.

Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location. Ideally, the Authorized Location of your Studio will be a major, national-tenant, anchored commercial retail center that meets our then-current requirements for population density, demographics, available parking, traffic flow and entrance/exit from the site (Franchise Agreement, Section 1.2).

If you locate a site, we will approve or disapprove of the site after we receive any and all reasonably requested information regarding your proposed site from you. (Franchise Agreement, Section 1.2). While we are not required under the Franchise Agreement to notify you as to whether the site has been approved or rejected within a certain timeframe, we typically will notify you of our decision within 30 days after you have submitted all requested information to us regarding the site. We use a software program to evaluate the demographics of a market area for site selection approval. If we cannot agree on a site, we may extend the time for you to obtain a site, or we may terminate the Franchise Agreement.

We also have the right and opportunity to review any lease or purchase agreement for a proposed location before you enter into such an agreement. We may condition our approval of a given premises as an Authorized Location for your Studio on a number of conditions, including: (i) the lease for such location, including the terms outlined in Section 7.2 of the Franchise Agreement and Exhibit 4 to the Franchise Agreement, and any Collateral Assignment of Lease as set forth in our then-current Learning Management System, the Franchise Agreement in the lease for the location; and (ii) receiving a written representation from the landlord of the proposed premises that you will have the right to operate the Studio, including offering and selling the Approved Products and Approved Services, throughout the term of your Franchise Agreement (Franchise Agreement, Sections 2.2.C and 7.2, and Exhibit 4).

You must secure our approval of an Authorized Location within 90 days of executing your Franchise Agreement for that Studio or we may terminate that Franchise Agreement (Franchise Agreement, Section 1.2).

Site Selection Assistance: Multi-Unit Agreement

You are responsible for locating and presenting to us proposed sites for Studios in the Development Area. We will use reasonable efforts to review and evaluate the proposed sites within 30 days after we receive all requested information and materials to evaluate the site. Using our then-current standards, we must approve the location of each site. If we accept a proposed site, you (or your affiliate) must timely sign a separate Franchise Agreement for the site (Multi-Unit Agreement, Section 2.D).

Time to Open: Franchise Agreement

We will authorize you to commence the Pre-Sales Phase when (i) you have signed a premises lease agreement accepted by us for the Authorized Location (and, in some cases, once a letter of intent is signed in connection with the premises), and (ii) your pre-opening sales plan has been approved by us. We will authorize the Soft Opening of your Studio when (i) all of your pre-opening obligations have been fulfilled (including meeting certain minimum membership levels), (ii) pre-opening training has been completed, (iii) all amounts due to us have been paid, (iv) copies of all insurance policies (and payment of premiums) and all other required documents have been received by us, and (v) all permits have been approved (Franchise Agreement, Sections 5.4, 5.5, 6.2, and 10.4).

The typical length of time between signing a Franchise Agreement or payment of consideration for the franchise and commencement of the Pre-Sales Phase is approximately eight (8) months, and from signing a Franchise Agreement to the Soft Opening is approximately thirteen (13) months. Note, if you are granted the right to acquire multiple franchises, these estimates relate to the signing of your first Franchise Agreement and the development of your first Studio. However, you may experience delays in developing your Studio if you have difficulties securing financing (if necessary), obtaining necessary local permits and licenses for the construction and operation of the Studio, completing construction or remodeling (possibly due to weather conditions, shortages, and/or delivery schedules), purchasing and installing fixtures, equipment and signage, and/or purchasing necessary inventory or supplies.

If you do not sign a premises lease agreement accepted by us for the Authorized Location within six (6) months after you sign the Franchise Agreement, we may terminate your Franchise Agreement without refund of your Initial Franchise Fee. Additionally, if you do not conduct your Studio's Soft Opening within thirteen (13) months after you sign the Franchise Agreement, we may terminate your Franchise Agreement without refund of your Initial Franchise Fee. (Franchise Agreement, Section 2.2).

Time to Open: Multi-Unit Agreement (if applicable)

If you have entered into a Multi-Unit Agreement to open and operate multiple Studios, your Multi-Unit Agreement will include a Development Schedule containing a deadline by which you must have each of your Studios open and operating (Multi-Unit Agreement, Exhibit A).

C. Our Obligations During the Operation of the Studio

Franchise Agreement

During the operation of your Studio:

1. We will specify or approve certain equipment and suppliers to be used in your Studio (Franchise Agreement, Sections 6.5 and 7.1).

2. We will provide additional training to you and any of your employees at your request. You are responsible for any and all costs associated with such additional training (Franchise Agreement, Section 6.2).

3. We will provide such continuing advisory assistance and information to you in the development and operation of your Studio as we deem fit (Franchise Agreement, Section 6.4).

4. We (or our affiliates) will maintain and administer the Fund (Franchise Agreement, Section 9.1).

We may also decide to require fixed maximum or minimum prices for any products or services that you offer in connection with the Studio (Franchise Agreement, Section 6.6).

D. Advertising and Marketing

Advertising Generally

You are responsible for local marketing activities to attract members to your Studio. We require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet or otherwise. You must first obtain our advanced written approval before any form of co-branding, or advertising with other brands, products or services (Franchise Agreement, Section 9.2).

You must strictly follow the social media guidelines, code of conduct, and etiquette as set forth in the Learning Management System regarding social media activities. Any use of social media by you pertaining to the Studio must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. You will promptly modify or remove any online communication pertaining to the Studio that does not comply with the Franchise Agreement or the Learning Management System (Franchise Agreement, Section 9.3).

Brand Development Fund

The Fund was established to promote Studios and help promote and develop our System and brand generally. As of the date of this Disclosure Document, your Fund Contribution is two percent (2%) of your Studio's Gross Sales. Fund Contributions will be payable from the earlier of (a) the date your Studio opens, or (b) the date the Studio receives a payment from a client in connection with Approved Services to be provided at any point. We may increase the Fund Contribution upon 60 days' written notice to you, subject to the Marketing Expenditure Cap (Franchise Agreement, Sections 5.6 and 9.1).

The Fund is administered by us (or our affiliates) with the advice provided by the Brand Advisory Committee (the "BAC") pursuant to a charter agreement among us and the members of the BAC. Under the current charter, which is subject to change, System franchisees elect or appoint 2 members to the BAC to serve for a one-year term corresponding to the calendar year and we select 2 members to serve for a one-year term corresponding to the calendar year. The 4-member BAC will, by a majority vote, assist us in determining the selection and placement of regional and national advertising. Each BAC member has one vote. If the BAC is deadlocked, our Brand President will break the deadlock with the deciding vote, which shall be binding. The Fund is maintained and operated by us (or our affiliates) with the assistance of the BAC to meet the costs of conducting regional and national advertising and promotional activities which are deemed most beneficial to the System and employing advertising/public relations agencies to assist in advertising activities. The BAC serves in an advisory capacity only. With the assistance of the BAC, we will direct all public relations, advertising and promotions with sole discretion over the message, creative concepts, materials and media used in the programs and the placement and allocation thereof. We have the power to form, change or dissolve the BAC. We will pay for these activities from the Fund.

The Fund Contributions may be used for traditional advertising activities, such as website development, social media, public relations, advertising campaigns (television, radio, print or other media), or other promotions which will further develop and/or raise the awareness/visibility of our brand, System and Studio locations (Franchise Agreement, Sections 6.8 and 9.1).

We are not obligated to ensure that Fund activities or dollars are spent equally, on a pro rata basis, either on your Studio, or all Studios in an area. A brief statement regarding the availability of System franchises may be included in advertising and other items produced using the Fund, but we do not otherwise expect to use the Fund primarily for any franchise sales or solicitations as of the date of this Disclosure Document.

We (and our affiliates) will have the right to make disbursements from the Fund, as we determine appropriate to cover the costs and expenses associated with the marketing, advertising and promotion of the brand, Marks, System, Studio locations and/or the Approved Products and Approved Services, including: the cost of formulating, developing and implementing advertising and promotional campaigns; the reasonable costs of administering the Fund, including accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Fund; and/or creation, development and/or placement of any creative and/or implementation of any campaigns associated with the same. The Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Fund. We are not required to audit the Fund, but we may retain independent certified public accountants to prepare an annual audit of the Fund, at the expense of the Fund. We will provide a copy of the annual accounting of the Fund to franchisees upon written request. Our company-owned or affiliate-owned Studios, if and when operating, are not required to contribute to the Fund at the same rate as franchisees. As of the date of this Disclosure Document, all franchisees that contribute to the Fund may not contribute at the same rate as you. Should the Fund Contribution for the System decrease at any time, we have the right to reduce our contribution from company-owned or affiliate-owned Studios to the rate specified for franchised locations.

We are not required to spend all Fund Contributions in the fiscal year they are received. You agree to participate in all Fund programs. The Fund may furnish you with marketing, advertising and promotional materials; however, we may require that you pay the cost of producing, shipping and handling for such materials.

During the fiscal year ended on December 31, 2024, the Fund Contributions were spent as follows: 2.04% on production, 35.02% on administrative and implementation expenses, 1.10% on media and public relations, and 61.84% on Internet-related matters and digital activities.

Local Advertising Requirement; Co-Ops

As part of your material obligations under your Franchise Agreement, you must spend the greater of (a) \$1,500 or (b) two percent (2%) of Gross Sales each month on marketing and advertising materials (excluding agency and vendor fees) that we approve in connection with the promotion of your Studio within your Designated Territory (your “Local Advertising Requirement”). We may periodically increase your Local Advertising Requirement, subject to the Marketing Expenditure Cap. Upon our request, you must provide us with an accounting of your monthly expenditures associated with your Local Advertising Requirement, along with invoices and other relevant documentation to support those expenditures. Please be advised that the Local Advertising Requirement is only the minimum amount you must spend each month, and we encourage you to spend additional amounts on the local promotion of your Studio. We are not required to spend any amount on advertising within your Designated Territory.

We have not yet established any local or regional Co-Op(s). We may, in the future, decide to form one or more associations and/or sub-associations of Studios to conduct various marketing-related activities on a cooperative basis. If one or more Co-Ops (local, regional and/or national) are formed covering your Authorized

Location, then you must join and actively participate. You may be required to contribute such amounts as are determined by such Co-Ops, subject to the Marketing Expenditure Cap (Franchise Agreement, Section 9.4).

You must provide us with written notice if the Required Marketing exceeds the Marketing Expenditure Cap, and until we receive your Marketing Notice, you must comply with the Required Marketing requirements, and no excess amounts will be refunded to you. If the Required Marketing exceeds the Marketing Expenditure Cap, you may, after we receive your Marketing Notice, reduce the Local Advertising Requirement, but only to the extent and for the time necessary to stay below the Marketing Expenditure Cap. You must immediately return to full compliance with Required Marketing once the Marketing Expenditure Cap is no longer exceeded.

Initial Marketing Requirement; Opening Support Program

In addition to the Local Advertising Requirement, you will be required to spend a minimum of \$15,000 in connection with pre-opening sales activities and other initial launch promotional activities designed to increase visibility of your Studio within your Designated Territory. You may be required to spend all or some portion of these funds on products/services received from an Approved Supplier we designate or approve, and all materials used in connection with your grand opening campaign must be approved by us if not previously designated for use. We expect that you will typically be required to spend these amounts in the 30 to 60 days prior to opening and in the 30-day period following the opening of your Studio. (Franchise Agreement, Section 9.2).

Your Pre-Sales Phase and Opening Support Program must commence once your real estate lease is signed. The Opening Support Program is provided by our third-party Approved Supplier and is currently overseen by our internal marketing and sales departments. Participation in the Opening Support Program is mandatory, and we may require you to spend certain amounts on services or content that is supplied by one (1) or more of our Approved Supplier(s). The Initial Marketing Requirement will not count towards your Local Advertising Requirement and is not subject to the Marketing Expenditure Cap.

E. Training

Initial Training Programs (for Owner/Operator or, if appropriate, Designated Manager)

Prior to your Studio's Soft Opening, you must ensure that: (i) you (or, if you are an entity, your Operating Principal) completes our Initial Training Program to our satisfaction, which will typically last 2 to 3 business days at our corporate headquarters or another training facility we designate (most likely in California); and (ii) your Designated Manager (if appointed) attend and complete the Designated Manager Training Program to our satisfaction. While there is no specific deadline by which the training above must be completed, you (or, if you are an entity, your Operating Principal) and your Designated Manager (if appointed) must complete all of the training obligations prior to your Studio's Soft Opening. Training classes are not held on a regular schedule. We will schedule the program based on your and our availability and the projected opening date for your Studio. If you are purchasing an existing Studio, all required training must be completed prior to your takeover of the operations of the Studio.

In the event you are the owner of multiple Studios or otherwise wish to appoint a third-party individual to manage the day-to-day operations of your Studio, then that individual (a "Designated Manager") must (a) attend and complete at least the Owner/Operator Module to our satisfaction, and (b) otherwise be approved by us, before assuming any management responsibility at your Studio (Franchise Agreement, Sections 5.5 and 6.2).

We do not charge a tuition or training fee for you or your designated trainees (you or your Operating Principal and Designated Manager (if appropriate)) to attend the appropriate training program(s) below, provided these individuals attend or otherwise complete such training prior to your Studio's Soft Opening. You will be responsible for the costs and expenses associated with these individuals attending our Initial Training Program

(Franchise Agreement, Section 5.5). The training program uses the Learning Management System and other written materials as training materials.

Our primary initial training programs as of the date of this Disclosure Document are described below:

TRAINING PROGRAMS

Initial Training Program (or “Owner/Operator Module”)			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History and Philosophy	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Real Estate	2	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Construction	1.5	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Expectations and Obligations	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Studio and Equipment Set- Up and Support	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Stretching Services	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Products	1.5	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Intro to Studio Management Software	1.5	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Sales and Operations	3.5	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Opening Plan Review	3	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Staffing and HR Support	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Marketing	3	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Training Re-Cap and Summation	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Test	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
TOTAL HOURS FOR OWNER/OPERATOR MODULE	23 hours	0 hours	

I. Designated Manager Training Module (if applicable)

Designated Manager Training Module			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Ingredients of a Successful GM	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Studio Management Software	3	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Prospect Generation	2	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Pre-Sale, Soft Open, and Grand Open	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Retail Sales	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Flexologist Training Sales and Program	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Sales Process: Demo Stretches and Memberships	4	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Marketing	2	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
1:1 Stretching Services	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Sales: Roll-Play & Agreement Write-Up	2	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Stretch Lab Group Stretch	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
“What Not to Do”	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Comprehension Exam	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
TOTAL HOURS FOR DESIGNATED MANAGER MODULE	21 hours	Not Applicable	

Flexologist Training Program – Pre-Opening for Initial Authorized Instructors

In addition to completing the training program(s) as appropriate, you must ensure that the Authorized Instructors initially providing Approved Services at your Studio participate in and complete the Flexologist Training Program to our satisfaction that, as of the date of this Disclosure Document, is provided either at your Studio or remotely via an online Learning Management System that we designate and require you to utilize to participate in and complete such training. The Flexologist Training Program (a) is designed to provide instruction for the

provision of the Approved Services in accordance with the System Standards and Studio equipment, and (b) we estimate will typically include between 49 hours to 50 hours and 25 minutes of instruction.

Our Flexologist Training Program is an instructor onboarding training. It is for all instructors you and other System franchisees engage to work at a Studio location. Our primary Flexologist Training Program as of the date of this Disclosure Document is described below:

II. Flexologist Training Program (to be completed by any instructor that wishes to provide Approved Services at your Studio)

FTP: Online Training: Pre-Work Module (Part 1) – Completed Online via Remote Instruction or at your Studio				
Subject (Module Name)	Module Description	Hours of Classroom Training	Hours of On-the-Job Training	Location
Completing Modules and Courses	Introduction to Learning Management system platform and user experience	5 minutes	0	Online/Remote or at Your Studio
Welcome to Stretch Lab	Brand history and values	5 minutes	0	Online/Remote or at Your Studio
FTP- Participant Handbook	Rules and regulations of the Flexologist Training Program	30 minutes	0	Online/Remote or at Your Studio
FTP- Introduction	Prerequisites, course description and goals	15 minutes	0	Online/Remote or at Your Studio
FTP- Lesson 1 Accompanied by Quiz	Stretching basics. Anatomical directions and biomechanics	40-45 minutes	0	Online/Remote or at Your Studio
FTP- Lesson 2 Accompanied by Quiz	Benefits of stretching. Review of the muscular system of the neck	25-30 minutes	0	Online/Remote or at Your Studio
FTP- Lesson 3 Accompanied by Quiz	Stretching definitions and types. Muscles of the shoulder and arm.	15-20 minutes	0	Online/Remote or at Your Studio
FTP- Lesson 4 Accompanied by Quiz	Factors that cause decreased mobility. Muscles of the forearm and hand.	15-20 minutes	0	Online/Remote or at Your Studio
FTP- Lesson 5 Accompanied by Quiz	Stretching rules. Contraindications. Working with aches and pains.	20-25 minutes	0	Online/Remote or at Your Studio

FTP: Online Training: Pre-Work Module (Part 1) – Completed Online via Remote Instruction or at your Studio				
Subject (Module Name)	Module Description	Hours of Classroom Training	Hours of On-the-Job Training	Location
FTP- Lesson 6 Accompanied by Quiz	Principles of designing a stretch routine. Muscles of the leg and foot.	20-25 minutes	0	Online/Remote or at Your Studio
FTP- Lesson 7 Accompanied by Quiz	Breaking down the 3 phases of member experience.	20-25 minutes	0	Online/Remote or at Your Studio
FTP- Lesson 8 Accompanied by Quiz	Periodization (<i>i.e.</i> , customer session programming)	20-25 minutes	0	Online/Remote or at Your Studio
FTP- Lesson 9 Accompanied by Quiz	Xponential +	45-60 minutes	0	Online/Remote or at Your Studio
FTP- Lesson 10 Accompanied by Quiz	Creation and assessment of client flexibility program	10 minutes	0	Online/Remote or at Your Studio
FTP- Lesson 11 Accompanied by Quiz	First Visit membership sales process & how to maintain member base	60 minutes	0	Online/Remote or at Your Studio
Stretch Lab Studio Operations	Review of the Flexologists role and responsibilities	15-20 minutes	0	Online/Remote or at Your Studio
Club Ready (FTP)	Review of CRM functions used by the Flexologist	5-10 minutes	0	Online/Remote or at Your Studio
FTP- One on One Routines	Outline of Stretch Lab's stretch routines	60-65 minutes	0	Online/Remote or at Your Studio
FTP- How to Use The Hypervolt and Stretch Strap	Instructional demonstration	90-95 minutes	0	Online/Remote or at Your Studio
Total hours for Pre-Work Module (Part 1) Only		8 Hours 35 Minutes to 9 Hours 50 Minutes	Not Applicable	Online/Remote

FTP: Online Training: MAPS Module (Part 2) – Completed Online via Remote Instruction or at your Studio				
Subject (Module Name)	Module Description	Hours of Classroom Training	Hours of On-the-Job Training	Location
How To Use the Vyper and Hypersphere	Instructional demonstration	45-50 minutes	0	Online/Remote or at Your Studio
FTP- Getting Ready For Your 2-day Workshop	Best practices and what to expect	15-20 minutes	0	Online/Remote or at Your Studio
Introduction to MAPS	Overview	30 minutes	0	Online/Remote or at Your Studio
Movement Analysis Principles	Overview of common biomechanical movement patterns	50 minutes	0	Online/Remote or at Your Studio
How to Interpret MAPS	MAPS scan diagnostics	50 minutes	0	Online/Remote or at Your Studio
How to discuss MAPS with a member	Conversation strategies and programming execution	30 minutes	0	Online/Remote or at Your Studio
MAPS FAQ/Troubleshooting	Usage and troubleshooting guide	5 minutes	0	Online/Remote or at Your Studio
How To Interpret MAPS Scores (Application)	Practical application and video instruction	40 minutes	0	Online/Remote or at Your Studio
FTP- Knowledge Exam	60 question summative exam	90 minutes	0	Online/Remote or at Your Studio
Total hours for MAPS Module (Part 2) Only		5 Hours 55 Minutes to 6 Hours 5 Minutes	Not Applicable	Online/Remote

FTP: Practical Module (Part 3)			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Homework (Watch prior to Day 1): Video Topics			
History & Culture	15 mins	0	Option 1: Remotely at your Studio Option 2: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 3: Hosted at your Studio

FTP: Practical Module (Part 3)			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Sales & DEMO one-on-one sessions and DEMO group classes	1.5 hours	0	Option 1: Remotely at your Studio Option 2: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 3: Hosted at your Studio
Retail	15 mins	0	Option 1: Remotely at your Studio Option 2: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 3: Hosted at your Studio
Social Media	15 mins	0	Option 1: Remotely at your Studio Option 2: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 3: Hosted at your Studio
Business Management Software for Studio Operations	30 mins	0	Option 1: Remotely at your Studio Option 2: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 3: Hosted at your Studio
Stretch Lab Programming	15 mins	0	Option 1: Remotely at your Studio Option 2: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 3: Hosted at your Studio
Day 1: In-Studio Practical Learning			
Introductions and outline of Day 1 and Day 2.	0	20 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
One-on-one stretches for the neck and trunk.	0	1.5 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
One-on-one stretches for the shoulder and upper arm.	0	1.5 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
One-on-one stretches for the forearm and hand.	0	40 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Group class stretches for the neck and trunk.	0	1.5 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Group class stretches for the shoulder and upper arm.	0	1.5 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Group class stretches for the forearm and hand.	0	30 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio

FTP: Practical Module (Part 3)			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Day 2: In-Studio Practical Learning			
Review of one-on-one stretches from yesterday.	0	30 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Review of group class stretches from yesterday	0	30 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
One-on-one stretches for the hip and thigh.	0	1.5 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
One-on-one stretches for the leg and foot.	0	1.5 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Group class stretches for the hip and thigh.	0	1.5 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Group class stretches for the leg and foot.	0	1.5 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Revision as needed.	0	30 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Total hours for Practical Module (Part 3) Only	3 hours	15 hours	

FTP: Onboarding Module (Part 4)			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Day 1: In-Studio Practical Learning			
Introductions and outline of Day 1 and Day 2.	0	20 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Quick review of videos- time for questions	0	20 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Stretch Lab Equipment Overview	0	20 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio

FTP: Onboarding Module (Part 4)			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
The Stretch Lab way (Working from the core out & Alignment)	0	20 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Flow (Progressions + Transitions + Creative Sequencing)	0	20 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Level Appropriateness & mixed levels	0	20 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
One-on-one sessions (Questions to ask your client, Identifying tight spots and problem areas, Customizing the routine)	0	2 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Practice one-on-one sessions	0	2 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Small group classes (Neutral Alignment, Working with mixed levels)	0	2 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Additional Private Training if required	0	30 mins	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Day 2: In-Studio Revision and Assessment			
Review key points from Day 1 and answer questions as needed	0	1 hour	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Practice one-on-one sessions	0	1.5 hour	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Practice group classes	0	1.5 hour	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Assessment on one-on-one session and feedback for each Flexologist	0	2 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio
Assessment on group class and feedback for each Flexologist	0	2 hours	Option 1: Stretch Lab Corporate Office in Irvine, CA or Studio nearby Option 2: Hosted at your Studio

FTP: Onboarding Module (Part 4)			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Total hours for Onboarding Module (Part 4)	Not Applicable	16.5 hours	
TOTAL HOURS FOR ENTIRE FLEXOLOGIST TRAINING PROGRAM (Parts 1 - 4)	17.5 hours to 18 hours and 55 minutes	31.5 hours	

Training is managed by (i) our Training Coordinator, Roya Rustamzada, who has 2 years of experience with us and the Stretch Lab brand and 7 years of experience in the fitness industry and topics of instruction noted above generally; (ii) our Manager of Training & Experience, Dazmyn Faris, who has 5 years of experience with the Stretch Lab brand and 7 years of experience in the fitness industry and topics of instruction noted above generally; (iii) our Director of Teacher Training Operations, Justin Pan, who has less than one year of experience with us and the Stretch Lab brand and 10 years of experience in the fitness industry and topics of instruction noted above generally; and (iv) our Chief Stretch Advisor, Brad Walker, who has 7 years of experience with us (or our affiliates) and the Stretch Lab brand and 22 years of experience in the fitness industry and topics of instruction noted above generally; ~~and (v) Xponential's Senior Vice President of Learning and Development, who determines all training curriculum and programming and content on the Learning Management System. The current Senior Vice President of Learning and Development has over 12 years of experience in the subjects taught and 7 years of experience with Xponential, but does not yet have direct experience with the System.~~

We normally conduct our training monthly, as needed, but we may change this schedule based on (a) demand, and (b) the availability of our instructors. Our primary instruction is through hands-on training, videos, the Learning Management System and other instructional materials we prepare specifically for one (1) or more of the initial training programs above in this Item. We may substitute other instructors to provide certain parts of the different initial training modules described in this Item 11, but these individuals will have all completed the appropriate portion of the Initial Training Program on which they provide instruction.

On-Site Grand Opening Assistance (Discretionary)

For your Studio's Soft Opening, we may send one (1) or more representatives to your Studio to (a) provide assistance and recommendations regarding your opening and initial operations, and/or (b) provide additional or refresher training associated with any required initial training described above in this Item, as we deem appropriate in our discretion. If we determine to provide such on-site assistance, it will typically last between 1 to 2 business days and we may require that you cover the costs our representatives incur in connection with such assistance.

Flexologist Training Program – Fees and Involvement of Franchisor

We may permit you to provide the Flexologist Training Program at your Studio as part of your Approved Services, provided you have an Authorized Instructor that has met our then-current criteria to serve as a Master Trainer of the Flexologist Training Program. We may modify the Flexologist Training Program in any manner we deem appropriate in the Learning Management System or otherwise in writing (Franchise Agreement, Section 6.3). As of the date of this Disclosure Document, the Initial Instructor Training Fee is \$850 per trainee. If you provide

the Flexologist Training Program at your Studio, we may credit you an amount up to the Initial Instructor Training Fee of one (1) attendee.

Please note, however, that: (i) we will describe the proprietary Flexologist Training Program that can be provided as part of a Studio's Approved Services in our Learning Management System or other written materials that we provide to you; and (ii) we may permit you to have one (1) or more instructors complete the Flexologist Training Program while you are securing an approved premises for your Studio and otherwise developing that Studio for opening (but this may involve a higher investment than our standard Franchise offering described in Item 7).

Additional Training in Connection with Operation of the Franchised Business

We may also provide and require that you (and your Operating Principal and Designated Manager, as appropriate) attend, up to five (5) days of additional training each year at our designated training facility. We will not charge any training fee in connection with such training that we require you to attend. (Franchise Agreement, Section 5.5).

You may request that we provide certain additional or refresher training to you, either at one (1) of our designated training facilities or on-site at your Studio. We may charge you our then-current training fee based on the number of days of such training that we provide at your request (regardless of location). (Franchise Agreement, Section 5.5).

In the event you have instructors hired over time, they must complete the Flexologist Training Program prior to providing any services or otherwise performing any Approved Services at your Studio.

You will be responsible for the costs and expenses associated with you and your designated personnel attending any such additional training described in this Item. (Franchise Agreement, Section 5.5).

F. Computer System - Hardware and Software

You must acquire a Computer System for use in the operation of the Studio. You must record all of your receipts, expenses, invoices, member lists, service and employee schedules, and other business information promptly in the Computer System that we specify or otherwise approve. Currently, we have a designated business management software that must be used in connection with your Studio operations, which is an online/web-based program designed for use in connection with service scheduling, processing member credit and debit card payments, keeping your business records and generating business reports among other things. At this time, we have approved no other compatible program but we may do so at our sole discretion. If the Approved Supplier for the required software changes, you must migrate your operations to the new required software at our direction. The details of these standards and requirements will be described in the Learning Management System or otherwise in writing and may be modified in response to changes in marketing conditions, business operating needs, or technology (Franchise Agreement, Sections 5.4, 5.7, and 10.3).

You must allow our Approved Supplier to upgrade the proprietary database configuration of the required software for the computer in your Studio as we determine necessary. Our Approved Supplier may provide you with periodic updates to maintain the software and may charge a fee for preparing the updates and maintaining the software. There are no limitations on the frequency and cost of the updates. The Computer System is designed to enable us to have immediate, independent access to the information monitored by the Computer System, and there is no contractual limitation on our independent access or use of the information we obtain (Franchise Agreement, Sections 5.4 and 10.3).

You must purchase, lease, and maintain such computer hardware and software, dedicated high speed communications equipment and services, dedicated telephone and power lines, modem(s), speakers, and other computer-related accessories or peripheral equipment as we may specify, for the purpose of, among other functions, recording Studio sales, scheduling services, and other functions that we require. You must provide such assistance as may be required to connect your Computer System with a computer system used by us. We will have the right, on an occasional or regular basis, to retrieve such data and information from your Computer System as we, in our sole and exclusive discretion, consistent with consumer privacy laws, deem necessary. You must operate your Computer System in compliance with certain security standards specified and modified by us and with our System Standards (Franchise Agreement, Sections 5.4 and 10.3).

To ensure full operational efficiency and optimal communication capability between and among computer systems installed by you, us, and other franchisees, you agree, at your expense, to keep your Computer System in good maintenance and repair, and following our determination that it will be economical or otherwise beneficial to the System to promptly install such additions, changes, modifications, substitutions and/or replacement to your computer hardware, software, communications equipment and services, telephone and power lines, and other computer-related facilities, as we direct.

We may require you to update or upgrade any computer hardware or software during the term of the Franchise, and if we choose to do so, there are no limitations on the cost and frequency of this obligation.

The approximate cost of the Computer System is approximately \$5,500 to \$6,000, which we may require you acquire from one (1) or more of our Approved Suppliers. There is no initial fee to obtain the software. The approximate cost of any annual maintenance upgrades or updates or maintenance support contracts varies widely from \$0 to \$800, which does not include (a) our then-current Technology Fee (currently, \$675/month), or (b) the then-current Software Fee charged by our Approved Supplier for the Studio management software (currently, \$203/month) and any associated credit card surcharge and transaction processing fees, (c) the Music Licensing Fee charged by third-party Approved Suppliers, or (d) the fees associated with any other required software we designate in the future for use in connection with your Studio. We have no obligation to provide ongoing maintenance, repairs, upgrades or updates, and any such obligations would be those of the software licensors.

ITEM 12 TERRITORY

Franchise Agreement

Authorized Location

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.

You will operate your Studio at the Authorized Location. Once you have identified your Authorized Location and we accept the proposed site, we will designate the Designated Territory around the Authorized Location within which you will have certain protected rights.

You will not be permitted to relocate your Studio without our prior written approval, which may be withheld in our discretion. You will be assessed a relocation fee of \$5,000 at the time you submit the proposed location for your relocated Studio. Generally, we do not approve requests to relocate your Studio after a site selection has been made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection.

Designated Territory

Your Designated Territory will generally be an area with a population of at least 15,000 people, as published by the U.S. Census Bureau or other governmental agencies and commercial sources. However, the size and shape of your Designated Territory will vary from the territory granted to other franchisees based on the location and demographics surrounding your Studio. The boundaries of your Designated Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map.

As long as you are in compliance with your Franchise Agreement, we will not operate, or grant a license to a third party to operate, during the term of your Franchise Agreement, a Studio located within the Designated Territory, subject to our reservation of rights below.

Except as expressly provided in the Franchise Agreement, you have no right to exclude, control or impose conditions on the location, operation or otherwise of present or future Studios, using any of the other brands or Marks that we now, or in the future, may offer, and we may operate or license Studios or distribution channels of any type, licensed, franchised or company-owned, regardless of their location or proximity to your Designated Territory and whether or not they provide services similar to those that you offer. You do not have any rights with respect to other and/or related businesses, products and/or services, in which we may be involved, now or in the future. Your Designated Territory will not be modified by us for any reason so long as you are not in default of your Franchise Agreement, except in cases where (a) your requested relocation of your Studio is approved and you relocate, and/or (b) at the time of request for a successor franchise or a proposed assignment of the Franchise, the population of the Designated Territory is over 15,000. In such cases, we may move or modify the size of your Designated Territory.

Rights Within and Outside the Designated Territory

While you and other Studios will be able to provide the Approved Services to any potential client that visits or otherwise reaches out to your Studio, you will not be permitted to actively solicit or recruit clients outside your Designated Territory, unless we provide our prior written consent.

You will not be permitted to advertise and promote your Studio via advertising that is directed at those outside your Designated Territory without our prior written consent, which we will not unreasonably withhold provided (a) the area you wish to advertise in is contiguous to your Designated Territory, and (b) that area has not been granted to any third party in connection with a Studio (or Multi-Unit Agreement) of any kind.

We may choose, in our sole discretion, to evaluate your Studio for compliance with the System Standards using various methods (including, but not limited to, inspections, field service visits, surveillance camera monitoring, member comments/surveys, and secret shopper reports). You must meet minimum standards for cleanliness, equipment condition, repair and function, and customer service. Your employees, including independent contractors, must meet minimum standards for courteousness and customer service.

Minimum Gross Sales Quota(s)

Unless waived by us due to unique market conditions, you must meet a certain minimum monthly Gross Sales quota (the "Minimum Monthly Gross Sales Quota"), as follows: (i) you must achieve and maintain trailing 12-month average monthly Gross Sales of \$20,000 by the 1st anniversary of your Studio's Soft Opening; and (ii) you must achieve and maintain trailing 12-month average monthly Gross Sales of \$30,000 by the 2nd anniversary of your Studio's Soft Opening and each successive anniversary.

If you fail to meet the Minimum Monthly Gross Sales Quota at any time during the term of your Franchise Agreement, we may institute a mandatory corrective training program upon written notice to you. You will be

obligated, at your expense, to participate in and implement all temporary and permanent corrective measures that we require to address the performance standards not achieved. However, if you fail to participate in and implement all temporary and permanent corrective measures that we require, or if you fail to achieve the Minimum Monthly Gross Sales Quota during any trailing 36-month period, regardless of your participation in any corrective training programs mandated by us, then we may terminate your Franchise Agreement upon written notice to you.

Multi-Unit Agreement

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

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

You are responsible for locating and presenting to us proposed sites for Studios in the Development Area. We will use reasonable efforts to review and evaluate the proposed sites within 30 days after we receive all requested information and materials to evaluate the site. We will approve the proposed site for any Studio if it meets our then-current standards. If we accept a proposed site, you (or your affiliate) must timely sign a separate Franchise Agreement for the site. Each Studio you timely open and commence operating under our then-current form of franchise agreement will be operated: (i) from a distinct site located within the Development Area; and (ii) within its own Designated Territory that we will define once the site for that Studio has been approved.

As long as you are in compliance with your Multi-Unit Agreement, we will not operate, or grant a license to a third party to operate, during the term of your Multi-Unit Agreement, a Studio located within the Development Area, and we will not grant anyone else the right to develop Studios within the Development Area, subject to our reservation of rights below.

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

Reserved Rights

We and our parents/affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement and/or Multi-Unit Agreement (as appropriate): (i) establish and operate, and license any third party the right to establish and operate, other Studios and Studios using the Marks and System at any location outside of your Designated Territory(ies) and, if applicable, Development Area; (ii) market, offer and sell products and services that are similar to the products and services offered by the Studio under a different trademark or trademarks at any location, within or outside the Designated Territory(ies) and, if applicable, the Development Area; (iii) use the Marks and System, as well as other such marks we designate, to distribute any Approved Products and/or Approved Services in any alternative channel of distribution, within or outside the Designated Territory(ies) and Development Area (including the Internet and other e-commerce channels and streaming platforms; wholesale stores, retail stores, catalog sales, etc.) as further described below; (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind,

including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Approved Services (but under different marks), within or outside your Designated Territory(ies) and, if applicable, Development Area; (v) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement and, if applicable, your Multi-Unit Agreement; and (vi) open and operate, or license third parties the right to open or operate, Studios at “Non-Traditional Sites” both within and outside the Designated Territory and, if applicable, Development Area. “Non-Traditional Site” means any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, “big box” gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations).

Neither the Franchise Agreement nor the Multi-Unit Agreement grants you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our parent/affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you with any compensation for soliciting or accepting orders (via alternate channels of distribution) within your Designated Territory.

Internet Sales / Alternative Channels of Commerce

We may sell products and services to members located anywhere, even if such products and services are similar to what we sell to you and what you offer at your Studio. We may use the Internet or alternative channels of commerce to sell products and services branded with the Marks. You may only sell the products and services from your Studio’s Authorized Location, and may only use the Internet or alternative channels of commerce to offer or sell the products and services, as permitted by us, in order to register members for services. We may require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet or otherwise. We retain the right to approve or disapprove of such advertising, in our sole discretion. Any use of social media by you pertaining to the Studio must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. We may “occupy” any social media websites/pages and be the sole provider of information regarding the Studio on such websites/pages (e.g., a system-wide Facebook page). At our request, you will promptly modify or remove any online communication pertaining to the Studio that does not comply with the Franchise Agreement or the Learning Management System. You are not prohibited from obtaining members over the Internet provided your Internet presence and content comply with the requirements of the Franchise Agreement.

Additional Disclosures

Neither the Franchise Agreement nor the Multi-Unit Agreement provides you with any right or option to open and operate additional Studios (other than as specifically provided for in your Multi-Unit Agreement if you are granted multi-unit development rights). Regardless, each Studio you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. We have not established, nor do we presently intend to establish, other franchised or company-owned businesses that are similar to the Studio and that sell our Approved Products and Approved Services under a different trade name or trademark, but we may do so in the future without your consent. Certain of our affiliates are involved with franchising and other activities as previously disclosed in Item 1 of this Disclosure Document, and such affiliates may continue conducting franchising and other activities.

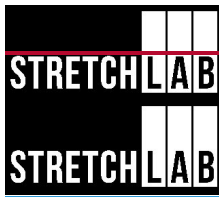
As described in Item 1, our following affiliates offer franchises using trademarks other than the Marks:

- BFT SPV offers and sells franchises for fitness studios that provide strength and endurance training, high-intensity intermittent training exercises, high-intensity resistance training, hypertrophy-style training, and other techniques under the BFT® trademark.
- CP SPV offers and sells franchises for fitness studios that provide Pilates and other exercise classes under the CLUB PILATES® trademark.
- ~~Lindora Franchisor offers and sells franchises for Studios that provide or arrange for the provision of certain medical and non-medical products and services under the LINDORA® trademark.~~
- PB SPV offers and sells franchises for fitness studios that provide indoor fitness classes through a combination of Pilates, weights and ballet barre under the PURE BARRE® trademark.
- YS SPV offers and sells franchises for studios that provide yoga and other exercise programs under the YOGA SIX® trademark.

There is no mechanism for resolving any conflicts that may arise between franchised or company-owned studios that operate under any of the Xponential Brands, including any Studio. Any resolution of conflicts regarding location, customers, support, or services will be entirely within your and our business judgment. While we do not anticipate conflicts between franchisees of different brands, we will analyze any future conflict and take action (if any) that we deem appropriate.

ITEM 13 TRADEMARKS

We grant you the right to use the Marks we designate for use in connection with your Studio as part of the license rights you are granted under each Franchise Agreement you enter into with us, provided you only use the Marks in connection with your Studio operations and in strict accordance with the terms of your Franchise Agreement and any Learning Management System or other written directives from us. The following Marks are registered and owned by us on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Mark	Registration Number	Registration Date
	6,085,769	June 23, 2020
FLEXOLOGIST	6,821,312	August 16, 2022
STRETCH LAB	5,177,075	April 4, 2017
FLEXOLOGIST	5,312,544	October 17, 2017

We expect and intend to submit all affidavits and other filings necessary to maintain the registrations above. There are no presently effective determinations of the United States Patent and Trademark Office, the trademark administrator of any State, or any court, nor any pending material litigation involving any of the Marks which are relevant to their use in any State. There are no pending interference actions or opposition or cancellation proceedings

that significantly limit our rights to use or license the use of the Marks in any manner material to the System. We have filed all required affidavits for the Marks and will continue to do so.

You must follow our rules when you use the Marks. You cannot use our name or any of the Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You must not use any other trade names or trademarks in the operation of the Studio without first obtaining our written consent. You must not establish a website on the Internet using any domain name containing the Marks or any variation thereof without our written consent. We retain the sole right to advertise on the Internet and create a website using the Marks as domain names.

If it becomes advisable, in our sole discretion, for us to modify or discontinue use of any of the Marks, or use one or more additional or substitute Mark, you must comply with our directions to modify or otherwise discontinue the use of such Mark within a reasonable time after notice by us. We will not be obligated to compensate you for any costs you incur in connection with any such modification or discontinuance.

You cannot seek to register, re-register, assert claim to ownership of, license or allow others to use or otherwise appropriate to itself any of the Marks or any mark or name confusingly similar to them, except insofar as such action inures to our benefit and has our prior written approval. Upon the termination or cancellation of the Franchise Agreement, you must discontinue use of the Marks, remove copies, replicas, reproductions or simulations thereof from the premises and take all necessary steps to assign, transfer, or surrender to us all Marks which you may have used in connection with the Franchise Agreement.

You must immediately notify us of any apparent infringement of or challenge to your use of the Marks. Although not obligated to do so, we will take any action deemed appropriate and will control any litigation or proceeding. You must cooperate with any litigation relating to the Marks which we or our affiliates, or the licensor, might undertake.

We are not aware of any prior superior rights or infringing uses that would materially affect your use of the Marks. There are no agreements currently in effect, which significantly limit our rights to use or license the use of the Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent or copyright, but you can use the proprietary information in the Learning Management System. Item 11 describes the Learning Management System and the limitations on the use of the Learning Management System by you and your employees.

We have no registered copyrights, nor are there any pending patent applications that are material to the franchise. However, we claim copyrights on certain forms, advertisements, promotional materials, software source code and other Confidential Information as defined below.

There currently are no effective determinations of the United States Copyright Office (or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

All information relating to the System and to the development and operation of Studios (including your Studio), including, without limitation, the Learning Management System, our training programs, members and

supplier lists, customer data, or other information or know-how distinctive to the development or operation of a Studio (all of the preceding information is the “Confidential Information”) is considered to be proprietary and trade secrets of Franchisor. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates, or any personnel or other information of your employees and other personnel. We disclose to you Confidential Information needed for the operation of a Studio, and you may learn additional information during the term of your Franchise. We have all rights to the Confidential Information and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

Both during and after the term of your Franchise Agreement, you must use the Confidential Information only for the operation of your Studio under a Franchise Agreement; maintain the confidentiality of the Confidential Information; not make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and follow all prescribed procedures and regulations for prevention of unauthorized use or disclosure of the Confidential Information.

Your confidentiality obligations under the Franchise Agreement will not restrict or prohibit you from initiating communications directly with, responding to any inquiries from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or from filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the U.S. Securities and Exchange Commission, or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. You do not need our prior authorization to engage in such protected conduct, and you do not need to notify us that you have engaged in such conduct.

We have the right to use and authorize others to use all ideas, techniques, methods and processes relating to the Studio that you or your employees conceive or develop.

You also agree to fully and promptly disclose all ideas, techniques and other similar information relating to Studios or the Franchise that are conceived or developed by you and/or your employees. We will have a perpetual right to use, and to authorize others to use, those ideas, etc. without compensation or other obligation.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Under the Franchise Agreement, we recommend, but do not require, that you (or, if you are an entity, the Operating Principal) personally supervise the Studio. You may appoint a Designated Manager we approve to manage daily operations of your Studio. We will not unreasonably withhold our approval of any Designated Manager you propose, provided the individual has successfully completed the Designated Manager Module of our Initial Training Program and, if that individual will be providing any Approved Services, the Flexologist Training Program. Once approved, your Designated Manager may assist in the direct, day-to-day supervision of the operations of the Studio, or to be the on-premises supervisor if you choose not to personally supervise the Studio. If you are a business entity, your Designated Manager need not hold an ownership interest in the business to be the on-premises supervisor.

You will keep us advised, in writing, of any Designated Manager involved in the operation of the Studio and their contact information. Your Studio must, at all times, be managed by and staffed with at least one (1) individual who has successfully completed the Owner/Operator Module or, if applicable, the Designated Manager Module, of our Initial Training Program.

You and your managers and employees must maintain the confidentiality of the Confidential Information. If you are a legal entity, having more than one owner, all owners, shareholders, partners, joint venturers, and any

other person who directly or indirectly owns a 10% or greater interest in the Studio (and each such person's spouse) must execute a Guarantee.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell, only and all those Approved Products and Approved Services, and deal only with those Approved Suppliers, that we authorize or require. Principally, this means you must purchase the amount and type of equipment, including stretch benches and other apparatuses and exercise equipment, and offer only those types of stretch and fitness services that we authorize. Failure to comply with our purchasing restrictions may result in the termination of your Franchise Agreement. We may supplement, revise and/or modify our Approved Products and/or Approved Services as we deem appropriate, as well as our System Standards associated with the provision of these products/services. These changes will be outlined in our Learning Management System or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

You must ensure that only Authorized Instructors who have completed all required training are those that provide the services and other Approved Services at your Studio. No other individuals may conduct such services or provide any Approved Services.

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

You may not advertise, offer for sale or sell, any products and/or services that we have not authorized. We may change the types of authorized products and services at any time at our discretion. You agree to promptly undertake all changes as we periodically require, without limit, except we will not require you to thoroughly modernize or remodel the Studio any more often than once every 5 years. You will not make any material alterations to your Studio or its appearance as originally approved by us without our prior written approval.

You must refrain from any merchandising, advertising, or promotional practice that is unethical or may be injurious to our business and/or other Studios or to the goodwill associated with the Marks. Subject to the conditions set forth above, we do not impose any restrictions with regard to the customers to whom you may sell goods and services.

Subject to applicable law, and in accordance with your Opening Support Program and the System Standards, you must begin offering and selling memberships for your Studio upon commencement of the Pre-Sales Phase. You must offer, accept the use of, and ensure that you and your Studio personnel are aware of all then-current System policies and procedures related to member reciprocity amongst (a) other Studios that are part of the System, and/or (b) the Studios operated as part of the franchise systems in connection with the other Xponential Brands. As of March 14, 2025, you must offer and accept the use of the XPASS reciprocity program, which permits members from your Studio, other Stretch Lab Studios, and the other Xponential Brands' studios to use your Studio. However, the XPASS reciprocity program is currently in the process of being discontinued and will only be available to employees of Xponential or its affiliates.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

A. Franchise Agreement

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 3.1	10 years from the date the Franchise Agreement is signed, unless sooner terminated.
b. Renewal or extension of term	Section 3.2	You have the option to extend the term for one consecutive 10-year period.
c. Requirements for renewal or extension	Section 3.2	To qualify for a successor franchise, you must execute our then-current franchise agreement, which may contain terms and conditions that differ materially from those in your original contract/Franchise Agreement; maintain possession of the Authorized Location or secure an alternative location approved by us; remodel your Studio as necessary to comply with the System Standards; have substantially complied with the Franchise Agreement during its term; be in compliance with all provisions of the Franchise Agreement and any other agreements between you and us; pay the successor franchise fee (\$10,000); give us notice of your desire to acquire a successor term no less than 90 days and no more than 180 days prior to expiration; and sign a general release in substantially the form of Exhibit G to this Disclosure Document (subject to applicable state law).
d. Termination by franchisee	Not Applicable	Not applicable other than by applicable state law.
e. Termination by franchisor without cause	Not Applicable	The Franchise Agreement does not provide for termination without cause.
f. Termination by franchisor with cause	Section 15.1	We may terminate the Franchise Agreement upon delivery of notice to you if you are in default under the terms of the Franchise Agreement, as further outlined below.

Provision	Section in Franchise Agreement	Summary
g. “Cause” defined – curable defaults	Sections 15.1 and 15.2	Under the Franchise Agreement, you have 30 days to cure (subject to state law): failure to obtain a required consent or approval; failure to comply with provisions of the Franchise Agreement other than for which a different cure period is specified or for which we may immediately terminate; failure to maintain required books and records; failure to supervise or manage your Studio appropriately; failure to pay us, our affiliates, or any third party any amount due or failure to obtain adequate financing; unauthorized closure of designated bank accounts or failure to designate an alternate bank account; failure to maintain insurance; unauthorized provision of products and/or services; marketing or advertising failures; failure to meet the System Standards or the Minimum Monthly Gross Sales Quota; failure to engage Pre-Sales Phase activities; and use of unauthorized suppliers. A default under other franchise agreements or any other agreements (including a Multi-Unit Agreement) in effect between us (or any of our affiliates) and you (or any of your affiliates), will constitute a default under the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
h. “Cause” defined – non-curable defaults	Sections 15.1 and 15.2	The following events constitute non-curable defaults: material misrepresentations or omissions; your insolvency or bankruptcy; conviction or plea of no contest to a felony or other crime or offense that can adversely affect the reputation of you, us or the Studio; unauthorized transfers; falsification of reports; unauthorized disclosure of our Confidential Information or misuse of the Marks; abandonment of the business for 2 consecutive days unless otherwise approved; failure on 3 occasions within any 12 consecutive month period to pay amounts due or otherwise to comply with the Franchise Agreement; default of same provision 2 times within 6 months, regardless of cure; failure on 2 or more occasions in any 24 consecutive month period to offer only approved goods and services; violate any health, safety or sanitation law or conduct your operation in a manner creating a safety hazard; failure to sign an approved premises lease within 6 months of signing the Franchise Agreement, or failure to conduct a Soft Opening within 13 months of signing the Franchise Agreement, unless otherwise agreed in writing; default under the lease or loss of right to possess the location for the Studio; failure to comply with non-compete covenants; and a failure to cure default under other agreements (including a Multi-Unit Agreement or other Franchise Agreement) in effect between us or any of our affiliates and you or any of your affiliates.
i. Franchisee’s obligation on termination/non-renewal	Article 13 and Section 15.3	Your obligations include: stop operations of the Studio; stop using the Marks and items bearing the Marks; stop using the name “Stretch Lab” in any form as part of your corporate name; assign any assumed names to Company; de-identify the premises from any confusingly similar decoration, design or other imitation of a Studio; stop advertising as a Stretch Lab Franchise; pay all outstanding sums to us and our affiliates and third-parties; pay damages and costs we incur in enforcing the termination provisions of the Franchise Agreement; return all materials related to the Learning Management System and other Confidential Information to us; return all signs to us; assign your telephone and facsimile numbers, electronic mail and Internet addresses to us; sell to us, at our option, all assets of the Studio, including inventory, equipment, supplies and items bearing the Marks, and assign us your lease; and comply with non-competition and non-interference covenants.

Provision	Section in Franchise Agreement	Summary
j. Assignment of contract by franchisor	Section 14.6	No restriction on our right to assign.
k. “Transfer” by franchisee definition	Section 14.1	Voluntary, involuntary, direct or indirect assignment sale, gift, encumbrance, pledge, delegation or other disposition of Franchise Agreement, ownership interests, control of your Studio, lease for your Studio, or your Studio’s assets.
l. Franchisor approval of transfer by franchisee	Section 9.B	Our prior written consent is required.
m. Conditions for franchisor approval of transfer	Section 14.2	You must be in compliance with all agreements, the System Standards, all contracts with any party; at our option, transferee must either (a) execute our then-current form of franchise agreement, which may contain materially different terms than your original contract / Franchise Agreement, to govern the franchise moving forward, or (b) assume all obligations under these agreements; transferee meet our then-current requirements and complete or agree to complete our training program for new franchisees (including payment of applicable training fee(s)); you or the transferee must pay our transfer fee of \$10,000, except in the case of a transfer from an individual to a wholly owned entity (\$750) or a transfer to an immediate family member (\$1,500); you must sign our then-current form of general release; transferee must, at our election, sign our then-current form of franchise agreement; and transferee must complete initial training and pay any applicable fee(s).
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 14.5	We have a right of refusal for any bona fide offer to acquire an interest in you, your Franchise Agreement, and/or your Studio.
o. Franchisor’s option to purchase franchisee’s business	Sections 14.5 and 15.3	Subject to applicable state laws, on termination, we may purchase any or all of the assets of your Franchise at the lesser of (i) your costs for such assets less the cost of depreciation, or (ii) fair market value.
p. Death or disability of franchisee	Section 14.3	All interests must be transferred within six (6) months or such longer period we designate. We have the option to immediately appoint a manager and commence operating your Studio on behalf of you, in which case you will pay our reasonable costs and expenses.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Article 13	Neither you nor your principals, owners, guarantors, or any of the immediate family members of the foregoing (collectively, the “Restricted Parties”) must directly or indirectly be involved in: (i) any Competing Business; or (ii) any business that offers or grants franchises/licenses, or establishes joint ventures, for the operation of a Competing Business. You must not divert, or attempt to divert, any customer or prospective customer to a Competing Business in any manner. You will not solicit members of any other studio to your studio. These restrictions are subject to state law. “Competing Business” means any fitness or exercise business, any fitness or exercise marketing or consulting business, any business offering products of a similar nature to those of the Studio, or in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses
r. Non-competition covenants after the franchise is terminated or expires	Article 13 and Section 15.3	<i>Prohibition on Franchising Activities</i> - Same requirements as are in place during the term of the Franchise Agreement, but instead of being global prohibitions, the restrictions remain in place for 2 years following the expiration/termination of your Franchise Agreement. <i>Prohibition on Competing Business</i> - Same requirements as are in place during the term of the Franchise Agreement, but instead of being global prohibitions, the restrictions remain in place for 2 years following the expiration/termination of your Franchise Agreement, and apply: (i) at the Authorized Location; and (ii) within a 10-mile radius of (a) the Authorized Location, or (b) any other Studio. These restrictions are subject to state law. Additionally, for a period of 2 years after termination of the Franchise Agreement, you must not (i) solicit business from customers of your former Studio, or (ii) contact any of our suppliers or vendors for any competitive business purpose.
s. Modification of the Franchise Agreement	Article 19	The Franchise Agreement can be modified only by written agreement between us and you. We may modify the Learning Management System and the System Standards.

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	Article 19	Only the terms of the Franchise Agreement, including its attachments and the System Standards, are binding. Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable (subject to state law). Notwithstanding the foregoing, nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Article 16	We and you must first use good faith efforts to discuss and resolve all disputes and controversies arising under the Franchise Agreement before initiating arbitration or litigation. Upon failure of informal dispute resolution and except for our right to seek injunctive relief in any court of competent jurisdiction, the dispute must be submitted for mediation to JAMS, which will take place at our, or as applicable, our successor's or assign's, then-current principal place of business (currently, Irvine, California), or via a videoconferencing platform, if we and you agree. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation. Except for our right to seek injunctive relief in any court of competent jurisdiction, we and you must arbitrate all disputes at a location within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, in Irvine, California) (subject to state law), or via a videoconferencing platform, if we and you agree, in accordance with JAMS' then-current Comprehensive Arbitration Rules & Procedures.
v. Choice of forum	Section 16.6	Subject to the arbitration requirement, litigation must be brought in the court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Irvine, California) (subject to state law). However, we may seek injunctive relief in any court of competent jurisdiction.
w. Choice of law	Section 16.1	Except for the U.S. Trademark Act, the Federal Arbitration Act other federal laws, and disputes involving non-competition covenants (which are governed by the law of the state in which your Studio is located), California law applies (subject to state law).

B. Multi-Unit Agreement

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

Provision	Section in Multi-Unit Agreement	Summary
a. Length of the term of the Multi-Unit Agreement	Section 2.A, Exhibit A	The Development Schedule will dictate the amount of time you have to open a specific number of franchises, which will differ for each Developer.
b. Renewal or extension of the term	Section 2.C	If you fail to comply with your Development Schedule, you will be afforded a one-time reasonable extension of time not to exceed 90 days to comply with the Development Schedule.
c. Requirements for developer to renew or extend	Section 2.C	You must have already signed a lease for the applicable premises and you request such extension at least 30 days prior to development deadline
d. Termination by developer	Not Applicable	Not applicable other than by applicable state law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Article 8	We may terminate your Multi-Unit Agreement with cause as described below.
g. “Cause” defined – curable defaults	Sections 8.A and 8.B	We may terminate your Multi-Unit Agreement after providing notice and a 30-day cure period if you fail to comply with any provision of the Multi-Unit Agreement (except as provided in (h) below), or a 10-day cure period if you fail to make any required payment to us or our affiliates. A default under franchise agreements or any other agreements in effect between us or any of our affiliates and you or any of your affiliates will constitute a default under the Multi-Unit Agreement.

Provision	Section in Multi-Unit Agreement	Summary
h. “Cause” defined – non-curable defaults	Section 8.A	We may terminate your Multi-Unit Agreement automatically upon written notice if: materially misrepresent or omit any information in connection with your application for your development rights; you become insolvent or make a general assignment for the benefit of creditors; file a bankruptcy petition or are adjudicated bankrupt; a bill in equity or appointment of receivership is filed in connection with you; a receiver or custodian of your assets of property is appointed; a proceeding for a composition of creditors is initiated against you; a final judgment is entered against you and not satisfied within 30 days; if you are dissolved, execution is levied against you; a suit to foreclose any lien or mortgage against any of your Studios is levied; the real or personal property of the Studio is sold after being levied upon; you fail to satisfy your Development Schedule; you or any of your principal officers, directors, partners, managing members or owners is convicted of a crime; you falsify any reports or information provided to us; you fail to comply with the non-competition covenants; you fail to comply with the same provision within a 6-month period or you fail to comply with the Multi-Unit Agreement on 3 separate occasions in any 12-consecutive month period.
i. Developer’s obligations on termination/ non-renewal	Section 8.C	Upon termination, all rights provided to you under the Multi-Unit Agreement shall immediately cease and you must comply with all post-termination non-competitive restrictions.
j. Assignment of contract by franchisor	Section 9.A	No restriction on our right to assign.
k. “Transfer” by developer - defined	Section 9.B	Voluntary, involuntary, direct or indirect assignment sale, gift, encumbrance, pledge, delegation or other disposition of Multi-Unit Agreement, ownership interests, your development rights, or your assets.
l. Franchisor approval of transfer by developer	Not Applicable	You have no right to transfer.
m. Conditions for franchisor approval of transfer	Not Applicable	Not Applicable
n. Franchisor’s right of first refusal to acquire developer’s business	Not Applicable	Not Applicable

Provision	Section in Multi-Unit Agreement	Summary
o. Franchisor's option to purchase developer's business	Not Applicable	Not Applicable
p. Death or disability of developer	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Article 6	You will have the same noncompetition restrictions as provided under the Franchise Agreement(s) you sign pursuant to the Multi-Unit Agreement. These restrictions are subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 8.C	For two years after the expiration/termination, you and the Restricted Parties may not own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, provide services to, or have any interest in or involvement with, any other Competing Business: (a) within the Development Area; (b) within 10 miles outside the boundaries of the Development Area, or (c) within a 10-mile radius of any Studio that is open, under lease or otherwise under development as of the date Multi-Unit Agreement expires or is terminated or, as to a transferring owner, the date of such transfer. These restrictions are subject to state law.
s. Modification of the Multi-Unit Agreement	Article 14	Your Multi-Unit Agreement may not be modified, except by a writing signed by both parties.
t. Integration/merger clause	Article 14	Only the terms of the Multi-Unit Agreement are binding (subject to applicable state law) and may only be modified to the extent required by an appropriate court to make the Multi-Unit Agreement enforceable. Any representations or promises outside of the Disclosure Document and other agreements may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the representations made in the Disclosure Document.

Provision	Section in Multi-Unit Agreement	Summary
u. Dispute resolution by arbitration or mediation	Article 12	We and you must first use good faith efforts to discuss and resolve all disputes and controversies arising under the Multi-Unit Agreement before initiating arbitration or litigation. Upon failure of informal dispute resolution and except for our right to seek injunctive relief in any court of competent jurisdiction, the dispute must be submitted for mediation to JAMS, which will take place at our or, as applicable, our successor's or assign's, then-current principal place of business (currently, Irvine, California), or via a videoconferencing platform, if we and you agree. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation. Except for our right to seek injunctive relief in any court of competent jurisdiction and as otherwise described above, we and you must arbitrate all disputes at a location within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, in Irvine, California) (subject to state law), or via a videoconferencing platform, if we and you agree, in accordance with JAMS' then-current Comprehensive Arbitration Rules & Procedures.
v. Choice of forum	Section 12.F	Subject to the arbitration requirement, litigation must be brought in the court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Irvine, California) (subject to state law). However, we may seek injunctive relief in any court of competent jurisdiction.
w. Choice of law	Section 12.A	Except for the U.S. Trademark Act, the Federal Arbitration Act other federal laws, and disputes involving non-competition covenants (which are governed by the law of the state in which your Studio is located), California law applies (subject to state law).

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in Exhibit H, entitled State Specific Addenda, to this Disclosure Document.

ITEM 18 PUBLIC FIGURES

We do not currently use any public figure or personality to promote the Franchise being offered in this Disclosure Document.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Definitions Used Throughout Item 19

- “Gross Revenue” means the total revenue generated by a given Studio, including all revenue generated from the sale and provision of any and all approved services at, from, or otherwise through, that Studio. Gross Revenue excludes (i) sales tax (that the Studio owner must pay directly to the appropriate taxing authority), and (ii) revenue the Studios may have generated by providing the Flexologist Training Program. Please note, Gross Revenue is defined differently than how “Gross Sales” is defined in the Franchise Agreement, and as such, the amount of Royalty fees you pay under the Franchise Agreement may be different than if applied to Gross Revenue data provided below.
- “Measurement Period” means the period beginning on January 1, 2024, and ending on December 31, 2024.
- “Non-Traditional Site” means any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, “big box” gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations).
- A “Qualified Studio” means a Studio that was owned and operated by a franchisee for the entire Measurement Period. Qualified Studios do not include Studios that operated at Non-Traditional Sites.

General Notes

The data presented in the charts below is historical data related to Qualified Studios that we obtained by polling the information directly from the franchisees’ studio management software systems and/or from profit and loss reports provided to us by franchisees. In all cases, the data used was the franchisees’ data. We do not anticipate that the characteristics of the Studios included in this Item 19 will materially differ from Studios operated by new franchisees.

In each instance in which we show an average in this Item 19, we also show the range of the data points and the median data point. The range is the space between the lowest and highest points in the data set. The median is the middle data point; that is, the data point in the center of all data points. Where the number of data points is an even number, there is no middle data point, so the median is the average of the two middle data points.

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Part A - Qualified Studios During the Measurement Period

As of December 31, 2024, there were a total of 485 Studios in operation in the United States, all of which were owned and operated by third-party franchisees. Of the 485 Studios, 417 were Qualified Studios, and therefore, 68 Studios were excluded below because they did not operate for the entire Measurement Period.

Part A-1: Gross Revenue of Qualified Studios

In this Part A-1, we sorted the 417 Qualified Studios, ranked (highest to lowest) by the amount of Gross Revenue reported by the Qualified Studios for the Measurement Period, into four (4) quartiles, with the 1st, 2nd, and 3rd Quartiles each comprising 105 Qualified Studios and the 4th Quartile comprising 102 Qualified Studios.

The chart below provides, for the 417 Qualified Studios, the average, median, and range of Gross Revenue during the Measurement Period for each quartile along with the same information for the complete set of 417 Qualified Studios.

	Number of Qualified Studios	Average	Median	Range (Min)	Range (Max)	Number / Percentage of Qualified Studios that Met or Exceeded the Average
Top Quartile	105	\$842,342	\$798,951	\$666,912	\$1,535,958	43 / 41%
2nd Quartile	105	\$596,598	\$593,536	\$530,855	\$662,622	52 / 50%
3rd Quartile	105	\$466,475	\$468,385	\$401,243	\$528,881	56 / 53%
Bottom Quartile	102	\$312,680	\$333,101	\$12,406	\$401,155	65 / 64%
Total	417	\$556,263	\$535,521	\$12,406	\$1,535,958	187 / 45%

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Part A-2: Monthly Active Members of Qualified Studios

In this Part A-2, we sorted the 417 Qualified Studios, ranked (highest to lowest) by the amount of Monthly Active Members reported by the Qualified Studios for the Measurement Period, into four (4) quartiles, with the 1st, 2nd, and 3rd Quartiles each comprising 105 Qualified Studios and the 4th Quartile comprising 102 Qualified Studios. “Monthly Active Members” means Studio members who were party to an effective studio membership agreement with a Qualified Studio for a particular calendar month.

We calculated the average Monthly Active Members as follows: (a) we totaled the number of Monthly Active Members for each calendar month during the Measurement Period for each Qualified Studio; then (b) we calculated a simple average of the Monthly Active Members for the entire Measurement Period to determine the average Monthly Active Members during the Measurement Period for each such Qualified Studio; then (c) we calculated a simple average of all such Qualified Studios’ average Monthly Active Members to determine the average Monthly Active Members for all 417 Qualified Studios noted above. We also show the range and median of Monthly Active Members for all 417 Qualified Studios.

	Number of Qualified Studios	Average	Median	Range (Min)	Range (Max)	Number / Percentage of Qualified Studios that Met or Exceeded the Average
1st Quartile	105	266	251	216	515	39 / 37%
2nd Quartile	105	191	189	166	215	51 / 49%
3rd Quartile	105	149	150	130	166	58 / 55%
4th Quartile	102	102	106	9	129	59 / 58%
Total	417	177	167	9	515	190 / 46%

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Part A-3: Monthly New Memberships of Qualified Studios

In this Part A-3, we sorted the 417 Qualified Studios, ranked (highest to lowest) by the amount of Monthly New Memberships reported by the Qualified Studios for the Measurement Period, into four (4) quartiles, with the 1st, 2nd, and 3rd Quartiles each comprising 105 Qualified Studios and the 4th Quartile comprising 102 Qualified Studios. “Monthly New Memberships” means new Studio members who signed a studio membership agreement with a Qualified Studio for a particular calendar month.

We calculated the average Monthly New Memberships as follows: (a) we totaled the number of Monthly New Memberships for each calendar month during the Measurement Period for each Qualified Studio; then (b) we calculated a simple average of the Monthly New Memberships for the entire Measurement Period to determine the average Monthly New Memberships during the Measurement Period for each Qualified Studio; then (c) we calculated a simple average of all such Qualified Studios’ average Monthly New Memberships to determine the average Monthly New Memberships for all 417 Qualified Studios noted above. We also show the range and median of Monthly New Memberships for all 417 Qualified Studios.

	Number of Qualified Studios	Average	Median	Range (Min)	Range (Max)	Number / Percentage of Qualified Studios that Met or Exceeded the Average
1st Quartile	105	28	26	23	73	40 / 38%
2nd Quartile	105	20	20	18	22	48 / 46%
3rd Quartile	105	15	15	13	18	50 / 48%
4th Quartile	102	10	11	2	13	58 / 57%
Total	417	18	18	2	73	192 / 46%

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Part B: Member Information for New Studios

The chart below provides the data relevant to New Studios as of the particular month after it conducted its Soft Opening in calendar year 2024:

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<i>Number of New Studios¹</i>		69	67	60	54	50	44	43	26	24	20	3	2
<i>Gross Revenue</i>	Average	\$12,573	\$36,318	\$44,262	\$43,013	\$43,361	\$44,771	\$42,906	\$47,198	\$46,617	\$43,164	\$63,386	\$57,251
	Number / Percentage of New Studios that met or exceeded the average	29 / 42%	34 / 51%	29 / 48%	26 / 48%	25 / 50%	21 / 48%	19 / 44%	10 / 38%	10 / 42%	8 / 40%	2 / 67%	1 / 50%
	Median	\$11,128	\$37,756	\$42,149	\$41,291	\$42,364	\$42,549	\$41,224	\$37,408	\$41,570	\$38,788	\$69,019	\$57,251
	Range (Max)	\$37,086	\$115,206	\$116,647	\$86,635	\$90,141	\$82,742	\$88,760	\$96,533	\$105,396	\$95,300	\$78,925	\$72,631
	Range (Min)	\$1,045	\$2,104	\$4,178	\$3,449	\$5,304	\$7,284	\$7,900	\$14,289	\$15,240	\$2,017	\$42,213	\$41,870
<i>Active Members</i>	Average	123	148	167	165	163	162	158	160	147	141	160	132
	Number / Percentage of New Studios that met or exceeded the average	28 / 41%	31 / 46%	27 / 45%	25 / 46%	23 / 46%	19 / 43%	19 / 44%	11 / 42%	11 / 46%	10 / 50%	1 / 33%	1 / 50%
	Median	112	139	157	155	154	152	142	149	137	134	147	132
	Range (Max)	294	311	339	325	332	356	356	359	288	302	201	134
	Range (Min)	3	12	18	18	23	41	47	58	46	7	133	129
<i>New Memberships</i>	Average	33	30	27	23	23	21	17	19	18	15	16	11
	Number / Percentage of New Studios that met or exceeded the average	33 / 48%	26 / 39%	24 / 40%	22 / 41%	22 / 44%	17 / 39%	19 / 44%	10 / 38%	10 / 42%	8 / 40%	1 / 33%	1 / 50%
	Median	31	26	24	23	20	19	16	17	16	13	16	11
	Range (Max)	81	78	66	47	61	48	46	53	55	39	17	15
	Range (Min)	3	3	7	1	4	5	5	5	3	1	15	7

1. Does not include Studios that operated at Non-Traditional Sites.

Additional Definitions (Part B)

- “Active Members” means Studio members who were party to an effective studio membership agreement with a New Studio at the conclusion of the particular calendar month.
- “New Memberships” means the total number of new Studio members who signed a studio membership agreement in the particular calendar month. New Memberships are included in the number of Active Members for that particular calendar month.
- A “New Studio” means a Studio that was owned and operated by a franchisee and that conducted its Soft Opening in calendar year 2024.
- “Soft Opening” means a Studio opened its doors to the general public for participation in regular classes in the physical premises of the Studio.

Data Set and Methodology (Part B)

The chart in this Part B reflects the monthly average, median, and range of Gross Revenue, Active Members, and New Memberships of New Studios during the 12 months after the Studio’s Soft Opening. “Month 1” refers to the calendar month in which the Studio launched its Soft Opening. The Gross Revenue data provided in Month 1 only includes the Gross Revenue generated by the New Studio after its Soft Opening during that calendar month and does not include pre-opening membership sales prior to the New Studio’s Soft Opening during that calendar month. The New Studio’s Soft Opening Month 1 is the calendar month containing its specific Soft Opening date. “Month 2” refers to the calendar month after Month 1, and the same sequence repeats itself through “Month 12.” One New Studio ceased operations during the first 12 months of operation after its Soft Opening.

We calculated the average of each category (Gross Revenue Active Members, and New Memberships) for each month of the New Studios’ monthly opening phase by adding the total monthly amount of the particular category (Gross Revenue Active Members, and New Memberships) generated by the New Studios, then dividing that number by the number of New Studios for that month.

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Part C: Average Revenue Mix

	Memberships	Services	Fees	Products
Average	82%	16%	0%	2%
Number / Percentage of that met or exceeded the average	240 / 58%	177 / 42%	145 / 35%	203 / 49%
Median	83%	15%	0%	2%
Maximum	93%	39%	8%	6%
Minimum	60%	5%	0%	0%

Additional Definitions (Part C)

- “Fees” means Gross Revenue attributed to fees charged by Studios, such as set up fees, cancellation fees, monthly freeze fees, and enhancement fees.
- “Memberships” means Gross Revenue attributed to down payments and recurring dues for Studio memberships and membership add-ons.
- “Products” means Gross Revenue attributed to retail products sold by Studios.
- “Services” means Gross Revenue attributed to services that Studios provide, such as personal training services, drop-in fees, and studio service packages.

Data Set and Methodology (Part C)

The chart above reflects the average Gross Revenue that is attributed to Memberships, Services, Fees, and Products during the Measurement Period for the 417 Qualified Studios. Each category (Memberships, Services, Fees, and Products) are exclusive of each other.

We calculated the average of each category (Memberships, Services, Fees, and Products) for each such Qualified Studio by adding the total amount of annual Gross Revenue generated by such Qualified Studio for each category (Memberships, Services, Fees, and Products), then dividing that number by the annual Gross Revenue generated by such Qualified Studio. Then, we calculated a simple average of those calculations for each category (Memberships, Services, Fees, and Products) to provide the average allocation of Memberships, Services, Fees, and Products for the entire set of 417 Qualified Studios.

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

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Studio, 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 our management by contacting our [Brand Senior Vice President, Niklaus Kish Brand, Brandon Ruiz](#) at Stretch Lab Franchise SPV, LLC, 17877 Von Karman Ave., Suite 100, Irvine, CA 92614, or via telephone at (949) 346-3000, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
Systemwide Outlet Summary
for years 2022 to 2024^{1, 2}

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised ²	2022	148	283	+135
	2023	283	428	+145
	2024	428	485	+57
Company-Owned	2022	0	1	+1
	2023	1	2	+1
	2024	2	0	-2
Total Outlets	2022	148	284	+136
	2023	284	430	+146
	2024	430	485	+55

1. The numbers are as of December 31 of each year in each of the tables provided in Item 20.

2. As disclosed in XFI's most recent Form 10-K filed March 14, 2025, with the U.S. Securities and Exchange Commission, XFI deems a Studio no longer operating if (a) the company has reason to believe, after reasonable inquiry, that the Studio is permanently closed with no plans for re-opening or relocation, or (b) it has no sales for nine consecutive months or more, whichever comes first. Thus, the total number of open Studios provided above may not equal the number of open Studios cited in XFI's publicly-filed documents.

TABLE 2
Transfer of Outlets from Franchisees to New Owners
for years 2022 to 2024

State	Year	Number of Transfer
AL	2022	0
	2023	1
	2024	0
AZ	2022	0
	2023	2
	2024	1
CA	2022	5
	2023	3
	2024	5
	2022	0

State	Year	Number of Transfer
CO	2023	1
	2024	0
CT	2022	4
	2023	0
	2024	5
FL	2022	0
	2023	3
	2024	4
GA	2022	0
	2023	0
	2024	2
IL	2022	1
	2023	1
	2024	0
IN	2022	1
	2023	0
	2024	2
KY	2022	0
	2023	1
	2024	1
MA	2022	1
	2023	0
	2024	1
MI	2022	0
	2023	0
	2024	0
MN	2022	0
	2023	0
	2024	2
MT	2022	0
	2023	0
	2024	1
NC	2022	0
	2023	0
	2024	3
NE	2022	0
	2023	2
	2024	0
NJ	2022	0
	2023	0
	2024	0
NY	2022	3
	2023	2
	2024	5

State	Year	Number of Transfer
OH	2022	0
	2023	0
	2024	4
OK	2022	0
	2023	2
	2024	1
PA	2022	1
	2023	0
	2024	0
TX	2022	8
	2023	1
	2024	4
UT	2022	0
	2023	0
	2024	1
VA	2022	0
	2023	0
	2024	2
WA	2022	0
	2023	2
	2024	0
Total Outlets	2022	24
	2023	21
	2024	44

TABLE 3
Status of Franchised Outlets
for years 2022 to 2024

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
AL**	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	2	0	0	0	0	4
AR**	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
AZ**	2022	7	8	0	0	0	0	15
	2023	15	2	0	0	0	0	17
	2024	17	0	0	0	0	0	17

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
CA**	2022	37	15	0	0	0	0	52
	2023	52	19	0	0	2	0	69
	2024	69	12	0	0	0	2	79
CO**	2022	6	5	0	0	0	0	11
	2023	11	7	0	0	0	0	18
	2024	18	0	0	0	0	1	17
CT**	2022	4	1	0	0	0	0	5
	2023	5	3	0	0	0	0	8
	2024	8	1	0	0	0	0	9
DC**	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
DE	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
FL**	2022	10	9	0	0	0	0	19
	2023	19	12	0	0	0	0	31
	2024	31	7	1	0	0	2	35
GA**	2022	2	5*	0	0	0	0	7
	2023	7	5	0	0	0	1	11
	2024	11	3	0	0	0	0	14
HI**	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	2	0	0	0	0	3
ID**	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
IL**	2022	10	7	0	0	0	0	17
	2023	17	4	0	0	0	0	21
	2024	21	2	0	0	0	3	20
IN**	2022	2	2	0	0	0	0	4
	2023	4	3	0	0	0	0	7

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2024	7	1	0	0	0	0	8
KS**	2022	0	3	0	0	0	0	3
	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
KY**	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
LA**	2022	0	2	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	1	2
MA**	2022	2	2	0	0	0	0	4
	2023	4	4	0	0	0	0	8
	2024	8	0	0	0	0	1	7
MD**	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	3	0	0	0	0	6
ME	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MI**	2022	0	3	0	0	0	0	3
	2023	3	6	0	0	0	0	9
	2024	9	2	0	0	0	0	11
MN**	2022	4	4	0	0	0	0	8
	2023	8	1	0	0	0	0	9
	2024	9	2	0	0	0	1	10
MO**	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	1	0	0	0	0	4
MT**	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
NC**	2022	5	3	0	0	0	0	8

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2023	8	4	0	0	0	0	12
	2024	12	1	0	0	0	0	13
ND	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NE**	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NH**	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
NJ**	2022	3	6	0	0	0	0	9
	2023	9	9	0	0	0	0	18
	2024	18	2	0	0	0	0	20
NM**	2022	1	2	0	0	0	0	3
	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
NV**	2022	1	2	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
NY**	2022	6	5	0	0	0	0	11
	2023	11	10	0	0	0	0	21
	2024	21	8	1	0	0	0	28
OH**	2022	4	5	0	0	0	0	9
	2023	9	6	0	0	0	0	15
	2024	15	1	0	0	0	0	16
OK**	2022	1	4	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
OR**	2022	4	1	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	1	0	0	0	0	6

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
PA**	2022	1	3	0	0	0	0	4
	2023	4	6	0	0	0	0	10
	2024	10	5	0	0	0	0	15
RI**	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
SC**	2022	1	2	0	0	0	0	3
	2023	3	2	0	0	0	0	5
	2024	5	2	0	0	0	0	7
SD	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
TN**	2022	1	4	0	0	0	0	5
	2023	5	2	0	0	0	0	7
	2024	7	0	0	0	0	0	7
TX**	2022	23	13	0	0	0	0	36
	2023	36	11	0	0	0	0	47
	2024	47	4	0	0	0	0	51
UT**	2022	2	4	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
VA**	2022	0	6	0	0	0	0	6
	2023	6	9	0	0	0	0	15
	2024	15	3	0	0	0	1	17
WA**	2022	1	3	0	0	0	0	4
	2023	4	4	0	0	0	0	8
	2024	8	3	0	0	0	0	11
WI**	2022	1	0	0	0	0	0	1
	2023	1	2	0	0	0	0	3
	2024	3	1	0	0	0	0	4
Totals	2022	148	135	0	0	0	0	283
	2023	283	148	0	0	2	1	428

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2024 ¹	428	71	2	0	0	12	485

*One Studio in Georgia is located at a Non-Traditional Site. However, as of December 31, 2024, that one Studio was no longer in operation.

** Includes franchisees that have signed development agreements (which we now refer to as Multi-Unit Agreements).

TABLE 4
Status of Company-Owned Outlets
for years 2022 to 2024

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

*One Studio in California is located at a Non-Traditional Site.

TABLE 5
Projected Openings as of December 31, 2024

State	Unit Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-owned Outlets in the Next Fiscal Year
AZ*	1	2	0
CA*	10	10	0
CT*	1	1	0
FL*	5	6	0
GA*	2	2	0
HI*	1	1	0
IL*	2	2	0

¹ In 2025, 37 outlets were classified as “ceased operations – other reasons.”

State	Unit Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-owned Outlets in the Next Fiscal Year
IN*	2	2	0
KY*	1	1	0
MA*	3	3	0
MD*	3	3	0
MI*	1	1	0
MN*	2	2	0
NC*	6	6	0
NE*	1	1	0
NH*	1	1	0
NJ*	4	4	0
NV*	1	1	0
NY*	4	4	0
OH*	2	2	0
OR*	1	1	0
SC*	3	3	0
TX*	2	2	0
VA*	1	1	0
WA*	1	1	0
Total	61²	63	0

* Includes franchisees that have signed Multi-Unit Agreements.

A list of the names, addresses and telephone numbers of our current franchisees as of the date of this Disclosure Document is attached as Exhibit I. A list of the names, addresses and telephone numbers of the Studio franchisees who have had a franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document is attached as Exhibit J.

In the last three fiscal years, Studio franchisees entered into confidentiality agreements that restrict their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

² In 2025, 7 signed franchise agreements that had not yet opened their outlets were terminated for such failure to open after being provided an extension and/or opportunity to cure.

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

Trademark-Specific Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system that require disclosure in this Item.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit C are Assetco's audited financial statements which comprise the balance sheets as of December 31, 2024 and 2023, and related statements of operations, changes in member's equity, and cash flows and the related notes to the financial statements for the year ended December 31, 2024 and for the period from March 6, 2023 to December 31, 2023. Assetco was formed in March 2023, and therefore, is unable to provide three years of financial statements. We are a wholly-owned subsidiary of Assetco, and Assetco absolutely and unconditionally guarantees to assume our duties and obligations under the Franchise Agreements and Multi-Unit Agreements entered into while we are the wholly owned subsidiary of Assetco. A copy of the Assetco guarantee is attached as Exhibit D. Our and Assetco's fiscal year ends on December 31 of each year.

ITEM 22 CONTRACTS

The following agreements are attached to this Disclosure Document:

Exhibit A	Form of Franchise Agreement and Exhibits
Exhibit 1	Ownership Interests; Designated Market Area; Authorized Location; Designated Territory
Exhibit 2	Authorized Location Addendum
Exhibit 3	Guarantee, Indemnification and Acknowledgment
Exhibit 4	Addendum to Lease
Exhibit E	Statement of Prospective Franchisee
Exhibit G	Form of General Release
Exhibit H	State Specific Addenda
Exhibit K	Form of Multi-Unit Agreement
Exhibit L-1	Form of Sourcing Fee Addendum (Franchise Agreement)
Exhibit L-2	Form of Sourcing Fee Addendum (Multi-Unit Agreement)

ITEM 23 RECEIPTS

Exhibit M contains detachable documents acknowledging your receipt of this Disclosure Document.