

FRANCHISE DISCLOSURE DOCUMENT



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

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

The total investment necessary to begin the operation of one Studio is from \$310,400 to ~~\$660,900~~710,900. This includes ~~between \$86,500~~91,500 to ~~\$117,100~~110,000 that must be paid to us or our affiliates.

~~If you sign a Multi-Unit Development Agreement, you also pay us a multi-unit development fee, the amount of which varies depending upon the total number of Studios you agree to develop but will range from \$35,000 to \$55,000 per Studio. We require you to develop a minimum of two units under the Multi-Unit Development Agreement and there is no maximum number of Studios that may be developed.~~ The total investment necessary to develop two Studios under the Multi-Unit Development Agreement is from ~~\$605,800~~670,800 to ~~\$1,306,800~~1,471,800. This includes ~~between \$141,500~~168,000 to ~~\$167,100~~205,000 that must be paid to us or our affiliates.

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

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

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

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

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

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- EXHIBIT A - Financial Statements
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS,
PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we” means Sweat440 Franchise Systems, LLC, the franchisor. “You” means the person who buys the franchise. If a corporation, partnership, or limited liability company buys a franchise, “you” also may refer to the shareholders of the corporation, partners of the partnership, or members of the limited liability company.

The Franchisor

We are a Florida limited liability company formed in November 2018. Our principal place of business is at 1919 Purdy Avenue, Miami Beach, Florida 33139, and our telephone number is 888-507-9328. Our agents for service of process are disclosed in Exhibit E.

Our Business Experience

We sell franchises under the name “SWEAT440” (the “Studio”) for the operation of membership-based fitness studios that combine the motivational mindset of small group training with the convenience of workout times that best suit each individual. We have offered franchises for SWEAT440® Studios since July 2019.

The SWEAT440® Studio concept was created in 2018 by Brickhouse Athletics, LLC, our predecessor and parent company (“Parent”). Our Parent shares our principal business address. Through various affiliated entities, Parent owns and operates two SWEAT440® Studios, all in Florida. The businesses owned and operated by our Parent are substantially similar to the Studio. The affiliated entities do not offer franchises nor provide products or services to the SWEAT440® franchisees.

In January 2024, our Parent acquired a majority interest in ~~Lead Team~~[LeadTeam](#), LLC (“LeadTeam”) and LeadTeam is now our affiliate. You must use LeadTeam in developing your approved Studio advertising and promotional activities in your local geographic area for local advertising and Studio promotion, and for local digital marketing management. LeadTeam shares our principal business address.

Except as described above, neither we, Parent, nor LeadTeam have offered franchises in any other line of business. Other than as described, we have no affiliates, predecessors or parents that are required to be disclosed in this Item 1.

Franchise Offered

SWEAT440® Studios offer 40-minute workout classes that incorporate a combination of mobility training, cross-training, strength training, and HIIT (high-intensity interval training) aimed to burn fat, boost metabolism, and make both beginners and experienced fitness enthusiasts sweat. There are four stations at each Studio, and clients spend ten minutes at each station to complete their 40-minute workout. Additional clients can join every ten minutes

providing added convenience to clients with busy schedules by eliminating the need to arrive at a specific time. Your customers will be members of your Studio.

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

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

Market, Competition

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

Laws and Regulations

We are not aware of any laws or regulations applicable to a SWEAT440® Studio that would not apply generally to fitness and exercise businesses. As a SWEAT440® franchisee you are responsible to ensure your compliance with all applicable federal, state, county or local laws and regulations, which apply generally to the fitness and exercise industry including health, smoking restrictions, non-discrimination, employment, sexual harassment and advertising laws. In addition, many states and municipalities have laws and regulations that apply to membership

agree to develop. The Multi-Unit Development Fee is paid to us in lump sum when you sign the Multi-Unit Development Agreement and is not refundable under any circumstances. The table below lists the amount of the Multi-Unit Development Fee based on the total number of Studios to be developed under the Development Schedule.

Total Number of Studios to be Developed	2	3-5	6-9	10
Multi-Unit Development Fee for Each Studio	\$55,000	\$45,000	\$40,000	\$35,000

During the year ending December 31, 2025, we collected initial franchise fees ranging from \$35,000 to \$55,000 and Multi-Unit Development Fees ranging from \$110,000 to \$385,000.

You will not be required to pay an Initial Franchise Fee for those Studios you agreed to establish under the Development Schedule. If you request an extension of your development schedule under the Multi-Unit Development Agreement, we may grant you one 3-month extension for \$5,000 per Studio; provided that you also must pay the minimum monthly royalty fee for that Studio during that extension period.

If your landlord has comments to our standard lease rider, you must pay us a \$600 lease review fee for each revised lease rider that we review.

For each SWEAT440® Studio you develop, you must use our affiliate and designated media vendor, LeadTeam, to implement our recommended “Market Introduction Plan” in conducting the Studio opening campaign and for ongoing local marketing. You must spend \$25,000 to \$40,000, as LeadTeam determines, in connection with the Market Introduction Plan. In addition, you must begin paying the Marketing Support Fee (currently \$1,200 per month) to LeadTeam 5 months prior to your scheduled opening. 5 months of the Marketing Support Fee will be part of your Market Introduction Plan.

For the first SWEAT440® Studio you develop, you must pay us an initial training fee equal to \$5,000 when you sign the Franchise Agreement.

Finally, for each SWEAT440® Studio you develop we will provide you with the services of at least one of our employees or agents for three to five days to assist you in the opening and initial operations of the Studio. You are responsible for the travel, lodging, and other ~~reasonable~~ costs we incur in providing the opening assistance, and we estimate our costs to conduct the opening assistance are between \$500 and \$1,000 per day.

The amounts paid are not refundable.

ITEM 6 OTHER FEES

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Royalty Fee	Greater of: (a) 7% of weekly Gross Sales; or (b) \$500 per week.	Payable weekly by electronic funds transfer (“EFT”). Due each Wednesday based on preceding week’s Gross Sales	You must begin paying the Royalty Fee on the earlier of: (a) the date your Studio opens; or (b) the Studio opening deadline. See Note 2.

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Brand Fund Fee	Currently \$420 per month	Payable by EFT at same time as Royalty Fee	We may increase the Brand Fund Fee upon written notice, provided that we will not increase the Brand Fund Fee more than 10% each year after 2022. For example, if we do not increase the fee in 2025 or 2026, but increase it 2027, then we may account for a 10% increase for years 2025, 2026 and 2027. You must begin paying the Brand Fund Fee the earlier of the date the Studio opens or the date the Studio should have been open (either under the Franchise Agreement or Multi-Unit Development Agreement). See Item 11.
Local Advertising	\$1,200 per month	Minimum amount must be spent during each calendar month	Up to \$2,300 per month. See Note 3.
Marketing Support Fee	Currently, \$1,200	Minimum amount must be spent during each calendar month	Currently includes social media management, content creation, CRM creation and management, website management, SEO, Meta and Google. See Note 4
Successor Fee	Currently \$10,000	At least 30 days before the initial franchise agreement expires	We may increase the Successor Fee in the future, but it will not exceed 50% of our then-current initial franchise fee
Testing and Evaluation Fee	Reasonable cost Cost of inspection will vary under circumstances	Payable when you request our approval of a proposed supplier or product	Includes wages, travel, and other reasonable expenses incurred by our employees or designees.
Initial Training Fee – Transfer	Currently \$5,000 per person	When incurred	Transferee must pay the initial training fee for each employee that attends the initial training. Will not exceed \$7,500 per person.
Remedial Training Fee	Currently \$500 per day, plus costs	When incurred	We may require the Operating Principal and Studio Manager attend additional training up to 5 days each calendar year. You are responsible for all travel and living expenses for you and your employees. Will not exceed \$1,000 per person.
Costs and Attorneys' Fees	Will vary under circumstances Actual costs and fees	When incurred	We may recover costs and reasonable attorneys' fees if you lose in a dispute with us.
Collections Fees	Will vary under circumstances Actual costs and fees	When incurred	You must pay us for any costs we incur in submitting any amounts due and owing to us under the Franchise Agreement to collections.
Tech Support Fee	Currently \$300 per month	Paid monthly	We may change the Tech Support Fee upon 90 days' notice to you, provided that the Tech Support Fee will not increase more than 10% per year.
Designated Software License Fee	Currently \$695 per month	Paid monthly	You must pay us or our designated software supplier a monthly software fee. We may adjust the Software License Fee, immediately upon written notice. The software currently includes MindBody, Google Workspace, Attentive, and Trainual. See Note 5. See Items 8 and 11.
Call Center Fee	Currently \$900 per month	Paid monthly	Paid to our designated supplier.
Interest Expenses	Greater of 1.5% per month or the maximum rate permitted by law	When due	Payable if you do not timely pay Royalty Fee, Brand Fund Fee, or other amounts owed to us or our affiliates.
Convention	Currently \$1,000 per participant, plus costs	When incurred	Will not exceed \$1,500 per person. See Note 5.
Transfer Fee (Single Unit)	25% of then-current standard Initial Franchise Fee, plus costs for reviewing transfer documents. Transferee must pay the initial training fee	Before completion of transfer	See Note 7.
Transfer Fee (Multi-Unit)	\$5,000 for each unmet development obligation, plus costs for reviewing transfer documents. Transferee must pay the development training fee	Before completion of transfer	See Note 8.

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Relocation Fee	\$5,000 or such greater amount to reimburse us for services we provide in connection with the relocation		We reserve the right to charge this fee if you desire to change the location of your Studio.
Securities Offering Fee	Greater of \$10,000 or actual costs	When incurred	See Note 9.
Securities Update Fee	Actual costs	When incurred	Payable if you request information from us to update or otherwise satisfy any of your on-going securities reporting requirements.
Insurance	Cost of insurance.	Payable before opening	If you fail to obtain and maintain required insurance, we may immediately obtain insurance and you must promptly reimburse us for insurance, including late charges, together with an administrative fee equal to 5% of the insurance premium.
Audit	Will vary under circumstances	When incurred	See Note 10.
Management Fee	The greater of (a) \$2,000 per week, or (b) 20% of Gross Sales, plus our actual out-of-pocket costs for travel, meals and lodging	When incurred	Only applicable if the Studio Manager dies, is disabled, or their role terminates, and you fail to find a suitable replacement for the Studio Manager within 30 days.
Liquidated Damages	An amount equal to (i) the total amount of Royalty Fees and Brand Fund Fees payable by you over the previous 12 months (or the annualized amount of Royalty Fees and Brand Fund Fees if your Studio has not been open for at least 12 months or the minimum royalty and brand fund fees owed if the Studio did not open); (ii) divided by twelve (12); and then (iii) multiplied by the lesser of (a) 36, or (b) the number of months remaining in the Initial Term from date of termination	When the franchise agreement is terminated prior to the end of the initial term	This is not a penalty but is an attempt to calculate our damages for lost future revenue resulting from your breach or termination of the Franchise Agreement.
Remodeling Expenses	Will vary under circumstances	When incurred	See Note 11.
Income and Sales Taxes	We may collect from you the cost of all taxes arising from our licensing of intellectual property to you in the state where your Studio is located, as well as any assessment on fees and any other income we receive from you	Payable monthly by electronic funds transfer at same time as Royalty Fee	Only imposed if your state collects these taxes or assessments.
Extension Fee (Multi-Unit)	\$5,000 per Studio	As incurred.	The extension will not be longer than 3 months. If we permit the extension, you will only be granted one extension per Studio. You also must pay the minimum monthly royalty fee for that Studio during that extension period.

Notes:

- (1) Except where otherwise noted, all fees are payable to us, are non-refundable, and are uniformly imposed.

- (2) “Gross Sales” means the aggregate amount of revenues generated from the sale of memberships, Services, Products, merchandise, and other goods or services, whether for cash, on credit, or otherwise made or provided at or in connection with the Studio. The term “Gross Sales” does not include: (1) any federal, state, municipal or other sales tax, value added tax, or retailer’s excise tax paid or accrued by you; (2) any adjustment for refunds, credits, allowances, returns, and discounts allowed to customers on sales; (3) any proceeds from insurance with respect to property damage or liability; or (4) uncollectible amounts, subject to the limitation that uncollectible amounts cannot exceed 0.5% of Gross Sales for any fiscal year of the franchisee and subsequent collections of charged off amounts must be included in Gross Sales when they are collected. A sale is made at the earlier of delivery of the product or service, or receipt of payment.
- (3) You must spend at least \$1,200 per month on approved local advertising. We may direct how you spend your local advertising and currently, we require you to spend your local advertising requirement on local digital marketing using LeadTeam. During the first 6 months of operation, you must spend an additional \$1,000 of your required local advertising using LeadTeam. If the Studio’s monthly sales decrease by more than 5% in any 3-month period, then you must spend an additional \$1,000 on required local advertising using LeadTeam, above the required local advertising, until sales either meet or exceed the monthly sales level prior to the decrease. We may increase the local advertising requirement up to \$2,300 per month.
- (4) In addition to the amounts that you must spend on local advertising, you must pay ~~LeadTeam~~LeadTeam a Marketing Support Fee of \$1,200 per month to manage your digital marketing. LeadTeam may increase the Marketing Support Fee, up to 10% per year.
- (5) You must obtain your software from our designated software provider and pay them or us a monthly software fee. Currently, you must pay us \$695 per month for the Software License Fee. We may adjust the Software License Fee, immediately upon written notice; provided that the portion of the Software License Fee attributable to our costs will not increase more than our costs increase and the portion of the Software License Fee attributable to our overhead and administrative costs will not be more than 25% of the Software License Fee.
- (6) We may hold an annual convention at a time, date, and location we select, and we may require you to attend. If you choose not to attend the convention, we may still require you to pay us a fee to cover the convention expense. All expenses, including your and your employees’ transportation to and from the Convention, as well as lodging, meals, and salaries during the Convention are your sole responsibility.
- (7) You pay the transfer fee when the Franchise Agreement, the Studio, or a material interest in you is transferred. You do not pay the transfer fee under the following circumstances: (i) the transferee is an entity controlled by you, (ii) the transferee has been a franchisee in good standing for at least 3 years, (iii) the transferee has managed a franchised or company-owned Studio for at least 3 years, (iv) the transferee is a member of the

franchisee's immediate family and meets the criteria for a new franchisee, or (v) the transferee obtains the business due to franchisee's death or disability.

- (8) You pay the transfer fee when the Multi-Unit Development Agreement or a material interest in you is transferred. You do not pay the transfer fee under the following circumstances: (i) you are in complete compliance with the terms of this Agreement and all other agreements between the parties; (ii) the proposed transferee has been approved by us as meeting our then-current standards for multi-unit or single unit franchisees; (iii) the proposed transferee has completed any required training program; (iv) you pay us a transfer fee of \$5,000 for each unmet development obligation pursuant to the Development Schedule being transferred; and (v) you and each Principal Owner, (if applicable) sign a general release, in form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law.
- (9) You pay the securities offering fee if you decide to raise monies by selling securities, including common or preferred stock, bonds, debentures, or general or limited partnership interests in you or any of your affiliates. In addition to paying us the securities offering fee, you must (a) submit any written information to us before you include it in any registration statement, prospectus, or similar offering circular or memorandum, and (b) obtain our written consent to the method of financing before any offering or sale of securities, and (c) include the language we require in the offering.
- (10) If an examination or audit discloses an understatement of Gross Sales by 2% or less, you will immediately pay to us the Royalty Fees and other fees due plus applicable interest. If an examination or audit discloses an understatement of Gross Sales by more than 2% but less than 5%, you will immediately pay to us the Royalty Fees and other fees due, applicable interest, and the costs associated with the examination or audit. If the audit reveals an understatement of 5% or more we may terminate the franchise agreement and you may not have an opportunity to cure.

~~(11) You must remodel your Studio within 90 days from notice from us. Any refurbishing must comply with our then current standards for SWEAT440@ businesses. The scope of refurbishing may range from simply painting the Studio to completely refurbishing the entire Studio, including replacement of fixtures, equipment, design, signs, supplies, and décor. We cannot estimate the current cost for a refurbishing project because the refurbishing requirements will vary from SWEAT440@ business to business. You may make these payments in whole or in part to various third parties. If you relocate your Studio, you will incur certain build out or remodeling expenses at the new Studio premises in addition to paying us the relocation fee.~~

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement

Type of Expenditure (See Note 1)	Amount (See Note 2)	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee See Note 3	\$60,000	Lump Sum	When you sign the Franchise Agreement	Us
Initial Training Fee	\$5,000	Lump Sum	When you sign the Franchise Agreement	Us
Lease Deposit and Rent - 3 months See Note 4	\$25,000 to \$60,000	As Agreed Upon	Before Opening	Landlord, Various Third Parties
Leasehold Improvements See Note 4	\$50,000 to \$300,000	As Agreed Upon	Before Opening	Landlord, Various Third Parties
Signage See Note 5	\$10,000 to \$20,000	As Agreed Upon	Before Opening	Various Suppliers
Architect and Engineering Fees See Note 6	\$15,000 to \$17,000	As Agreed Upon	Before Opening	Various Third Parties
Construction Management See Note 7	\$15,000 to \$17,500	As Agreed Upon	Before Opening	Various Third Parties
Furniture and Fixtures See Note 8	\$15,000 to \$25,000	As Agreed Upon	Before Opening; Payable Upon Delivery	Various Suppliers
Equipment See Note 9	\$50,000 to \$75,000	As Agreed Upon	Before Opening	Various Suppliers
Initial Inventory See Note 10	\$4,700 to \$7,500	As Agreed Upon	As Ordered	Various Suppliers
Professional Services See Note 11	\$3,500 to \$5,000	As Agreed Upon	As Incurred	Various Professionals
Pre-Opening Travel, Labor See Note 12	\$3,700 to \$6,400	As Incurred	Before Opening	Various Third Parties
Market Introduction Plan See Note 13	\$25,000 to \$40,000	As Incurred	As Ordered	Affiliate
Studio Permits and Licenses See Note 14	\$250 to \$500	As Incurred	As Incurred	Government Agencies
Miscellaneous Pre-opening Expenses See Note 15	\$5,750 \$4,250 to \$18,500 \$13,500	As Incurred	Before Opening	Various Third Parties and Us
Storage Facility Expenses See note 16	\$0 to \$1,000	As incurred	As Incurred	Various Third Parties
<u>Opening and Initial Operating Assistance</u> See Note 17	<u>\$1,500 to \$5,000</u>	<u>As Incurred</u>	<u>Before Opening</u>	<u>Us</u>
Additional Funds – First Three Months See Note 47 18	\$22,500 to \$52,500	As Incurred	As Incurred	Various Third Parties
TOTAL See Note 48 19	\$310,400 to \$660,900 \$710,900			

estimate for signage before signing a lease. Signage should be agreed upon in your lease to ensure your landlord will approve the brand standard signage.

- (6) Architect and Engineering Fees. You must use our designated architect to produce blueprint drawings for your Studio. Prior to submitting the blueprint drawings to the local municipality for review and approval, you must submit them to us for our approval. We will assess their conformity to our requirements and could potentially return them to your architect for additional modifications. Any modifications may incur additional architectural costs. Your exact costs will depend on if an engineer is necessary. You also must use our designated project manager to construct the Studio. You are responsible for ensuring that the plans meet all state and local requirements including Americans with Disabilities Act (ADA).
- (7) Construction Management. We require that you work with a construction management services vendor that we designate or approve.
- (8) Furniture and Fixtures. This estimate is for the cost of furniture and fixtures for areas of the Studio, including the lobby, locker rooms, and merchandise displays. The size and configuration of your Studio may affect your actual costs.
- (9) Equipment. In order to ensure that each client receives the SWEAT440® experience, we require that you purchase the fitness equipment, flooring, functional accessories, certain branded items, and certain computer hardware and software, as well as FIT Radio, that we specify from approved suppliers, which may include us or our affiliate. The size and configuration of your Studio may affect the amount of equipment required and your actual costs. The lower estimate is for two-person stations while the higher estimate is for three-person stations.
- (10) Initial Inventory. You must offer for sale merchandise and other SWEAT440® and other branded items including apparel, accessories, and other items. The lower estimate is for a minimum inventory while the higher estimate is for a greater inventory level. You will need certain consumable items to operate your Studio to our standards. This estimate includes the cost of printing materials such as business cards and other supplies you will need to open and operate your Studio.
- (11) Professional Services. These fees are representative of the costs to engage professionals for the start-up of a franchised business. We strongly recommend that you seek the assistance of an experienced franchise attorney and accountant for the initial review and resulting advisories concerning this franchise opportunity, this Disclosure Document, and subsequently, the Franchise Agreement and Multi-Unit Development Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as a part of starting your SWEAT440® Studio. It is best to have a clear understanding from your professional advisors of the services they will provide and their fees for providing such services prior to engaging them to perform any services on your behalf.

- (12) Pre-Opening Travel. You are responsible for all costs associated with attending training. Your costs will vary depending upon your point of origin, method of travel, class of accommodation, and living expenses. These estimates cover the cost of any transportation, accommodation, meals, and compensation expenses incurred during the training period. This estimate is based on the cost for sending two trainees. The estimate does not include the salary of the Studio Manager while attending training. The duration of the training program for franchisees and/or their Operating Principals and a Studio Manager is three days. Training will be held at our headquarters in Miami, Florida, or another location of our choosing. The lower estimate in this range covers moderately priced travel expenses, while the higher estimate covers higher priced flights, rental car, and accommodations. Your choice of mode of travel and level of accommodations will determine your total cost for attending our initial training program and may be higher than what is estimated here. The range may be higher or lower based on the cost of labor in your area, the amount that you pay your staff, benefits you offer employees, and the number of employees you hire to begin your Studio.
- (13) Market Introduction Plan. You must spend a minimum of \$25,000 for Studio opening campaign expenses before the Studio opens, including digital and grassroots marketing. This amount will be determined by LeadTeam after a market assessment and may be as high as \$40,000. We will provide you with approved advertising and marketing materials for the Studio. You may request modifications to the Plan or the advertising and marketing materials to meet your local market needs however, we must approve any changes before they are implemented. Your actual costs may vary based on media costs in your market area, whether you are the first SWEAT440® Studio in the market, the time of year that you open, and the pace with which you are able to build your membership. You may need to spend more than the amount estimated. At our request, you must submit documentation to verify that you have spent the required amount under the Market Introduction Plan. See Item 8.
- (14) Studio Permits and Licenses. You are responsible for obtaining and maintaining all required permits and licenses necessary to operate your Studio. This estimate is based on our experience in opening and operating our company-owned Studio in the greater Miami, Florida area. You will need to check with your advisors and state and local government authorities regarding these requirements.
- (15) Miscellaneous Pre-Opening Expenses. Miscellaneous expenses include insurance prepayment, uniforms, utility deposits, pre-payments, and other pre-opening and opening costs, ~~including costs associated with on-site visits and opening assistance.~~
- (16) Storage Facility Expenses. We recommend that you order your fitness equipment around the same time you sign for your lease. If the fitness equipment arrives before you have access to your leased space, or if the leased space is not large enough to hold the equipment prior to installation, then we recommend you rent some storage space. If you need to rent storage space, we estimate that you will need between 100 and 200 square feet of storage space.

(17) Opening and Initial Operating Assistance. For each SWEAT440® Studio you develop we will provide you with the services of at least one of our employees or agents for three to five days to assist you in the opening and initial operations of the Studio. You are responsible for the travel, lodging, and other costs we incur in providing the opening assistance, and we estimate our costs to conduct the opening assistance are between \$500 and \$1,000 per day.

(18) ~~(17)~~ Additional Funds – First Three Months. This amount estimates the expenses you will incur during the first 3 months of Studio operations, including initial wages and benefits, call center fees, insurance premiums, utilities, taxes, cleaning assistance, and supplies. It does not include inventory costs beyond the opening inventory costs identified in the Table and does not include your compensation during this 3-month period or interest payments on any loans.

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

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

Type of Expenditure (See Note 1)	Amounts (See Note 2)	Method of Payment	When Due	To Whom Payment Is To Be Made
Multi-Unit Development Fee See Note 3	\$110,000	Lump Sum	When you sign the Multi-Unit Development Agreement	Us
Initial Investment to Open the First Studio See Note 4	\$250,400 <u>310,400</u> to \$600,900 <u>710,900</u>		See Table A of this Item 7.	
Initial Investment to Open the Second Studio See Note 4	\$242,900 <u>250,400</u> to \$595,900 <u>650,900</u>		See Table A of this Item 7.	
TOTAL	\$605,800 670,800 to \$1,306,800 1,471,800			

Notes:

(1) Type of Expenditure. The typical size of a SWEAT440® Studio ranges from 2,500 to 3,500 square feet, which includes one fitness studio, locker rooms with showers, retail boutique and other customer and office space. For several items discussed below, your cost will increase as the number of square feet increases. The size of your Studio is principally determined by requirements or restrictions that your landlord and appropriate municipality or zoning boards may impose, and availability and cost of leasable space. This Table reflects your estimated initial investment for two Studios operated under a Franchise Agreement. This information assumes that you will lease the premises for your Studios.

- (2) Amount. Except where otherwise noted, all fees that you pay to us are non-refundable. Third party lessors, contractors and suppliers will decide if payments to them are refundable.
- (3) Multi-Unit Development Fee. If you sign a Multi-Unit Development Agreement, you pay us the Multi-Unit Development Fee as more fully described in Item 5. The Multi-Unit Development Fee is paid to us to cover the costs of providing you with a protected territory to develop the Studios pursuant to the Multi-Unit Development Agreement.
- (4) Initial Investment to Open a Studio. This figure represents the total estimated initial investment required to open a Studio that you agree to open and operate under the Development Agreement. You will be required to enter into our then-current form of franchise agreement for each Studio you open under your Development Agreement. The range may change for the second Studio. The range includes all the items outlined in Part A of this Item 7, excluding the Initial Franchise Fee for the Studios.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

~~To ensure a uniform image and uniform quality of products and services throughout the SWEAT440® system, you must comply with and maintain our quality standards.~~

Designated Products and Services

You must purchase for use or sale at your Studio only those products and services we approve for sale at your Studio (the “Products and Services”) and other services or products we designate from Authorized Suppliers. “Authorized Suppliers” means suppliers of Products, Services, merchandise, décor, furniture, signs, equipment, or other goods and services used in the operation of the Studio who have been approved, in writing, by us. We or our designees may be the sole source of supply for certain services and products. Currently, we ~~are not the only supplier~~ and our affiliates, other than LeadTeam, are not an Approved Supplier of any Products and Services ~~except as described in this Item 8.~~ Our affiliate, LeadTeam, is an Approved Supplier.

~~Additionally,~~ LeadTeam, our affiliate, provides marketing and related services to the Brand Fund and directly to franchisees. You must use LeadTeam in developing your approved Studio advertising and promotional activities in your local geographic area for local advertising and Studio promotion, and to manage the Studio’s local digital marketing. LeadTeam is the only Approved Supplier for this service. We will not grant our approval for you to use an alternative supplier to LeadTeam. LeadTeam is not an Approved Supplier for any other Products or Services.

You must participate in our call center program (“Call Center”). Currently, Red Valley Staffing is our required vendor for the Call Center. The current monthly cost for their service is ~~\$600~~ \$900. You will pay the Call Center directly for this service.

We (directly or through an affiliate) may in the future, receive rebates or other payments from suppliers, based directly or indirectly on sales of products, advertising materials and other

Computer Hardware, Software, Merchant Services and Communication Services

You must purchase the computer hardware and software we designate, including any proprietary software, as detailed in the Operations Manual (collectively, the “Computer System”). Currently, we require you to purchase your opening equipment from certain approved suppliers. ~~You must purchase the following required hardware: 7 computers, 2 monitors and 1 iPad. Additionally, we require you to purchase the equipment required to provide high-speed internet connection at the Studio.~~

You must use the SWEAT440® proprietary combination of computer hardware and software, iSweat (“the iSweat Platform”), and pay us the monthly Software License Fee, which is \$695 per month. See Item 6 for more information. We currently require you to use FIT Radio for music streaming in the Studio (which is currently \$147 per Studio per month) and Mariana Tek for your customer management system (which is currently part of the monthly Software License Fee. The Authorized Supplier and Software License Fee are subject to change immediately upon written notice. You must purchase or license other required software from our Authorized Suppliers, and you must pay the required fees directly to the Authorized Suppliers.

Insurance

You must purchase and maintain for each Studio you operate, at your expense, the following types of insurance: (a) property insurance; (b) business income insurance; (c) commercial general liability insurance with at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate; (d) professional liability insurance; (e) employment practices liability insurance with at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate; (f) commercial umbrella with coverage of no less than \$3,000,000; and (g) workers compensation insurance in the amounts required by law. All insurance policies must name us and our affiliates as additional insureds.

Advertising and Promotional Approval

You must use our designated media vendor, currently LeadTeam, to implement our recommended “Market Introduction Plan” in conducting the Studio opening campaign and for ongoing local marketing. LeadTeam will provide you with local media planning systems. You must use our recommended media plan in promoting the Studio. You also must use only our approved advertising and promotional materials in promoting the Studio. You also must participate in the Call Center and engage our designated vendor, currently Red Valley Staffing, 90 days prior to opening.

Supplier and Product Approval

~~Aside from those Products and Services and certain other items described above which you must purchase from us, our affiliates (if any) or a source we designate, we~~ We will provide you with lists of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved products, other inventory items, fixtures, furniture, equipment, signs, supplies and other items or services necessary to operate your Studio (“Approved Supplies List”). The Approved Suppliers List may specify the specific manufacturer of a specific product or piece of equipment and you can purchase those products only from a source identified on the Approved

Suppliers List. We, an affiliate or a third-party vendor or supplier periodically may be the only approved supplier for certain products. The lists specify the suppliers and the products and services, which we have approved for use in the System. We may revise these lists and provide you with a copy of approved lists as we deem advisable.

If you want to use any unapproved product, material, fixture, equipment, sign or other item, or purchase any items from any supplier that we have not approved, you must first notify us in writing and must submit to us, at our request and at your expense, sufficient specifications, photographs, drawings, samples, or other information for us to determine whether the product, services, material, fixture, equipment, sign, or other item complies with our specifications, or the supplier meets our approved supplier criteria. We will notify you of our decision within ~~a reasonable time~~ 30 days following our receipt of all information requested. You will pay us any costs and expenses, including travel, lodging and compensation, we incur in inspecting, evaluating, reviewing, and/or testing your proposed brand and/or supplier. We may re-inspect the facilities and products of any supplier or approved item, and we may revoke our approval of any item or supplier, which fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or supply. As part of the approval process, we may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark use, and indemnification. We do not provide material benefits to you based on your use of designated or approved sources of supply.

We apply certain general criteria in approving a proposed supplier, including the supplier's quality and pricing of products, ability to provide products/services that meet our specifications, responsiveness, ability to provide products/services within the parameters required by the System, quickness to market with new items, financial stability, credit program for franchisees, freight costs, and the ability to provide support to the System (merchandising, field assistance, education and training respecting sales and use of products and services).

We will notify you in writing if we elect to revoke our approval of a supplier. If we revoke our approval of a supplier, you will have 30 days to stop offering, selling or using those products or other items or services in your Studio.

One or more of our officers has an interest in us, our Parent and LeadTeam. No officer owns a material interest in any other supplier.

During our last fiscal year ending December 31, 2025, we received \$6,102 as a result of franchisees' purchases of products or services. The revenue that we received was less than 1% of our total revenue of \$1,661,682. During its last fiscal year, which ended December 31, 2025, LeadTeam received \$471,504 as a result of franchisees' purchases of products or services.

Miscellaneous

We may negotiate prices for products for the benefit of the System, but not for any individual franchisee. We are not aware of any purchasing or distribution cooperative in the System.

We estimate that the purchase or lease of products, equipment, software, signs, fixtures, furnishings, supplies, advertising and sales promotion materials and other items that meet our

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.

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

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

Site Selection. If you already have a potential site for a Studio, you may propose the location to us. We may consent to the site after we have independently evaluated it. The site for the Studio will be identified in Exhibit A to the Franchise Agreement. We will provide you with our general site selection and evaluation criteria. You are solely responsible, however, for locating and obtaining a site which meets our standards and criteria and that is acceptable to us. If you do not have an Authorized Location for the Studio at the time you sign the Franchise Agreement, the Authorized Location must be identified and approved by us in writing and a lease must be signed within 180 days after the date of the Franchise Agreement. If you fail to find an Authorized Location of which we approve, or if you fail to sign a lease for the Authorized Location within 180 days of signing the Franchise Agreement, we may terminate the Franchise Agreement. If the locations and territories of future franchised units to be developed are not set forth in the Multi-Unit Development Agreement, we will approve the location of future units and any territories for those units using our then-current site criteria.

You must submit to us the information we require related to the proposed site. The general site and evaluation criteria which you should consider include demographic characteristics of the proposed location, traffic patterns, parking, the predominant character of the neighborhood, the proximity to other businesses (including other SWEAT440® Studios), and other commercial characteristics, and the proposed location, size of premises, appearance and other physical characteristics. We will notify you in writing within 30 days after we receive your complete site report and other materials we request whether the proposed site satisfies our site selection criteria. ~~Our review of a site for the Studio does not represent any recommendation or guarantee as to the success of the proposed site.~~

If you request an on-site visit to the Studio, and we agree to provide additional visits, we will charge you the travel, lodging, accommodations, compensation, and other ~~reasonable~~ expenses we incur, which we currently estimate to cost between \$500 and \$1,000.

You are solely responsible for ensuring that the plans and specifications comply with the Americans With Disabilities Act and all other applicable federal, state and local laws, ordinances, building code and permit requirements and lease requirements and restrictions. You must engage a qualified project manager we designate to supervise the construction, build-out, or remodeling of the Studio location.

Development Time. The typical length of time between our acceptance of the Franchise Agreement and the opening of your Studio varies from 5 to 12 months. This period may be longer or shorter, depending on the time of year, availability of financing, local construction delays, how soon you can attend training or other factors. You must ~~complete development and open your Studio within the time period stated in your Franchise Agreement, which generally will be 300 days after you sign the Franchise Agreement. You must~~ meet or exceed the pre-opening sales requirements we determine, as provided in the Operations Manual, before we will grant to you our approval that you may open your Studio.

Ongoing Assistance. During the operation of your Studio, we will:

- (1) Make available on-site opening support to assist you in the opening and initial operations of your Studio for up to 5 days, at our discretion (Franchise Agreement – Section 6(E)).
- (2) Provide advisory services relating to Studio operations, including products and services offered for sale, selecting, purchasing and marketing products and services, marketing assistance and sales promotion programs, and operating, administrative, bookkeeping, accounting, inventory control and general operating procedures. We may, in our sole discretion, provide you with suggested prices for the products and services to be offered through your Studio and assistance in establishing pricing. (Franchise Agreement – Section 7(F)).
- (3) Periodically provide you with updated and revised materials for the Operations Manual (Franchise Agreement – Section 7(G)).
- (4) Operate the Brand Fund (Franchise Agreement – Section 5(A)).

Quality Assurance Audits. While not required of us, we may perform periodic “Quality Assurance Audits” of your Studio where we or our representative will conduct an examination of the Studio to ensure you and the Studio satisfy our standards for appearance, cleanliness, customer service, operations, and promotion of the brand. We do not have to give you prior notice before we or our representative conducts the quality audit. You must achieve a score of 90 or more, or you may be in default under your Franchise Agreement. If you receive more than two scores of less than 90 in the same twelve-month period, we may terminate your Franchise Agreement.

Advertising Programs. We establish and conduct various advertising programs as follows:

We will establish and operate a marketing and development fund (the “Brand Fund”) to promote and develop SWEAT440®. You will pay us a monthly Brand Fund Fee of \$420 per month. ~~We may increase the Brand Fund Fee upon written notice, provided that we will not increase the Brand Fund Fee more than 10% each year after 2022. For example, if we do not increase the fee in 2025 or 2026, but increase it 2027, then we may account for a 10% increase for years 2025, 2026 and 2027.~~ You must begin paying the Brand Fund Fee the earlier of the date the Studio opens or the date the Studio should have been open (either under the Franchise Agreement or Multi-Unit Development Agreement). We will deposit the Brand Fund Fee in the Brand Fund that we manage through a separate account. The Brand Fund is not a trust or escrow account. We may use the Brand Fund to conduct national, regional, and local advertising, marketing, promotional and public relations campaigns, including for expenses we or our affiliates incur in connection with the general promotion of the Marks and the SWEAT440® brand, including, but not limited to, (a) web-based and app-based marketing, such as email marketing, search engine optimization, development and maintenance of the website(s), and the development and maintenance of Social Media accounts; (b) gift card programs, materials, and implementation; (c) community involvement and public relations; (d) creation, development, production, and execution of marketing plans and materials; (e) conducting customer surveys, interviews, or other programs aimed at understanding customer experiences with the System; (f) conduct a mystery shopper program; (g) research and development pertaining to the advancement of the brand, such as technology, fitness equipment or fitness conventions; and (h) all costs of managing or implementing the Brand Fund, including any amounts paid to our employees or other third parties retained to carry out the purposes of the Brand Fund or to promote the Marks of the System. We contract with various outside advertising agencies and third party vendors to produce certain advertising production and promotional materials and to create and implement public relations campaigns. ~~We will determine the use of monies in the Brand Fund. We are reimbursed for reasonable administrative costs and overhead incurred in administering the Brand Fund.~~

We may offer for sale through approved suppliers any sales or advertising materials, merchandise, premium items, or point-of-purchase materials that we develop with money from the Brand Fund (“Brand Fund Materials”).

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

~~reasonable interest to cover any deficit of the Brand Fund and cause the Brand Fund to invest in a surplus for future use by the Brand Fund.~~ Brand Fees will not be used for advertising principally directed at the sale of franchises, other than Brand Fees used to create and maintain our website, which may include franchise development information. At your request, we will provide you with an annual unaudited statement of the receipts and disbursements of the Brand Fund for the most recent calendar year.

Each SWEAT440® franchisee under the same form of franchise agreement must pay the Brand Fund Fee at the same rate. In addition, each Studio that we or our affiliates own that is substantially similar to a franchised Studio will contribute to the Brand Fund on the same basis as SWEAT440® franchisees that opened at the same time as the Studio.

As of our last fiscal year ended December 31, 2025, we spent the Brand Funds Fees as follows: 35% on analytics software, 10% on administrative costs, 25% on equipment and 30% of marketing development.

You must use LeadTeam in developing your approved Studio advertising and promotional activities in your local geographic area for local advertising and Studio promotion. You also may develop advertising materials for your own use, at your own cost, if your materials are factually correct, accurately depict the Marks, and communicate the brand position and character that we have established for SWEAT440® Studios. If you develop advertisement materials, you must provide a copy of the materials to us for our review and written approval before you use the advertising materials. If we do not approve those advertising or promotional materials within 10 days from the date you submit those materials to us, you may not use the materials; however, we reserve the right to approve those materials at any later time.

Before the Studio opens, you must spend \$25,000 to \$40,000 for local Studio advertising as part of your Market Introduction Plan. You must use an Authorized Supplier (if any) and implement our recommended media plan in conducting the Studio opening campaign. Currently, our Authorized Supplier for the Market Introduction Plan is LeadTeam. The Market Introduction Plan includes a Marketing Support Fee paid to LeadTeam equal to \$1,200 per month beginning 5 months prior to your scheduled opening. Upon ~~reasonable~~ request, you must provide us with an accounting of your expenditures on the Market Introduction Plan.

After you Studio opens, you must spend at least \$1,200 per month on approved local advertising. We may direct how you spent your local advertising and currently, we require you to spend your local advertising requirement on local digital marketing using LeadTeam. During the first 6 months of operation, you must spend an additional \$1,000 of your required local advertising using LeadTeam. If the Studio's monthly sales decrease by more than 5% in any 3-month period, then you must spend an additional \$1,000 on required local advertising using LeadTeam, above the required local advertising, until sales either meet or exceed the monthly sales level prior to the decrease. We may increase the local advertising requirement up to \$2,300 per month.

In addition to the amounts that you must spend on local advertising, you must pay ~~LeadTeam~~LeadTeam a Marketing Support Fee of \$1,200 per month to manage your digital marketing. LeadTeam may increase the Designated Media Vendor Management Fee, up to 10% per year.

You are not required to participate in a cooperative.

We do not have an advertising council composed of franchisees.

Computer System. You must purchase the Computer System we designate from us, our affiliates, or a designated third party supplier, including the Mariana Tek Platform and Quickbooks Online and be connected to Sift , and pay us the monthly Software License Fee, which is \$695 per month. ~~The Authorized Supplier and the Software License Fee are subject to change.~~—You also must use a standard chart of accounts. At this time, we require you to purchase the Computer System, as described in the Operations Manual, although we may designate a different supplier or a different Computer System in the future. We estimate that the initial cost for the Computer System will range from \$7,000 to \$10,000. ~~See Item 6 for more information. The Authorized Supplier and Software License Fee are subject to change immediately upon written notice.~~—You must purchase or license other required software from our Authorized Suppliers, and you must pay the required fees directly to the Authorized Suppliers. ~~The Authorized Supplier and the Software License Fee are subject to change.~~

You must purchase the following required hardware: 7 computers, 2 monitors and 1 iPad. Additionally, we require you to purchase the equipment required to provide high-speed internet connection at the Studio.

~~We reserve the right to change the Computer System that we have selected for use in Studios. You may have to purchase new or replacement software from us.~~ We periodically may update or change the Computer System we designate in response to business, operations, marketing conditions, or changes in technology. We estimate that the cost for support, maintenance and repair of the Computer System will range from \$1,000 to \$3,000 per year.

~~We will provide you with a current list of approved suppliers (including required and recommended suppliers) through updates to the Operations Manuals or other forms of communication.~~

We estimate that communication services at the highest speed possible with data transfer will cost approximately \$300 per month for an online merchant services and communication system. If we designate a new third-party supplier for the Computer System, we also may designate a supplier for merchant processing services including wireless back-up where available and communication services, and your fees may change.

You may be required to obtain ongoing maintenance and repairs respecting the Computer System, as well as upgrades or updates respecting the Proprietary Software. There are no contractual limitations on the frequency and cost of additional maintenance or repair. You must incorporate these upgrades and updates to the Computer System. We will have independent access to certain operational and financial information and data produced by your Computer System, including Customer Data. (Franchise Agreement, Section 6(E)). “Customer Data” includes any name, address, email address, telephone number, date of birth, demographic data,

behavioral data, customer service history, financial data, transaction data, correspondence, and other information for any potential, current, or former customer (whether stored in electronic, physical, or other forms or formats). There are no contractual limitations on our right to access the information and data, including Customer Data.

You must pay us a non-refundable then-current monthly technology fee (the “Tech Support Fee”). The Tech Support Fee is currently \$300 per month. We may change the Tech Support Fee upon 90 days’ notice to you, provided that the Tech Support Fee will not increase more than 10% per year.

Pre-Training Program. We may provide pre-training courses online or in the Operations Manual. Before you or the Studio Manager attend any in-person training, you (or if you are an entity, the Operating Principal) and the Studio Manager must complete the pre-training courses we provide.

Franchisee Training. Before you open your first Studio we will provide the initial training program to you (or if you are an entity, the Operating Principal) and the Studio Manager. If you are opening your second or subsequent Studio, we will provide the initial training program to the Studio Manager. Our initial training program is conducted at our headquarters in Miami, Florida, another location we designate, or virtually. The initial training program includes classes conducted at other designated locations and on-the-job training provided at our local Studios and will last three to five days. We plan to offer the initial training once a month or as needed. The initial training program includes instruction relating to Studio operations, fitness class instruction, understanding equipment use and maintenance, customer service, advertising and promotional programs, accountability for advertising and promotional activities, methods of controlling operating costs, and train-the-trainer instruction.

~~You~~ The completion of the initial training program by your Studio Manager must occur at any point prior to the opening of your Studio, and you may not open your Studio unless the Studio Manager successfully completes the initial training program to our satisfaction. If we determine that the proposed Studio Manager is not qualified to manage the Studio, we will allow you to select a substitute Studio Manager to complete the initial training program to our satisfaction, at your expense. In addition, you (or the Designated Owner if you are an entity) and your Studio Manager must attend and successfully complete those portions of the initial training program to our satisfaction, as we direct.

The initial training program consists of the following:

SINGLE STUDIO TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation Seminar: Why Sweat440, Our System Method, and Operations Manual Overview	4	0	Virtually or Miami, Florida
Software Overview: Online Booking, Client Check-In, Billing, Memberships, Refunds, Employees Scheduling, Front Desk Role	6	0	Virtually or Miami, Florida
Marketing and Sales: Website, Google Search Engine Optimization, Social Media Advertising, Content Creation, Class Pass, Sales Pitches, and Demographics	4	0	Virtually or Miami, Florida
Financial Management: Setting Prices, Managing Operating Costs, Staffing	2	0	Virtually or Miami, Florida
Employees: Hiring, Wage Setting, Payroll Processing, Employee Handbooks, Human Relationships, Scheduling	2	0	Virtually or Miami, Florida
Training Staff: Standards of Behavior, Uniforms, Culture and Vibe, Basic Physiology, Cuing, Front Desk Review	2	0	Virtually or Miami, Florida
Customer Experience: Standard Greeting, Culture and Vibe, Presenting the Method to First Timers, Smiles and Positivity Over Challenges And Judgements, High-Fives, Salutations And Thank You, Refund Policies, Hold Policies	5	0	Virtually or Miami, Florida
Conducting the Class: Equipment Overview, Cleaning, Maintaining, and Fixing Equipment and Flooring, Music Selection and Volume	1	2	Virtually or Miami, Florida
Experiential Training with guidance	0	10	Miami, Florida
Experiential Training without guidance	0	6	Miami, Florida
Closing and Debrief	4	0	Virtually or Miami, Florida
TOTAL	30	1618	

The instructional materials for all training programs include the Operations Manuals, handouts and visual aids, and will include lecture, classroom discussion, hands-on demonstrations and/or practice training at a SWEAT440® Studio.

Cody Patrick and ~~Christina WooChing~~[Scott Kinworthy](#) will oversee all training programs. Cody Patrick is our founder and [has served as our CEO, and since our inception in November 2018.](#) He has over two decades of experience in fitness training. ~~Christina WooChing has been with us since March 2020, and has her bachelor's degree in Athletic Training from Luther College and a Master's Degree in Exercise Physiology from Barry University. Prior to SWEAT440 she was the Assistant Director of Fitness and Wellness at the University of Miami and has managed multiple other fitness clubs in Miami.~~[Scott Kinworthy is our Executive Vice President of Training and Development since July 2025. Scott was the former global head of training for F45 Training and has trained over 2,000 franchise owners in the course of his career. He has over a decade of experience training franchisees.](#)

We charge a \$5,000 fee for the initial training program for your first Operating Principal and Studio Manager. We do not charge a fee for the initial training program for your Studio Managers if it is your second or subsequent Studio. If we must provide the initial training for an additional Studio Manager at the same Studio for any reason, you will pay a fee of \$500 per day

grant you any territorial rights in that Designated Search Area but does limit the area in which you may locate your Studio.

After you sign a lease for an Authorized Location, you will receive a “Protected Territory” that will typically be comprised of a geographic area of up to 50,000 people and will be comprised of the geographic area encompassed around your Authorized Location in a radius, polygon or other drawn area by us. Your Protected Territory will represent an area equal to the lesser of a 3-mile radius or 50,000 people surrounding the Authorized Location. If you are in a densely populated area, such as in a downtown metropolitan area, your Protected Territory may be much smaller. Your Protected Territory will be exclusive. We may not unilaterally alter the Protected Territory during the term of the Franchise Agreement and maintaining the territorial exclusivity will not be dependent on achieving certain sales volume, market penetration or other contingency.

We and our affiliates reserve the ~~following rights~~right, without compensation to you: ~~(1)~~, to directly operate, or to grant other persons the right to operate, Studios at any location outside your Protected Territory; ~~(2)~~.

~~to~~We and our affiliates reserve the following rights, without compensation to you, to, within or outside your territory: (1) promote, sell, and distribute any Services, Products, memberships, merchandise, or other goods or services authorized for sale at Studio within; ~~(3)~~ ~~to~~ modify, add, or remove services, merchandise, products, equipment, supplies, and other goods and services authorized for sale and use at Studios; ~~(4)~~ ~~to~~ promote, sell, and distribute any ancillary products and services such as memorabilia under the Marks through dissimilar channels of distribution including direct mail, wholesale activities, and by any electronic means; ~~(5)~~ ~~to~~ promote the System and the Studios generally, including on the Internet or any other existing or future form of one or more electronic commerce, and to create, operate, maintain, and modify, or discontinue the use of, websites and Social Media accounts using the Marks; ~~(6)~~ ~~to~~ develop, establish, and promote other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing any rights to you; and ~~(7)~~ ~~to~~ add or substitute different trademarks, trade names, service marks, symbols, logos, emblems, and other intellectual property for the Marks at no cost to us.

There are no restrictions on you accepting or soliciting customers. Except as we may authorize in writing, you will not conduct any business or offer to sell or advertise memberships, Products, or Services on the Internet (or any other existing or future form of electronic communication) including e-mail marketing or other digital marketing.

You may relocate your Studio only with our written consent, which we will not unreasonably withhold depending on factors including other franchisee’s territorial rights, available sites, and the amount of time the Studio may be closed. If we permit you to relocate your Studio, you will pay us a relocation fee of \$5,000 or more as necessary to pay for the costs we incur in providing services that assist you in relocating your Studio. In addition, you will need to build out the Studio consistent with our then-current standards for new Studios.

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

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

MULTI-UNIT DEVELOPMENT AGREEMENT

If you enter into a Multi-Unit Development Agreement, you will receive certain protected rights to develop more than one Studio within a designated geographic area (the “Designated Area”) to be described in Exhibit A attached to the Multi-Unit Development Agreement. The size of the Designated Area will vary, depending on the number of Studios you intend to open, the population density, and the demographics in the area in which you desire to operate. The Designated Area may be one or more counties or cities in rural areas and may be a portion of a metropolitan statistical area in heavily populated major cities. We will not establish another franchised or company-owned SWEAT440® Studio in the Designated Area during the term of the Multi-Unit Development Agreement so long as you meet the Development Schedule, comply with all other provisions described in the Multi-Unit Development Agreement, and you otherwise comply with the provisions of each related Franchise Agreement. Once the Multi-Unit Development Agreement is expired (upon the earlier of the date the final Studio lease is signed or the last day of the Development Schedule) or terminated, you will have no protected rights in the Designated Area beyond the Protected Territories assigned under any Franchise Agreement.

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

We and our affiliates reserve the right, without compensation to you: ~~(1)~~, to own and operate, and to grant other persons the right to own and operate, Studios at locations outside the Designated Area; ~~(2)~~.

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

campus, corporate campus, a department within an existing retail store, hotel or motel, grocery store, or other similar type of location that has a restricted trade area

If the locations and territories of future franchised units to be developed are not set forth in the Multi-Unit Development Agreement, we will approve the location of future units and any territories for those units using our then-current site criteria.

If you do not comply with the Development Schedule and the Multi-Unit Development Agreement, we may terminate the Multi-Unit Development Agreement or terminate your protected rights to develop Studios in the Designated Area and grant individual or multiple unit franchises within the Designated Area to third parties.

ITEM 13 TRADEMARKS

We grant you the right to operate your Studio under the name “SWEAT440,” a federally registered service mark and other trademarks or service marks (the “Marks”). You do not receive any right under the Multi-Unit Development Agreement to use the Marks. Those rights are granted under the Franchise Agreement.

The following schedule lists only the principal Marks that you are licensed to use. Our Parent has filed all required affidavits and renewal registrations for those Marks listed below.

Principal Trademarks	U.S. Registration Or Serial No.	Registration Or Application Date	Principal/Supplemental Register
SWEAT440	Reg.: 5567218	September 18, 2018	Principal
SWEAT440	Reg.: 6206534	April 11, 2019	Principal
	Reg.: 5690024	March 5, 2019	Principal
SWEAT  440	Reg.: 786372 7863472	July 15, 2025	Principal

Our Parent owns the Marks and have licensed us the perpetual right to use the Marks and to sublicense the use of the Marks to operate Studios under a trademark license agreement dated June 3, 2019 (the “Trademark License Agreement”). Our Parent may terminate the License Agreement for our failure or refusal to perform any duty under the License Agreement, for the misuse of the Marks materially impairs the goodwill associated with the Marks, if we violate any provision under the Trademark License Agreement or we do not comply with our Parent’s instructions concerning the quality of the Marks. If the Trademark License Agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the

sublicenses provided that the franchisees comply with all other terms of their Franchise Agreements. The Trademark License Agreement contains no other limitations.

~~We have the right to periodically change the list of Marks. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks when the Franchise Agreement expires or terminates. You are not permitted to make any changes or substitutions respecting the Marks unless we direct in writing. You may not use any Mark or portion of any Mark as part of any corporate or any trade name, or any modified form or in the sale of any unauthorized product or service, or in any unauthorized manner. You may not use any Mark or portion of any Mark on any website without our prior written approval.~~

There are currently no effective material determinations by the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the principal Marks that are relevant to your use in any state. There are currently no agreements in effect that significantly limit our rights to use or license the use of any principal Marks in any manner material to the franchise.

You must immediately notify us of any apparent infringement of or challenge to your use of any Marks, and we have sole discretion to take any action we deem appropriate or to not take any action. We are unaware of any infringing uses or superior rights that could materially affect your use of the principal Marks.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation relating to the Marks and we will have the sole right to decide to pursue or settle any infringement actions relating to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you will make these changes or substitutions at your own expense.

If we modify, replace, or discontinue use of any Mark or Patent, or use one or more additional or substitute trademarks, service marks, or other intellectual property, you must, at your expense, comply with such modification or substitution after notice by us. You retain no rights in the Marks when the Franchise Agreement expires or terminates.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do claim copyright ownership and protection for the Operations Manual and for certain other written materials we provide to assist you in operating your Studio.

We own certain proprietary information, patents, confidential information, and trade secrets relating to the operation of Studios, including information in the Operations Manual (“Confidential Information”). You must keep confidential during and after the term of the Franchise Agreement the Confidential Information and any trade secrets. When your Franchise Agreement expires or terminates, you must return to us all copyright material, including the

Provision	Section in the Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults	Sections 15(A) and (B)	Failure on 3 or more occasions in any 12 months to comply with any provision, default is not curable, a material misrepresentation on franchise application, conviction of or proof that you have committed a felony or other crime which harms the Studio's reputation, government action against you which injures the goodwill associated with the Marks, insolvency, an assignment of assets to creditors, Studio abandonment, defaults which injures the goodwill associated with the Marks, receiver or custodian is appointed over the Studio, bankruptcy, operation of the Studio results in a threat to public health or safety, lease expires or is terminated, audit shows understatements of Gross Sales more than 5%, failure to meet applicable sales minimums 2 or more times in 12 months, or 3 separate audits show an understatement of Gross Sales of 2% or more in 36 months, or termination of the Multi-Unit Development Agreement or any other agreement between you and us.
i. Your obligations on termination/ nonrenewal	Article 16 and Section 13(C)	Cease operation of the Studio and use of Marks, pay all amounts due us and our affiliates and authorized suppliers, stop using and return manuals and other materials, assign to us the Studio telephone number and telephone listing or (at our option) disconnect the telephone number, remove all signs and other materials containing any Marks, comply with obligations under any proprietary software license/access agreements, cancel all fictitious or assumed name filings, cease using Confidential Information and trade secrets, sell back to us or return all Products, and agree not to divert Studio customers to any competing business for 2 years (also see o, r below).
j. Assignment of contract by us	Section 14(A)	Assignee must fulfill our obligations under the agreement.
k. "Transfer" by you-defined	Sections 14(B) and 14(C)	Includes transfer to an entity if the ownership and management of Studio is substantially unchanged, and transfer of the Studio or its assets, or your interest in the franchise agreement or any material ("material interest") ownership change.
l. Our approval of transfer by franchisee	Sections 14(B), (C) and (D)	We have the right to approve all transfers of the Franchise Agreement, but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 14(C)	New franchisee qualifies and pays for and completes training, all amounts owed us or our affiliates or any suppliers are paid, and you are in good standing, new franchisee assumes existing Agreement or (at our option) signs then-current agreement, we approve transfer agreement, transfer fee paid, lease assigned (if applicable), you sign non-compete agreement and general release, and you do not retain a security interest in the agreement.
n. Our right of first refusal to acquire your business	Section 14(F)	We can match any offer for your business.
o. Our option to purchase your business	Section 16(C)	When the Franchise Agreement expires or terminates, we may purchase assets at book value.
p. Your death or disability	Section 14(D)	Franchise must be assigned by estate to an approved buyer within reasonable time not exceeding 6 months.
q. Non-competition covenants during the term of the franchise	Section 13(B)	No involvement with anyone or any business that offers or conducts fitness classes or instruction or that offers, distributes or sells, at wholesale or retail, exercise apparel and accessories, products, or any other related business that is competitive with or similar to the Studio, subject to applicable state law.
r. Non-competition covenants after the franchise is terminated or expires	Sections 13(C) and 17(A)	No business that offers or conducts fitness classes or instruction or that offers, distributes or sells, at wholesale or retail, exercise apparel and accessories, products, or any other related business that is competitive with or similar to the Studio within 15 miles of the Studio or within 15 mile radius of the former site of the Studio, subject to applicable state law.
s. Modification of the agreement	Sections 2(B), 7(G) and 18(F)	Generally, no modifications except in writing signed by both parties. However, we may modify Operations Manual, Marks, System, and goods/services to be offered to your Studio.

Provision	Section in the Multi-Unit Development Agreement	Summary
j. Assignment of contract by us	Section 13(A)	Assignee must fulfill our obligations under the agreement.
k. "Transfer" by you-defined	Section 13(B) and 13(C)	Includes transfer to an entity if the ownership and management of Studio is substantially unchanged, and transfer of the Studio or its assets, or your interest in the franchise agreement or any material ("material interest") ownership change.
l. Our approval of transfer by franchisee	Sections 13(B), (C) and (D)	We have the right to approve all transfers of the Franchise Agreement, but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 13(C)	You are in complete compliance with the Development Agreement, the transferee meets our then-current standards for multi-unit and single unit owners, transferee completes any required training program, transfer fee paid, and you and each guarantor signs a general release.
n. Our right of first refusal to acquire your business	Section 13(F)	We can match any offer for your business.
o. Our option to purchase your business	Not Applicable	Not Applicable
p. Your death or disability	Section 13(D)	Franchise must be assigned by estate to an approved buyer within reasonable time not exceeding 6 months.
q. Non-competition covenants during the term of the franchise	Section 12(B)	No involvement with anyone or any business that offers or conducts fitness classes or instruction or that offers, distributes or sells, at wholesale or retail, exercise apparel and accessories, products, or any other related business that is competitive with or similar to the Studio, subject to applicable state law .
r. Non-competition covenants after the franchise is terminated or expires	Sections 12(C)	No business that offers or conducts fitness classes or instruction or that offers, distributes or sells, at wholesale or retail, exercise apparel and accessories, products, or any other related business that is competitive with or similar to the Studio within 15 miles of the Studio or within 15 mile radius of the former site of the Studio, subject to applicable state law .
s. Modification of the agreement	Sections 15(C)	Generally, no modifications except in writing signed by both parties.
t. Integration/merger clause	Section 15(L)	Only the terms of the development agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and development agreement may not be enforceable. Notwithstanding the foregoing, nothing in the franchise agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Not applicable.	Not applicable.
v. Choice of forum	Section 15(D)	Except for actions we bring for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes will be subject to litigation in the state where our corporate headquarters is located at the time the litigation is filed, currently Florida, subject to applicable law .
w. Choice of law	Section 15(E)	The law of Florida will apply, without regard to any conflict of laws principals of Florida, subject to applicable law .

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

Part I: 2025 Income Statement

The information in the tables below includes the historic Gross Revenue, expenses and EBITDA for franchised Studios (including two franchised Studios operated by our officers) during the 12-month period ending December 31, 2025. The data for Gross Revenue, each category of expenses and EBITDA is the Gross Revenue, category of expenses and EBITDA of all Studios in that subset. For example, in the rent expense category, the average is the average of the subset of Studios, the highest is the highest rent paid by any of the subset of Studios, the lowest is the lowest rent paid by any of the subset of Studios and the median rent is the median of the subset of Studios. As a result, the Studio with the highest Gross Revenue may not be the same Studio with the highest rent, the highest total expenses or highest EBITDA.

The first table includes this information for those Studios in the top quartile of Gross Revenue, the second table includes this information for those Studios in the second quartile of Gross Revenue, the third table includes this information for those Studios in the third quartile of Gross Revenue, and the fourth table includes information for those studios in the bottom quartile of Gross Revenue. The information in the tables below is based on information provided by our franchisees. The information below does not include the 2 Studios that opened in 2025 or one ~~Studio that does not operate substantially similar to a franchised Studios.~~ franchised location in Madison, Wisconsin, as it is substantially different than our standard studio model. It operates within a larger gym, and they share multiple things like staff, rent, members, etc. This is not an accurate representation of a standard franchise relationship.

No Studio closed during the 12-month ending December 31, 2025.

Top Quartile (4 studios)				
	Average*	Max	Min	Median
Total Gross Revenue	\$1,086,739	\$1,177,559	\$1,001,590	\$1,083,903
Salary & Payroll Expense	\$249,435	\$270,993	\$227,722	\$249,512

Top Quartile (4 studios)				
	Average*	Max	Min	Median
Rent	\$228,053	\$352,144	\$137,371	\$211,349
Digital Ad Spend	\$44,217	\$95,649	\$22,914	\$29,152
Lead Team <u>LeadTeam</u>	\$14,400	\$14,400	\$14,400	\$14,400
Grass Roots/Promotional	\$12,081	\$12,081	\$12,081	\$12,081
Credit Card Fees	\$30,413	\$33,851	\$27,784	\$29,605
Repair & Maintenance	\$4,129	\$5,885	\$1,952	\$4,340
Gym Supplies & Equipment	\$20,436	\$46,101	\$4,131	\$15,757
Janitorial Expense	\$12,437	\$26,295	\$(450)	\$11,951
Professional Fees	\$4,046	\$5,527	\$1,635	\$4,511
Utilities	\$12,255	\$15,421	\$9,742	\$11,928
Monthly Brand Fee	\$5,040	\$5,040	\$5,040	\$5,040
Software Subscription & Support	\$11,940	\$11,940	\$11,940	\$11,940
Liability Insurance	\$4,059	\$7,378	\$(1,714)	\$5,287
Lead Nurture and Customer Service	\$18,239	\$23,754	\$16,200	\$16,500
Royalties	\$71,776	\$77,344	\$67,285	\$71,237
Other Expenses	\$9,235	\$11,523	\$7,112	\$9,153
Total Expenses	\$749,027	\$847,557	\$673,535	\$737,508
EBITDA	\$337,712	\$504,024	\$238,931	\$303,946

*Of the 4 Studios, 2 (50%) met or exceeded the average Gross Revenue and 1 (25%) met or exceeded the average EBITDA.

Second Quartile (5 Studios)				
	Average*	Max	Min	Median
Total Gross Revenue	\$814,187	\$938,294	\$762,348	\$791,757
Salary & Payroll Expense	\$194,004	\$225,822	\$162,954	\$190,221
Rent	\$249,804	\$348,184	\$153,080	\$264,551
Digital Ad Spend	\$28,982	\$40,746	\$19,798	\$25,010
Lead Team <u>LeadTeam</u>	\$14,400	\$14,400	\$14,400	\$14,400
Grass Roots/Promotional	\$2,642	\$2,924	\$2,361	\$2,642
Credit Card Fees	\$24,238	\$36,074	\$20,520	\$21,331
Repair & Maintenance	\$8,595	\$17,085	\$2,057	\$8,064
Gym Supplies & Equipment	\$13,239	\$19,161	\$4,931	\$17,761
Janitorial Expense	\$21,076	\$26,295	\$11,805	\$23,103
Professional Fees	\$10,523	\$27,080	\$350	\$9,800
Utilities	\$11,939	\$17,150	\$3,856	\$13,475
Monthly Brand Fee	\$5,124	\$5,460	\$5,040	\$5,040
Software Subscription & Support	\$12,139	\$12,935	\$11,940	\$11,940
Liability Insurance	\$6,992	\$10,326	\$4,251	\$5,977
Lead Nurture and Customer Service	\$14,580	\$16,800	\$6,300	\$16,800
Royalties	\$53,344	\$63,894	\$48,652	\$51,419
Other Expenses	\$15,908	\$28,577	\$7,046	\$15,262
Total Expenses	\$687,128	\$740,397	\$594,507	\$708,785
EBITDA	\$127,058	\$266,135	\$42,554	\$82,973

*Of the 5 Studios, 1 (20%) met or exceeded the average Gross Revenue and 2 (40%) met or exceeded the average EBITDA.

Third Quartile (5 Studios)				
	Average	Max	Min	Median
Total Gross Revenue	\$622,897	\$735,081	\$539,350	\$619,821
Salary & Payroll Expense	\$197,599	\$233,447	\$173,360	\$189,636
Rent	\$147,229	\$201,517	\$115,000	\$131,845
Digital Ad Spend	\$25,693	\$39,674	\$3,550	\$28,964
Lead Team LeadTeam	\$14,400	\$14,400	\$14,400	\$14,400
Grass Roots/Promotional	\$1,695	\$3,315	\$419	\$1,612
Credit Card Fees	\$20,055	\$21,796	\$17,029	\$20,698
Repair & Maintenance	\$3,867	\$7,592	\$1,487	\$3,408
Gym Supplies & Equipment	\$12,987	\$18,678	\$8,402	\$10,674
Janitorial Expense	\$6,383	\$14,235	\$0	\$4,507
Professional Fees	\$7,565	\$21,925	\$2,962	\$4,392
Utilities	\$9,780	\$11,532	\$4,591	\$10,869
Monthly Brand Fee	\$5,040	\$5,040	\$5,040	\$5,040
Software Subscription & Support	\$11,940	\$11,940	\$11,940	\$11,940
Liability Insurance	\$3,800	\$7,095	\$2,748	\$2,932
Lead Nurture and Customer Service	\$17,252	\$19,661	\$16,200	\$16,800
Royalties	\$42,276	\$52,983	\$33,610	\$41,332
Other Expenses	\$17,390	\$29,987	\$8,016	\$12,113
Total Expenses	\$540,941	\$600,356	\$490,775	\$523,552
EBITDA	\$81,956	\$174,248	\$(44,034)	\$96,268

*Of the 5 Studios, 2 (40%) met or exceeded the average Gross Revenue and 3 (60%) met or exceeded the average EBITDA.

Fourth Quartile (5 Studios)				
	Average	Max	Min	Median
Total Gross Revenue	\$311,864	\$451,665	\$194,019	\$293,000
Salary & Payroll Expense	\$158,018	\$172,346	\$143,825	\$157,601
Rent	\$125,095	\$200,415	\$24,587	\$115,452
Digital Ad Spend	\$20,454	\$27,772	\$15,755	\$16,086
Lead Team LeadTeam	\$13,920	\$14,400	\$12,600	\$14,400
Grass Roots/Promotional	\$400	\$400	\$400	\$400
Credit Card Fees	\$8,677	\$12,717	\$5,602	\$7,840
Repair & Maintenance	\$4,296	\$10,575	\$527	\$3,767
Gym Supplies & Equipment	\$8,130	\$23,289	\$1,451	\$6,242
Janitorial Expense	\$3,909	\$7,886	\$1,050	\$2,234
Professional Fees	\$2,309	\$4,033	\$1,490	\$1,633
Utilities	\$4,538	\$10,771	\$580	\$2,678
Monthly Brand Fee	\$4,872	\$5,040	\$4,620	\$5,040
Software Subscription & Support	\$11,940	\$11,940	\$11,940	\$11,940
Liability Insurance	\$3,983	\$5,317	\$1,410	\$5,125
Lead Nurture and Customer Service	\$14,760	\$16,800	\$8,400	\$16,200
Royalties	\$14,088	\$28,957	\$79	\$9,456
Other Expenses	\$14,341	\$24,205	\$4,393	\$15,557
Total Expenses	\$424,211	\$501,670	\$328,433	\$434,426
EBITDA	\$(112,347)	\$14,233	\$(240,407)	\$(71,066)

* Of the 5 Studios, 2 (40%) met or exceeded the average Gross Revenue and 3 (60%) met or exceeded the average EBITDA.

The information in the tables below includes the historic Gross Revenue, expenses and EBITDA during the 12-month period ending December 31, 2025 for Studios operated by our Parent (for Brickell, FL and South Beach, FL). These two corporate-operated Studios pay the same fees as franchisees with the exception of royalty payments, which have been imputed in the chart below.

	Brickell, FL	South Beach, FL
Open Date	2021	2021
Total Income	\$1,264,008	\$1,213,704
Salary & Payroll Expense	\$231,953	\$203,196
Rent	\$307,189	\$283,053
Digital Ad Spend	\$32,103	\$29,401
Lead Team <u>LeadTeam</u>	\$14,400	\$14,400
Grass Roots/Promotional	\$1,240	\$100
Credit Card Fees	\$33,104	\$35,351
Repair & Maintenance	\$8,022	\$11,522
Gym Supplies & Equipment	\$23,774	\$46,656
Janitorial Expense	\$18,719	\$18,889
Professional Fees	\$11,020	\$11,772
Utilities	\$18,572	\$22,166
Monthly Brand Fee	\$5,040	\$5,040
Software Subscription & Support	\$11,940	\$11,940
Liability Insurance	\$5,493	\$5,474
Lead Nurture and Customer Service	\$10,800	\$10,800
Royalties (Imputed)	\$88,481	\$84,959
Other Expenses	\$25,755	\$27,122
Total Expenses	\$846,605 <u>\$847,605</u>	\$821,841
EBITDA	\$416,403	\$391,863

Notes to the four tables above:

1. “Salary & Payroll Expense” includes all labor costs, including direct payroll and payroll taxes, benefits, manager’s salary, and payroll processing fees. Franchisees may experience similar salary expenses but will be impacted by staffing model decisions (which franchisees alone must decide), market driven pay rate differences and individual Store staff performance.
2. “Rent” includes monthly rent expenses, property taxes, and common area maintenance fees. Rent expenses will vary significantly depending on a franchisee’s market.
3. “Digital Ad Spend” includes all local digital marketing expenses, excluding amounts spent with LeadTeam.
4. “LeadTeam” is the Marketing Support Fee paid to LeadTeam for marketing services, including social media management, content creation, CRM creation and management, website management, SEO, Meta and Google.

5. “Grass Roots/Promotional” includes local marketing and sponsorships.
6. Credit Card Fees” includes those fees associated with accepting payment from customers via credit card.
- ~~5~~7. “Repair & Maintenance” includes expenses associated with the upkeep and general repair of the premises.
- ~~6~~8. “Gym Supplies & Equipment” includes the purchase and repair of gym equipment and related supplies, such as cleaning supplies.
- ~~7~~9. “Janitorial Expense” includes commercial cleaning fees.
- ~~8~~10. “Professional Fees” includes legal and accounting fees.
- ~~9~~11. “Utilities” includes water, electricity, gas, trash and recycling, and internet.
- ~~10~~12. “Monthly Brand Fee” includes the Monthly Brand Fund Fee equal to \$420 per month.
- ~~11~~13. “Software Subscription and Support Fee” includes the monthly Designated Software License Fee of \$695 and additional expenses for email addresses, Zoom phone lines, server management expenses and training software.
- ~~12~~14. “Liability Insurance” includes the cost to obtain all insurance required to operate the Studio.
- ~~13~~15. “Lead Nurture and Customer Service” includes the costs of the Call Center services.
- ~~14~~16. “Royalties” means the current royalty equal to 7% of Gross Revenue. The Studios operated by our Parent or our officers do not pay a royalty fee but franchisee would have incurred this expense, so we have included these amounts in the data for those Studios operated by our Parent or our officers data as if these Studios had incurred that expense.
- ~~15~~17. “Other Expenses” includes all other expenses not included in the other categories above such as bank fees and bad debt.
- ~~13~~18. “EBITDA” is equal to the Gross Revenue less expenses.

Part 2: Number of Members as of December 31, 2025

The table below presents the number of members each Studio had as of December 31, 2025 and the number of members each Studio had as of the date the Studio opened, for all Studios open and operating as of December 31, 2025. The information below does not include the 2 Studios that opened in 2025 or one Studio that does not operate substantially similar to a franchised Studios. We obtained this information from our Parent (for South Beach and Miami-Brickell) and franchisees (the remaining Studios). Studios offer different membership types, including unlimited monthly memberships and class packs.

Studio Location	Opening Year	Number of Members as of December 31, 2025	Number of Members at Opening
South Beach*	2018	724	0
Brickell*	2019	702	0
Coral Gables*	2019	497	0
NYC – Chelsea*	2019	633	0
NYC – Fidi*	2022	555	0
Doral	2022	573	308
Austin Highland	2022	252	99
Miami Lakes	2022	652	465
Upper East Side	2023	702	356
Coral Springs	2023	271	146
Deerfield Beach	2023	351	84
Toms River	2023	533	348
Charlotte-Noda	2023	424	116
Austin Zilker	2023	232	193
South Miami	2023	494	206
Miami Midtown	2024	348	316
Nashville Gulch	2024	451 <u>185</u>	386 <u>135</u>
Coconut Grove	2024	388 <u>579</u>	286 <u>285</u>
Ocean Township	2024	181 <u>472</u>	135 <u>286</u>
Pembroke Pines	2024	465 <u>357</u>	251 <u>257</u>
Las Olas	2024	268 <u>503</u>	257 <u>251</u>

*These Studios opened before we launched our presale program.

State	Franchise Agreements Signed But Studio Not Opened	Projected New Franchised Studios through the End of the Current Fiscal Year	Projected New Company-Owned Studios through the End of the Current Fiscal Year
New Jersey	23	4	0
New York	2	3	0
North Carolina	0	1	0
Oklahoma	1	0	0
Texas	3	0	0
Utah	1	0	0
Virginia	5	0	0
TOTAL	47	16	0

Our 2023 fiscal year ran from November 1, 2022, through October 31, 2023. Our 2024 fiscal year ran from November 1, 2023, through December 31, 2024. Our 2025 fiscal year ran from January 1, 2025, through December 31, 2025.

A list of SWEAT440® franchisees as of December 31, 2025, is included on Exhibit D. Also included on Exhibit D is a list of franchisees who had a SWEAT440® franchise terminated, canceled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement ~~nor~~or transferred a SWEAT440® franchise in the previous fiscal year.

If you buy a SWEAT440® franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our System.

As of the issuance date of this disclosure document, there is no trademark specific franchisee association.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit A are our audited financial statements for the fiscal year ended December 31, 2025, the fourteen month period ended December 31, 2024, and for the fiscal year ended October 31, 2023. In 2024, we changed our fiscal year end from October 31 to December 31. Also attached as Exhibit A, are our unaudited financial statements as of March 31, 2026.

ITEM 22 CONTRACTS

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

**ITEM 23
RECEIPTS**

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

Sweat440 ~~Franchising~~Franchise Systems, LLC
Attn: Cody Patrick
1919 Purdy Avenue
Miami Beach, Florida 33139
franchising@sweat440.com
888-507-9328
www.sweat440.com

**LIST OF FORMER FRANCHISEES
AS OF DECEMBER 31, 2025**

List of franchisees who transferred an outlet(s) or had an outlet(s) terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the ~~12~~12-month period ending December 31, ~~2024~~2025, or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you transfer an outlet(s) or had an outlet(s) terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement.

Name	City, State	Number
Eugene Kaymen (2 locations transferred)	Austin, Texas	347-277-0106

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

You must meet or exceed the Franchisor's **pre-opening sales requirements** before the Franchisor will grant approval to open your Studio. Make sure to review these requirements in the Operations Manual.

Without notice, the Franchisor may conduct an inspection of your Studio. If you fail two inspections within 12 months, your Franchise can be terminated by the Franchisor.

Item 5 Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business. The deferral of the initial franchise fee is required by the Illinois Attorney General's Office based on our financial statements.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Franchisee Acknowledgment / Compliance Certification:

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

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. You must meet or exceed the Franchisor's pre-opening sales requirements before the Franchisor will grant approval to open your Studio. Make sure to review these requirements in the Operations Manual.

2. Without notice, the Franchisor may conduct an inspection of your Studio. If you fail two inspections within 12 months, your Franchise can be terminated by the Franchisor.

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

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

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

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business. The deferral of the initial franchise fee is required by the Illinois Attorney General's Office based on our financial statements.

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

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

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

[Signatures are on the following page]

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

FRANCHISOR:
SWEAT440 FRANCHISE SYSTEMS, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending May 4, 2026
Maryland	Pending
Michigan	April 30, 2026
Minnesota	Pending
New York	Pending
Virginia	Pending
Washington	Pending May 14, 2026
Wisconsin	May 4, 2026

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

RECEIPT

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

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

If Sweat440 does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit D.

Issuance Date: April 30, 2026

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

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

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

I have received a disclosure document with an issuance date of April 30, 2026, that included the following Exhibits:

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

Date: _____

(Do not leave blank)

(Print Name of Prospective **Franchisee** (For Entity))

By: _____

Its: _____

Signature: _____

(Print Name of Prospective Franchisee (For Individuals))

This copy is for Franchisee

RECEIPT

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

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

If Sweat440 does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit E.

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| | G. Receipts |

Date: _____
(Do not leave blank)

(Print Name of Prospective **Franchisee** (For Entity))

By: _____
Its: _____

Signature: _____

(Print Name of Prospective Franchisee (For Individuals))

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

This copy is for Sweat440 Franchise ~~System~~Systems, LLC



SWEAT440® FRANCHISE AGREEMENT

YOU (FRANCHISEE)

DATE OF AGREEMENT

Sweat440 Franchise Systems, LLC
FTC 2026 Franchise Agreement

You may purchase approved types of construction and decorating materials, fixtures, equipment, furniture, décor, and signs from any Authorized Supplier (which may include us and/or our affiliates). If you propose to purchase any material, fixture, equipment, furniture, décor, or sign we have not then approved, or any item from any supplier that is not an Authorized Supplier, you must first notify us in writing and provide to us sufficient specifications, photographs, drawings, and other information or samples for us to determine whether the material, fixture, equipment, furniture, décor, or sign complies with our required specifications and standards, or the supplier meets our approved Authorized Supplier criteria, which determination we will make and communicate in writing to you within ~~30 days~~ a reasonable time.

D. Computer System. In the Studio, you will purchase, install, and use only the technology hardware and software we designate in the Operations Manual (the “Computer System”). The Computer System may include one or more proprietary software programs developed by us or for us, or other software we designate (the “Designated Software”). You must use the Designated Software that we or our designated third-party supplier provides and licenses to you. The Designated Software will remain the confidential property of us or our third-party supplier. You must enter into our or our supplier’s standard form software license agreement in connection with your use of the Designated Software, and you must pay us or our supplier’s monthly software access fee and any initial software set-up fees. If implemented, you will pay the then-current fee for the replacement or additional Designated Software at or before the Designated Software is delivered to you. In addition, we reserve the right to charge you a reasonable monthly fee for computer software support we or our designee provides to you respecting the Designated Software. We reserve the right to assign our rights, title, and interest in any Designated Software to a third party we designate or to replace the Designated Software. In such event, you may be required to enter into a separate computer software license agreement specified by the third-party supplier of the Designated Software. It is your responsibility to protect yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders, and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures, and attacks. In addition, you must (i) maintain Internet access with a form of high-speed internet connection as we require in the Operations Manual; (ii) use an e-mail address we designate for all your communication with and for the Studio; (iii) use our designed merchant card processor and our designated communication provider for certain services; (iv) use and, at our discretion, pay for all future updates, supplements, and modifications and replacements to the Computer System; and (v) not install or otherwise use unauthorized software or applications on any computer or other hardware devices.

E. Customer Data. You acknowledge and agree that we own and control the use of Customer Data, and we grant you a license to use the Customer Data during the term of this Agreement. You have no right to sell, transfer, sublicense, or otherwise share Customer Data to or with any third party unless you obtain our prior written approval. You will only use Customer Data for approved uses related to your Studio, unless you obtain our prior written approval. Upon reasonable request, you will transfer all Customer Data to us or our affiliate in accordance with the Operations Manual. You must provide to us usernames and passwords to access the Computer System, and we have the right to access Customer Data on the Computer System and at the Authorized Location. It is your sole responsibility to protect Customer Data from cyber attacks or unauthorized intruders, and you waive any claim you may have against us as the direct