

FRANCHISE DISCLOSURE DOCUMENT



Crunch Franchising, LLC
a Delaware limited liability company
155 Riveredge Dr.
Suite 250
Dallas, Texas 75207
800-669-7162
www.crunch.com

The franchise offered is for the operation of a Crunch health club in one of two formats: Crunch Fitness and Crunch Select. We also offer multi-unit developments rights and area development rights to develop and operate multiple Crunch health clubs within a specific development area under individual franchise agreements.

The total investment necessary to begin operation of a Crunch Fitness health club franchise is \$2,147,500 to \$5,367,000. This includes \$35,000 to \$55,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a Crunch Select health club franchise is \$3,192,500 to \$5,277,000. This includes \$35,000 to \$55,000 that must be paid to the franchisor or affiliate. There are no incremental initial investment costs if you become a multi-unit developer or area developer, but you will pay us a multi-unit development fee of \$35,000 for each Crunch Fitness health club or Crunch Select health club franchises you are required to develop if you sign a Multi-Unit Development Agreement, or a development fee equal to \$35,000 for each Crunch Fitness health club or Crunch Select health club required to be developed under your development schedule if you sign an Area Development Agreement.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor 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 Franchise Growth Department 155 Riveredge Dr., Suite 250, Dallas, Texas 75207, phone: (212) 993-0300, email: franchising@crunch.com.

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

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

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

Issuance Date: April 29, 2026

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

1. **Continuing Responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.
2. **Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchised business or may harm your franchised business
3. **Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.
4. **Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.
5. **Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.
6. **Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.
7. **When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives the franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the license of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

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

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, 525 W. OTTAWA STREET, G. MENNEN WILLIAMS BUILDING, 1ST FLOOR, LANSING, MICHIGAN 48913, (517) 335-7567.

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE DISCLOSURE DOCUMENT, IF ANY, APPEAR IN THE STATE ADDENDA AT **EXHIBIT P**, THE STATE SPECIFIC FRANCHISE AGREEMENT AMENDMENTS IN **EXHIBIT D**, OR THE STATE SPECIFIC AREA DEVELOPMENT AGREEMENT AMENDMENTS IN **EXHIBIT F**, OR THE STATE SPECIFIC MULTI-UNIT DEVELOPMENT AGREEMENT AMENDMENTS IN **EXHIBIT H**, EXCEPT THAT ADDITIONAL DISCLOSURES RELATED TO MICHIGAN LAW CAN BE FOUND RIGHT BEFORE THIS TABLE OF CONTENTS.

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is Crunch Franchising, LLC, and will be referred to in this document as “**Crunch**”, “**we**”, “**us**” or “**our**”. A person who buys a franchise from us will be referred to as “**you**” or “**your**”. If you are a corporation, partnership or other entity, “you” also includes your owners, your partners, shareholders, members and any other person or entity directly or indirectly owning an interest in you.

We are a Delaware limited liability company, organized on August 18, 2009. Our principal business address is 155 Riveredge Dr., Suite 250, Dallas, Texas 75207. We conduct business under the name Crunch Franchising, LLC. Our agents for service of process and their principal business addresses are disclosed in **Exhibit B**.

Predecessors or Affiliates

We have no predecessors. Through our ultimate parent, we are affiliated with four companies that offer franchises: Velvet Taco, Inc. (“**Velvet Taco**”), PureGym Limited (“**PureGym**”), Zaxby’s SPE Franchisor LLC (“**Zaxby’s**”) and Vital Care Franchisor LLC (“**VitalCare**”). Velvet Taco, headquartered at 15110 Dallas Parkway, Dallas, Texas 75248, offers Mexican fusion restaurant franchises. Currently, it only franchises internationally, in the United Kingdom, and, in the U.S. on an exemption basis. It started franchising in June 2020. As of the issuance date of this FDD, there were six Velvet Taco franchised locations. PureGym, headquartered at Town Centre House, Merrion Centre, Leeds, LS2 8LY, United Kingdom, offers fitness club franchises outside of the U.S. and has done so since April 2020. As of the issuance date of this FDD, there were three franchised PureGym locations in Dubai and Saudi Arabia. Zaxby’s, headquartered at 2002 Summit Boulevard NE, Atlanta, Georgia 39319, offers a quick casual dining restaurant with an upscale menu consisting primarily of chicken fingers, buffalo wings, salads and sandwiches. Zaxby’s and, prior to July 2021, its predecessor Zaxby’s Franchising LLC, has been offering Zaxby’s franchises since 1994. As of December 31, 2025, there were approximately 950 franchised, and approximately 50 affiliate-owned Zaxby’s restaurants in the U.S. VitalCare, headquartered at 12 Cadillac Drive, Brentwood, Tennessee 32027, offers a patient infusion and pharmaceutical business franchise in the U.S. VitalCare and, prior to December 2025, its predecessors Vital Care Infusion Services, LLC has offered Vital Care franchises since May 1986. As of December 31, 2025, there were approximately 108 franchised, and 2 affiliate-owned VitalCare locations in the U.S. No other of our affiliates offers franchises in any line of business or provide products or services to our franchisees.

Parents

Our immediate parent is Crunch Holdings, LLC, a Delaware limited liability company, (“**Crunch Holdings**”). As of June 12, 2025, Crunch Holdings is owned by Crunch Fitness Holdings, LP, which in turn is owned by GEI IX Crunch Aggregator LP (“**GEI IX**”). GEI IX is owned by private equity funds managed by Leonard Green & Partners (“**LGP**”). Crunch Holdings and Crunch Fitness Holdings, LP are both located at 622 Third Ave., 28th Floor, New York, New York 10017. LGP and GEI IX are both located at 11111 Santa Monica Boulevard Suite 2000, Los Angeles, California 90025.

The Franchises We Offer

We grant franchises for a health club to be operated under the CRUNCH® name. We may grant certain qualified individuals multi-unit development rights to develop and operate multiple Crunch health clubs. We may grant other qualified individuals area development rights to develop and operate multiple

Crunch health clubs. We do not operate businesses of the type being franchised to you, but affiliated companies have opened Franchised Businesses and other businesses similar to the type being franchised to you. We do not engage in other business activities and have never offered franchises in any other line of business.

The business you will conduct (the “**Franchised Business**”) refers to a business using our CRUNCH® service mark and associated logos and symbols (the “**Licensed Marks**”) to operate a Crunch health club offering members basic health club services, including cardiovascular equipment, selectorized weight machines, free weights, group fitness classes, personal training, tanning and online nutritional programs. The Franchised Business will use the methods and procedures we have developed (our “**System**”) and includes standards and methods of operation, accounting, marketing, advertising and public relations, designs, know-how and the standards for conducting a Franchised Business. Our standards and procedures for conducting a Franchised Business are included in our Franchise Manual, our Club Manual, and articles or resources we deem necessary to operate the Franchised Business. All those resources and our mandatory or suggested policies, procedures, standards, specifications, rules, requirements, or other system-wide communications are referred to as the “**Operations Manual**.” Each Crunch health club will operate under a franchise agreement (“**Franchise Agreement**”), the current version of which is attached as **Exhibit C**, and in accordance with our confidential Operations Manual.

The System presently includes (i) the Licensed Marks; (ii) advertising, publicity and other marketing programs; (iii) training programs and training materials; (iv) and other requirements as stated or referred to in your Franchise Agreement and in our Operations Manual, or otherwise in writing by us and designated as part of standards for the System. The System will be applied to all Franchised Businesses, although we in our business judgment may make exceptions based on local conditions, special circumstances or different contractual provisions. The System may be changed or modified by us, in our sole discretion, and you will agree to comply with the System as it may exist (including all operational policies, procedures, programs and plans set forth in the Operations Manual or otherwise in writing).

We offer CRUNCH® health club franchises for two club formats: the Crunch Fitness model and the Crunch Select model. In many ways the club models are the same in that you sign the same form of Franchise Agreement, the fee structure (other than the initial fee) is the same and your Franchised Business operates under the CRUNCH® mark. In other ways the club models differ in that the estimated initial investment is different for each model, as are the operational requirements. We refer to the different models together as the “Crunch Health Club portfolio.”

The Crunch Fitness model is our base high value-low price offering fitness club. The club offers all of the basic members health club services and is the basis for design for all other formats. The Crunch Select model is a premium, smaller footprint club that is designed to go into markets with a higher cost of living. The Crunch Select model has all of the basic members health club services that are offered in a Crunch Fitness model, with upgraded equipment, amenities, and overall look and feel. The Crunch Select model was a new offering as of the issuance date of the 2023 FDD. However, we previously used the “Select” name to describe approximately 15 fitness clubs with higher monthly membership dues. We expect that those clubs will either be refurbished to meet the new Select offering criteria or be branded as Fitness clubs.

We offer franchisees the right to develop a single health club or multiple health clubs. If we grant you the right to develop multiple health clubs, you and we will sign either an Area Development Agreement or Multi-Unit Development Agreement described in the next paragraphs. The agreement may be for just one Crunch health club model or for a mix of the Crunch health club portfolio models.

We offer the exclusive right to develop multiple Franchised Businesses within a defined development area under an area development schedule. Our current form of area development agreement (“**Area**

Development Agreement” or “**ADA**”) is attached as **Exhibit E**. The area development schedule describes the mandatory number of Franchised Businesses you are required to open and the date by which each is to be open. For Crunch Fitness and Crunch Select model fitness clubs, you must develop one Franchised Business for every 75,000 persons residing or working in the Development Area, at the rate set forth in the development schedule that you and we negotiate to the Area Development Agreement. The development obligation can be met by signing leases for newly developed health clubs or by converting existing third-party health clubs to Franchised Businesses. We will negotiate the development schedule with you before we enter into the Area Development Agreement. The Franchise Agreement for each Franchised Business developed under the Area Development Agreement will be the form of Franchise Agreement generally offered by us at the time each Franchise Agreement is executed, with each Franchise Agreement having an exclusive territory of 75,000 persons. The current form of our Franchise Agreement is attached as **Exhibit C** to this disclosure document.

We also offer the non-exclusive right to develop one Franchised Business in each of an agreed upon number of Trade Areas, as later defined under a multi-unit development schedule. Our current form of multi-unit development agreement (“**Multi-Unit Development Agreement**” or “**MUDA**”) is attached as **Exhibit G**. The multi-unit development schedule will require you to develop an agreed upon number of Franchised Businesses within a specified number of years at the rate set forth in the development schedule to the Multi-Unit Development Agreement. Similar to the Area Development Agreement, the development obligation can be met by signing leases for newly developed health clubs or by converting existing third-party health clubs to Franchised Businesses. We will negotiate the development schedule with you before we enter into the Multi-Unit Development Agreement. You may only develop one Franchised Business in each Trade Area. We will negotiate the Trade Areas within your Multi-Unit Area within which you must open Franchised Businesses before we enter into the Multi-Unit Development Agreement, each Trade Area of which will have 75,000 persons. The Franchise Agreement for each Franchised Business developed under the Multi-Unit Development Agreement will be the form of Franchise Agreement generally offered by us at the time each Franchise Agreement is executed, with each Franchise Agreement having an exclusive territory of approximately 75,000 persons. The current form of our Franchise Agreement is attached as **Exhibit C** to this disclosure document.

As of the issuance date of this FDD, we have franchisees in Australia, Canada, Costa Rica and India that, in total, operate 50 clubs.

General Market for Your Products or Services

The general health club market is well-established and developed. The market for health club memberships ranges from students to senior citizens. Sales follow normal health club industry seasonality. Typically, the first quarter of the year is generally the busiest due to the “New Year’s resolutions” rush. The business slowly tapers down to the summer months, which are historically the slowest. After Labor Day, business typically picks up again until it peaks in the first quarter.

Competition

The health club market is highly competitive. As a franchisee, you will compete with other national, regional and local independent health clubs and fitness studios providing similar products and services. These competitors may be larger or smaller, have more or less locations and greater or lesser financial resources, more or less experienced marketing organizations and greater or lesser name recognition.

Laws and Regulations

Our franchisees are subject to laws applicable to business generally in your state. There are no federal laws specifically regulating the health club industry, but consumer protection laws exist in several states that regulate the offering, selling and cancellation of memberships for health clubs. In some states there are bonding requirements before a health club can open for business. Some states have defibrillator laws that require a health club to have a defibrillator and staff members qualified to operate one at all times. Some states prescribe the term of memberships that can be sold, the escrowing of membership fees before the health club opens for business, and terminology that can be used in selling memberships. Check with a lawyer to learn about specific laws applicable to your business.

Our Prior Experience

We have not previously conducted a business of the type you will operate, and we began offering franchises for sale in April 2010. However, many of our officers have previously worked for other health club organizations. See the description of their work affiliations in Item 2.

Our affiliate Crunch, LLC, through subsidiary companies, currently operates 26 Signature health clubs under the trademark CRUNCH. These health clubs, some of which our previous parent purchased out of the AGT Crunch bankruptcy on September 15, 2009, are called "Signature," currently operating in urban and metropolitan locations in New York City, San Francisco, Los Angeles and Miami. These gyms have amenities that typically include towels, state of the art equipment, multiple group fitness studios with significantly more class offerings, and higher end finishes than the typical franchised health club we are offering under this Franchise Disclosure Document. Crunch, LLC also operates Franchised Businesses.

Your Owners' Obligations

If you are an entity, all of your Owners must sign an Owner's Guaranty in the form attached to the Franchise Agreement, Area Development Agreement or Multi-Unit Development Agreement unless we mutually agree otherwise in writing. However, if we determine, in our sole discretion, that one or more of your majority owners has sufficient means to satisfy the requirements of the Guaranty, we may waive the requirement that all Owners sign the Guaranty. In that case, only the Owner or Owners who alone satisfy the Guaranty requirements must sign the Guaranty, as long as that Owner or Owners maintain majority ownership. In addition, all Owners must sign the Owner's Acknowledgement in the Franchise Agreement, Area Development Agreement or Multi-Unit Development Agreement agreeing to accept and be bound by their separate rights and obligations in the Franchise Agreement, Multi-Unit Development Agreement or Area Development Agreement.

[Remainder of page intentionally left blank.]

Item 2

BUSINESS EXPERIENCE

Manager of Crunch Fitness Holdings: John Danhaki

Mr. Danhaki has been a member of the board of Crunch Holdings since June 2025. He has also served as the Managing Partner of Leonard Green & Partners, L.P. since February 2001. He works from Los Angeles, California.

Manager of Crunch Fitness Holdings: J. Kristofer Galashan

Mr. Galashan has been a member of the board of Crunch Holdings since June 2025. Since August 2002, he is also a partner of Leonard Green & Partners, L.P. He works from Los Angeles, California.

Manager of Crunch Fitness Holdings: Jacob Tupler

Mr. Tupler has been a member of the board of Crunch Fitness Holdings, LLC since June 2025. He has also served as Vice President of Leonard Green & Partners, L.P. since July 2016. He works from Los Angeles, California.

Chief Executive Officer: James Rowley, III

Mr. Rowley has been our CEO since April 2024 and the CEO of Crunch Holdings. Between November 2009 and September 2025, he was also our manager. He works from New York, New York.

President: Chequan Lewis

Mr. Lewis became our President in January 2024. Prior to that, he was Chief Operating Officer of Pizza Hut US from January 2022 to January 2024. Prior to that, he was Chief Equity Officer of Pizza Hut US from August 2020 to January 2022. He works from Dallas, Texas.

Chief Financial Officer: Daniel Gallagher

Mr. Gallagher became our Chief Financial Officer in February 2018. Mr. Gallagher works from New York, New York.

Chief Marketing Officer: Chad Waetzig

Mr. Waetzig became our Chief Marketing Officer in February 2023. Prior to that, he was Executive Vice President Marketing and Branding beginning in October 2016. He works from New York, New York.

Chief Operating Officer: Molly Long

Ms. Long became our Chief Operating Officer in August 2024. From February 2023 until August 2024, she was our Chief Experience Officer. Prior to that, she was with 7-Eleven in Dallas, Texas, most recently as VP of Private Brands and Emerging Brands from August 2022 until February 2023, and before that as VP of Store Innovation, Design, and Implementation from September 2021 until August 2022, and before

that as VP of Store Evaluation and Store Design from July 2019 until September 2021. She works from Dallas, Texas.

Chief Development Officer: John D’Anna

Mr. D’Anna became our Chief Development Officer in January 2025. From January 2024 until January 2025, he was Senior Vice President of Real Estate. Prior to that, he was the Development Director/Lead Director East Group – US Restaurant Development for McDonald’s USA from July 2010 until September 2023. He works from New York, New York.

General Counsel: Christopher Flowers

Mr. Flowers has been our General Counsel since August 2025. Prior to that, he was with Restore Franchising, LLC d/b/a Restore Hyper Wellness, in Austin, Texas, most recently as Deputy General Counsel from October 2023 to July 2025, and before that as Associate General Counsel from December 2022 to October 2023. Prior to that, he was in-house counsel at CG Franchising, LLC d/b/a Camp Gladiator in Austin, Texas from August 2020 through December 2022. He works from Dallas, Texas.

Senior Vice President, Franchise Finance: Martin (Marty) Cude

Mr. Cude became our Senior Vice President, Franchise Finance in November 2025. Prior to that, he was Vice President of Finance at Heritage Grocers Group from October 2023 to March 2025. Prior to that, he was Vice President of Finance at Populus Financial Group from June 2020 to July 2023. He works from Dallas, Texas.

Senior Director of Franchise Growth: John Merrion

Mr. Merrion became our Senior Director of Franchise Growth in July 2025. From April 2024 until July 2024, he was the Senior Director of Sales. From June 2014 until March 2024, he was our Director of Sales. He works from Lafayette, California.

Franchise Growth Manager, Gregory (Greg) McDonough

Mr. McDonough became our Franchise Growth Manager in July 2024. From April 2017 until July 2024, he was our Franchise Sales Account Executive. He works out of Portsmouth, New Hampshire.

Item 3

LITIGATION

Concluded Litigation

DBKW1, LLC v. Crunch Franchising, LLC and SIR Fitness Fountain Valley, LLC, in the Superior Court of the State of California for the County of San Diego, North County Branch, Case No. 37-2016-00020486-CU-BC-NC, filed June 14, 2016.

Our former franchisee, DBKW 1, LLC (“DBKW”) brought this action against us and another franchisee. DBKW operated a Crunch club in Huntington Beach, California since December 2012. DBKW alleged that it was granted all of the city of Huntington Beach as its exclusive territory, and that exclusivity limited all other franchisees’ right to advertise their locations and services within that territory. DBKW asserted that we had allowed another franchisee to open a Crunch location in DBKW’s exclusive territory

and had approved that franchisee's direct advertisements to go to residents of DBKW's exclusive territory. DBKW alleged that we were in breach of the franchise agreement with DBKW and in breach of the implied covenant of good faith and fair dealing under the agreement, and that we and the other franchisee had engaged in unfair competition. We counter-claimed that DBKW was in breach of its franchise agreement and in breach of the implied covenant of good faith and fair dealing under the franchise agreement, for failure to comply with the System advertising and marketing requirements, was using non-approved vendors, and did not allow members of other Crunch locations reciprocity at DBKW's location. They entered into a Settlement Agreement effective October 31, 2017, to settle the matter without admission of guilt by either party. The action was dismissed with prejudice on February 2, 2018. Pursuant to the Settlement Agreement, plaintiff's Crunch club in Huntington Beach was purchased by an affiliate of SIR Fitness Fountain Valley, LLC. To facilitate our co-defendant's purchase of the club, we agreed to grant our co-defendant's affiliate a royalty reduction for one year for the Huntington Beach club.

Ronald J. Ciardiello v. Michael Blouin, in the Superior Court Department of the Trial Court of the Commonwealth of Massachusetts for the County of Middlesex, Civil Action NO. 2081cv00771, filed March 19, 2020.

Our former area developer and franchisee owner, Ronald Ciardiello, brought this action against our former Senior Vice President, Corporate Development, Michael Blouin, alleging that information and support he received from Mr. Blouin amounted to unlawful financial performance representations and that Mr. Blouin failed to disclose market-specific information to him. Mr. Ciardiello has brought claims for violation of the Massachusetts "Little FTC Act" for unfair trade practices regarding financial performance representations, as well as claims for fraudulent misrepresentation and negligent misrepresentation based on the same facts. He sought actual damages of \$875,000, punitive damages, and attorney's fees. On September 9, 2022, the court partially granted Mr. Blouin's motion for summary judgment and dismissed Mr. Ciardiello's claim for fraudulent misrepresentation. On December 11, 2024, the parties entered into a Settlement Agreement without admission of guilt by Mr. Blouin and pursuant to which a payment of \$475,000 was made to Mr. Ciardiello. The action was dismissed with prejudice on January 8, 2025.

Except for these actions, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5

INITIAL FEES

The initial fee you will pay under the Franchise Agreement ("**Initial Franchise Fee**") will be \$35,000 regardless of whether you will open a Crunch Fitness or a Crunch Select health club, and also regardless of whether your Crunch health club will be a newly built club or a conversion of a third-party club to a Crunch health club. The Initial Franchise Fee is payable in one lump sum at the time you sign the Franchise Agreement and is fully earned and non-refundable at that time.

If you are buying area development rights, you will pay us a non-refundable development fee ("**Development Fee**") for each Crunch health club that you will open. The Development Fee for each Crunch Fitness or Crunch Select health club required to be established under the Development Schedule in your

Area Development Agreement is \$35,000. The Development Fee is payable in one lump sum at the time you sign the Area Development Agreement and is fully earned and non-refundable at that time. As part of your payment of the Development Fee, you will not pay the Initial Franchise Fee for each Franchise Agreement you sign.

If you are buying multi-unit development rights to develop an agreed number of Crunch health clubs, you will pay us a non-refundable multi-unit fee (“**Multi-Unit Fee**”) for each Crunch health club that you will open. The Multi-Unit Fee for each Crunch Fitness or Crunch Select health club required to be established under the Development Schedule in your Multi-Unit Development Agreement is \$35,000. The Multi-Unit Fee is payable in one lump sum at the time you sign the Multi-Unit Development Agreement and is fully earned and non-refundable at that time. As part of your payment of the Multi-Unit Fee, you will not pay the Initial Franchise Fee for each Franchise Agreement you sign.

We may offer other reduced or deferred Initial Franchise Fees, Development Fees or Multi-Unit Fees in special circumstances, such as to franchisees that commit to and have the ability to develop a large number of clubs and to veterans. Additionally, we may have special incentive offers in certain markets, such as new and developing markets, which include reduced, waived or deferred Initial Franchise Fees. These special incentives may be offered to existing and/or new franchisees. You will be notified by us in advance, in writing, if any reduced fees are available to you. In 2025, our new franchisees paid between \$0 and \$35,000 in Initial Franchise Fees. Failure to meet a development schedule may void any discount and deferral, and the full standard Initial Franchise Fees will be due and payable at that time. These reduced fees only apply to those franchisees that are in compliance with all of our agreements and requirements. We reserve the right to cancel or modify any incentive program or discount at any time.

Except as described in the previous paragraph, the Initial Franchise Fee, Development Fee and Multi-Unit Fee are uniformly imposed and payable to Crunch Franchising. Failure to timely pay the Initial Franchise Fee, Development Fee or Multi-Unit Fee in accordance with the agreed upon payment schedule is also grounds for termination of the applicable Franchise, Area Development or Multi-Unit Development Agreement and we may terminate the agreement upon 10 days’ notice (with the opportunity to cure) if you do not pay the initial fees when due.

Assuming you have signed a lease when you sign your Franchise Agreement, you have 10-12 months under the Franchise Agreement to open your Franchised Business, but if you need additional time you may request up to four extensions of 30 days each. The fee for each extension is \$5,000 per Crunch health club, which is payable at the time the extension is requested. We have the discretion to grant or reject your request. The extension fee is refunded if the extension is not granted. If you have not signed a lease by the time that you sign your Franchise Agreement, you and we may negotiate a longer time for you to open your Franchised Business.

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Item 6

OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty	5.0% of monthly Gross Sales. ⁽²⁾	By the 5 th day of the following calendar month.	See Notes (1) and (5). Payment will be made by automatic deduction by our membership management platform servicer ABC from an account that you designate.
Brand Marketing Fund Contribution	2% of monthly Gross Sales but we have the right to charge a pro rata share of actual marketing expenses instead. ⁽²⁾	By the 5 th day of the following calendar month.	Currently the Brand Marketing Fund Contribution is 2% but we have and can in the future charge franchisees for joint marketing expenses on a pro rata basis instead. See Notes (1) and (5). Payment will be made by automatic deduction by our membership management platform servicer ABC from an account that you designate.
Additional Training or Assistance	Sales & Operations training – Currently \$500 per day, plus all our travel expenses. Group Fitness Training (minimum three days) - \$1,500 Plus travel expenses.	15 days after training completed.	See Note (3). The then current fee will be published in the Operations Manual.
Re-Inspection Fee	\$1,000, plus all our travel expenses.	Upon demand.	If your club fails an inspection, and we must re-inspect, we will charge this fee.
Online Enrollment Processing	Currently \$5 per enrollment	By the 5 th day of the following calendar month.	See Note (1). Payment will be made by automatic deduction by our membership management platform servicer ABC from a designated account.
Franchise Advisory Council	Any dues that may be assessed.	As indicated.	You must be a member of our FAC and pay any dues which may be assessed. See Note (1).

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Monthly Billing Processing and Credit Cards fees	1. Interchange Fees – set by Visa/Master-Card, Discover or AMEX and are based on the type of card processed. These are universal rates. 2. Processor fees – usual and customary fees for transaction processing paid to the processor.	Monthly fee deducted automatically from your monthly dues tap.	Fees are assessed directly by the processors. See Note (4).
Audits	If an audit reveals an underpayment of any fee, you must promptly pay it and a past due charge. If the underpayment is more than 2%, you must reimburse us for all our expenses. We estimate audit costs to be between \$5,000 to \$20,000.	Upon receipt of our invoice.	See Note (3).
Tax Indemnity	You must pay us the amount of any taxes we must pay on any payments you make to us (excluding income tax).	As incurred.	See Note (3).
New Technology Fees	A reasonable fee covering our expenses. This fee is not currently charged.	One-time charges: on demand; monthly, recurring fees: by the 5 th day of the following calendar month.	Because of the rapid technology changes today we reserve the right to charge a reasonable fee to offset our cost for providing you with potential future technology and technology support services that we will provide to you. The fees may be one-time charges or recurring, monthly fees.
Approved Suppliers or Approved Products or Services	Our standard fee for approving alternate Suppliers, or alternate products to Approved Products or Services, or our actual cost for the evaluation if it exceeds our standard fee. Currently	As incurred	See Note (1). Charged if you request to buy Approved Products or Services from another source than our approved Suppliers, or if you request to use other products or services than Approved Products or Services. The fee will also be charged if you want

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	our standard fee is \$1,500 and incurred expenses.		to use products or services that are not part of the System, such as new technology not being an alternative, but an addition to technology used in your Franchised Business. We may also retroactively assess your Franchised Business our standard fee for evaluating a proposed Supplier or alternative products or services to our Approved Products and Services, if we confirm that you have used an unapproved Supplier or unapproved products or services in the build-out or operation of your Franchised Business.
Unauthorized Supplier Fee	Our then current fee, currently \$2,500 for the first violation; \$5,000 for a second violation; and \$10,000 for two or more violations.	Upon demand	If you use an unapproved supplier or vendor without our written approval or before we have approved the vendor to commence work or perform services at your Crunch health club.
Unauthorized Operations Fee	\$1,000/per day.	Upon demand	If you operate your Crunch health club before we have approved it for opening (initial opening, or opening following temporary closure during the term), or if you operate it in contravention of our Brand Standards or applicable law. Unauthorized operation may also result in the termination of your Franchise Agreement.
Offer of Securities	\$50,000 for a public offering, \$25,000 for a private offering, or a higher amount that covers our costs to review.	Upon demand	See Note (3).
Local Advertising	Your required monthly local advertising spend must be the lesser of: (1) 7% of Gross Sales (including revenue from	As incurred.	See Note (4). You must spend the lesser of: (i) 7% of Gross Sales (including revenue from personal training); or (ii) the greater of a percentage of Gross

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	personal training): or (2) a calculation that depends on the age of your Crunch health club: For the Crunch health clubs open between one to 24 months: the greater of \$10,000 or 8% of Gross Sales (excluding personal training revenue). For the Crunch health clubs open between 25 to 72 months: the greater of \$8,000 or 7% of Gross Sales (excluding personal training revenue). For the Crunch health clubs open more than 72 months: the greater of \$10,000 or 5% of Gross Sales (excluding personal training revenue).		Sales (excluding revenue from personal training) and a fixed dollar amount, both which depend on the age of your Crunch health club, on your local advertising. If you fail to market for two consecutive months, we can deduct an appropriate amount of marketing funds from your designated account and use it to place marketing for you. See Note (5). Your Brand Marketing Fund Contributions do not offset the required advertising spend.
Document Review Fee	\$1,500 or, if higher, our legal fees.	Upon demand.	Payable when you present to us a candidate for transfer. This fee is payable whether the transfer is completed or not. The fee does not apply if you are an individual franchisee who wish to transfer your franchise to a legal entity.
Transfers	For Franchise Agreements: \$10,000 if there is a Change in Control, or \$1,000 if there is no Change in Control, and in each case, our actual cost, including legal fees, if higher. For Area Development Agreements and Multi-Unit Development: \$10,000, plus \$5,000 per Franchised Business, or our actual cost,	Before closing.	See Note 6.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	including legal fees, if higher (for a transfer of a controlling interest in you or your Franchised Business).		
Renewal Fee	Then current renewal fee, currently \$15,000.	Upon execution of a renewal Franchise Agreement.	See Note (1).
Relocation Fee	Then current fee, currently \$10,000.	As incurred.	Payable upon demand if we approve you to relocate your Crunch health club.
Indemnification	You must indemnify us, our affiliates and our respective members, owners, shareholders, directors, officers, managers, employees and agents, from and against all claims arising out of your failure to pay taxes, your operation of the Franchised Business, or your actions, failure to act, negligence or willful conduct.	Upon demand.	See Note (3).
Liquidated Damages	Royalties for 24 months.	Upon demand.	If the Franchise Agreement is terminated by us for cause, or you terminate it without cause, we are entitled to this amount. If you have less than 24 months left on the term, your liquidated damages will only be payable for the number of months remaining.
Club Management Software System	\$159 per month to ABC plus transaction processing fees.	Monthly Fee	See Note (5) and (7).
Technology and IT Support Services	Currently \$75 per month.	Monthly Fee	The fee is for technology and IT Support Services, including but not limited to access to Crunch Connected, Club URL purchase and maintenance, set up and maintenance of any club level email boxes or related services,

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			franchisee email services, and license fees for intranet services. The fee may be adjusted to reflect any increase in expenses we incur in providing you the services covered.
Development Extension Fee	\$10,000 per Franchised Business you are granted a development extension for.	Upon demand	If you are unable to meet your development obligations under the ADA or MUDA, we may, in our sole discretion, grant you a 90-day extension.
Unauthorized Product/Service Fee	\$250/day that you sell or give away any unauthorized products or services.	Upon demand	If you sell any products or services that we have not authorized, including approved products and services purchased from non-approved Suppliers, we have the right to charge you a daily fee for this breach of the Franchise Agreement.
Trade Dress Non-Compliance Fee	\$250/day for continued non-compliance with Trade Dress requirements following notice and cure period.	Upon demand	If you do not correct Trade Dress issues (e.g. non-approved graphics) following our notice of non-compliance and cure period, we have the right to charge you this daily fee until such time as you correct the Trade Dress issues. You must promptly repair and remediate any brand-damaging defects or disrepairs at the Clubs, including, without limitation, any safety violations; compliance violations; broken, inoperable or out of service equipment; deferred maintenance; visible deterioration or degradation; or any other conditions that adversely impair the brand's reputation or customer experience.
Administrative Fee	\$1,000 per default.	Upon demand	If you breach a non-monetary obligation under this Agreement and fail to cure the default, if applicable, you must, whether we terminate this Agreement,

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			pay us our then-current Administrative Fee in order to offset Franchisor's costs incurred to address the default.
Interest	Lesser of 18% per annum or the highest rate permitted by applicable state law.	When amount becomes past due	Payable if any amount is not received when due.
Remodel Equipment	\$250,000 to \$1,500,000	Upon required remodeling	We have the right to require you to remodel your Franchised Business.

Notes:

- (1) These payments are payable to us and are not refundable. Fees are uniformly imposed among franchisees of each franchise format but may differ between the three different formats. For example, the minimum local advertising spend is different depending on the age of the Crunch Health Club.
- (2) "Gross Sales" means all revenue received by you from the performance of all services and the sale of all products from or related to your Franchised Business, including membership revenue, both recurring dues and cash sales, personal training and retail sales, less any sales taxes, refunds to customers, and discounts. If you signed an Area Development Agreement or Multi-Unit Development Agreement, you will sign the form of Franchise Agreement offered to Franchisees at the time you sign such Franchise Agreement and your Royalty percentage will be what is offered to Franchisees on that date, except it will not be more or less than the Royalty rate in the now current Franchise Agreement. At our sole and absolute discretion, in certain circumstances we may offer a temporary discounted royalty percentage and/or Brand Marketing Fund contribution percentage under Franchise Agreements, as applicable.
- (3) These payments are payable to us and are not refundable but are not uniformly imposed.
- (4) These payments will be payable to a third party and will be uniformly imposed but will not be refundable.
- (5) Your monthly Royalties and Brand Marketing Fund Contribution, and your local marketing amount if we have to place marketing for you, will be drafted directly from an account you designate. Our designated back-office solutions provider or providers, currently only ABC, will facilitate your monthly membership billing, then after each month's draft the membership dues revenue will be deposited into your designated bank account. After the deposit, by the 5th of the following month, the designated back-office solutions provider will withdraw any amounts due to us under this Agreement, including your Royalty, Brand Marketing Fund Contribution, and Technology and IT Support Services fee payments. On the payment dates designated in the Franchise Agreement, we will calculate the amount due and make the deposit to our designated account on your behalf. All records of the transactions will be provided to you monthly. Any other payments due to us must be made by you by electronic funds transfer to an account we designate.

- (6) Payable if you transfer directly or indirectly to a third party, including other Crunch developers or franchisees. The transfer fee is not required if you transfer your interest to a corporation, limited liability company or other entity and continue to own the majority of that entity, or if your interest is transferred to a third party on your death or incapacity (or the death or incapacity of a principal Owner if you are an entity). “Change of Control” means (i) the acquisition, directly or indirectly, in one transaction or a series of related transactions, by any person or affiliated group of your beneficial ownership of ownership interest representing 50% or more of your equity interest, (ii) any merger or consolidation of you other than a merger or consolidation where 50% or more of the total combined voting power of all outstanding ownership interest of the surviving entity or the acquiring entity, as the case may be, shall be received by and/or held immediately after the consummation of such transaction by one or more holders of your outstanding ownership interest, immediately prior to such transaction, (iii) the sale, transfer, license or other disposition (in one transaction or a series of related transactions) of all or substantially all of your assets to which this Agreement relates, or (iv) any agreement or other arrangement whereby any person or affiliated group other than the holders of your outstanding ownership interest immediately prior to such arrangement obtains control of management or day to day decisions of the Franchised Business.
- (7) ABC Financial Services, Inc. (“ABC”) offers membership management services, point-of-sale and club collections systems that currently service thousands of health clubs across the country. They are a long-time provider of these services in the fitness industry and can provide references upon request. As a franchisee you may purchase your own computers and point-of-sale machine. provided they meet the systems specifications, or you may buy them from ABC. The table shows the basic service plan from ABC, but more comprehensive service plans are also offered by ABC. Depending on the service plan you choose ABC may provide you with an allowance for computer equipment. ABC’s fees for services are a combination of monthly software fees and transaction processing fees.

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Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Crunch Fitness Model:

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure⁽¹⁾	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ⁽²⁾	\$35,000	Lump Sum	Upon signing Franchise Agreement	Us
Architect Fees	\$35,000 to \$60,000	Varies	As incurred	Architects, engineers, and other third parties
Permitting Fees	\$5,000 to \$15,000	Varies	As incurred	Permitter and various third parties
Training Expenses ⁽³⁾	\$4,000 to \$8,000	As arranged	As incurred	Hotels/ airlines/ restaurants/ rental car
Real Property, whether purchased or leased ⁽⁴⁾	See Note (4)	See Note (4)	See Note (4)	See Note (4)
Leasehold Improvements ⁽⁵⁾	\$950,000 to \$3,000,000	As arranged	As arranged	Approved Suppliers and other third parties
Fitness equipment, fixtures, other fixed assets ⁽⁶⁾	\$850,000 to \$1,500,000	As arranged	Varies	For equipment, to Approved Suppliers
Opening Inventory ⁽⁷⁾	\$8,000 to \$16,000	As arranged	Upon order delivery	Approved Suppliers
Site Selection Travel Expenses ⁽⁸⁾	\$500 to \$3,000	30 days after invoice	As accrued	Selected broker

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure⁽¹⁾	Amount	Method of payment	When due	To whom payment is to be made
Utility payments, business licenses, surety bonding (if required) and pre-paid expenses ⁽⁹⁾	\$30,000 to \$100,000	Varies	At time service is begun and/or license is required	Utilities, banks, government agencies, bonding companies
Professional Fees ⁽¹⁰⁾	\$20,000 to \$50,000	Varies	Varies	Lawyers, accountants and other third parties
Signs ⁽¹¹⁾	\$25,000 to \$50,000	As arranged	Before you open	Approved Supplier
Office equipment, technology system, furniture graphics package and supplies ⁽¹²⁾	\$100,000 to \$200,000	Varies	Varies	Approved Suppliers and other third parties
Initial Advertising ⁽¹³⁾	\$45,000 to \$75,000	Paid directly to marketing company	Varies	Approved third-party media companies
Insurance ⁽¹⁴⁾	\$15,000 to \$35,000	As arranged	Varies	Selected Insurers and other third parties
Construction Extension Fee ⁽¹⁵⁾	\$0 to \$20,000	Lump Sum	Upon Request	Us
Additional Funds ⁽¹⁶⁾ - Three months of operations	\$25,000 - \$200,000	Varies	Varies	Payroll, utilities, day-to-day and health club operations costs, until the club reaches break even.
Totals	\$2,147,500 to \$5,367,000			

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Crunch Select Model:

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure⁽¹⁾	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ⁽²⁾	\$35,000	Lump Sum	Upon signing Franchise Agreement	Us
Architect Fees	\$35,000 to \$60,000	Varies	As incurred	Architects, Engineers, and other third parties
Permitting Fees	\$5,000 to \$15,000	Varies	As incurred	Permitter and various third parties
Training Expenses ⁽³⁾	\$4,000 to \$8,000	Varies	As incurred	Hotels/ airlines/ restaurants/ rental car
Real Property, whether purchased or leased ⁽⁴⁾	See Note (4)	See Note (4)	See Note (4)	See Note (4)
Leasehold Improvements ⁽⁵⁾	\$2,000,000 to \$3,000,000	Varies	As incurred	Approved Suppliers and other third parties
Fitness equipment, fixtures, other fixed assets ⁽⁶⁾	\$850,000 to \$1,350,000	As arranged	As incurred	For equipment, to Approved Suppliers. For the coordination services, to Us.
Opening Inventory ⁽⁷⁾	\$8,000 to \$16,000	As arranged	Upon order delivery	Approved Suppliers
Site Selection Travel Expenses ⁽⁸⁾	\$500 to \$3,000	As arranged	As incurred	Selected broker
Utility payments, business licenses, surety bonding (if required) and pre-paid expenses ⁽⁹⁾	\$30,000 to \$100,000	Varies	As incurred	Utilities, banks, government agencies, bonding companies

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure⁽¹⁾	Amount	Method of payment	When due	To whom payment is to be made
Professional Fees ⁽¹⁰⁾	\$20,000 to \$60,000	Varies	As incurred	Lawyers, accountants and other third parties
Signs ⁽¹¹⁾	\$25,000 to \$50,000	As arranged	Before you open	Approved Supplier
Office equipment, technology system, furniture graphics package and supplies ⁽¹²⁾	\$75,000 to \$150,000	Varies	As incurred	Approved Suppliers and other third parties
Initial Advertising ⁽¹³⁾	\$45,000 to \$75,000	Varies; paid directly to marketing company	As incurred	Approved third-party media companies
Insurance ⁽¹⁴⁾	\$15,000 to \$35,000	Varies	As incurred	Insurers and other third parties
Construction Extension Fee ⁽¹⁵⁾	\$0 to \$20,000	Lump Sum	Upon Request	Us
Additional Funds ⁽¹⁶⁾ - Three months of operations	\$45,000 to \$300,000	Varies	As incurred	Payroll, utilities, day-to-day and health club operations costs, until the club reaches break even.
Totals	\$3,192,500 to \$5,277,000			

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Notes:

- (1) **Type of Expenditure.** This is our best estimate on the costs you will incur to develop and open one new Franchised Business based on the experience of our officers and owners. There are no incremental initial investment costs if you become an area developer or multi-unit developer. In addition to the club format, the factors that underlie these estimates can vary considerably depending on a number of variables, and the actual investment you may make may be lesser or greater than the estimates given. We cannot accurately estimate the initial investment you will incur in conversion situations. None of these items are refundable unless otherwise indicated. All payments to us or our affiliates are non-refundable.
- (2) **Initial Franchise Fee.** For both Crunch Fitness and Crunch Select clubs, all franchisees will pay an Initial Franchise Fee of \$35,000. If you sign an Area Development Agreement for Crunch Fitness and Crunch Select clubs, your Development Fee for each Franchised Business you will be establishing under your development schedule will be \$35,000 for each Crunch Fitness club or Crunch Select club. You will not pay the Initial Franchise Fee when you sign the Franchise Agreement. If you sign a Multi-Unit Development Agreement, your Multi-Unit Fee for each Franchised Business you establish under your development schedule will be \$35,000 for a Crunch Fitness model club or Crunch Select model club. You will not pay the Initial Franchise Fee when you sign the Franchise Agreement.
- (3) **Training Expenses.** These are estimated expenses for you (if you are an individual) or one of your Owners (if you are an entity) and your manager to attend three to five days of training, and includes travel-related items such as hotels, airlines, restaurants and local transportation.
- (4) **Real Property, whether purchased or leased.** We cannot estimate your real estate costs, including security deposits, in a low-high range. Crunch health clubs are generally located in high-traffic retail shopping centers or strip malls. The approximate size of your property and building will be 15,000 to 60,000 square feet. If you will operate a Crunch Select club your site will be approximately 15,000 to 30,000 square feet. If you will operate a Crunch Fitness club your site will be approximately 20,000 to 60,000 square feet. The size of your club will vary based on a number of factors. You may either own or lease the premises for your club, but we expect that most franchisees will lease their facilities. The cost per square foot of commercial space varies considerably depending upon the location and market conditions affecting commercial property. In a build-to-suit lease, the landlord may include some or all of the improvements, fixtures, equipment, and signs which may be factored into your overall lease payments. If you decide to purchase the land and build your club, we are unable to estimate the cost in this scenario. The cost of acquiring real estate, developing the site, and constructing the building for the club will vary significantly depending on the geographic location, the specific site, size of the building, and other economic factors outside of our control.
- (5) **Leasehold Improvements.** This is our estimate of the costs you would incur to improve your property to make it suitable for any Crunch health club. You will need to build out the interior and exterior of the location to the franchise specifications. The cost of the required leasehold improvements will depend on the size of the premises, location, material costs, labor costs, amount the landlord is willing to assume, and other economic factors outside of our control. These figures cover the estimated costs related to demolition construction, remodeling, repair, insulation, doors and hardware, partition walls, ceilings, flooring, painting, decoration acquisitions and installation of fixtures, leasehold improvements and other fixed assets, cabinets, plumbing, HVAC, electrical, fire and security systems, decorating, and similar costs for a Crunch Fitness club or a Crunch Select

club in a geographical area that is not traditionally known as one of the more expensive metropolitan areas (e.g., New York, New York). The estimated costs for leasehold improvements for a leased premises in certain of those metropolitan areas may exceed the estimated cost depending on various factors such as the local real estate market, the total square footage of the leased premises, the general contractor you select, and rising construction costs. This disclosure is net of tenant upfit allowance, which may vary depending on various factors, and would decrease the range for leasehold improvements disclosed in the table.

- (6) **Fitness equipment, fixtures, other fixed assets.** You will need to lease or purchase fitness equipment and tanning beds through us. See Item 5. Generally, you will purchase this equipment. Our estimates provided assume that you will be purchasing the equipment and your initial down payments will be between \$850,000 and \$1,500,000 for Crunch Fitness Model and between \$850,000 and \$1,350,000 for Crunch Select Model. This estimate reflects the estimated costs for our approved supplier to deliver and install your equipment, in addition to the costs for shipping and handling of your equipment, furnishings and fixtures, and related materials or general supplies.
- (7) **Opening Inventory.** You will be required to purchase an opening inventory of t-shirts, drinks and promotional items from approved vendors only before opening the franchised unit for business.
- (8) **Site Selection Travel Expenses.** Should you choose to utilize them, you will be assisted with site selection through the professional services of a real estate broker. There will generally be no fees incurred by you for their services, other than reimbursed expenses. The cost estimates cover their travel related expenses to view your potential sites.
- (9) **Utility payments, business licenses, surety bonding (if required) and pre-paid expenses.** You will need to acquire all the necessary permits, bonds, utilities, merchant accounts and licenses that are required to operate the Franchised Business legally and proficiently.
- (10) **Professional Fees.** You will need, in most cases, the assistance of legal counsel to review any important documents, and potentially accountants to maintain your books.
- (11) **Signs.** You will need to purchase exterior signs to maximize visibility of the facility for consumers.
- (12) **Office equipment, technology system, furniture graphics package and supplies.** You will be required to purchase the required technology system, including computer monitors, hardware, software, other equipment and network connections, and office supplies to open your health club.
- (13) **Initial Advertising.** Before opening your Franchised Business, the advertising you will need to conduct may include mailings, internet, billboards, radio, and TV.
- (14) **Insurance.** You will be required to purchase the specified insurance coverage for your health club before operations begin. We set certain minimum required insurance coverages (as further described in Item 8), but it is your sole responsibility to determine the appropriate and maximum insurance coverage for your Crunch health club. The cost of your insurance coverage will vary depending on the insurance carrier's charges, the terms of payment, and your insurance history. You must also carry the insurance required by your landlord and applicable law. Your obligation to obtain and maintain the insurance policies that we require, in the amounts specified, will not be limited in any way by reason of any insurance maintained by us, nor will your performance of that obligation relieve you of your liability under the indemnity provisions in the Franchise Agreement. Insurance premiums for certain lines of insurance, including commercial property, business personal property and business interruption insurance, may exceed the estimated cost due to the impact

of recent or future catastrophic natural disasters. An insurance professional can help you determine the appropriate insurance coverage and associated cost for your club, including any additional coverage that may be required or recommended for businesses located in geographical areas deemed to be high-risk.

- (15) **Construction Extension Fee.** You have 10-12 months under the Franchise Agreement to open your Franchised Business, but if you need additional time you may request up to four extensions of 30 days each. The fee for each extension is \$5,000 per Crunch health club, which is payable at the time the extension is requested regardless of whether the Crunch health club is a new build or a conversion location. We have the discretion to grant or reject your request. The extension fee is refunded if the extension is not granted.
- (16) **Additional Funds.** We estimate that your initial period of operations will be three months. You will need to have on hand sufficient additional capital to cover operating expenses until the club reaches a break-even operating basis. This item estimates the initial start-up expenses (other than the items identified separately in the table) you will incur before you commence operations and during the initial period of operations. These expenses include post-opening employee payroll (but not any draw or salary for you), including wages and expenses associated with attending training; initial marketing expenditures for three months (not including your grand opening advertising expenditure); bookkeeping and payroll services for three months; installations; deposits; utility costs; incorporation fees; and any unforeseen incidental expenses related to facilities improvements. The estimate given is the amount of additional funds, in excess of revenues, we estimate you will need to cover these expenses during this initial period. If you open multiple clubs under an Area Development Agreement or a Multi-Unit Development Agreement, the additional funds necessary for your first club tend to be on the high end of the estimated range, while the additional funds required for subsequent clubs will tend to fall on the lower end of the estimated range. This estimate is based on our directors, officers' and owners' approximately three decades of experience in the health club business opening and operating Company-owned clubs and offering franchises for the operation of franchisee-owned Crunch health clubs.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must comply with all of our mandatory standards, methods, policies, products, procedures, techniques, standards and specifications for your club format that we prescribe in the Operations Manual, Standards or other written or electronic communications, including the wearing of uniforms while performing services, and using only equipment, uniforms, computers, point of sale and membership management systems, transaction processing and accounting platforms, software, telephone and other items that meet or exceed our standards. Failure to comply with any of the foregoing may be considered a default of your Franchise or Area Development or Multi-Unit Development Agreement.

You must lease or purchase certain construction services, fitness equipment, furniture and fixtures, recovery modalities and an opening inventory of uniforms, t-shirts, drinks and promotional items, only from us or from approved Suppliers, before opening your Franchised Business. We will have the right to require you to immediately stop distribution of products purchased from non-approved Suppliers. You must also use our approved Suppliers and may be required to purchase products or services from us when you are required to remodel or refurbish your Franchised Business. Miscellaneous items including office supplies can be purchased from any reputable vendor as long as those items are equivalent to what is on the specified

list (i.e., media planning and buying). You must also use a marketing Supplier that we designate and/or approve.

Approved Suppliers, Products and Services.

We have the right to designate or approve one or more third parties, or ourselves or an affiliate (a “**Supplier**” or “**Suppliers**”), to supply you with certain categories of products and services (“**Approved Products and Services**”). If we so designate or approve a Supplier for your club format, you must purchase the categories of Approved Products or Services only from Suppliers so designated or approved by us or from us or one of our affiliates. In addition, we can designate or approve a Supplier for any products or services and may designate or approve a Supplier only as to certain products or services, including supplies to be used in your Franchised Business. We can concentrate purchases with one or more Suppliers to obtain lower prices, better advertising support and/or better services for any group of Franchised Businesses.

If you want to purchase Approved Products or Services from any supplier that we have not previously designated or approved for those products or services, you must first obtain our written approval. You must notify us in writing and submit to us all information, specifications and samples that we request. Our criteria for Supplier approval are not made available to our franchisees. We will have the right to require that our representatives, at your expense, be permitted to inspect the proposed Supplier’s facilities and that samples from the proposed Supplier be delivered to us or our designated testing facility for evaluation and testing. To secure approval of purchases from alternative Suppliers, we have the right to charge you our standard fee for evaluating your proposed Supplier, or our actual cost for an evaluation if it exceeds our standard fee. Currently, the standard fee is \$1,500 and incurred expenses. We will have sole discretion as to whether or not to approve any Supplier. We will typically notify you of our approval or disapproval within 60 days; however, if we do not notify you within this time period, your request will be considered denied. Our approval of a Supplier as to any products or services must be made by us in writing, and we may also condition our approval on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints, concentration of purchases and other criteria, and may be conditioned on the Supplier providing us with adequate insurance protection, the Supplier’s execution of reasonable indemnity and confidentiality agreements, and the Supplier’s payment of reasonable license fees to us if our Licensed Marks are to be used, and may be temporary or conditional, pending our evaluation of the Supplier.

We do not generally issue specifications and standards to our franchisees or approved Suppliers.

We reserve the right to re-inspect, at any time, the facilities, products and/or services of any approved Supplier and to revoke our approval upon the Supplier’s failure to continue to meet any of Franchisor’s then current criteria.

Currently, we are the only approved Supplier for the fitness equipment, tanning beds, hydro massage beds, lockers and flooring. You must order all of these through us. We will arrange with various third-party suppliers to provide those items to you. You will pay us or our affiliate to cover the down payment costs to lease or purchase the equipment. You or your leasing company will pay us in full, and we will in turn provide most of those funds to the third-party suppliers, retaining a portion for our coordination services. We are not the only approved Supplier of any other products or services.

If you wish to use any alternate products or services to any Approved Products and Services (as opposed to buying Approved Products and Services from an alternative Supplier from the Suppliers we have designated), you must first obtain our written approval. You will have to submit a written request to us with all applicable information, specifications or samples we require. To secure approval of purchases for alternative products or services, we have the right to charge you our standard fee for evaluating your

proposed product or service, or our actual cost for an evaluation if it exceeds our standard fee. Currently, the standard fee is \$1,500 and incurred expenses. Within a reasonable time (typically, 30 days or less) we will notify you whether the alternative product or service is approved. If we do not notify you within this time period, your request will be considered disapproved. We do not provide our franchisees with the criteria for approving alternate products or services. If we revoke the approval of an alternative product or service, you will be notified of the revocation in writing. We do not issue our specifications and standards to Franchisees for approving alternative products or services. Applications for approval are reviewed on a case-by-case basis.

If you fail to pay a Supplier for Products and Services within the due date, we will have the right, but not the obligation, to act as a pass through by withdrawing funds automatically from your account for the purpose of paying the Supplier, including any past due, current and future payments, in order that we can maintain a good vendor relationship with the Suppliers. Products and services for which we may act as a pass through may include equipment, fixtures, goods, merchandise, inventory, marketing campaigns or materials, lending services, computer hardware and software, supplies, uniforms and other categories of products and services that you may purchase from designated Suppliers.

One or more of our officers has an indirect ownership interest in dotFIT, which is one of our suppliers. Otherwise, none of our officers has an interest in any supplier.

Membership Management Services.

You must license computer software we specify from ABC Financial Services, Inc. (“ABC”) located at 8320 Highway 107, Sherwood, Arkansas 72120, for certain systems and support services.

ABC offers membership management services, point-of-sale and club collections systems that currently service thousands of health clubs across the country. They are a long-time provider of these services in the fitness industry and can provide references upon request. As a franchisee, you may purchase your own computers and point-of-sale machine that meet ABC’s systems specifications, or you may buy them from ABC. In most cases, ABC’s fees for service are currently a combination of monthly software fees of \$159 and transaction processing fees, which will vary. You may choose to purchase additional services from ABC for a higher or separate fee.

Insurance.

You must obtain and maintain, at your own expense, the insurance coverage we require, and you must meet the other insurance-related obligations set forth in the Franchise Agreement and the Operations Manual. We may amend the insurance requirements or add additional coverage requirements at any time upon notice to you. The insurance policy or policies must be written by a reputable carrier with an AM Best rating of “A-,” and name us and our designated affiliate as an additional insured. The insurance policy or policies must consist at a minimum (except as additional coverage and higher policy limits may reasonably be specified by us), of the following: (i) commercial general liability insurance (\$1 million per occurrence, \$2 million aggregate); (ii) products-completed operations insurance (\$1 million per occurrence, \$2 million aggregate); (iii) personal injury and advertising injury insurance (\$1 million per occurrence, \$2 million aggregate); (iv) damage to premise rented insurance (\$50,000 per each premises); (v) hired and non-owned auto liability insurance (\$1 million per occurrence, \$1 million aggregate); (vi) professional liability insurance (\$1 million per occurrence, \$3 million aggregate); (vii) medical expense insurance (\$2,000 per person, \$2 million aggregate); (viii) business personal property insurance (greater of \$50,000 or replacement value); (ix) business interruption coverage (actual loss sustained basis, minimum period of six months); (x) workers compensation (statutory amounts); (xi) employers' liability insurance (\$1 million per occurrence, \$1 million aggregate); (xii) cyber liability insurance (\$1 million per occurrence, \$1 million

aggregate); and (xiii) those other insurance policies as we may determine. We may designate an insurance agency or insurer as a designated supplier for certain types of insurance policies. Subject to the minimum required policies we specify, you are solely responsible for determining the types and amount of insurance you will need to operate your Crunch health club. You must provide us upon our request, or at such times that we specify, with evidence that you meet the minimum insurance requirements.

Revenues and Payments from Required Purchases.

For the fiscal year ending December 31, 2025, revenues from franchisee required purchases or leases were \$22,066,990 (including related parties), or 19.64% of our total revenue of \$112,377,668. For the fiscal year ending December 31, 2025, none of our affiliates received revenues from franchisee's purchases or leases of products or service.

We or our affiliates may realize a profit or receive payments, commissions, discounts or other allowances from your purchases of products and services from approved Suppliers, and, where permitted by applicable law, we or our affiliates may retain those profits, payments, rebates, discounts or allowances for our own accounts without having any obligation to provide any benefits to you. We will make a profit on any fitness equipment, tanning beds and other products we sell to you.

We estimate that the proportion of your required purchases and leases to all purchases and leases by you of products and services in establishing and operating your Franchised Business is approximately 30% to 45%. We do not provide any material benefits to you based on your use of designated or approved sources.

We may negotiate purchase arrangements with Suppliers for the benefit of our franchisees. We will derive revenue under arrangements with certain authorized Suppliers from the supply of approved products or services to our franchisees. Our payments will be on a percentage basis, usually ranging from 3% to 10%.

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Item 9

FRANCHISEE' S OBLIGATIONS

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

Obligation	Section in franchise or other agreement⁽¹⁾	Disclosure document item
a. Site selection and acquisition/lease	FA §§5.1, 5.2, 5.3 ADA §§3.1.3, 3.1.5, 6.1, 6.2.3, 6.2.4, 6.2.5, 7.1. MUDA §§3.1.3, 3.1.5, 6.1, 6.2.3, 6.2.4, 6.2.5, 7.1	11
b. Pre-opening purchases/leases	FA §§7.1.11, 7.3, 7.4	5, 7, 8
c. Site development and other pre-opening requirements	FA §§5.2, 5.3, 5.4, 5.5 ADA §§3.1, 6.2 MUDA §§3.1, 6.2	6, 7, 11
d. Initial and ongoing training	FA §§6.1.2, 7.1.12, 7.2	7, 11
e. Opening	FA §§5.4, 5.5, 7.1.1, 7.1.3 ADA §§6.2.1, 6.2.2	11
f. Fees	FA §§5.6, 7.1.18, 7.1.20, 8.1, 8.2, 8.3, 8.4, 8.6, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.13, 9.4, 10.3, 16.8, 18.8, Exhibits 5 and 6 ADA §§5.1, 5.2, 5.3, 6.1, 6.2.1, 13.8 MUDA §§5.1, 5.2, 5.3, 6.1, 13.8	5, 6, 7, 8
g. Compliance with standards and policies/operating manual	FA §§3.1, 7.1.2, 7.1.6, 7.1.8, 7.1.15, 7.1.22, 7.1.23, 13.1	11, 14
h. Trademarks and proprietary information	FA §§7.1.16, 11.1, 11.2, 11.3, 11.4, 11.5, 11.6, 11.7,	13, 14

Obligation	Section in franchise or other agreement⁽¹⁾	Disclosure document item
	11.8, 11.9, 12.1, 12.2, 12.3, 13.2, 13.3, 13.4 ADA §§8.1, 8.2 MUDA §§8.1, 8.2	
i. Restrictions on products/services offered	FA §§7.1.8, 7.1.30, 7.8, 7.10	8, 16
j. Warranty and customer service requirements	FA §§7.1.8, 7.1.9, 12.4	16
k. Territorial development and sales quotas	FA: Not Applicable ADA §§3.1, 3.2, 6.2, Exhibits 1 and 2 MUDA §§3.1, 3.2, 6.2, Exhibit 1	12
l. Ongoing product/service purchases	FA §§6.2, 7.1.17, 7.1.18, 7.1.19	8
m. Maintenance, appearance, and remodeling requirements	FA §§5.6, 7.1.17, 7.1.18, 7.1.19	11
n. Insurance	FA §7.3	7
o. Advertising	FA §§7.1.3, 7.1.31, 10.1, 10.2, 10.3, 10.5, 10.6, 10.7	6, 7, 8, 11
p. Indemnification	FA §§7.7, 11.5, 17.4 ADA §12.4 MUDA §12.4	6, 17
q. Owner participation/management/staffing	FA §§7.1.5, 7.1.12, 7.1.13, 7.1.14, 7.1.15, 7.2	15
r. Records and reports	FA §§7.1.26, 9.1, 9.2, 9.3	11

Obligation	Section in franchise or other agreement⁽¹⁾	Disclosure document item
s. Inspections and audits	FA §9.4	6, 11
t. Transfer	FA §§15.1, 15.2, 15.3, 15.4, 15.5, 15.6 ADA §§10.1, 10.2, 10.3, 10.4, 10.5 MUDA §§10.1, 10.2, 10.3, 10.4, 10.5	6, 17
u. Renewal	FA §4.3 ADA §4.3 MUDA §4.3	17
v. Post-termination obligations	FA §§13.2, 13.3, 14.2, 16.5, 16.6 ADA §11.6 MUDA §11.6	17
w. Non-competition covenants	FA §§7.2, 13.2, 13.3, 14.1, 14.2, 14.3, 14.4 ADA §§9.1, 9.2, 9.3, 9.4 MUDA §§3.1, 9.1, 9.2, 9.3, 9.4	17
x. Dispute resolution	FA §§18.1, 18.2, 18.3, 18.4, 18.5, 18.6, 18.7, 18.8, 18.9 ADA §§13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9 MUDA §§13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9	17
y. Annual franchise system meeting	FA §7.1.29	Not Applicable
z. Franchise Advisory Council	FA §7.5	20
aa. Website/electronic commerce	FA §§7.9, 11.7	13

Obligation	Section in franchise or other agreement⁽¹⁾	Disclosure document item
bb. Pre-sale, sale and management of memberships	FA §§7.1.8, 7.1.9, 7.1.10, 7.1.30, 7.8, 7.11	16
cc. Owner's guaranty/ Owner's acknowledgment	FA §2.3, Exhibit 2 ADA §2.3, Exhibit 4 MUDA §2.3, Exhibit 3	1
dd. Reciprocity rule	FA §7.11	11, 16
ee. Other investors	ADA §7.2 MUDA §7.2	16
ff. National and regional sales and membership programs	FA §7.1.31	16

Notes:

- (1) References are to the Franchise Agreement (“FA”), Area Development Agreement (“ADA”) or Multi-Unit Development Agreement (“MUDA”).

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.

Item 10

FINANCING

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

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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 Site Section Obligations

Before you open your business, we will:

1. Provide you with our Operations Manual, which contains our criteria for your business site and its layout. We may develop different Operations Manuals for the different club formats, and in that case, we will provide you with the Operations Manual applicable to your Crunch health club format (Crunch Fitness or Crunch Select). Your business site and its layout are subject to our approval. We may arrange for a third party to provide you, at your option, with site selection services at no cost to you, except you must pay for the third party's travel expenses. We estimate the range of site selection travel expenses that you will pay to the third party to be between \$500 to \$3,000. (Franchise Agreement §5.2)
2. Provide you with the factors that we will consider in approving your site include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings, lease terms and local competition. We may require that you use a realtor or broker to help locate an appropriate site. (Franchise Agreement, §5.3)
3. If you have not already signed a lease at the time that you sign your Franchise Agreement, you must submit a proposed site to us for approval within 60 days of signing your Franchise Agreement. We will have 20 business days to approve or disapprove your site after you submit the necessary materials to us. If we do not notify you within this time period, your request will be considered disapproved by us. If you are building out a newly developed Franchised Business, you must complete your construction and build-out work and be opened for business within 10 months of signing your lease or a similar agreement conveying ownership of the premises to you, or after signing your Franchise Agreement, whichever occurs first. If construction of the building has not begun or is not completed, the time period will be 12 months of signing your lease or a similar agreement conveying ownership of the premises to you, or after signing your Franchise Agreement, whichever occurs first. If you are converting an existing health club to a Franchised Business, then all conversion work must be completed and the Franchised Business open for business within four months of signing your lease or a similar agreement conveying ownership of the premises to you, or after signing your Franchise Agreement, whichever occurs first. (Franchise Agreement, §§ 5.3, 5.4 and 5.5)
4. If you are an area developer, our only obligation is to help you define your Development Area and assign it to you. (Area Development Agreement, §7.1.)
5. If you are a multi-unit developer, our only obligation is to help you define your Multi-Unit Area and each Trade Area and assign them to you. (Multi-Unit Development Agreement, §7.1)

Other Pre-Opening Obligations

Before you open your business, we will:

1. Provide you (if you are an individual) or one of your Owners (if you are an entity) and your manager with those required training courses, programs and materials as we deem appropriate. The training will be conducted at the locations and times as we may designate. We will provide the initial training course without cost to you, except that you will be responsible for paying the travel, living and meal expenses and salaries for yourself or any Owner and any manager attending the training classes. (Franchise Agreement §6.1.2)
2. Provide you with up to five calendar days of in-club training at the location of the Franchised Business in connection with the opening at our expense. (Franchise Agreement §6.1.3)
3. Provide you via our Website or otherwise with a copy of our Operations Manual. (Franchise Agreement §6.1.4)
4. Provide you with a list of standards for equipment, uniforms, technology systems, point of sale and membership management systems, transaction processing and accounting platforms, software, telephones and other items which you must use in your Franchised Business. (Franchise Agreement §6.1.5)
5. Designate approved Suppliers from which you can purchase your opening inventory of ready-to-go forms, letterheads, business cards and other daily use marketing items. (Franchise Agreement §6.1.11)
6. Sell you the fitness equipment, tanning beds, hydro massage beds, flooring and lockers that you will need. Currently, we are the only approved supplier for these items. (Franchise Agreement, §§6.2, 7.1.18)

If there are variations in our standards for the different club formats, we will provide you with the training, documentation, and materials for the club format that you will operate your Franchised Business under.

Opening of Your Business

Franchisees will typically open their Crunch Fitness or Crunch Select Franchised Businesses within four to 10 months after they sign a lease agreement. The factors that may affect this time for you include your ability to obtain a lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, or delayed installation of equipment, fixtures or signs. You cannot open your Franchised Business without a signed Franchise Agreement and until we provide you with our written notice of approval to open. For a newly developed Franchised Business in a building that is already constructed, you must open for business within 10 months after signing your lease or a similar agreement conveying ownership of the premises to you, or after signing your Franchise Agreement, whichever occurs first. For a newly developed Franchised Business in a building that is not already constructed, you must open for business within 12 months after the date you sign your lease agreement or similar conveyance agreement. (Franchise Agreement, Section 5.4). For an existing health club that is converted to a Franchised Business, you must open for business within four months after you sign a lease or similar agreement conveying ownership the premises to you, or after signing your Franchise Agreement, whichever occurs first. The same timelines apply if you are an area developer or multi-unit developer. (ADA §3.1.1 and MUDA §3.1.1). If you need

additional time, you may request up to four extensions of 30 calendar days each. The fee for each extension is \$5,000. We may also extend or mutually designate a different time period if we determine that any delays in opening the Franchise Business is due to causes beyond your control.

Obligations During Operation of the Franchise

During the operation of your Franchised Business, we will:

1. Endeavor in the exercise of our business judgment to maintain a high standard of quality for the System, and promote, protect and enhance the public image and reputation of the System. (Franchise Agreement §6.1.1)
2. Maintain a list of standards for equipment, fitness equipment, tanning beds, uniforms, computers, systems, point of sale and membership management systems, transaction processing and accounting platforms, software, telephones and other items which you must use in your Franchised Business. (Franchise Agreement §6.1.5.)
3. As we deem appropriate, make available to you additional optional or mandatory training courses, programs and materials, with training to be conducted at locations and times designated by us and at fees we establish. (Franchise Agreement §6.1.6)
4. Make available to you throughout the term of your Franchise Agreement sales, marketing and technical assistance, and consultation and advice on operating procedures, that we may deem necessary or desirable in the exercise of our business judgment. (Franchise Agreement §6.1.7)
5. Provide you with a list of approved Suppliers through use of an Internet catalog, and/or the Operations Manual and/or other written or electronic communications. (Franchise Agreement §6.1.8)
6. Make available to you improvements and changes in our services or operating procedures for Crunch health clubs. (Franchise Agreement §6.1.9)
7. As we deem appropriate, develop and maintain an Internet Website for franchisee services and communications, for customer and service leads and referrals, and for promotional specials. (Franchise Agreement §6.1.10)
8. Designate approved Suppliers from which you can purchase on-going supplies of ready-to-go forms, letterheads, business cards and other daily use marketing items. (Franchise Agreement §6.1.11)
9. At our discretion, conduct mystery shopping services or inspections of your business. (Franchise Agreement §6.1.12)
10. As we deem appropriate, offer and make available for purchase by you at your option, and at your discretion and at prices we have established, equipment and other items. (Franchise Agreement §6.1.13)
11. Suggest or establish, to the extent permitted by applicable laws, the prices or range of prices, and terms and conditions of sale, for products and services you offer. (Franchise Agreement §6.4)

12. Not more often than once every five years, we may require you to renovate your trade dress for the Franchised Business (including replacing equipment that needs to be replaced) to comply with our then current standards. We estimate these costs to be between \$250,000 and \$1,500,000, depending on the condition and age of your Club. Crunch may also require a complete remodel as a condition to renewing your Franchise Agreement at the end of the term. (Franchise Agreement, §5.6)

If there are variations in our standards for the different club formats the training, documentation, and materials provided to you will be those for the club format that you will operate your Franchised Business under.

Advertising Program

All of your advertising and marketing for your Franchised Business in any medium, including social media and mobile marketing, must be conducted in a dignified manner and must conform to the System and the System standards. All advertising that you propose to use must be approved by us in writing before your use of those materials. We currently require that all advertising materials and assets must be created by Crunch-hosted online tools (Online Ad Builders) or by Crunch's internal creative team. Franchisees may not hire their own advertising agencies, graphic designers, or other creative production suppliers. This includes mobile marketing. We currently do not allow text messaging for marketing and promotional purposes that does not comply with our policies and the law. In no event are prerecorded automated calls (so-called robocalls) allowed for marketing, promotional or other purposes.

We may disapprove any advertising or marketing materials you propose to use. We do not have to pay you any compensation if we disapprove your request, and you will be responsible for any costs that you incur to produce those materials. Our review of the advertising is for compliance with brand standards and proper use of the Licensed Marks. You are solely responsible for ensuring that the advertising you use for your Franchised Business complies with applicable law. You must provide all advertising and/or publicity materials you wish to use to us at least 10 days before the deadline for running the advertisement. If we do not notify you within the applicable time period, your request will be considered denied. You must use a marketing Supplier that we designate. Currently, we have certain supplier and agency requirements for local media planning and buying (including, traditional media, email, SMS marketing, paid social media, paid search, display advertising, and direct mail), advertising/creative asset development, online reputation management, and social media community management.

We require that you spend monthly on local marketing the lesser of 7% of Gross Sales (including revenue from personal training services) for the preceding month, or a minimum amount that depends on the age of your Crunch health club. The minimum amount that depends on the age of your Crunch health club is calculated as follows: (i) for Crunch health clubs open between one to 24 months, it is the greater of \$10,000 or 8% of Gross Sales (excluding personal training services); (ii) for Crunch health clubs open between 25 to 72 months, it is the greater of \$8,000 or 7% of Gross Sales (excluding personal training services); and (iii) for Crunch health clubs open more than 72 months, it is the greater of \$10,000 or 5% of Gross Sales (excluding personal training services). (Franchise Agreement, §10.2). Your contributions to the Brand Marketing Fund do not offset this required advertising spend.

You must conduct pre-opening and pre-sale marketing and promotions in your territory in accordance with our pre-opening and pre-sale plan and, you cannot deviate from the plan without our prior written approval. Your pre-opening and pre-sale expenditures must be in an amount of at least \$15,000 per month pre-opening. (Franchise Agreement §7.1.3).

You must participate in all required national promotional offers that we establish from time to time. You may be required to participate in promotional offers that require your donation to a charity, provided that: (i) company-owned Crunch franchised businesses operating the same format club as you, also participate in the offer and (ii) your required donations are limited to member enrollment fees or a portion thereof. You do not have to participate in a local or regional advertising cooperative. We reserve the right to establish and maintain local and regional advertising cooperatives for geographic areas.

You must comply with all of the requirements contained in the Operations Manual regarding Licensed Marks in all of your advertising and marketing, including in online mobile marketing. You cannot have your own Website or register any domain name or URL address. You must use the Website provided by one of our affiliates. We will designate one or more pages of our Website to describe your Franchised Business. Your use of social media, such as Facebook, Instagram and TikTok, and mobile marketing for your Franchised Business is subject to our prior written approval and your continued compliance with our social media requirements. Digital marketing is an area that changes quickly. We have the right to control all of your online presence (which includes text messaging, social media communities, and mobile applications) and may develop specific rules, guidelines and policies for use and content of your online presence. (Franchise Agreement §7.9).

We may require that various types of marketing or advertising utilize a specific template or format. You must give us copies of all proposed applications using any of the Licensed Marks or any variation for use in and for electronic commerce, including your social media or mobile marketing applications. You must obtain our prior written approval before using the Licensed Marks in any way; we may withhold or condition our approval in our sole discretion. Upon expiration or termination of your Franchise Agreement, you must transfer your social media and mobile marketing accounts to us upon our written request. You will not receive any compensation for any transfer. (Franchise Agreement, §11.7).

If you fail to meet your local advertising obligations for two consecutive months, we may deduct an appropriate amount of marketing funds from your account and use those funds to place marketing for you. (Franchise Agreement, § 10.2). We assume no responsibility for the business performance of those funds (e.g., lead generation, new membership sales, etc.), only the placement of the marketing assets in typical media channels.

Brand Marketing Fund

We have established and are maintaining and administering a brand marketing fund (“**Brand Marketing Fund**”). You must pay the Brand Marketing Fund Contribution that we establish in an amount up to 2% of monthly Gross Sales. The Brand Marketing Fund Contribution is currently 2% of Gross Sales. Instead of charging a percentage Brand Marketing Fund Contribution, we reserve the right to charge you on a pro rata basis for specific or project-based marketing efforts that we undertake. We can modify the amount of your Brand Marketing Fund Contribution on at least 30 days’ prior written notice to you. Most franchisees contribute to the Brand Marketing Fund at the same percentage rate, but some of our first franchisees negotiated modifications. However, in our sole and absolute discretion, under certain circumstances we may temporarily waive or reduce Brand Marketing Fund Contributions in whole or in part for franchisees experiencing temporary hardships.

We direct all marketing programs financed by the Brand Marketing Fund and have sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the marketing programs. By example, and without limitation, we may use the Brand Marketing Fund for the following purposes: to pay the costs of preparing and producing video, audio and written advertising materials; administering local, regional, multi-regional and national advertising pro-

grams including, without limitation, purchasing direct mail and other media advertising; employing advertising, public relations and media buying agencies to assist in these activities; supporting public relations, market research and other advertising and marketing activities; constructing and maintaining a Website, social media and mobile marketing accounts and applications, to be used to promote our marketing programs; celebrity endorsement; participation in conventions, conferences and seminars relevant to our industry; and make donations to a charitable foundation that support our brand awareness and promotion efforts. We may elect to use the Brand Marketing Fund to provide you with marketing, advertising and promotional formats and sample materials without additional charge, or to provide you with multiple copies of marketing, advertising and promotional materials at a price we may determine in our sole discretion. We reserve the right to cause the Brand Marketing Fund to be incorporated or operated through a separate entity.

The Brand Marketing Fund is not a trust, and we do not have any fiduciary obligations to you related to the Brand Marketing Fund. However, the Brand Marketing Fund will be accounted for separately from our other funds, and will not be used to defray any of our general operating expenses, except for costs, salaries, travel expenses, administrative costs, overhead and other similar expenses we may incur in activities reasonably related to the administration of the Brand Marketing Fund and its marketing programs. We may spend in any fiscal year an amount greater or less than the total contributions of all Franchised Businesses to the Brand Marketing Fund in that year, and we may cause the Brand Marketing Fund to invest any surplus for future use by the Brand Marketing Fund. You authorize us to collect for remittance to the Brand Marketing Fund any advertising, promotional monies or credits offered by any Supplier to the Brand Marketing Fund from your purchases. Interest earned on monies contributed to the Brand Marketing Fund will be used to pay advertising costs of the Brand Marketing Fund. We will prepare an annual statement of monies collected and costs incurred by the Brand Marketing Fund and will furnish it to you upon written request. The Brand Marketing Fund will not be audited.

The Brand Marketing Fund is intended to maximize recognition of and goodwill associated with the Licensed Marks and patronage of all Franchised Businesses in the United States. Although we will endeavor to utilize the Brand Marketing Fund to develop advertising and marketing materials and programs, and to place advertising, that will benefit all Franchised Businesses in the United States, we will have no obligation to ensure that expenditures by the Brand Marketing Fund for any geographic area will be proportionate or equivalent to the contributions to the Brand Marketing Fund by franchisees operating in that geographic area or that any Franchised Businesses will benefit directly or in proportion to its contribution to the Brand Marketing Fund from the development of advertising and marketing materials or the placement of advertising. We are also not obligated to ensure that expenditures by the Brand Marketing Fund in or affecting any health club format will be proportionate or equivalent to the contributions to the Brand Marketing Fund by franchisees operating under that health club format or that any or all Franchised Businesses of different formats will benefit directly or in proportion to their contributions to the Brand Marketing Fund from the development of advertising and marketing materials or the placement of advertising.

Although we intend the Brand Marketing Fund to be of unlimited duration, we have the right to terminate and, if terminated, to reinstate, the Brand Marketing Fund at any time after all money in the Brand Marketing Fund has been expended. We also have the right to separate the Brand Marketing Fund into several marketing funds, by health club format, or otherwise, and may in such case distribute funds from the Brand Marketing Fund to the new marketing funds in our sole discretion; provided, however, that we will endeavor to distribute the funds equitably.

Under no circumstances may you use your own advertising material without our prior approval. There is no advertising council composed of franchisees that advises us on advertising policies.

Except as described above, we will assume no direct or indirect liability or obligation to you regarding the maintenance, direction or administration of the Brand Marketing Fund.

In the last fiscal year, we spent 7.3% of the Brand Marketing Fund on production, 70.5% on media placement, 2.9% on SEO, promotions and email marketing, 16.6% on administrative expenses and 2.7% on other, miscellaneous expenses including expenses related to online business listings, online reputation management, and consumer research including member satisfaction. We do not use the Brand Marketing Funds to solicit new franchise sales.

Technology System

You must acquire and use in your Franchised Business the required technology system, including without limitation, any computer monitors, hardware, software and other equipment and network connections that we may specify periodically and that is compatible to operate the member management system, point-of-sale system, non-cash payment system, marketing systems and other technology systems (the “**Technology System**”). You will use the Technology System in a variety of ways. It will provide access control, track member usage, allow members reciprocity among clubs, and process membership and financial data. You can also use the Technology System for e-mail, Internet access and word processing.

You must pay any license or maintenance fees that we or an approved Supplier of the software may charge for its use. Currently there are two options available to you. You may purchase your own computers and point-of-sale machine, provided they meet certain systems specifications, or you may buy them directly from our third-party membership management and point-of-sale system provider, ABC. In most cases, ABC’s fees for the basic, required service are currently a combination of monthly software fees of \$159 and transaction processing fees, which will vary. You may choose to purchase additional services from ABC for a higher or separate fee.

We estimate the cost of the Technology System, including computer hardware, software and a point-of-sale system, to range between \$7,500 and \$12,500. This estimate is net of any allowance or discounts that ABC may offer from time to time.

You must implement and have fully operational the software system as we designate at the time you begin pre-sale of memberships for your Franchised Business. Neither we, nor any of our affiliates or third parties (aside from ABC), is obligated to provide ongoing maintenance, repairs, upgrades or updates. At your sole expense, you must maintain and upgrade your Technology System, including software, to meet our requirements; however, ABC will provide software maintenance and upgrades as part of your monthly fee.

We will have independent access to the information in the software program at all times, including your financial reports. We will have the right to collect and retain from your Technology System all data concerning your Franchised Business, and to use that data for the purposes permitted by the Franchise Agreement.

Operations Manual

The table of contents of our Operations Manual (which includes the Franchise Manual and Club Manual) are attached as **Exhibit I**. The Operations Manual has 249 pages. Currently, the Operations Manual is the same for all Crunch health club models. We may, at any time, change, delete, add to, or modify the Operations Manual and will notify you in advance of any changes to our System Standards or approved suppliers or service providers. These changes, deletions, additions, or modifications may require you to incur additional expenses and costs. We may also develop different Operations Manuals for the

different club formats, and in that case, we will provide you with the Operations Manual applicable to your Crunch health club format (Crunch Fitness or Crunch Select).

Training Program

The Crunch training program, known as Crunch University, consists of a multi-faceted approach including classroom or workshop training events hosted in our national Training Center in Jacksonville, Florida and at gyms throughout the network, virtual meetings and webinars, online eLearning courses, in-gym training, certifications and social learning in our online communities, all of which are delivered through our learning management system, Crunch Connected. Additionally, instructional materials are provided through Crunch Connected, which includes the Operations Manual, Marketing Manual, Design Guidelines, Brand Guidelines, Pre-Sale Playbook and other supportive teaching aids.

You (if you are individual(s) or one of your Owners (if you are an entity), are, and if you have a manager, your manager is, required to attend and successfully complete the training. When they start their employment, all managers, multi-gym managers and executive level team members are required to attend and successfully complete various aspects of the training listed in the chart below based on their specific role. We may change the location of training and/or its frequency. There are no charges for the initial training or the training materials, but you must pay all travel and related expenses you or your Owner and your manager may incur while attending the classroom training.

All of your team members, regardless of their role must complete their assigned Learning Plan courses through our learning management system, Crunch Connected, upon hire. Your team members are added to Crunch Connected through an integration with one of our approved payroll vendors. You are required to only work with one of our approved payroll vendors to ensure the proper integration to Crunch Connected. Please see the Operations Manual for more details.

All training must be successfully completed to our satisfaction. The training program is as follows:

TRAINING PROGRAM

Column 1	Column 2	Column 3	Column 4
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Franchise Introduction (Training Expectations and Crunch Connected)	1	0	Virtual meeting
Crunch Connected (Crunch History, Sales, Service, Ordering & Inventory, Daily Club Operations, Group Fitness, Small Group Training, Personal Training, Marketing, and Membership System)	6	0	Crunch U online (Crunch Connected learning platform)

Column 1	Column 2	Column 3	Column 4
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Development Training (Crunch History, Development Process, Real Estate, Finance, Equipment and Construction)	8	0	Virtual meeting
Operations Training (Crunch History, Crunch U, Team Building, Sales, Service, Kid's Crunch, Pre-Sale Set-Up, Policies, Procedures & Forms, Daily Club Operations, Group Fitness, Small Group Training, Personal Training, Marketing, Membership System)	20	0	Our Club Support Center headquartered in Dallas, Texas
In-Gym Training (Team Building, Sales, Service, Kid's Crunch, Front Desk Training, Ordering & Inventory, Tanning & Hydromassage, Maintenance, Policies, Procedures & Forms, Group Fitness, Marketing, Membership System)	0	16	Our Club Support Center headquartered in Dallas, Texas
Pre-Sale Training (Sales, Service, Pre-Sale Setup, Daily Club Operations)	0	8	Existing pre-sale location (location will vary)
Pre-Sale Launch (Sales, Marketing, Membership System)	0	*32	Your pre-sale location
ABC Member Management Pre-Sale Training	0	*40	Your pre-sale location
Group Fitness Certification (Group Fitness, HIITZone, Hot Yoga, & Ride Studio Certification)	0	16	Your location

Column 1	Column 2	Column 3	Column 4
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Personal Training Certification (Personal Training, CrunchONE Kickoff & Founding Client Campaign Certification)	0	16	Your location
Go Live Training (Sales and Operations Certification)	0	*32	Your location
ABC Member Management Go Live Training	0	*40	Your location
Total	35	200	

*The training described above includes training by ABC Financial Services on the Club Management software that you will be using. You can choose between different service level packages from ABC Financial Services, and if you choose their Full-Service Package, they will provide 10 days of additional training as part of the Full-Service Package, in addition to the training described in the chart above. ABC Financial Services also offers additional training to all franchisees who request it for a fee. For pricing information, please contact ABC Financial Services.

Our instructors are subject matter experts in the detailed brand standards and specifics of the Crunch operating system. Our Vice President of Learning & Development (L&D), Adrian Larson, started with Crunch in 2015, overseeing the Franchisee onboarding process before establishing the L&D department in 2019. Ms. Larson previously served in training roles in other franchise organizations before joining Crunch and has a Master's Degree in Instructional Technology, Training and Development from University of North Florida. Ms. Larson works with a team of experienced L&D professionals to continually evolve and enhance the education for Crunch Connected. Ms. Larson is based in Jacksonville, Florida.

We reserve the right to require you (if an individual) or one of your Owners (if an entity) and your manager to take refresher courses or additional training. We will charge a fee for that additional training, and you will be responsible for all travel and related expenses. Additional training may be provided one to two times annually, if needed, with a duration of one to three days. The content of the training could include all or some of the following areas: operations, sales, personal training, group fitness or other matters. Each area requires different levels of training and certification, and some training may be longer than others. The training will be held either at your gym or at our Club Support Center in Dallas, Texas. You will pay for additional training at the rate disclosed in Item 6. We also organize an annual franchise system meeting, and other conferences, conventions, or meetings at locations designated by us. Your attendance (if an individual) or one of your Owners (if an entity) must attend and you may also bring your manager to the meeting. You are responsible for you and your manager's expenses for attending the meeting and we may also charge a reasonable fee (intended to offset our expenses) for the meeting.

Reciprocity Rule

We offer a reciprocity policy that allows members with certain membership types to use other Crunch clubs at no additional charge as outlined in the table below. Currently, if a franchisee's member's usage at another Crunch Fitness franchise club exceeds 75% for two consecutive months, with an eight-visit minimum, that member may be asked by the visited club to transfer their membership and the associated monthly dues to the visited club. Under no circumstances may a membership be transferred without the members signed consent, for which Crunch provides a member transfer form. The reciprocity policy is designed to be a consumer-friendly service that provides members access to other Crunch clubs with the same club type and privileges they purchased at their club of enrollment. Franchisees of visited clubs are not entitled to any revenue sharing for reciprocal membership usage from another franchise club's members, the other franchisee, or from us. Franchisees are required to monitor and manage club usage and transfers. We are not responsible for managing club usage, member transfers or the reciprocity process. We reserve the right to modify the reciprocity policy at our sole discretion, including establishing revenue sharing for reciprocal membership usage. Members of our Company-owned Signature clubs who have an "All Crunch" membership may access all Crunch Fitness and Crunch Select franchise locations at no additional charge.

Item 12

TERRITORY

You will receive a protected territory under your Franchise Agreement. Your territory for each Franchised Business (of any model or format) will encompass a population of approximately 75,000 persons at the time of signing your Franchise Agreement. The protected territory will be described in an exhibit to your Franchise Agreement. The actual geographic size of your protected territory will vary, and we may define it in different ways, using state or county boundaries, city limits, population, and drive time, to delineate the territory. We have the right, but not the obligation, to adjust the boundaries of the territory to reflect population changes, by sending written notice to you of the revised boundaries.

For the source of population determination, we currently use a demographic and geographic program from a third-party provider. This program provides detailed mapping and demographic solutions.

Protected Territories

During the term of your Franchise Agreement, for as long as you are in full compliance with the terms and conditions of your Franchise Agreement and all of your other franchise agreement(s) between you (including any of your affiliates) and us, neither we nor our affiliate Crunch, LLC or any of its subsidiaries will physically locate Crunch health clubs (of any model or format), and we will not grant a franchise to any third party to physically locate another Crunch health club (of any model or format), in your Territory, subject to certain reserved rights described below. While no other Crunch health club will be located in your Territory, other franchisees and/or we or our affiliates may undertake marketing activities in your Territory. For example, a franchisee of a nearby Crunch health club may advertise that club to consumers in your Territory. While Crunch will not put another Crunch health club in your Territory for as long as you are in full compliance with your Franchise Agreement, there may be another club right outside of your Territory. Your Territory protection is not dependent on achievement of a certain sales volume, market penetration or other contingency. We will have the right, but not the obligation, to adjust the boundaries of your Territory to reflect population changes by sending you written notice of the boundaries.

If we acquire any chain or system of fitness clubs, or multiple locations (more than four) of any

fitness club chain or system, and such purchase includes club locations in your Territory, and we wish to convert such fitness clubs to Crunch fitness clubs (“**Conversion Locations**”), we will provide you written notice within as soon as reasonably practicable of our intent to purchase and convert the Conversion Locations into Crunch fitness clubs, subject to any confidentiality obligations owed by us to any third parties. The notice will provide you with a right of first refusal to acquire any Conversion Location in your Territory from us, as long as the sale by us to you is allowed by any contract, we are subject to and applicable law. Subject to these conditions, you will have 90 days after receipt of the notice to purchase the Conversion Locations in your Territory and to convert them to Crunch fitness clubs. If you elect to purchase and convert the Conversion Locations, you will have 60 days from your notice to us of your election to purchase the Conversion Locations and sign our then current form of franchise agreement (which shall require payment of the initial franchise fee). If you do not elect to purchase the Conversion Location(s), you agree to purchase the membership agreements for such fitness clubs located in your Territory on terms mutually agreeable to you and us.

You may operate your Franchised Business only from the Approved Location within your Territory described in an exhibit to your Franchise Agreement. You cannot change the Approved Location of your Franchised Business without our prior written approval, which we can grant or withhold in our sole discretion. The conditions under which we will approve your relocation are the same as if we were approving a new site, with additional restrictions based on the stipulation of your current lease.

You will primarily service members whose residence or place of work is located within your Territory. However, you are not prohibited from servicing members located outside your Territory, and other franchisees are not prohibited from servicing members located inside your Territory. You are not restricted from soliciting or accepting orders from members located outside of your Territory, including the right to use other channels of distribution to make sales outside your Territory. However, your use of the Internet, social media, mobile marketing and our Licensed Marks is subject to our approval. You will not receive an exclusive marketing territory. You may face competition from other franchisees, from outlets that we or our affiliates own, or from other channels of distribution or competitive brands that we control.

We do not grant options, rights of first refusal or similar rights to acquire franchises to owners of single-unit franchises. However, we offer qualified individuals development rights under either an Area Development Agreement to develop and operate a specified number of Franchised Businesses within a specific Development Area under individual Franchise Agreements, or under a Multi-Unit Development Agreement to develop and operate a specified number of Franchised Businesses within certain specified Trade Areas under individual Franchise Agreements.

Development Areas and Trade Areas

We offer the exclusive right to develop multiple Franchised Businesses within a defined development area under our Area Development Agreement. We also offer the non-exclusive right to develop one or more Franchised Business in an agreed upon number of Trade Areas under our Multi-Unit Development Agreement. If you and we enter into an Area Development Agreement or Multi-Unit Development Agreement, the agreement may be for one or more of the different health club formats that we offer. We will negotiate with you the development area or trade area, mix of formats/models and number of locations of each Franchised Business that you will be required to open. Similar to new Area Development Agreement or Multi-Unit Development Agreements, the developer cannot change the club format of the clubs it is committing to open pursuant to their agreement. You will not receive an exclusive marketing territory for your Multi-Unit Development Agreement, Area Development Agreement or any Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will only be permitted to operate Franchised Businesses in the Development Area or Trade Area from Approved Locations granted pursuant to Franchise

Agreements entered into under the Area Development Agreement or Multi-Unit Development Agreement. We will typically only approve locations that are situated in relatively central areas of the Development Areas and Trade Areas to avoid potential conflicts with existing or future locations in surrounding areas.

During the term of your Area Development Agreement, for as long as you are in full compliance with your Area Development Agreement and all of the Franchise Agreements you (including any of your affiliates) have with us, neither we nor our affiliate Crunch, LLC or its subsidiaries will operate Crunch health clubs (of any model or format) in your Development Area. Once a Franchised Business has been established in your Development Area, your territorial rights for any particular Franchised Business will be defined in the applicable Franchise Agreement. If you are a multi-unit developer, once a Franchised Business has been established in your Trade Area, your territorial rights as to that particular Franchised Business will be defined in the applicable Franchise Agreement. The development rights in the Trade Areas under the Multi-Unit Development Agreement are non-exclusive, and we will have the right to develop additional Crunch health clubs outside your exclusive Territory in the applicable Trade Area provided you do not have the right to develop additional Franchised Businesses in the Trade Area.

We reserve all rights not specifically granted to you in the Franchise Agreement, Area Development Agreement or Multi-Unit Development Agreement. These agreements do not limit our right or the right of any of our affiliates to use or license the System or to engage in or license any business activity, including the operation or franchising of health clubs under the Licensed Marks at any location outside your Territory, or Development Area if you have area development rights, or Multi-Unit Area if you have multi-unit development rights, and/or to own, operate or franchise clubs under any other trade name, trademark or service mark now or later owned by or licensed to us or our affiliates at any location inside or outside your Territory, or Development Area or Trade Area, or the sale, distribution or marketing of products identified by the Licensed Marks inside or outside of your Territory, Development Area or Trade Area. However, neither we, nor our affiliate Crunch, LLC, nor its subsidiaries, will operate health clubs in the Development Area under a format substantially similar to Crunch health clubs. There are no restrictions on us, our affiliates or any other Franchisees from soliciting or accepting orders from members inside your Territory. We and our affiliates are not prohibited from using other channels of distribution, including the Internet, telemarketing, or other direct marketing sales, to make sales of memberships within your Territory using the Licensed Marks or under other trademarks different from the Licensed Marks. We do not have to pay you any compensation for soliciting or accepting orders from inside your Territory.

Item 13

TRADEMARKS

You will have the non-exclusive right and license to operate your Franchised Business under the following principal trademarks, service marks, names, logos and commercial symbols (“**Licensed Marks**”) which have been licensed to us by our affiliate, Crunch IP Holdings, LLC (“**Crunch IP**”) under a Trade-mark License Agreement.

The following trademarks are registered in the United States Patent and Trademark Office: (“**USPTO**”).

Mark	Registration Number	Registration Date & Renewal Date	Principal or Supplemental Register of USPTO
CRUNCH & design	1,809,668	12/7/1993, 12/7/2003, 6/12/2013 and 3/1/2024	Principal
CRUNCH & design	3,146,012	9/19/2006, 12/21/2012, and 10/6/2016	Principal
NO JUDGMENTS	3,642,308	6/23/2009, 6/8/2019	Principal
CRUNCH WEIGH	4,020,116	8/30/2011, 8/31/2021 and 2/8/2022	Principal
KID'S CRUNCH	5,725,711	04/16/2019	Principal
NO JUDGMENTS. NO LIMITS.	5,793,326	07/02/2019	Principal
CRUNCH FITNESS	6,730,829	05/24/2022	Principal
CRUNCH SELECT	7,061,383	05/23/2023	Principal

Crunch IP has common law rights in all of the Licensed Marks listed above. These rights are based upon its first use of these Licensed Marks in a manner that is not confusingly similar to that of any other prior users.

All required affidavits of Continuing Use and Incontestability have been filed. Crunch IP intends to renew the registrations covering goods or services covered by our license to you before their expiration.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administration of any state, or of any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the Licensed Marks.

There is no pending material federal or state court litigation regarding the franchisor's use or rights in the Licensed Marks.

There are no agreements currently in effect that significantly limit our right to use or license the use of the Licensed Mark in a manner material to the franchise. Under the terms of the Trademark License Agreement dated as of March 22, 2010, as amended by that First Amendment to Trademark License Agreement dated March 19, 2014, as further amended by that certain Amended and Restated Trademark License Agreement dated May 2021, as further amended by that certain Amended and Restated Trademark License Agreement dated June 2023, as further amended by that Second Amended and Restated Trademark License Agreement dated April 2024, and as further amended from time to time, entered into between Crunch IP and us (the "**Trademark License Agreement**"), we have a right for 25 years to use, and to sublicense to our franchisees, the Licensed Marks, with one right of renewal for an additional 25 years. Upon termination of the Trademark License Agreement, franchisees can continue using the Licensed Marks until the expiration or termination of the then current term of their Franchise Agreements (without any right of renewal or extension).

You may use the Licensed Marks only in the manner and format we specify in the Operations Manual or otherwise with our prior written consent. You cannot use any mark in connection with the performance or sale of any unauthorized services or products or in any manner we have not expressly authorized in writing. For Licensed Marks specifically for one of the franchised formats we offer (Crunch Select and Crunch Fitness) you will only be able to use such Licensed Marks at the Crunch health clubs operating under the format that the Licensed Marks are intended for.

You will not acquire any proprietary rights in the Licensed Marks by virtue of the license granted to you in the Franchise Agreement or otherwise. All goodwill established by your use of the Licensed Marks will inure to the sole and exclusive benefit of Crunch IP. You agree not to contest at any time either the validity, or Crunch IP's ownership, of any of the Licensed Marks. Any unauthorized use of the Licensed Marks by you will constitute an infringement of our and Crunch IP's rights in and to the Licensed Marks.

You may not use the Crunch tradename or our Licensed Marks for your corporate, business organization or trade name, or with any prefix, suffix or other modifying words, terms, designs or symbols (except for those that we license to you) or in any modified form. You may not use the Licensed Marks when selling any unauthorized product or service or in any other manner that we have not expressly authorized in writing in advance.

You must identify yourself to the public as the independent owner of the Franchised Business, give notices of trademark and service mark registrations in the manner we specify, and obtain any fictitious or assumed name registrations, as may be required under applicable law or as may be required by Franchisor to distinguish your Franchised Business from Franchisor.

You must notify us immediately upon learning of any alleged infringement or a challenge to your use of the Licensed Marks, or any claim by any third party of any rights in the Licensed Marks or any similar mark. You may not communicate with any person other than us or our attorneys and your attorneys about the alleged infringement, challenge or claim. We will indemnify you and hold you harmless from any out-of-pocket expense or liability arising from your use of the Licensed Marks in accordance with the Franchise Agreement. We and Crunch IP have the sole discretion to take any action that we and Crunch IP deem appropriate, and the right to exclusively control any litigation, trademark office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise concerning any of the Licensed Marks. You must sign all instruments and documents, provide assistance and take any action that, in the opinion of our or Crunch IP's attorneys, may be necessary or advisable to protect and maintain our interests in any litigation, trademark office proceeding or other administrative proceeding or to otherwise protect and maintain our interest in the Licensed Marks.

We or Crunch IP will bear all legal expenses incident to your participation, at our or Crunch IP's request, in any action to prevent the infringement or illegal use of the Licensed Marks, except for the cost of any legal counsel you separately retain. We will not be liable to you for any loss of profits or business opportunities, or indirect, incidental or consequential damages of any kind or nature regarding any action involving the Licensed Marks.

We have the right to modify or discontinue our or your use of the Licensed Marks or the specifications for use of the Licensed Marks, or to require you to start use of new or substitute Licensed Marks. We may change the Licensed Mark under which you operate your Franchised Business to another mark, and, if any change is made, you will use the other mark as directed by us at your sole expense.

You must comply with the mandatory requirements included in the Operations Manual regarding your use of the Licensed Marks in e-commerce, including your use of social media or mobile marketing. You are not allowed to have your own website for your Franchised Business. We may require that various

types of marketing or advertising utilize a specific template or format. You must give us copies of all proposed applications for registrations of any of the Licensed Marks or any variation for use in and for e-commerce, including your social media or mobile marketing applications. You must obtain our prior written approval before filing any application, which approval we may withhold in our sole discretion. Upon expiration or termination of this Agreement, you must transfer your registrations, including your social media or mobile marketing accounts, to us upon our written request. You will not receive any compensation for any transfer.

As the owner of the Licensed Marks, Crunch IP is a third-party beneficiary and has an independent right to enforce the trademark provisions of your Franchise Agreement.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

We claim copyrights in the Operations Manual, advertising material and related items used in operating the franchise. Although we have not filed an application for a copyright registration for those items, we claim a copyright and the information is proprietary. We are not obligated to take any action to protect our copyrighted materials but will respond to this information as we deem appropriate.

The Operations Manual and other materials we provide to you contain our confidential and proprietary information. Certain information about the operation of the Franchised Business, including the standards, methods, procedures and specifications in the Operations Manual, is derived from information that we disclose to you and is proprietary and confidential in nature and/or our trade secret (“**Confidential Information**”). You (if you are an individual) and each of your Owners (if you are an entity), officers, directors, members, partners, manager, employees and agents must maintain the absolute confidentiality of all Confidential Information both during the term of your Franchise Agreement and after its termination or expiration, and may use that Confidential Information only to the extent necessary to operate the Franchised Business. You cannot disclose that Confidential Information for any reason, except to your Owners, officers, directors, members, partners, managers, employees and agents only to the extent necessary for the operation of the Franchised Business. You must sign, and shall cause all persons receiving the Confidential Information to sign, the Confidentiality Agreement attached as **Exhibit J**. You cannot use any Confidential Information in any other business, or in any other manner, or obtain any benefit from it not specifically approved in writing by us, during the term of your Franchise Agreement or afterwards. You may not use our Confidential Information in an unauthorized manner and must take all reasonable steps to prevent its disclosure to others. You must promptly tell us when you learn about unauthorized use of our confidential and proprietary information.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Whether you are an individual or an entity, the Franchised Business must always be under the direct on-site supervision and operation of you or an Owner, or a manager, that has successfully completed our initial training program. Any manager you seek to employ must reside within the Territory and is subject to our approval. If the manager is terminated or ceases employment, you must hire and train a new manager

within 30 days. Although you will be responsible for training any subsequent managers, we can require any manager to attend and successfully complete our initial training program, and you must pay our then current training fees. The manager need not, but may, have an equity interest in your business; however, the manager will have to sign the Confidentiality Agreement attached as **Exhibit J**.

If you are an entity, all of your Owners must sign an Owner's Guaranty in the form attached to the Franchise Agreement, Area Development Agreement or Multi-Unit Development Agreement. If we determine, in our sole discretion, that one or more of your majority Owners has sufficient means to satisfy the requirements of the Owner's Guaranty, we may waive the requirement that all Owners sign the Owner's Guaranty. In that case only the Owner or Owners who alone satisfy the Owner's Guaranty requirements must sign the Owner's Guaranty as long as that Owner or Owners maintain majority ownership. Regardless of whether all Owners sign the Owner's Guaranty, all Owners must sign the Owner's Acknowledgement in the Franchise Agreement, Area Development Agreement or Multi-Unit Development Agreement, agreeing to accept and be bound by their separate rights and obligations in the Franchise Agreement or Area Development or Multi-Unit Development Agreement. The Owner's spouse is not required to sign the Owner's Guaranty.

Under the Area Development Agreement and Multi-Unit Development Agreement, you may create a special purpose franchisee entity for each Franchised Business and its related Franchise Agreement, provided that (i) you retain 51% or more of the equity in the franchisee entity, (ii) the owners of the franchisee entity are approved by us and (iii) the owners of the franchisee entity each execute the Owner's Guaranty and Owner's Acknowledgement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell all services and products that we specify from time to time. You may not sell services or products that we have not approved or that we prohibit. Currently, the services and products you must sell include health club memberships that allow access to all Crunch franchised clubs. We have the right to add additional goods or services that you are required to offer. There are no limits on our right to do so. There is a \$250/day fee for offering, selling or providing as a free promotional item any unauthorized products or services ("**Unauthorized Product/Service Fee**").

We have, and may from time to time enter into, national or regional sales or membership programs that require you to provide membership, classes, or club access to certain groups on pre-determined terms. Where permitted by law, we may require that you participate in such programs on the pre-determined terms. Those terms may regulate the fees you may charge for your services, the membership or service levels to be provided, and may also require certain reporting and data sharing with us and third parties.

You can make pre-sales of memberships if permitted by, and in accordance with, applicable law. You must establish bonds and any required escrow accounts with escrow agents acceptable to us. Pre-sales cannot occur until you (if you are an individual) or your Owners (if you are an entity) and your manager are trained.

Item 17

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

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

Provision		Section in Franchise Agreement	Summary
a.	Length of the franchise term	FA §4.1	The initial term is 10 years from the later of the Effective Date or the first workout at the Franchised Business if the Franchised Business is a newly developed health club.
b.	Renewal or extension of the term	FA §§4.2, 4.3	You may renew for three additional successive terms of 10 years each. If you continued to operate following expiration with our consent, there will be a month-to-month continuation term terminable on 30 days' written notice by either party.
c.	Requirements for franchisee to renew or extend	FA §§4.2, 4.3	"Renewal" means that you will be asked to sign the then current form of franchise agreement which may have materially different terms and conditions than your original Franchise Agreement. To renew, you must be in compliance with all your agreements with us, execute a general release of all claims in the form attached as Exhibit K , upgrade your Franchised Business to the then current requirements for franchised businesses operating under the same Crunch health club format, sign our then current form of Franchise Agreement, give us three to six months' notice of your intent to renew, and pay the then current renewal fee.
d.	Termination by franchisee	FA §16.1	You can terminate if you have fully complied with your Franchise Agreement and we materially fail to comply with the Franchise Agreement and do not correct such failure within 30 days after receipt of written notice from you.

Provision		Section in Franchise Agreement	Summary
e.	Termination by franchisor without cause	Not Applicable	
f.	Termination by franchisor with cause	FA §§16.2, 16.3	We can only terminate if you or your affiliates are in default under the Franchise Agreement or other agreements with us as our affiliates.
g.	Cause defined – curable defaults	FA §16.3	Curable defaults have cure periods from 48 hours to 30 days (10 days for payment default).
h.	Cause defined–non-curable defaults	FA §16.2	We can terminate if: you make an assignment for benefit of creditors, you file a petition in bankruptcy or one is filed against you and not dismissed within 60 days, or a liquidator, trustee in bankruptcy or similar officer is appointed for you, or you commit any act of bankruptcy or start bankruptcy proceedings, or you admit in writing your inability to pay debts as they become due; your assets are seized or you give a security interest without our prior written consent; you willfully or fraudulently misrepresent any factor or condition in any application or report to us; you die or become incapacitated (or if an entity, your principal owner dies or becomes incapacitated), and a permitted Transfer is not made; you adversely affect the goodwill associated with the Licensed Marks or the Franchised Business; you are convicted of, or plead nolo contendere to, a felony that reflects negatively on your Franchised Business, the System or the Licensed Marks; your Franchised Business is closed by local authorities for health or sanitation reasons or you do not correct a health or sanitation violation within 24 hours after we notify you; you abandon the Franchised Business for five days or more; or your lease agreement for the Approved Location is cancelled or terminated, or you lose the right to occupy the Approved Location, after being notified in writing by the landlord and given a reasonable opportunity to cure. If you fail to open in a timely manner, you will lose the exclusive rights to your Territory, and we can resell that area.
i.	Franchisee’s obligations on termination/non-renewal	FA §§11.7, 13.1, 16.6, 16.7	You must return all copies of the Operations Manual and not use our Confidential Information. You must pay all amounts due us

Provision		Section in Franchise Agreement	Summary
			or our affiliates, transfer your telephone numbers to us if so requested, not represent to the public that you are still affiliated with the System, cease operating the Franchised Business under the System; cease operating the Franchised Business under the System; cease using the Licensed Marks, discontinue using all materials that use the Licensed Marks, cancel any fictitious or assumed name registrations, permit us to enter your location to remove our property or property that has the Licensed Marks or any features of the System; delete any references to us or to Licensed Marks from your Webpage or social media or mobile marketing account; and change the appearance of your site to remove any indicia that it was once a Crunch health club. You must offer your members the option to transfer their memberships to another Crunch health club. You must assign your website addresses, domain names or URL addresses to us upon our request. If you do not return the Operations Manual, you must pay \$1,000 for each copy not returned.
j.	Assignment of contract by franchisor	FA §15.1	We can assign, transfer or otherwise dispose of or deal with the Franchise Agreement to anyone in our discretion. Upon transfer, we will be released from any liability under the Franchise Agreement.
k.	“Transfer” by franchisee – defined	FA §15.2	“Transfer” means to directly or indirectly sell, divide, encumber, assign, hypothecate, mortgage, sub-license, transfer through bequest, inheritance, transfer in trust, divorce or operation of law or by any other means, or otherwise dispose of the rights granted under your Franchise Agreement, or any rights or privileges incidental to your Franchise Agreement, or the Franchised Business or any interest in it, or your rights or interest in your Franchise Agreement, or by any of your owners of their ownership interest in you. You may not make a transfer to one of our competitors or to a person operating a Competitive Business. We may adjust the Royalty percentage due under the transferred Franchise Agreement to the then current Royalty percentage for new franchisees

Provision		Section in Franchise Agreement	Summary
			as well as the Transfer Fee or Renewal Fee as provided in the then current form of Franchise Agreement at the time of the Transfer, or at our option. We may adjust the agreed upon Royalty percentage under the Franchise Agreement to the then current Franchise Agreement Royalty percentage at the time of the Transfer and require that the transferee sign the current form of Franchise Agreement, including on Transfers to other developers or franchisees in the network. All requested Transfers will incur a document review fee.
l.	Franchisor approval of transfer by franchisee	FA §15.2	Our written approval is required for a transfer to a third party.
m.	Conditions for franchisor approval of transfer	FA §§15.2, 15.3	We will only approve a transfer to a third party if the proposed transferee is acceptable to us, you are not in default of your Franchise Agreement or other agreement with us, you have paid all amounts due to us and our affiliates and your trade creditors, you sign a general release, you pay a transfer fee of \$10,000, or the total costs and expenses we incur in connection with the transfer, if they exceed our transfer fee, the transferee successfully completes our training program before the transfer, and the transferee assumes all your rights and obligations under your Franchise Agreement. You can transfer to a corporation, limited liability company or other entity if you own 50% of the equity rights. Factors that we will consider when evaluating a prospective transferee include their business skill, financial capacity and personal character, experience operating health clubs, and their other business commitments.
n.	Franchisor's right of first refusal to acquire franchisee's business	FA §15.5	We have a right of first refusal for 30 days to acquire your Franchised Business if you get a bona fide written offer from a third party. Once we give notice that we will exercise our right, we have the option of taking over operation of your Franchise Business and using its revenues to operate the health club.

Provision		Section in Franchise Agreement	Summary
o.	Franchisor's option to purchase franchisee's business	FA §16.8	On expiration or termination, we have the option for 30 days from the effective date of your expiration or termination to purchase any or all or substantially all the assets of your Franchised Business. We can assign this option. Once we give notice that we or our assignee will purchase the assets, we can immediately take over operations of the Franchised Business and use its revenues to operate the health club. The purchase price will be based on five times the trailing cash EBITDA (earnings before interest, taxes, depreciation and amortization for the 12-month period before exercise of the option. Closing will take place within 90 days.
p.	Death or disability of franchisee	FA §15.4	On your death or incapacity (or on the death or incapacity of a principal Owner if you are an entity), your heirs or personal representatives can transfer your rights to a third party acceptable to us within nine months of your death or incapacity.
q.	Non-competition covenants during the term of the franchise	FA §§14.1, 14.3, 14.4	Neither you, nor your owners (if you are an entity) can directly or indirectly, own, develop, maintain, operate, engage in, be employed by, consult with, perform services for, lease or sublease property to, advise, make loans to, enter into an agreement to develop or operate, have any interest in (as owner or otherwise) or be involved with a competitive business during the term of your Agreement that offers health club services competitive to those we offer, franchise or license ("Competitive Business") unless approved by us before you sign your Agreement. You and your Owners may own and/or operate other commercial businesses provided such businesses do not provide health club services in the Territory or in the territory of other franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	FA §§14.2, 14.3, 14.4	For one year after termination or expiration you and your owners (if an entity) will not, directly or indirectly, own, develop, maintain, operate, engage in, be employed by, consult with, perform services for, lease or sublease property to, advise, make loans to, enter into an agreement to develop or operate, have any

Provision		Section in Franchise Agreement	Summary
			interest in (as owner or otherwise) or be involved in a Competitive Business within your Territory or within five miles of any other Crunch health club then in existence. The one-year period is tolled if you are in breach of the covenant. For owners, the one-year non-competition requirements expire one year after the person is no longer employed by or acting as an advisor for you or your affiliate and is no longer an owner of you (other than as a passive investor).
s.	Modification of the agreement	FA §19.19	Modifications must be signed by both parties.
t.	Integration/merger clause	FA §19.19	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	FA §18.2	We each have the option of initiating a mediation proceeding under the American Arbitration Rules or other mediation service mutually agreed upon. Mediation shall take place in the county and state where we have our principal place of business.
v.	Choice of forum	FA §18.3	Litigation must be in any state court of general jurisdiction in the county or state, or in the U.S. District Court for the district, in which we have our principal place of business at the time any action is instituted. You will submit to the jurisdiction of those courts. See State Addenda.
w.	Choice of law	FA §19.12	Texas law applies. See State Addenda.

**Area Development Agreement and
Multi-Unit Development Agreement**

Provision		Section in Agreement ⁽¹⁾	Summary
a.	Length of the franchise term	ADA §4.1 MUDA §4.1	Until the date we accept and execute a Franchise Agreement for the last of the Franchised Businesses you are to

Provision	Section in Agreement⁽¹⁾	Summary
		establish under your Development Schedule, or by the end of a set term for the ADA or the MUDA.
b. Renewal or extension of the term	ADA §4.2 MUDA §4.2	There is no renewal right.
c. Requirements for franchisee to renew or extend	Not Applicable	
d. Termination by franchisee	ADA §11.1 MUDA §11.1	You can terminate if you have fully complied with your ADA or MUDA and we have materially failed to comply with it and do not correct the failure within 30 days of our receipt of your written notice.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	ADA §§11.2, 11.3, 11.4, MUDA §§ 11.2, 11.3, 11.4	We can only terminate if you are in default under your ADA or MUDA.
g. Cause defined – curable defaults	ADA §§11.4, 14.4 MUDA §§11.4, 14.4	Curable defaults have a 30-day cure period (10 days for payment default). If a force majeure delay exceeds 75 days, we have the right to terminate or require you to relocate within an additional 120 days.
h. Cause defined – non-curable defaults	ADA §§11.2, 11.3 MUDA §§11.2, 11.3	We can terminate if: you make an assignment for benefit of creditors, you file a petition in bankruptcy or one is filed against you and not dismissed within 60 days, or if you file a petition in bankruptcy or a liquidator, trustee or similar officer is appointed for you, or you commit any act of bankruptcy, or you admit in writing your inability to pay debts as they become due; your assets are seized or you give a security interest without our prior written consent; you willfully or fraudulently misrepresent any factor or condition in any application or report to us; you die or become incapacitated (or if an entity, your principal owner dies or become

Provision	Section in Agreement ⁽¹⁾	Summary
		incapacitated), and a permitted Transfer is not made; or you adversely affect the goodwill associated with the Licensed Marks or the Crunch health club. If you fail to meet the obligations of your development schedule, we may terminate your exclusive rights to your Territory and then we can resell non-exclusive rights to that area. We may also reduce the size of your Territory or the number of Franchised Businesses to be developed, or we can terminate the ADA or MUDA for failure to meet the obligations of your development schedule. You can maintain any existing Franchised Businesses that are established by a Franchise Agreement as long as you comply with the terms of that Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	ADA §11.6 MUDA §11.6	You will have no right to establish or operate a Franchised Business for which a Franchise Agreement has not been executed at time of termination, except that if you have signed a lease by your expiration date, you can continue to open a Franchised Business within four months of a lease signing.
j. Assignment of contract by franchisor	ADA §10.1 MUDA §10.1	We can assign, transfer or otherwise dispose of or deal with the ADA or MUDA to anyone in our discretion. Upon transfer, we will be released from any liability under the ADA or MUDA.
k. "Transfer" by franchisee – defined	ADA §10.2 MUDA §10.2	"Transfer" means to directly or indirectly sell, divide, encumber, assign, hypothecate, mortgage, sublicense, transfer through bequest, inheritance, transfer in trust, divorce or operation of law or by any other means, or otherwise dispose of the rights granted under your ADA or

Provision	Section in Agreement ⁽¹⁾	Summary
		MUDA, or any rights or privileges incidental to your ADA or MUDA, or any Franchised Business or any interest in it, or your rights or interest in your ADA or MUDA or by any of your owners of their ownership interest in you. Under no circumstances can you make a transfer to one of our competitors, or to a person operating a health club under a license or franchise from one of our competitors. We may adjust the agreed upon Royalty percentage under the transferred ADA or MUDA (or any Development Area or Multi-Unit Area transferred) to the then current Royalty percentage at the time of the Transfer and require that the Transferee sign the then current form of ADA or MUDA which may include higher transfer, renewal and other fees than the transferred ADA or MUDA, including Transfer to other developers or franchisees in the network. All requested Transfers will incur a document review fee.
l. Franchisor approval of transfer by area developer or multi-unit developer	ADA §10.2 MUDA §10.2	Our written approval is required for a transfer to a third party, including transfers to other Crunch developers, though we do not typically approve transfers to third parties.
m. Conditions for franchisor approval of transfer	ADA §§10.2, 10.3 MUDA §§10.2, 10.3	We have the right to approve or reject any transfer and do not typically approve transfers to third parties. We will only approve a transfer to a third party if the proposed transferee is acceptable to us, you are not in default of your ADA or MUDA or other agreement with us, you have paid all amounts due to us and your trade creditors, you sign a general release, you pay a transfer fee of \$10,000 for the ADA or MUDA. and the transferee assumes all your rights and obligations under your

Provision	Section in Agreement ⁽¹⁾	Summary
		ADA or MUDA. You can transfer to a corporation, limited liability company or other entity if you own 50% of the equity rights. Factors that we will consider when evaluating a prospective transferee include their business skill, financial capacity and personal character, experience developing health clubs, and their other business commitments.
n. Franchisor's right of first refusal to acquire franchisee's business	ADA §10.4 MUDA §10.4	We have a right of first refusal for 30 days to acquire your business if you get a bona fide written offer from a third party. There is a separate "right of first refusal" in your development territory if you do not develop Crunch clubs timely, but that is not a right to acquire your business.
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	ADA §10.5 MUDA §10.5	On your death or incapacity (or on the death or incapacity of a principal Owner if you are an entity), your heirs or personal representatives can transfer your rights to a third party acceptable to us within nine months of your death or incapacity.
q. Non-competition covenants during the term of the franchise	ADA §§9.1, 9.3, 9.4 MUDA §§9.1, 9.3, 9.4	Neither you, nor your owners (if you are an entity) can directly or indirectly, own, develop, maintain, operate, engage in, be employed by, consult with, perform services for, lease or sublease property to, advise, make loans to, enter into an agreement to develop or operate, have any interest in (as owner or otherwise) or be involved with a competitive business during the term of your Agreement that offers health club services competitive to those we offer, franchise or license ("Competitive Business") unless approved by us

Provision	Section in Agreement ⁽¹⁾	Summary
		before you sign your Agreement. You and your Owners may own and/or operate other commercial businesses provided such businesses do not provide health club services in the Territory or in the territory of other franchisees.
r. Non-competition covenants after the franchise is terminated or expires	ADA §§9.2, 9.3, 9.4 MUDA §§9.2, 9.3, 9.4	For one year after termination or expiration you and your owners (if an entity) will not, directly or indirectly, own, develop, maintain, operate, engage in, be employed by, consult with, perform services for, lease or sublease property to, advise, make loans to, enter into an agreement to develop or operate, have any interest in (as owner or otherwise) or be involved in a Competitive Business within your Development Area (for area developers)/you Multi-Unit Area (for multi-unit area developers), or within five miles of any other Crunch health club then in existence. The one-year period is tolled if you are in breach of the covenant. For owners, the one-year non-competition requirements expire one year after the person is no longer employed by or acting as an advisor for you or your affiliate and is no longer an owner of you (other than as a passive investor).
s. Modification of the agreement	ADA §14.19 MUDA §14.19	Modifications must be signed by both parties.
t. Integration/merger clause	ADA §14.19 MUDA §14.19	Only the terms of the ADA or MUDA are binding (subject to state law). Any representations or promises outside the disclosure document and ADA or MUDA may not be enforceable.
u. Dispute resolution by arbitration or mediation	ADA §13.2 MUDA §13.2	We each have the option of initiating a mediation proceeding under the American Arbitration Association Rules or other mediation service mutually agreed upon. Mediation will take place in the county and state

Provision	Section in Agreement ⁽¹⁾	Summary
		where we have our principal place of business.
v. Choice of forum	ADA §13.3 MUDA §13.3	Litigation must be in any state court of general jurisdiction in the county or state, or in the U.S. District Court for the district, in which we have our principal place of business. You will submit to the jurisdiction of those courts. See State Addenda.
w. Choice of law	ADA §14.12 MUDA §14.12	Texas law applies. See State Addenda.

Note:

(1) “ADA” means Area Development Agreement. “MUDA” means Multi-Unit Development Agreement.

There are state specific addenda attached as **Exhibit P** for the states of California, Hawaii, Illinois, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia and Washington. The Michigan Addendum is attached following the state cover page.

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.

Crunch Fitness Format Gyms

This financial performance representation only includes information relating to Crunch health clubs operated under the Crunch Fitness model.

As of December 31, 2025, 536 Crunch franchised locations were open or engaged in presale activities. Of these locations, 486 locations were located domestically in the United States, and 50 locations

were located internationally. Of the 486 domestic locations, 470 had completed their first workout and had initiated member billing activities. Of these 486 domestic locations, five locations were affiliate related and operated within the holding structure of the Company. Locations excluded from this analysis include the five affiliate related locations operated within the holding structure of the Company, 16 locations that were in presale and not open, 81 locations that were not fully operational for an entire calendar year, and 31 locations that changed ownership and one location that closed in Q1 2026. Of the 352 qualified domestic locations, 21 locations did not submit financials, resulting in 331 or 94% of qualified franchise locations represented in the table(s) of operating activity below.

“Gross Revenue” means all revenues the franchisee received from the performance of all services and the sale of all products from or related to the Franchised Business, including membership revenue, both recurring dues and cash sales, personal training sales and retail sales, less any sales taxes, refunds to customers and discounts.

Franchise	Upper Third	Middle Third	Bottom Third
Average Gross Revenue	\$4,863,524	\$2,898,138	\$1,645,090
Club Sample	110	111	110

Of the 110 locations in the upper third of the Franchise clubs, 65 locations, or 59% are below the average and 45 locations, or 41%, are above the average. The median for this group was \$4,731,483. Of the 111 locations in the middle third of the Franchise clubs, 62 locations, or 56%, are below the average and 49 locations, or 44%, are above the average. The median for this group was \$2,848,462. Of the 110 locations in the bottom third of the Franchise clubs, 54 locations, or 49%, are below the average and 56 locations, or 51%, are above the average. The median for this group was \$1,666,443. Of the 331 operating locations included in the chart above, the Gross Revenue of the highest performing location was \$7,614,726 and the Gross Revenue of the lowest performing location was \$812,737.

The following table provides a summary of 2025 financial performance for 167 clubs in operation between 12 and 59 months, largely considered to be the period that clubs develop and stabilize. Results vary based upon a club’s operating size and age. Of the 167 locations engaged in operating activities, 58 locations or 35% were open between 12 and 23 months; 53 locations or 32% were open between 24 and 35 months; 32 locations or 20% were open between 36 and 47 months; and 22 locations or 13% were open between 48 and 59 months. For each category, the table shows revenue and expenses of the median club in the category.

	Median Performing Club Open 12-23 Months	Median Performing Club Open 24-35 months	Median Performing Club Open 36-47 months	Median Performing Club Open 48-59 months
Monthly Revenue	\$264,131	\$297,400	\$323,791	\$243,955
Square Footage	36,000	48,703	35,863	45,000
Months in Operation	19	25	47	59
Clubs in Grouping	58	53	32	22
Revenue				
Membership Revenue	\$2,738,206	\$2,921,294	\$2,793,083	\$2,493,953
Personal Training Revenue	\$327,215	\$558,851	\$994,157	\$325,644
Other Revenue	\$104,154	\$88,653	\$98,257	\$107,860
Total Revenue	\$3,169,574	\$3,568,798	\$3,885,497	\$2,927,457
Total Cost of Goods Sold	\$57,231	\$74,461	\$52,437	\$52,022
Operating Expenses				
Payroll & Benefits	\$677,329	\$957,930	\$1,104,295	\$806,771
Sales & Marketing	\$242,138	\$210,205	\$239,067	\$220,168
Club Expense	\$509,850	\$500,713	\$613,427	\$457,059
Rent	\$866,770	\$682,603	\$761,935	\$665,259
Total Operating Expense	\$2,296,087	\$2,351,451	\$2,718,723	\$2,149,256
EBITDAR	\$1,740,258	\$1,899,950	\$1,928,709	\$1,443,460
EBITDA	\$873,488	\$1,217,347	\$1,166,774	\$778,201

Of the 167 clubs operating, 58 locations were open between 12 and 23 months; 53 locations were open between 24 and 35 months; 32 locations were open between 36 and 47 months; and 22 locations were open between 48 and 59 months. Of the 58 open locations between 12 and 23 months, 26 locations or 45% reported average EBITDA greater than the table average while 32 locations or 55% reported averages below those presented in the table. Of the 53 open locations between 24 and 35 months, 28 locations or 53% reported average EBITDA greater than the table average while 25 locations or 47% reported averages below those presented in the table. Of the 32 open locations between 36 and 47 months, 16 locations or 50% reported average EBITDA greater than the table average while 16 locations or 50% reported averages below those presented in the table. Of the 22 open locations between 48 and 59 months, 8 locations or 36% reported average EBITDA greater than the table average while 14 locations or 64% reported averages below those presented in the table.

	Average Members	Average Monthly Revenue	Average Gross Revenue	Average EBITDA	Average Months Open	# clubs
Clubs Open 12-23 Months	8,524	\$299,784	\$3,597,409	\$995,863	15	58
Clubs Open 24-35 Months	8,617	\$308,736	\$3,704,826	\$1,203,776	29	53
Clubs Open 36-47 Months	8,702	\$290,735	\$3,488,816	\$1,166,905	42	32
Clubs Open 48-59 Months	8,564	\$288,118	\$3,457,412	\$1,094,726	53	22

Of the total 331 operating locations, 58 were open for 12 to 23 months, 31 or 53% of those reported active members greater than those reported in table above, while 27 or 47% reported active members less than those reported in the table. Of the 53 locations opened 24 to 35 months, 28 or 53% reported active members greater than those reported in the table, and 25 or 47% reported active members less than those reported in the table. Of the 32 locations opened 36 to 47 months, 15 or 47% reported active members

greater than those reported in the table with 17 or 53% reporting active members less than those reported in the table. Of the remaining 22 locations opened 48 to 59 months, 10 or 45% reported active members greater than those reported in the table, and 12 or 55% reported active members less than those reported in the table.

Notes:

1. **Revenue:** The principal source of revenue for a Crunch franchise club is its membership revenue. Membership revenue includes any initial enrollment fees, paid in full or as prepaid dues, the members first month's membership fees and the member's monthly dues obligation as well as annual and pro-rated annual fees. In addition to its membership revenue, Crunch franchised facilities also earn a significant percentage of their income through the sale of personal and small group training services to individual members. Fees for this service, which are provided by professional and certified trainers, are incremental to the member's monthly membership expense and there is no limit on the amount of training that may be purchased by individual members. Clubs also receive additional revenue from the sale of retail products such as beverages, nutritional products and supplements, headphones, tanning goggles, lotions and other over the counter items. Babysitting and tanning, if offered, may present incremental revenue opportunities as well.

Except for prepaid activity, membership fees are paid monthly, while fees for personal training programs can range from an "a la carte" point of sale offering to a monthly obligation for packaged services or ongoing training. We currently offer several membership options, with our base membership package priced at \$9.95/month, with a \$29 or \$39 annual fee billed periodically throughout the year; and our Peak membership option priced at \$19.95/month with a \$29 or \$39 annual fee also billed periodically throughout the year. Promotional packages will vary at different times during the year, and franchisees can tailor the clubs offering, and the club's membership pricing, to their specific market. Pricing may be different in select markets, with several markets now offering price points higher than those listed above. Pricing options throughout the network, which include varying degrees of amenities, now range from \$9.95 per month up to \$49.95 per month, depending upon location.

The performance of your club and your ability to sell memberships will vary based upon a variety of factors including but not limited to the demographics of the market, the location and condition of your club, the capabilities of your staff and club management, the competitive nature of the market and how much time and effort you dedicate to advertising, sales and community outreach.

2. **Expenses:** The expense information contained in the operating statement(s) include the fixed and variable expenses necessary to operate the club(s). This information will differ on a market-by-market basis and may be higher or lower than information contained in these statements. You may also incur expenses not listed above; however, all of these expenses should be based upon factors within your control and that you can research prior to making your investment. In comparing the information in columns above, you should note that some of the expenses are fixed and will not change with increases or decreases in membership, while other expenses will increase as membership levels increase.
3. **Purchases:** Retail expenses are generally small and include the cost of retail items such as cooler drinks, tanning products, apparel, nutritional bars and supplements etc. The level of retail expense will vary and will depend largely upon your ability to sell products as part of the membership experience.

4. **Royalty Payments:** Royalties are invoiced and paid monthly based upon the club's gross revenue and point of sales activity, including but not limited to enrollment fee's, pre-paid memberships, first month's dues, the monthly dues tap, personal training, food, beverage, apparel and supplement sales as well as tanning, license fees and any other income.
5. **Online Enrollment:** Online enrollment expenses are invoiced and paid monthly and represent a \$5 fee paid to the franchisor for every online member that joins the club.
6. **Payroll and Benefits:** The total cost of payroll and benefits activity represents one of the largest expenses associated with operating the club. It includes salary and hourly wage expense for the club and personal training manager(s), front desk staff, marketing, facilities and group fitness personnel as well as commissions and bonus activity paid on various positions. This expense will vary weekly or monthly depending upon staffing and class schedules and the level of personal training sales.
7. **Sales & Marketing Expense:** Your club's performance depends heavily on your ability to market and sell the value of the product and/or brand. Crunch Fitness franchisees are required to spend based on a combination of factors, including the club's age and Gross Revenue, excluding personal training revenue. The monthly local advertising spend must be the lesser of: (1) 7% of Gross Sales (including revenue from personal training services) for the preceding month, which is the same for all Crunch health clubs, and (2) a calculation that depends on the age of your Crunch health club. The minimum amount that depends on the age of your Crunch health club is calculated as follows: (i) for Crunch health clubs open between one to 24 months, it is the greater of \$10,000 or 8% of Gross Sales (excluding personal training services); (ii) for Crunch health clubs open between 25 to 72 months, it is the greater of \$8,000 or 7% of Gross Sales (excluding personal training services); and (iii) for Crunch health clubs open more than 72 months, it is the greater of \$10,000 or 5% of Gross Sales (excluding personal training services). While the marketing spend is a monthly requirement, we will review the requirement quarterly to assess the average spend during the quarter based on the club's age and member count. If you operate multiple clubs, the overall spend will be evaluated on a group level, using club level targets. It will be up to you to determine how your local advertising spend is allocated throughout the quarter and by club. We will help create and position all your sales and marketing materials across channels such as TV, direct mail, social media, print, and radio. Ultimately, once the minimum requirements are met, the level of expense is up to you and will vary from club to club. You may invest more to capture demand, especially if your club is a new club. Advertising work is performed by both in-house personnel and preferred outside vendors is approved by us prior to implementation. Media planning and buying are performed by mandatory outside vendors.
8. **Club Expense:** Club expenses represent the variable expenses necessary to run the day-to-day operations of the club. They include expenses such as outside professional fees (e.g. legal, accounting etc.), travel and non-travel expenses, technology expense related to computer services and the club software, supplies expense for the office and club, repair and maintenance (equipment and building), utilities, credit card processing and other miscellaneous expense. Of these, utilities expense and credit card processing are generally the largest, with travel and non-travel expenses historically representing an insignificant percentage. Of the remaining items, supplies expense includes the paper and cleaning products for necessary to operate and service the club as well as general office supplies for the front desk and staff. Repairs and maintenance expense represent expenses necessary to maintain the physical plant and fitness equipment in the club. As both the property and equipment age, this expense is likely to increase and will represent a more significant percentage of the club's expenses.

9. **Rent and Occupancy:** Determining the location of your club and managing the cost of your real estate lease is critical to the success of your club. The cost of rent can vary significantly depending upon the size and location of the club and the amount of tenant improvement contributions provided by the landlord. Real estate space located closer to the center of major metropolitan markets is likely to be significantly more expensive than locations located on the periphery of those markets or in more suburban locations. Controlling this expense and keeping the square footage expense within ranges suggested by us will help improve the likelihood of your success. We suggest you engage a broker to aggressively negotiate rent or lease space on your behalf.
10. **EBITDA:** EBITDA represents earnings before interest, depreciation, taxes and amortization. This figure relates to the actual performance of the club, once opened, and does not include interest expense on equipment or improvements that may be financed, sales tax expense on profits generated from the business or any non-cash expenses such as depreciation and amortization expense related to the value of equipment or improvements to the property. Similarly, the cost of the initial franchise fee(s), architectural renderings or other initial investment expenses are excluded from this statement. We anticipate that each franchisee will fund its investment differently and, therefore, have made no assumptions on how the investment would be funded or accounted for.

There is no assurance that any Crunch franchise location will attain the revenue or income levels in the ranges stated above. Each market is different, and a club's early-stage sales and earnings performance may be lower or higher than those provided above. Prior to developing any earnings expectations, it is recommended that local market demographics, competition, real estate costs and labor expenses be investigated. Variables such as the location and visibility of the club, local traffic patterns, demographic composition, operator engagement and adherence to the System, market area trends served by the club, the competitive environment, the region and market area in which the club is located, the quality of club management and customer service levels at the club, as well as individual skills of the franchisee and other factors are critical determinants to the clubs overall success.

The performance results included in the operating statements above are for affiliated locations and do not reflect results of independent franchisee activity. Franchisee contact information is disclosed in this filing, and you are encouraged to contact our franchisees as a source of information in your due diligence.

You have the sole responsibility for developing your own business plan for the proposed club or market area, including the capital budgets, pro forma financial statements, sales and expense projections and other elements appropriate to the specific circumstances of your location. In developing your business plan, you are cautioned to make necessary allowances for changes in financial results that may occur due to unforeseen circumstances, for any and all ranges of economic conditions that may exist now or in the future, or for any other circumstances that may impact the operation and performance of the business.

We recommend that you perform your own independent analysis to determine whether the franchise may be profitable or worthwhile for your investment. You should use the above information only as a reference in conducting your analysis and preparing your own projected income statements and cash flow projections. We strongly suggest that you consult a financial advisor or accountant concerning financial projections, federal, state and local income tax obligations and any other applicable taxes that you may incur in operating a Crunch Franchise business.

Some Crunch Fitness health clubs have earned these amounts. Your individual results may differ. There is no assurance that you'll earn as much.

Written substantiation for the financial performance representations in this Item will be made available to you upon reasonable request.

Other than as described in the preceding financial performance representation, we do not make any representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting John D'Anna at 622 Third Avenue, 28th Floor, New York, NY 10017, (212) 993-0300, the Federal Trade Commission, and the appropriate state regulatory agencies.

Crunch Select Gyms

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting John D'Anna at 622 Third Avenue, 28th Floor, New York, NY 10017, (212) 993-0300, the Federal Trade Commission, and the appropriate state regulatory agencies.

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Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2023 to 2025

Crunch Fitness Model

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	315	359	+44
	2024	359	415	+56
	2025	415	481	+66
Company-Owned	2023	13	8	-5
	2024	8	8	0
	2025	8	5	-3
Total Outlets	2023	328	367	+39
	2024	367	423	+56
	2025	423	486	+63

Note: All numbers are as of December 31 of each year.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023 to 2025

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Alabama	2023	0
	2024	3
	2025	0
California	2023	0
	2024	2
	2025	0
Florida	2023	1
	2024	0
	2025	2
Georgia	2023	0
	2024	1
	2025	0
Illinois	2023	0
	2024	0
	2025	1
Kentucky	2023	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2024	2
	2025	0
Massachusetts	2023	0
	2024	1
	2025	0
Michigan	2023	0
	2024	0
	2025	2
Mississippi	2023	0
	2024	0
	2025	4
Nevada	2023	0
	2024	2
	2025	2
North Carolina	2023	0
	2024	3
	2025	0
New Jersey	2023	0
	2024	0
	2025	5
New Mexico	2023	2
	2024	0
	2025	0
New York	2023	3
	2024	0
	2025	9
Ohio	2023	1
	2024	6
	2025	0
Oregon	2023	0
	2024	0
	2025	2
South Carolina	2023	0
	2024	4
	2025	0
Tennessee	2023	2
	2024	1
	2025	0
Texas	2023	0
	2024	0
	2025	3
Washington	2023	0
	2024	0
	2025	1

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Total	2023	9
	2024	25
	2025	31

Note: All numbers are as of December 31 of each year.

Table No. 3
Status of Franchised Outlets
For Years 2023 to 2025

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
	2025	9	0	0	0	0	0	9
Arizona	2023	3	0	0	0	0	0	3
	2024	3	1	0	0	0	3	1
	2025	1	2	0	0	0	0	3
Arkansas	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
California	2023	54	1	0	0	0	4	51
	2024	51	2	0	0	0	5	48
	2025	48	8	0	0	0	2	54
Colorado	2023	6	0	0	1	0	1	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Connecticut	2023	3	0	0	0	0	1	2
	2024	2	0	0	0	0	1	1
	2025	1	0	0	0	0	0	1
Delaware	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Florida	2023	46	7	0	0	0	0	53
	2024	53	8	0	0	0	0	61
	2025	61	14	0	1	0	0	74
Georgia	2023	13	4	0	0	0	0	17
	2024	17	1	0	0	0	0	18
	2025	18	3	0	0	0	0	21
Idaho	2023	6	0	0	0	0	0	6

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2024	6	0	0	0	0	0	6
	2025	6	0	0	0	0	6	0
Illinois	2023	6	1	0	0	0	0	7
	2024	7	0	0	0	0	0	7
	2025	7	3	0	0	0	0	10
Indiana	2023	0	3	0	0	0	0	3
	2024	3	3	0	0	0	0	6
	2025	6	0	0	0	0	0	6
Iowa	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Kansas	2023	2	0	0	0	0	0	2
	2024	2	2	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Kentucky	2023	4	2	0	0	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	1	0	0	0	0	7
Louisiana	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	2	0	0	0	0	4
Maryland	2023	3	0	0	0	0	0	3
	2024	3	2	0	0	0	0	5
	2025	5	2	0	0	0	1	6
Massachusetts	2023	11	2	0	0	0	0	13
	2024	13	2	0	0	0	0	15
	2025	15	1	0	0	0	0	16
Michigan	2023	11	0	0	0	0	0	11
	2024	11	2	0	0	0	0	13
	2025	13	1	0	0	0	0	14
Minnesota	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Mississippi	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	1	0	0	0	0	6
Missouri	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	4	0	0	0	0	5
Nebraska	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Nevada	2023	3	0	0	0	0	1	2

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2024	2	0	0	0	0	0	2
	2025	2	2	0	0	0	0	4
New Jersey	2023	21	2	0	0	0	0	23
	2024	23	5	0	0	0	0	28
	2025	28	1	0	0	0	1	28
New Mexico	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	1	1
	2025	1	2	0	0	0	0	3
New York	2023	18	6	0	0	0	0	24
	2024	24	1	0	1	0	0	24
	2025	24	1	0	0	0	0	25
North Carolina	2023	3	5	0	0	0	0	8
	2024	8	1	0	0	0	0	9
	2025	9	2	0	0	0	0	11
North Dakota	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Ohio	2023	7	0	0	0	0	0	7
	2024	7	1	0	0	0	0	8
	2025	8	3	0	0	0	0	11
Oklahoma	2023	3	1	0	0	0	0	4
	2024	4	3	0	0	0	0	7
	2025	7	2	0	0	0	0	9
Oregon	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	2	0	0	0	0	4
Pennsylvania	2023	15	0	0	0	0	0	15
	2024	15	4	0	0	0	1	18
	2025	18	0	0	1	0	0	17
Puerto Rico	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
South Carolina	2023	7	1	0	0	0	0	8
	2024	8	5	0	0	0	0	13
	2025	13	1	1	0	0	1	12
South Dakota	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Tennessee	2023	5	2	0	0	0	0	7
	2024	7	3	0	0	0	0	10
	2025	10	1	0	0	0	0	11
Texas	2023	30	7	0	0	0	0	37

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2024	37	11	0	0	0	0	48
	2025	48	15	0	0	0	2	61
Vermont	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Virginia	2023	6	1	0	0	0	0	7
	2024	7	0	0	0	0	0	7
	2025	7	5	0	0	0	0	12
Washington	2023	4	0	0	0	0	1	3
	2024	3	1	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Wisconsin	2023	1	1	0	0	0	0	2
	2024	2	4	0	0	0	0	6
	2025	6	1	0	0	0	0	7
Totals	2023	315	52	0	1	0	7	359
	2024	359	68	0	1	0	11	415
	2025	415	82	1	2	0	13	481

Note: All numbers are as of December 31 of each year.

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Table No. 4
Status of Company-Owned Outlets
For Years 2023 to 2025

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Re-acquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2023	3	0	0	2	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	1	0	0
New York	2023	7	0	0	0	3	4
	2024	4	0	0	0	0	4
	2025	4	0	0	0	0	4
Oregon	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	2	1
Totals	2023	13	0	0	2	3	8
	2024	8	0	0	0	0	8
	2025	8	0	0	1	2	5

Notes:

- (1) Company-owned outlets are health clubs owned by affiliated companies that are substantially similar to those offered to prospective franchisees.
- (2) All numbers are as of December 31 of each year.

Table No. 5
Projected Openings as of December 31, 2025 (Crunch Fitness Clubs)

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company – Owned Outlets In the Next Fiscal Year
Alabama	0	3	0
Arizona	0	3	0
California	0	6	0
Colorado	0	1	0
Connecticut	0	2	0
Florida	0	7	0
Georgia	0	2	0
Idaho	0	1	0
Illinois	0	4	0
Indiana	0	3	0
Louisiana	1	1	0

Column 1	Column 2	Column 3	Column 4
State	Franchise Agree- ments Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company – Owned Outlets In the Next Fiscal Year
Maine	0	1	0
Massachusetts	2	2	0
Maryland	0	1	0
Michigan	0	5	0
Missouri	0	3	0
New Mexico	1	1	0
North Carolina	0	2	0
New York	1	6	0
Ohio	0	2	0
Oklahoma	0	1	0
Tennessee	0	4	0
Texas	0	19	0
Virginia	0	2	0
Washington	0	2	0
Wisconsin	0	1	0
Total	5	95	0

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Crunch Select Model

Table No. 1
Systemwide Outlet Summary
For Years 2023 to 2025⁽¹⁾⁽²⁾

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	0	0	+/-0
	2024	0	0	+0
	2025	0	0	0
Company-Owned	2023	0	0	+/-0
	2024	0	0	+/-0
	2025	0	0	+/-0
Total Outlets	2023	0	0	+/-0
	2024	0	0	0
	2025	0	0	0

Note: (1) We only started franchising the Crunch Select format as of May 17, 2023(2) We previously used the “Select” name to describe approximately 15 fitness clubs with higher monthly membership dues. We expect that those clubs will either be refurbished to meet the new Select offering criteria or be branded as Fitness clubs.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023 to 2025⁽¹⁾

Column 1	Column 2	Column 3
State	Year	Number of Transfers
All States	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

Note:(1) We only started franchising the Crunch Select format as of May 17, 2023.

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Table No. 3
Status of Franchised Outlets
For Years 2023 to 2025⁽¹⁾⁽²⁾

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
All States	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Totals	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0

Note:

(1) We only started franchising the Crunch Select format as of May 17, 2023.

(2) We previously used the “Select” name to describe approximately 15 fitness clubs with higher monthly membership dues. We expect that those clubs will either be refurbished to meet the new Select offering criteria or be branded as Fitness clubs.

Table No. 4
Status of Company-Owned Outlets
For Years 2023 to 2025⁽¹⁾⁽²⁾⁽³⁾

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Re-acquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Totals	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Notes:

(1) Company-owned outlets are health clubs owned by affiliated companies that are substantially similar to those offered to prospective franchisees.

(2) We only started franchising the Crunch Select format as of May 17, 2023.

(3) We previously used the “Select” name to describe approximately 15 fitness clubs with higher monthly membership dues. We expect that those clubs will either be refurbished to meet the new Select offering criteria or be branded as Fitness clubs.

Table No. 5
Projected Openings as of December 31, 2025

Column 1	Column 2	Column 3	Column 4
State	Franchise Agree- ments Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company – Owned Outlets in the Next Fiscal Year
All States	0	0	0
Total	0	0	0

Attached as **Exhibit L** is a list of the names of all franchisees and their addresses and telephone number of all their outlets as of December 31, 2025.

Attached as **Exhibit M** is a list of the name, city and state and current business telephone number or last known home telephone of every franchisee who, in our most recent full fiscal year end, had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily closed to do business under the Franchise Agreement, or has not communicated with us within 10 weeks of the Disclosure Documents issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Clauses

During 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 franchise system.

Franchise Advisory Council

We may form a Franchise Advisory Council (“**FAC**”) of franchisees and our representatives to provide non-binding advice to us. You must become a Member of the FAC if you are approved by us and pay any dues that may be assessed.

Item 21

FINANCIAL STATEMENTS

Our audited financial statements, which comprise the balance sheets as of December 31, 2025, and 2024, and the related statements of income, member’s equity, and cash flows for each of the three years ended December 31, 2025, are attached to this franchise disclosure document as **Exhibit N**.

[Remainder of page intentionally left blank]

ITEM 22

CONTRACTS

The following agreements are attached to this franchise disclosure document:

- (a) Franchise Agreement, including Owner's Guaranty, Lease Rider, Franchise Agreement Rider (for Area Developers Only) and Franchise Agreement Rider (for Multi-Unit Developers Only) - **Exhibit C**
- (b) State Specific Amendments to Franchise Agreement for Illinois, Minnesota, New York, North Dakota, Rhode Island, Virginia and Washington - **Exhibit D**
- (c) Area Development Agreement, including Owner's Guaranty- **Exhibit E**
- (d) State Specific Amendments to Area Development Agreement for Illinois, Minnesota, New York, North Dakota, Rhode Island, Virginia and Washington - **Exhibit F**
- (e) Multi-Unit Development Agreement, including Owner's Guaranty - **Exhibit G**
- (f) State Specific Amendments to Multi-Unit Development Agreement for Illinois, Minnesota, New York, North Dakota, Rhode Island, Virginia and Washington - **Exhibit H**
- (g) Confidentiality Agreement - **Exhibit J**
- (h) General Release - **Exhibit K**
- (i) Renewal Rider - **Exhibit O**

ITEM 23

RECEIPTS

The last four pages of this Disclosure Document are two receipts. Please date and sign both copies. Detach the last page and return it to us promptly upon execution.

EXHIBIT A

LIST OF STATE ADMINISTRATORS

State Administrators

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws.

California

Department of Financial Protection and
Innovation
State of California
320 West 4th Street
Suite 750
Los Angeles, California 90013
(213) 576-7500
(866) 275-2677

Hawaii

Hawaii Commissioner of Securities, State of
Hawaii, Dept. of Commerce & Consumer
Affairs Business Registration Division
Securities Compliance Branch
335 Merchant St, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Franchise Bureau
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Franchise Section
Indiana Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

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

Michigan

Michigan Department of Attorney General
Corporate Oversight Division
Franchise Section
525 W. Ottawa Street
G. Mennan Williams Building, 5th Floor
Lansing, Michigan 48913
(517) 335-7567

Minnesota

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

New York

Bureau of Investor Protection and Securities
New York State Department of Law
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8211

North Dakota

North Dakota Insurance & Securities
Department
600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-2910

Virginia

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

Oregon

Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140

Washington

Department of Financial Institutions
Securities Division
State of Washington
P.O. Box 41200
Olympia, Washington 98504
(360) 902-8738

Rhode Island

Division of Securities
State of Rhode Island
233 Richmond Street, Suite 232
Providence, Rhode Island 02903
(401) 222-3048

Wisconsin

Division of Securities
Department of Financial Institutions
Wisconsin Commissioner of Securities
P.O. Box 1768
Madison, Wisconsin 53701
(608) 266-8559

South Dakota

Franchise Administration
Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

EXHIBIT B
AGENTS FOR SERVICE OF PROCESS

**AGENTS AUTHORIZED TO
RECEIVE SERVICE OF PROCESS, BY STATE**

California

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

National Registered Agents, Inc.
2875 Michelle Drive
Suite 100
Irvine, CA 92606

Hawaii

Hawaii Commissioner of Securities, State of Hawaii, Dept. of Commerce & Consumer Affairs,
Business Registration Division –
Securities Compliance Branch
335 Merchant St, Room 203
Honolulu, Hawaii 96813

Illinois

Office of Attorney General
State of Illinois
500 South Second Street
Springfield, IL 62706

Indiana

Secretary of State
State of Indiana
201 State House
200 W. Washington St.
Indianapolis, IN 46204

Maryland

Maryland Securities Commissioner
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202

Michigan

Michigan Department of Attorney General
Corporate Oversight Division
Franchise Section
525 W. Ottawa Street
G. Mennan Williams Building, 5th Floor
Lansing, Michigan 48913

Minnesota

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

New York

Secretary of State
99 Washington Avenue
Albany, NY 12231

North Dakota

North Dakota Insurance & Securities Department
600 East Boulevard Ave.
Bismarck, North Dakota 58505

Oregon

Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
350 Winter Street, N.E., Room 21
Portland, OR 97310

Rhode Island

Director of Business Regulation
Department of Business Regulation
Division of Securities
State of Rhode Island
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota

Franchise Administration
Department of Labor and Regulation
Division of Insurance
124 South Euclid, Suite 104
Pierre, South Dakota 57501

Virginia

Clerk of the State Corporation Commission
Commonwealth of Virginia
1300 E. Main Street, 1st Floor
Richmond, VA 23219

Washington

Director of Financial Institutions
Securities Division
State of Washington
150 Israel Rd., S.W.
Olympia, WA 98501

Wisconsin

Commissioner of Securities
Wisconsin Securities Commission
345 W. Washington Ave., 4th Floor
Madison, WI 53703

EXHIBIT C

FRANCHISE AGREEMENT
INCLUDING OWNER'S GUARANTY

FRANCHISE AGREEMENT
for operation of a
CRUNCH[®] HEALTH CLUB

Franchisee: _____

Date: _____

Club Model: _____

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT, dated _____, 20____ (“Effective Date”), is made by and between CRUNCH FRANCHISING, LLC, a Delaware limited liability company (“we”, “us” or “our”), located at 155 Riveredge Dr., Suite 250, Dallas, Texas 75207, and _____, a _____ (“you” or “your”), located at _____, who in consideration of the mutual promises set forth below, agree as follows:

1. Nature and Scope of Agreement

1.1 **The Franchisor.** We have developed and own a distinctive System designed to operate health clubs under the service mark CRUNCH® and associated marks, logos and designs (the “**Licensed Marks**”), which offer members basic health club services, including cardiovascular equipment, selectorized weight machines, free weights, group fitness classes, personal training, tanning and online nutritional programs. We offer franchisees the option to operate a Crunch health club using the Licensed Marks and the System under two different formats: Crunch Fitness and Crunch Select (collectively, the “**Club Model(s)**”). The Licensed Marks may vary depending on the format of Franchised Business this Agreement is for, and there are other variations to the System (as defined below) depending on the format of your Franchised Business.

1.2 **The System.** The “**System**” is used by health clubs that offer members basic health club services and operate under the Licensed Marks under the Crunch Fitness or Crunch Select formats, with some variations depending on the format. The System presently includes, but is not limited to: (i) the Licensed Marks and associated marks, logos and designs; (ii) advertising, publicity and other marketing programs; (iii) training programs and training materials; (iv) the methods, designs, know how, business standards; (v) and other requirements as stated or referred to in this Agreement and from time to time in our Operations Manual, or otherwise in writing by us and designated as part of standards for the System. You understand the importance of maintaining uniformity among all Crunch health clubs and complying with the System standards relating to the development and operation of the Crunch health club for the protection of the Crunch brand and our interest in the System and Licensed Marks. The System will be applied to all Franchised Businesses, although we in our business judgment may vary the System and its application between the Crunch Fitness and Crunch Select formats, and may make exceptions based on local conditions, special circumstances or different contractual provisions applicable to one or more Franchised Businesses. We may change or modify the System, including temporarily, from time to time, in our sole discretion, and you agree to comply with the System standards as they may exist from time to time and as they apply to the format of your Franchised Business (including all operational policies, procedures, programs and plans set forth in the Operations Manual or otherwise in writing), all of which shall constitute provisions of this Agreement as if fully set forth herein.

1.3 **The Franchisee.** You have independently investigated the business risks involved and such other matters as you deem important, including current and potential market conditions and competitive factors and risks, have read our Franchise Disclosure Document, and have not relied on any representations not set forth in this Agreement. Aware of the relevant facts, you desire to enter into this Agreement to obtain a license to use the System and the Licensed Marks to operate one Franchised Business in the format set forth on **Exhibit 1**, or identified in Section 3.1, within the Territory described in this Agreement.

2. Definitions, Representations and Owner’s Guaranty

2.1 The capitalized terms used in this Agreement shall have the following meanings:

2.1.1 **“Affiliate”** means with respect to a person (including any legal person), (i) a person (including any legal person) that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such person; and (ii) any parent, spouse, lineal descendant or adopted child of such person, any spouse or adopted child of any such descendant or any child of such spouse, the executors, administrators, conservators or personal representatives of any such person or any person referred to in this clause (ii) and any person which, directly or indirectly, is owned or controlled by one or more of the persons referred to in this clause (ii).

2.1.2 **“ADA”** is defined in Section 7.1.21 of this Agreement.

2.1.3 **“Anti-Terrorism Laws”** is defined in Section 19.1.

2.1.4 **“Approved Location”** is defined in **Exhibit 1** to this Agreement.

2.1.5 **“Business Improvement”** is defined in Section 12.3 of this Agreement.

2.1.6 **“Change of Control”** means (i) the acquisition, directly or indirectly, in one transaction or a series of related transactions, by any person or affiliated group of your beneficial ownership of ownership interest representing 50% or more of your equity interest, (ii) any merger or consolidation of you other than a merger or consolidation where 50% or more of the total combined voting power of all outstanding ownership interest of the surviving entity or the acquiring entity, as the case may be, shall be received by and/or held immediately after the consummation of such transaction by one or more holders of your outstanding ownership interest, immediately prior to such transaction, (iii) the sale, transfer, license or other disposition (in one transaction or a series of related transactions) of all or substantially all of your assets to which this Agreement relates, or (iv) any agreement or other arrangement whereby any person or affiliated group other than the holders of your outstanding ownership interest immediately prior to such arrangement obtains control of management or day to day decisions of the Franchised Business.

2.1.7 **“Claims”** is defined in Section 17.4 of this Agreement.

2.1.8 **“Competitive Business”** is defined in Section 14.1 of this Agreement.

2.1.9 **“Confidential Information”** is defined in Section 13.2 of this Agreement.

2.1.10 **“Confidentiality Agreement”** means the confidentiality agreement that we will prescribe from time to time to be signed by each of your Owners, officers, directors, members or partners, and your managers and employees, who receive Confidential Information.

2.1.11 **“Crunch IP”** is defined in section 11.1 of this Agreement.

2.1.12 **“Expiration Date”** is the date stated on **Exhibit 1** to this Agreement.

2.1.13 **“Franchise Advisory Council”** is defined in Section 7.5 of this Agreement.

2.1.14 **“Franchised Business”** is defined in Section 3.1 of this Agreement. Any reference to “Franchised Business” in this Agreement is to the format of Franchised Business (Crunch Fitness or Crunch Select) to which rights are granted in this Agreement, and not to any other health club format we offer currently, or may offer in the future.

2.1.15 **“Franchisee”** means the person referred to in the opening paragraph, described as “you” or “your”.

2.1.16 **“Franchisor”** means Crunch Franchising, LLC.

2.1.17 **“Gross Sales”** is defined in Section 8.6 of this Agreement.

2.1.18 **“Incapacity”** is defined in Section 15.4 of this Agreement.

2.1.19 **“Indemnified Parties”** is defined in Section 17.4 of this Agreement.

2.1.20 **“Initial Franchise Fee”** is defined in Section 8.1 of this Agreement.

2.1.21 **“Initial Term”** is defined in Section 4.1 of this Agreement.

2.1.22 **“Licensed Marks”** is defined in Section 1.1 of this Agreement.

2.1.23 **“Brand Marketing Fund”** is defined in Section 10.3 of this Agreement.

2.1.24 **“Brand Marketing Fund Contribution”** is defined in Section 8.3 of this Agreement.

2.1.25 **“Notice”** is defined in Section 19.8 of this Agreement.

2.1.26 **“Online Enrollment Processing Fee”** is defined in Section 8.4 of this Agreement.

2.1.27 **“Operations Data”** is defined in Section 9.2.

2.1.28 **“Operations Manual”** is defined in Section 13.1 of this Agreement.

2.1.29 **“Owner(s)”** is defined in Section 7.6 of this Agreement.

2.1.30 **“Owner’s Guaranty”** means the Owner’s Guaranty attached to this Agreement as **Exhibit 2**.

2.1.31 **“Principal Owner”** means such individual Owner, or the individual who is the authorized representative of an entity Owner, who is identified on **Exhibit 3**.

2.1.32 **“Renewal Term”** is defined in Section 4.3 of this Agreement.

2.1.33 **“Royalty”** is defined in Section 8.2 of this Agreement.

2.1.34 **“Supplier”** or **“Suppliers”** is defined in Section 6.2 of this Agreement.

2.1.35 **“System”** means the specified business format and system and related standards, specifications and procedures we prescribe for operating a Franchised Business, including but not limited to the Operations Manual, and is more fully described in Section 1.2. As used in this Agreement, “System” refers to the System as applied by us to the format of Franchised Business (Crunch Fitness or Crunch Select) to which rights are granted in this Agreement, and not to any other health club format we offer currently or may offer in the future.

2.1.36 **“System Operations Data”** is defined in Section 9.2.

2.1.37 **“Technology and IT Support Services Fee”** is defined in Section 8.8.

2.1.38 **“Term”** is defined in Section 4.3 of this Agreement.

2.1.39 **“Territory”** means that geographic area specified in **Exhibit 1** to this Agreement.

2.1.40 **“Transfer”** is defined in Section 15.2 of this Agreement.

2.1.41 **“Website”** means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers and/or other devices linked by communications software, and includes, without limitation, the Internet and Worldwide Web home pages.

2.2 ***Representations and Warranties.*** You hereby represent and warrant to us as follows:

2.2.1 You are acquiring this franchise for your own account for the operation of a Franchised Business, and not for the purpose of resale or redistribution or other speculative matter;

2.2.2 All information you provided to us in your application and other documents to induce us to grant this franchise was true, correct, complete and accurate as of the date made, and, as of the Effective Date, no material change has occurred in such information;

2.2.3 Your execution, delivery and performance of this Agreement does not violate or constitute a breach under any agreement or commitment you have;

2.2.4 If you are an entity, you are duly organized and validly existing, are qualified to do business in each state where you are or will conduct business, and are duly authorized to execute and deliver this Agreement and perform your obligations pursuant to this Agreement; and

2.2.5 This Agreement represents a valid, binding obligation of you and each of your Owners. Each of your Owners has fully read this Agreement and our Franchise Disclosure Document, and each Owner represents that he/she is capable of complying with all of the terms of this Agreement and the Owner’s Guaranty.

2.3 ***Owner’s Guaranty/Owner’s Acknowledgment.*** If you are an entity, each of your Owners must execute an Owner’s Guaranty in our favor and deliver the executed Owner’s Guaranty to us concurrently with execution of this Agreement, or if such ownership interest is acquired later, within ten (10) days after obtaining the interest as an Owner. All Owners also must sign the Owner’s Acknowledgment which follows the signature block of this Agreement. If we determine, in our sole discretion, that one or more of your majority owners has sufficient means to satisfy the requirements of the Guaranty, we may waive the requirement that all Owners (as such term is defined below) sign the Guaranty. In that case only the Owner or Owners who alone satisfy the Guaranty requirements must sign the Guaranty, as long as that Owner or Owners maintain majority ownership.

3. Scope of License

3.1 ***Grant of License.*** Subject to the terms and conditions of this Agreement, we hereby grant to you a non-exclusive license to operate one Crunch health club using the System and the Licensed Marks (the **“Franchised Business”**) in the format set forth in **Exhibit 1** (Crunch Fitness or Crunch Select) at and only at the Approved Location within the Territory as set forth on **Exhibit 1**. If Exhibit 1 does not indicate the format for the Franchised Business, the license granted under this Agreement is for a Crunch

Fitness format Franchised Business. You hereby accept such grant and agree to operate one Franchised Business throughout the Term in accordance with the System under the Licensed Marks at and only at the Approved Location set forth on **Exhibit 1** and to exert continuously your best efforts to promote and enhance the operation of the Franchised Business and the goodwill associated with the Licensed Marks.

3.2 ***Territory.*** During the Term of this Agreement, for as long as you are in full compliance with the terms and conditions of this Agreement and all other franchise agreements between you (including any of your Affiliates) and us, subject to Section 3.5, we will not grant a franchise to any third party to physically locate another Crunch health club, in the Territory. We will have the right to adjust your Territory as specified in Section 3.3. The parties acknowledge and agree that the territorial grant in this Section does not restrict us, our Affiliates, or any franchisees or other third parties from advertising, marketing or otherwise promoting the System, or any other Crunch health club, wherever located, in your Territory.

3.3 ***Determination and Adjustment of Territory.*** We will provide you with a Territory that will encompass a population of approximately 75,000 persons at the time of this Agreement and which will be described on **Exhibit 1**. We have the right, but not the obligation, to adjust the boundaries of the Territory from time to time to reflect population changes by sending written notice to you of the revised boundaries.

3.4 ***Reserved Rights.*** We reserve all rights not specifically granted to you in this Agreement. Among other things, this Agreement does not limit our right or the right of any of our Affiliates to use or license the System or to engage in or license any business activity, including, without limitation, the operation or franchising of health clubs under the Licensed Marks at any location outside your Territory, and/or the ownership, operation or franchising of health clubs under any other trade name, trademark or service mark now or hereafter owned by or licensed to us or our Affiliates, at any location inside or outside your Territory, or the sale, distribution or marketing of services or products identified by the Licensed Marks inside or outside of your Territory. Further, we reserve the right to develop or become associated with other concepts (including dual branding or other franchise systems), enter into agreements or arrangements with other local, regional, national or international companies or organizations by which we offer memberships or other products and services to personnel, customers or members of such companies or organizations. This Agreement also does not limit our right or the right of any of our Affiliates to acquire, be acquired by, merge, affiliate with, or engage in any transactions with other businesses (whether competitive or not) located anywhere or conducting business anywhere. These transactions may involve competing businesses or locations and dual branding or brand conversions. Notwithstanding the foregoing, neither we nor our Affiliate Crunch, LLC, nor its subsidiaries will operate health clubs in the Territory under a low-price model substantially similar to the Crunch franchising model. You acknowledge that our rights to use and/or license the System pre-date this Agreement and are not limited or changed by the terms of this Agreement. You agree that by acknowledging those rights, the parties do not intend to make our exercise of such rights subject to rules applicable to contractual performance or the exercise of contractual discretion under this Agreement.

3.5 ***Acquisition in Territory.*** If we acquire any chain or system of fitness clubs, or multiple locations (more than 4) of any fitness club chain or system, and such purchase includes club locations in your Territory, and we wish to convert such fitness clubs to Crunch fitness clubs (hereinafter, whether one or more, “**Conversion Locations**”), we will provide you written notice as soon as reasonably practicable of our intent to purchase and convert the Conversion Locations into Franchised Businesses, subject to any confidentiality obligations owed by us. Such notice will provide you with a right of first refusal to acquire such Conversion Locations in your Territory from us on the terms provided below if the sale by us of such properties to you is allowed by contract and applicable law. Subject to the foregoing, you will have the right and option, exercisable within 90 days after receipt of such written notification, which notification shall include the proposed purchase price to provide written notice to us that you desire to purchase the

Conversion Locations and to convert all of such fitness clubs to Franchised Businesses under the System. If you elect to purchase and convert the Conversion Locations, you must close on such purchase and execute our then current form of franchise agreement (which shall require payment of the initial franchise fee due under such franchise agreement) within 60 days from the date of notice to us of your election to purchase and convert. The purchase price to be paid by you for the Conversion Locations shall be the cash equivalent of the fair market value for each of the Conversion Locations, as determined by an independent appraiser selected and retained by us. In the event you do not elect to purchase and convert the Conversion Location, as provided in this paragraph, you agree to purchase the membership agreements for such fitness clubs located in your Territory on terms mutually agreeable to you and us.

4. Term and Renewal

4.1 **Initial Term.** Unless terminated earlier pursuant to Section 16 or amended by mutual written agreement, the initial term of this Agreement (**the “Initial Term”**) shall commence on the Effective Date and continue for a period of (10) years following (i) the Effective Date or (ii) the date your Franchised Business completes its first workout and initiates member billing activities if it is a newly developed health club, and in each case terminate on the Expiration Date.

4.2 **Continuation Term.** If you continue to operate the Franchised Business with our express or implied consent following the expiration of the Term of this Agreement, or following expiration of the Term of the Agreement prior to signing a Renewal Franchise Agreement (a **“Pre-Renewal Continuation Term”**), the continuation will be a month-to-month extension of this Agreement, unless otherwise agreed in writing (**“Continuation Term”**). All provisions of this Agreement will apply while you continue to operate the Franchised Business during the Continuation Term or Pre-Renewal Continuation Term, except that if you enter into a Renewal Franchise Agreement, the then current Royalty Rate reflected in the Renewal Franchise Agreement shall be due beginning as of the start of the Pre-Renewal Continuation Term. The Continuation Term of this Agreement will then be terminable by either party on thirty (30) days’ prior written notice to the other party.

4.3 **Renewal.** You may renew this Agreement for three (3) additional successive terms of ten (10) years each (**“Renewal Term”**) for operation of a Franchised Business, provided that all of the following conditions are met:

4.3.1 You have substantially complied with all the provisions of this Agreement (including, without limitation, making all payments in full when due) and all other agreements between you and us, or between you and one of our Affiliates, during the Term of this Agreement prior to renewal, and you are in full compliance with this Agreement and such other agreements at the end of the Term of this Agreement prior to renewal;

4.3.2 Prior to commencement of the Renewal Term, if we so request, you execute our then current form of franchise agreement and all other agreements then customarily used by us in granting franchises for Franchised Businesses, with a remaining renewal term, as provided above, which agreements may contain different terms and conditions (including, without limitation, different or increased financial terms, royalties and/or brand marketing fund contributions, a requirement that you remodel, refurbish, renovate or re-equip the Franchised Business to bring it into full compliance with the then current standards for new Franchised Businesses, and adjusted boundaries for the Territory to reflect population changes);

4.3.3 Prior to commencement of the Renewal Term, you execute a general release, in form satisfactory to us, of all claims you may have against us and our members, officers, directors, owners, employees, Affiliates, successors and assigns;

4.3.4 Prior to commencement of the Renewal Term, at your expense, you renovate, upgrade and modify your Franchised Business so that it meets the then current standards for new franchised businesses of the same format or model at the commencement of the Renewal Term, which requirement may include significant changes to the furniture, fixtures and equipment, including, but not limited to, replacement of any or all exercise equipment;

4.3.5 Prior to the expiration of the Term of this Agreement, you give us at least three (3) months and not more than six (6) months' Notice of your intention to renew this Agreement; and

4.3.6 Upon execution of the renewal Franchise Agreement, you pay us our then current renewal fee.

Any agreement for a Renewal Term will be for a Franchised Business in the same format (Crunch Fitness or Crunch Select) as granted under this Agreement (or, if such format is no longer franchised at the time of renewal, for such other format then currently being franchised that most resembles the format franchised under this Agreement).

4.4 **Term.** Collectively, the Initial Term and Renewal Terms are called the “**Term.**”

5. Location and Business Site

5.1 **Location.** You must operate your Franchised Business at and only at the location within the Territory that is described on **Exhibit 1 (“Approved Location”)**. You may not change the location of the Franchised Business without our prior written approval, which we may grant, withhold or condition in our sole discretion. Any relocation must be completed within six (6) months from the date of our approval.

5.2 **Site Criteria.** Your business site and its layout, which are subject to our approval, must meet our criteria described in the Operations Manual. Depending on the format of your Franchised Business, the business site for your Franchised Business must be approximately 15,000 to 60,000 square feet and designed to offer basic health club services, including, but not limited to, cardiovascular equipment, selectorized weight machines, free weights, group fitness classes, personal training, and online nutritional program. Your business site must comply with local zoning, business, permitting and licensing requirements, and have parking to accommodate members. We may arrange for a third party to provide you, at your option, with site selection services at no cost to you, except you must pay for such third party's travel expenses. We reserve the right to require you to use realtors or brokers approved by us to locate your proposed site.

5.3 **Our Approval of Site.** If you have not signed a lease for a site approved by us at the time you signed this Agreement, you must submit a proposed site to us for approval within sixty (60) days of signing this Agreement. Should you choose, you will be assisted with site selection through the professional services of a real estate broker. There generally will be no fees incurred by you for the broker's services, other than reimbursed expenses. We will have twenty (20) business days from receipt of the materials relating to the proposed site to approve or disapprove the site. If we do not approve your proposed site within the prescribed time period, your request will be deemed disapproved by us. We will not unreasonably withhold our approval of a proposed site. Our approval of your business site only means that we believe that the business site falls within our then current criteria. You acknowledge that your selection of a business site is based on your own independent investigation of its suitability and that our approval is not a guarantee or promise of success.

5.4 **Construction/Opening Deadlines for Newly Developed Franchised Business.** For a newly developed Franchised Business, you are solely responsible for obtaining all necessary financing and

constructing and opening the business site as a Franchised Business in accordance with the layout and other criteria described in our Operations Manual or in other written communications by us. All such construction work must be completed and the Franchised Business open for business within the following time periods unless we mutually agree in writing to a different time period: (i) ten (10) months after you sign a lease or similar agreement conveying ownership of the premises to you, or the date this Agreement is signed, whichever occurs first, if the building for the Approved Location is already constructed; or (ii) twelve (12) months after you sign a lease or similar agreement conveying ownership of the premises to you, or the date this Agreement is signed, whichever occurs first, if construction of the building for the Approved Location has not commenced or is not completed as of the date you sign your lease or similar agreement conveying ownership of the premises to you as further described in Section 5.5. If you open your Franchised Business before we approve it for opening, or if you operate it during any period of temporary closure during the term or otherwise operate your Franchised Business in contravention of applicable law, you will have to pay us an Unauthorized Operations Fee of \$1,000 per day. The Unauthorized Operations Fee is not an authorization to open or operate your Franchised Business in violation of this Agreement but is paid to offset our loss of goodwill and the cost and expenses incurred by us in addressing your violation. Our decision to charge you the Unauthorized Operations Fee for a violation of this Agreement does not limit our right to terminate this Agreement based on the same violation.

5.5 Construction/Opening Deadlines for Conversion Opening. For an existing health club converted to a Franchised Business, you are solely responsible for obtaining all necessary financing and converting and opening the business site as a Franchised Business in accordance with the layout and other criteria described in our Operations Manual or in other written communications by us. All such conversion work must be completed and the Franchised Business open for business within four (4) months after you sign a lease or similar agreement conveying ownership of the premises to you or the date you sign this Agreement, whichever occurs first, unless we mutually agree in writing to a different time period and you are diligently and continuously pursuing your conversion obligations to completion. You may not open your Franchised Business until we provide our written notice of approval.

5.6 Maintenance, Appearance and Remodeling. You must maintain the business site of the Franchised Business, including any appurtenant parking areas, and its appearance so that it is attractive, clean, and efficiently operated, and otherwise maintain the Franchised Business and its business site in accordance with our standards, which we will communicate to you from time to time in the Operations Manual, or by other written or electronic communications. We may require you to periodically modify the layout of the Franchised Business, its décor, operations, general theme, and to add new equipment or replace obsolete or worn-out equipment used in the Franchised Business not more often than once every five (5) years, as we may require you to renovate your trade dress for the Franchised Business to comply with our then current standards, including installing new color schemes, flooring, signage or other visual elements within the club. In addition, we may require you to replace and update the following at your Franchised Business: (a) all cardio equipment not more often than once every five (5) years, and (b) all other exercise equipment not more often than every six (6) years, and in each case as further specified in the Operations Manual or otherwise in writing from time to time. You may not make any material modifications to the Franchised Business or the business site, including expansions or reductions in size, replacements, relocations or alternations of fixtures, equipment, or signs, without our prior written consent. If you do so, we may, in addition to exercising our other rights under this Agreement, enter the Franchised Business (or have our designee enter the Franchised Business) to restore, at your expense, the Franchised Business to its prior appearance. If after notice from us to you, you fail to timely update and renovate your trade dress for the Franchised Business to comply with our then current standards, then you will pay us a Trade Dress Non-Compliance Fee of \$250 per day for the violation. You must work in good faith to promptly repair and remediate any brand-damaging defects or disrepairs at the Clubs, including, without limitation, any safety violations; compliance violations; broken, inoperable or out of service equipment; deferred maintenance; visible deterioration or degradation; or any other conditions that adversely impair the brand's

reputation or customer experience. The Trade Dress Non-Compliance Fee is not an authorization to delay implementation of updates and renovations required pursuant to this Agreement but is paid to offset our loss of goodwill and the cost and expenses incurred by us in addressing your violation. Our decision to charge you the Trade Dress Non-Compliance Fee for a violation of this Agreement does not limit our right to terminate this Agreement based on the same violation.

5.7 ***Lease Rider.*** In connection with our consent to the Approved Location pursuant to Section 5.1, you must make reasonable efforts to have your landlord execute a Lease Rider substantially in the form attached as **Exhibit 4**. If this Agreement is terminated for any reason during the term of the lease or any extension or renewal of the Lease, and if Franchisor desires to assume the lease, you agree to promptly and diligently do or cause to be done all acts or things, and to execute all documents and instruments, necessary to assign your right, title and interest under the lease to us or our designee. Notwithstanding the foregoing, you shall remain liable to landlord or any third parties for all of your obligations under the lease.

5.8 ***Relocation.*** If you need to relocate your Approved Location due to lease termination, or due to the full or partial destruction or condemnation of your previously Approved Location you must submit a new location for approval by us within six (6) months of the date that you can no longer operate the Franchised Business out of the Approved Location. Failure to timely submit a new location for approval is a default under this Agreement.

6. Our Responsibilities

6.1 ***Our Obligations.*** In addition to our other obligations under this Agreement, we will also have the following obligations:

6.1.1 We will endeavor in the exercise of our business judgment to maintain a high standard of quality for the System, and to promote, protect and enhance the public image and reputation of the System;

6.1.2 We will provide you (if you are an individual) or one of your Owners (if you are an entity) and your manager with such required training courses, programs and materials as we deem appropriate, such training to be conducted at such locations and times as we may designate. We will provide the initial training course without cost to you or one of your Owners and your manager, but you will be responsible for paying the travel, living and meal expenses and salaries for yourself or any Owner and manager attending the training classes;

6.1.3 In conjunction with the opening of the Franchised Business, we will provide you with up to five (5) days of on-site training at the location of the Franchised Business, at our expense;

6.1.4 Upon execution of this Agreement, we will provide to you via our Website or otherwise with a copy of our Operations Manual, and thereafter provide copies of any amendments of those materials;

6.1.5 We will develop and maintain a list of standards for equipment, uniforms, computer systems, point of sale and membership management systems, transaction processing and accounting platforms, software, telephones and other items which you must use in your Franchised Business;

6.1.6 As we may deem appropriate, we will make available to you additional and optional or mandatory training courses, programs and materials, such training to be conducted at

locations and times as we designate and at fees we establish. Both initial and additional training courses are subject to change during the Term and we have the right to designate optional training and mandatory and vice versa, make training available and required for you, your Owners, and managers, and change fees, provided that fees will be reasonable;

6.1.7 We will make available to you throughout the Term of this Agreement such sales, marketing and technical assistance, and consultation and advice on operating procedures, that we may deem necessary or desirable in the exercise of our business judgment;

6.1.8 We will provide you with a list of approved Suppliers through use of an Internet catalog, and/or the Operations Manual and/or other written or electronic communications;

6.1.9 We will make available to you improvements and changes in our services or operating procedures relating to Crunch health clubs of the same format as your Franchised Business;

6.1.10 We reserve the right to develop and maintain an Internet Website for franchisee services and communications, for customer and service leads and referrals, and for promotional specials;

6.1.11 We will make available for your purchase from approved Suppliers ready-to-go forms, letterheads, business cards and other daily use marketing items;

6.1.12 At our discretion, we may conduct mystery shopping services or inspections of your Franchised Business; and

6.1.13 We reserve the right to offer and make available for your purchase, and at our discretion and at prices we have established, equipment and other items.

For each obligation set forth above we may, in our sole discretion, provide the same or different standards, terms, information, services, training, and materials for Crunch health clubs of the different formats we now offer (Crunch Fitness and Crunch Select), or may offer in the future. With respect to your Franchised Business, only those standards, terms, information, services, training, and materials will apply that are applicable to the format Crunch health club granted to you under this Agreement.

6.2 *Approved Suppliers and Approved Products and Services*

6.2.1 We have the right to designate or approve, from time to time, one or more third parties (a “**Supplier**” or “**Suppliers**”), or ourselves or an Affiliate, to supply you with certain categories of products and services, including without limitation, equipment, design, installation services, construction and build-out services, and payroll providers. If we so designate or approve a Supplier, you must purchase the categories of products or services only from Suppliers we so designate or approve or from us or one of our Affiliates. We may designate or approve a Supplier for any products or services and may designate or approve a Supplier only as to certain products or services, including supplies and services to be used in the Franchised Business, and we may limit our approval to one or more of the health club formats then being franchised. We may concentrate purchases with one or more Suppliers to obtain lower prices, better advertising support and/or better services for any group of Franchised Businesses.

6.2.2 We have the right to designate or approve, from time to time, goods, services, fixtures, equipment, work-out machines and equipment, supplies, signage, employee uniforms,

computer hardware and software, sales and marketing materials, items using our logo or brand and other items (an “FF&E item” or “FF&E items”) that you must use in the build-out and operation of your Franchised Business.

6.2.3 If you propose to contract for or purchase products or services from any Supplier that we have not previously designated or approved for such products or services, or if you propose to contract for or purchase alternative products or services to FF&E items or implementation of new technology, you must first notify us in writing and submit to us all information, specifications and samples that we request. We will have the right to require that our representatives, at your expense, be permitted; (a) in the case of an alternative Supplier, to inspect the proposed Supplier’s facilities and that samples from the proposed Supplier be delivered to us or our designated testing facility for evaluation and testing; and (b) in the case of alternative products or services to FF&E items, to review all applicable information, specifications and samples. If a request for an alternative Supplier is not approved by us within 60 days of the request being made, or a request for an alternative product or service is not approved within 30 days of the request being made, then the request is deemed disapproved. An approval must be in express writing. We have the right to assess you our standard fee for evaluating your proposed Supplier, or alternative FF&E item, or our actual cost for such evaluation if it exceeds our standard fee. We will have sole discretion as to whether or not to approve any Supplier or alternative FF&E item. Approval of a Supplier as to any products or services, or of an alternative FF&E item, must be made by us in writing. In the case of alternative Suppliers, the approval may also be conditioned on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints, concentration of purchases and other criteria, and may be conditioned on the Supplier providing us with adequate insurance protection, the Supplier’s execution of reasonable indemnity and confidentiality agreements, and the Supplier’s payment of reasonable license fees to us if the Licensed Marks are to be used, and may be temporary or conditional, pending our further evaluation of the Supplier. We reserve the right to retroactively assess your Franchised Business our standard fee for evaluating a proposed Supplier or alternative FF&E item, if we confirm that you have used an unapproved Supplier or an unapproved FF&E item in the build-out or operation of your Franchised Business.

6.2.4 We reserve the right to reinspect, at any time, the facilities, products and/or services of any approved Supplier and to revoke our approval upon the Supplier’s failure to continue to meet any of our then current criteria. We also reserve the right to re-evaluate at any time the approval of any alternative FF&E item and to revoke our approval if the alternative FF&E item no longer satisfies our then current criteria for such FF&E item.

6.2.5 We and/or our Affiliates may realize a profit or receive payments, commissions, discounts or other allowances in connection with your purchases of products or services from approved Suppliers, and, where permitted by applicable law, we and/or our Affiliates may retain those profits, payments, commissions, discounts or allowances for our own accounts without having any obligation to provide any benefits to you.

6.2.6 WE AND OUR AFFILIATES MAKE NO WARRANTY WITH RESPECT TO ANY FF&E ITEM OR OTHER PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES OR OTHER ITEMS WE APPROVE AND WE EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH FF&E

ITEMS, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED ITEMS.

6.3 ***Payment of Suppliers.*** In the event that you fail to pay a Supplier for products and services, in each case within 60 days of the due date, you will have a fifteen (15) day period to cure the default after receiving notice from us of such default. If you do not cure the default within the cure period, we shall have the right and option to withdraw funds automatically from your monthly billing for the purpose of paying the Supplier.

6.4 ***Pricing.*** Except as provided below, you will establish, in your sole discretion, prices, and terms and conditions of sale for products and services you offer. You understand and agree that because enhancing the Crunch inter-brand competitive position and consumer acceptance for Crunch products and services is a paramount goal for you, us and our other franchisees, and because this objective is consistent with the long term interest of the System overall, we may, in our sole discretion, from time to time suggest or establish, to the extent permitted by applicable law, the prices or range of prices, and terms and conditions of sale, for products and services you offer in your Franchised Business. These rights may include prescribing the maximum retail prices that you can charge; suggesting retail prices; and otherwise mandating, directly or indirectly, the maximum prices that you may charge. We may, in our business judgment, engage in such activity in only certain geographic areas and not others, with respect to certain club models but not others, or with respect to other subsets of clubs. You acknowledge and agree that any maximum prices we prescribe or suggest may or may not optimize the revenues and profitability of your Franchised Business, and you irrevocably waive any and all claims arising from or related to our prescription or suggestion of your Franchised Business' retail prices.

7. Your Responsibilities

7.1 ***Your Obligations.*** In addition to your other obligations under this Agreement, you also have the following obligations:

7.1.1 You must convert or construct and open your Franchised Business for business within the time periods provided in Section 5.4 or Section 5.5, as applicable;

7.1.2 You must operate your Franchised Business at and only at the Approved Location according to the System and under the Licensed Marks, and not deviate from the System without our prior written consent;

7.1.3 You must conduct grand opening marketing and promotions in your Territory in accordance with our grand opening plan, and you cannot deviate from that plan without our prior written approval, which expenditures shall be in an amount not less than \$15,000;

7.1.4 You must use your best efforts in the Territory to promote, develop and expand the market for Crunch health clubs;

7.1.5 You (if you are an individual) or one of your Owners (if you are an entity) must devote sufficient time and effort to your Franchised Business, as required by Section 7.2, to ensure the proper, efficient and effective operation of the Franchised Business;

7.1.6 You must comply with all of our mandatory standards, methods, policies, products, procedures, techniques and specifications we prescribe from time to time, whether in the Operations Manual or in other written or electronic communications, including, but not limited to, hours of operation, the wearing of uniforms while performing services, and using only equipment, uniforms,

computers, point of sale and membership management systems, transaction processing and accounting platforms, software, telephones and other items that meet or exceed our standards;

7.1.7 You must operate the Franchised Business continuously throughout the Term and provide efficient, courteous, and high-quality service to all club members;

7.1.8 You must offer and sell all the services and products we specify from time to time, and you may not sell services or products or offer any promotional items we prohibit or have not expressly authorized in a prior writing;

7.1.9 You must manage and service all member accounts to our satisfaction and in accordance with the System;

7.1.10 You must allow access to your Franchised Business by members of other Crunch locations or Crunch members in accordance with reciprocity provisions included in their membership agreements in the manner and as detailed in the Operations Manual;

7.1.11 You must purchase an opening inventory of t-shirts, drinks, supplements and promotional items from approved Suppliers prior to opening your Franchised Business as is necessary or appropriate to operate the Franchised Business;

7.1.12 You (if an individual) or one of your Owners (if an entity) and your managers, if any, must attend and successfully complete our initial training program, and any ongoing training we designate from time to time in our sole discretion. The training for owners and managers may be different. You are solely responsible for all the travel, living and meal expenses, and salaries, for yourself and your Owner or manager who attend the training classes;

7.1.13 You must operate the Franchised Business under your direct on-site supervision (if you are an individual) or one of your Owners (if an entity) or a manager who has successfully completed the initial training program. If you have a manager and the manager is terminated or ceases employment, you must hire and have a new manager trained no later than thirty (30) calendar days after the previous manager's employment ends;

7.1.14 You must hire such employees as are necessary or appropriate to staff the Franchised Business, and you must ensure that all of your employees have any licenses required by law to operate the Franchised Business. You are solely responsible for the terms of their employment and compensation, and proper training;

7.1.15 You must conduct appropriate background checks on your employees, as provided in the Operations Manual;

7.1.16 You must present and use the Licensed Marks exactly and only as permitted under this Agreement;

7.1.17 You must maintain, at your sole expense, all exterior signs, fixtures, décor items, equipment and other construction elements as required by Section 5.6. You must immediately address maintenance deficiencies we identify;

7.1.18 You must purchase or license from approved Suppliers such equipment, uniforms, computer systems, points of sale and membership management systems, transaction processing and accounting platforms, software, telephones and other items as we designate and make, at your sole

expense, upgrades to your equipment and technology used in the Franchised Business, as we direct from time to time;

7.1.19 You must periodically renovate the trade dress and equipment for the Franchised Business, as required by Section 5.6;

7.1.20 You must pay all fees and other payments due to us hereunder promptly when due;

7.1.21 You must comply at all times with all federal, state and municipal laws, orders, regulations, and ordinances pertaining to the operation of the Franchised Business, including, without limitation, all governmental regulations relating to the Americans with Disabilities Act (“ADA”), OSHA, workers’ compensation, unemployment insurance, and withholding and payment of federal, state and local income taxes and sales taxes;

7.1.22 At your sole expense, you must acquire all necessary permits, bonds, utilities, merchant accounts and licenses required to operate your Franchised Business;

7.1.23 You must operate your Franchised Business in accordance with all health and sanitation requirements that we specify or that are required by federal, state or local authorities;

7.1.24 You must promptly pay when due all taxes, expenses and surcharges of any kind levied or assessed by any governmental body, whether federal, state or local, by reason of or in connection with your operation of your Franchised Business;

7.1.25 You must promptly pay any technology update, maintenance or support fees charged by us or any of our Affiliates or third-party suppliers;

7.1.26 You must submit the reports required by Section 9.3 and permit us to access your data, as provided in Sections 9.1 and 9.2;

7.1.27 You must conduct your Franchised Business in a manner that does not reflect adversely on us, the System or the Licensed Marks, or which might depreciate the goodwill associated with any of them;

7.1.28 Each of your Owners, officers, directors, members, partners, and each of your employees, agents and managers who obtain Confidential Information must sign a Confidentiality Agreement in a form that we prescribe;

7.1.29 You (if an individual) or one of your Owners (if you are an entity) must attend our annual franchise system meeting and any other conferences, conventions, or meetings at locations designated by Franchisor. We will inform you of the system meeting not less than 60 days prior to the event. At your option, your manager may also attend the annual franchise system meeting in addition to you or one of your Owners. You are responsible for all expenses you or your representatives incur in attending the meeting, including, without limitation, paying all applicable wages for attendees. We reserve the right to charge a reasonable fee for each attendee to register for such events;

7.1.30 You may only sell memberships on terms and conditions we specify using our forms, if required, which membership agreements may contain reciprocity of use provisions for other Crunch and Crunch health clubs;

7.1.31 Unless prohibited by applicable law, you must participate in such national or regional sales and membership programs that we make available to your Franchised Business, as detailed in the Operations Manual, which programs may include reciprocity rights that allow certain customers to use your Franchised Business without compensation to you, and which may require you, among other things, to waive or reduce enrollment fees, or offer lower prices for memberships or other products or services; and

7.1.32 You must use a marketing Supplier that we designate and/or approve.

7.2 ***Operation of Franchised Business.*** You (if an individual) or one of your Owners (if an entity) must use your best efforts to diligently and fully exploit the rights granted in this Agreement by providing direct supervision in the operation of the Franchised Business. You may not engage in conflicting enterprises or other activities that could be detrimental to or interfere with the operation of the Franchised Business. You may appoint a manager, and such manager must reside in the Territory to handle day-to-day operations of the Franchised Business. The manager must be employed on a full-time basis. Any such manager shall attend and pass our initial training program. We have the right to approve or reject any manager you appoint. Although you will be responsible for training any subsequent managers, we reserve the right to require any subsequent manager to attend and satisfactorily complete our training program, and you must pay our then current training fees for such training.

7.3 ***Insurance.***

7.3.1 You must purchase, and at all times during the Term of this Agreement, maintain in full force and effect, policies of insurance for and in respect of the Franchised Business in such amounts and with such coverages as we reasonably require, as set forth in the Operations Manual, including, without limitation, (a) commercial general liability insurance; (b) products-completed operations insurance; (c) personal injury and advertising injury insurance; (d) damage to premise rented insurance; (e) hired and non-owned auto liability insurance; (f) professional liability insurance; (g) medical expense insurance; (h) business personal property insurance; (i) business interruption coverage; (j) workers compensation; (k) employers' liability insurance; (l) cyber liability insurance; and (m) those other insurance policies as we may determine. All such policies must be issued by carriers that we approve and contain all the types and minimum coverages, exclusions and maximum deductibles, as provided in the Operations Manual. In all such policies of insurance, we and our Affiliates must be named as an additional insured, and all such policies must provide that we will be sent duplicate copies of all documentation and correspondence from the insurer. You must, at least fourteen (14) calendar days prior to the opening of the Franchised Business, provide us with a certificate of coverage issued by the insurer indicating that all required insurance is in full force and effect and that it will not be terminated, permitted to lapse, expire or be changed without at least thirty (30) calendar days' prior written notice to us. In the event that you do not maintain such insurance as required, we may obtain such insurance from an insurer we select and keep the same in full force and effect at your sole expense. In such event, you must promptly reimburse us for the cost of such insurance upon receipt of an invoice therefor. At your option and sole cost, you may participate in any group or blanket insurance program that we may establish from time to time for our franchisees.

7.3.2 We do not represent or warrant that any insurance that you are required to purchase, or which we procure on your behalf, will provide adequate coverage for you. You should consult with your own insurance agents, brokers, attorneys or other insurance advisors to determine the appropriate level of insurance protection you need and desire, in addition to the coverage and

limits required herein. Our review and verification of certain elements of your insurance does not in any way reduce or eliminate your obligations to fully comply with all insurance requirements. It is solely your obligation to fully comply with these insurance requirements, and it is your sole obligation to confirm with your insurance providers that your policies are in compliance.

7.4 **Technology System/Office Equipment.** You must acquire and use in the Franchised Business the required technology system, including without limitation, any computer monitors, hardware software, and other equipment and network connections that we specify periodically and that is compatible to operate the member management system, point-of-sale system, non-cash payment system, marketing systems and other technology systems designated for use by our franchisees generally from time to time (the “**Technology System**”). You must also acquire and use the office equipment and accounting platform that we may specify periodically for use by franchisees from time to time. You must pay any license or maintenance fees that we or an approved Supplier of the software may charge for its use. You must implement and have fully operational the software system that we specify by the earlier of the date the Franchised Business opens or you commence pre-sale of memberships, as provided in Section 7.8. At your sole expense, you must maintain and upgrade the Technology System to meet the requirements we specify from time to time.

7.5 **Franchise Advisory Council.** We reserve the right to establish an advisory council of franchisees and our representatives to provide non-binding advice to us (“**Franchise Advisory Council**”). In the event that we establish a Franchise Advisory Council, you must become a member of the Franchise Advisory Council if we approve you and pay any dues, which may be associated therewith. We have the right to prepare and amend the by-laws for, or to dissolve, the Franchise Advisory Council.

7.6 **Owners of Franchisee and Principal Owner. Exhibit 3** to this Agreement must at all times completely and accurately describe all of your owners and their beneficial ownership interests in you (“**Owner(s)**”). You and your Owners must sign and deliver to us such revised **Exhibit 3** as may be necessary to reflect any permitted changes in the information contained therein within five (5) business days following the occurrence thereof and to furnish such other information about your organization or formation as we may request. You must designate an individual in **Exhibit 3** as the Principal Owner approved by us who you agree is principally responsible for communicating and coordinating with us on your behalf regarding the Franchised Business and exerting substantially all of his or her time and best efforts to the development and operation of the Franchised Business. The Principal Owner has full authority to act on Franchisee’s behalf in regard to performing, administering, and amending this Agreement. We may rely on all communications from your Principal Owner regarding you and the Franchised Business, and we may treat those as reflecting your and all of your Owners’ decisions and wishes, without the necessity of any further investigation by us. Neither you, nor any of your Owners will hold us liable for any consequences to you or any or all of your Owners from our reliance on the communications from your Principal Owner. Neither you, nor any of your Owners, will bring any claims or other actions against us arising out of our actions or omissions based on communications from your Principal Owner, or our other reliance on communications from your Principal Owner, and you and all of your owners hereby relieve us from any liability for such actions, omissions or reliance.

7.7 **Tax Indemnity.** You must pay to us the amount of any state or local sales, use, gross receipts, or similar tax that we may be required to pay on payments that you make to us under this Agreement regardless of whether the state or local tax is imposed directly on us, is required to be withheld by you from amounts due to us under this Agreement, or is otherwise required to be collected by you from us. Your obligations under this Section shall not be reduced or offset by any type of claim, credit or deduction of any kind. This provision does not apply to income taxes or comparable taxes measured by income to which we may be subject.

7.8 ***Pre-Sale of Memberships.*** You may presell memberships if permitted by, and in accordance with, applicable law. You must establish any required escrow accounts with escrow agents acceptable to us. We will prescribe any permitted pre-sale program, but pre-sales cannot occur until you (if an individual) or your Principal Owner (if an entity) and your manager are trained. Upon disbursement of funds from the escrow account, all fees due to us shall be paid.

7.9 ***Website, Social Media and Mobile Applications.*** We have the right to control all media or other online presence for Crunch clubs, including, but not limited to, websites, social media accounts, text messaging and mobile applications (“**Online Presence**”). You may not establish a separate Website or register any domain name/URL address. We will designate one or more pages on our Website or provide a replicated website to describe your Franchised Business, or we will link our Website to your Website. Your use of social media, including, but not limited to, webpages such as Facebook, Twitter and Instagram, mobile applications and other mobile marketing (including text messaging for marketing and promotional purposes, which, as of the Effective Date is not permitted) for your Franchised Business is subject to our prior written approval, and your compliance with the requirements of Section 11.7. We may establish rules, guidelines or policies to determine the use and content of such Online Presence. These rules, guidelines or policies will be determined by us from time to time in our sole discretion.

7.10 ***Members.*** You will primarily service members whose residence or place of work is located within your Territory. Notwithstanding the foregoing, you may service members located outside your Territory, and other franchisees may service members located inside your Territory. You are not restricted from soliciting or accepting orders from members located outside of your Territory, including the right to use other channels of distribution to make sales outside your Territory. However, your use of the Internet, social media, mobile marketing and our Licensed Marks is subject to our approval.

7.11 ***Reciprocity Rule.*** We have a reciprocity rule with all franchisees that “Peak membership level” or above level memberships can use other Crunch franchise clubs on an unlimited basis, except that Crunch Fitness club members do not have access to Crunch Select Clubs. If any franchisee’s member’s usage at another club exceeds 75% for two (2) consecutive months, with an 8-visit minimum, that member may be asked by the visited club to transfer his or her membership over to that club. Under no circumstances may a membership be transferred without the member’s signed consent. We will provide a member transfer form, but it is the responsibility of the visiting club to manage club usage, request and manage the transfer and the reciprocity process. You are required to monitor and manage club usage and transfers. We are not responsible for managing club usage, member transfers or the reciprocity process. We reserve the right to modify the reciprocity rule at our sole discretion. For the avoidance of doubt, we and you acknowledge that you are not entitled to any revenue sharing for reciprocal membership usage from us or from other franchisees.

7.12 ***Privacy and Data Protection.*** You must: (i) comply with all applicable international, national, federal, provincial, state, or local laws, codes or regulations that regulate the processing of information that can be used (alone or when used in combination with other information you control) to identify, locate or contact an individual or pertains in any way to an identified or identifiable individual, including without limitation names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information (“**Personal Information**”) in any way, including, but not limited to, national data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations and security breach notification rules (“**Privacy Laws**”); (ii) comply with all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by us that relate to Privacy Laws and the privacy and security of Personal Information; (iii) implement all

administrative, physical and technical safeguards necessary to protect any Personal Information; (iv) refrain from any action or inaction that could cause us to breach any Privacy Laws; (v) perform and execute, or arrange to be performed and executed, each act, document and thing we deem necessary in our business judgment to keep you in compliance with the Privacy Laws; and (vi) immediately report to us the theft or loss of Personal Information (other than the Personal Information of your own officers, directors, owners, employees or service providers). Without limiting the foregoing, you must comply with the Payment Card Industry Data Security Standard (commonly known as “**PCI Compliance**” or “**PCI-DSS**”), and any successor thereto. You are solely responsible for (even if Franchisor provides Franchisee any assistance or guidance in that regard) confirming that the safeguards you use to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information.

8. Fees and Payments

8.1 **Initial Franchise Fee.** You must pay to us upon your execution of this Agreement an initial franchise fee in the amount set forth on **Exhibit 1** for the Club Model that this Agreement is for (“**Initial Franchise Fee**”), which amount you acknowledge to be fully earned and nonrefundable. If we permit you to pay the Initial Franchise Fee in installments, you must sign a promissory note in form acceptable to us. Receipt by us of the Initial Franchise Fee, or the first installment thereof if we permit installment payment, is a condition to the effectiveness of this Agreement.

8.2 **Royalty.** You must pay us the monthly Royalty set forth in **Exhibit 1** as a fixed percentage of the Franchised Business’ Gross Sales (“**Royalty**”). The Royalty must be calculated and paid within five (5) days after the end of each calendar month. The Royalty will be automatically paid from your bank account, as provided in Section 8.14.

8.3 **Brand Marketing Fund Payments.** You must pay us a monthly Brand Marketing Fund contribution in the amount we designate, but not to exceed two percent (2%) of Gross Sales (“**Brand Marketing Fund Contribution**”). The Brand Marketing Fund Contribution must be calculated and paid within five (5) days after the end of each calendar month. The Brand Marketing Fund Contribution will be automatically paid from your bank account, as provided in Section 8.14. In lieu of charging a Brand Marketing Fund Contribution we may charge you on a pro rata basis for marketing and advertising projects that fall within the scope of the permissible use for the Brand Marketing Fund. In the event we charge you on a project basis your share of the project cost will be payable against invoice.

8.4 **Online Enrollment Processing Fee.** You must pay us our then current enrollment processing fee for each member of your health club (“**Online Enrollment Processing Fee**”). The Online Enrollment Processing Fee must be paid within five (5) days after the end of each calendar month. The Online Enrollment Processing Fee will be automatically paid from your bank account, as provided in Section 8.14.

8.5 **Unauthorized Product/Service Fee.** You must pay us an unauthorized product/service fee (“**Unauthorized Product/Service Fee**”) of \$250 per day if you sell or lease any products or services from or related to the Franchised Business that are not authorized by us at the time of sale or lease, or give away any such products or services. For purposes of this Section, unauthorized products and services include otherwise approved products or services purchased or acquired from suppliers that have not been authorized by us for those products or services. The Unauthorized Product/Service Fee is not an authorization to sell unauthorized products or services but is paid to offset our loss of goodwill and the cost and expenses incurred by us in addressing your violation of this Agreement. Our decision to charge you the Unauthorized Product/Service Fee for a violation of this Agreement does not limit our right to terminate this Agreement based on the same violation.

8.6 **Gross Sales.** “**Gross Sales**” is defined as all revenues you receive from the performance of all services and the sale of all products from or related to the Franchised Business, including membership revenue, both recurring dues and cash sales, personal training sales and retail sales, less any sales taxes, refunds to customers, and discounts.

8.7 **Technology and IT Support Services Fee.** You must pay us a monthly fee for technology and IT support (“**Technology and IT Support Services Fee**”) for access to the intranet set up for all Franchised Businesses (of one or more health club format), set-up and maintenance of email addresses for your Franchised Business, and for other technology that we make available to you from time to time, and license fees we may incur for provision of the same. As of the Effective Date, Crunch Connected and Club URL are included in the services provided, but we reserve the right to amend the technology and IT support provided at any time. As of the Effective Date the Technology and IT Support Services Fee is \$75.00 per month, but we have the right to amend the fee upon notice to you if our expenses in providing the covered services increases.

8.8 **New Technology Fee.** Because the technologies involved in the System and the Franchised Business are constantly evolving, we reserve the right to require your participation in such technologies as are being implemented as part of the System and the Franchised Business and to charge you reasonable fees therefor, or require that you pay the applicable technology vendor for, in each case intended to off-set costs and expenses incurred by us or our affiliates, or to pay the technology vendor fees directly, in connection with such technologies and related services. The fees may be charged as a one-time fee, or as a recurring, monthly fee. If the fee is a one-time fee, it will be payable upon demand. If the fee is a recurring monthly fee, it will be payable pursuant to Section 8.13.

8.9 **Interest.** Time is of the essence with respect to all payments to be made by you to us. Without constituting an election of remedies, any and all amounts that you owe to us (or any of our Affiliates) will bear interest from and after its due date at a rate equal to 18% per annum or the maximum allowable rate under applicable law, whichever is less.

8.10 **Administrative Fee.** If you breach a non-monetary obligation under this Agreement and fail to cure the default within the applicable cure period, if applicable, you must, whether or not we terminate this Agreement, pay us our then-current “Administrative Fee” (currently equal to \$1,000) for each such default in order to offset Franchisor’s costs incurred to address the default.

8.11 **Trade Dress Non-Compliance Fee.** You must pay us Trade Dress Non-Compliance Fee of \$250 per day following notice and expiration of the cure period we allow you. If you fail to timely update and renovate your trade dress for the Franchised Business to comply with our then current standards. The Trade Dress Non-Compliance Fee is not an authorization to delay implementation of updates and renovations required pursuant to this Agreement but is paid to offset our loss of goodwill and the cost and expenses incurred by us in addressing your violation. Our decision to charge you the Trade Dress Non-Compliance Fee for a violation of this Agreement does not limit our right to terminate this Agreement based on the same violation.

8.12 **Unauthorized Supplier Fee.** You must pay our then current fee, currently \$2,500 for the first violation; \$5,000 for a second violation; and \$10,000 for two or more violations, if you use an unapproved supplier or vendor without our written approval or before we have approved the vendor to commence work or perform services at your Franchised Business.

8.13 **Construction Extension Fee.** At your request, and in our discretion, we may grant you up to four (4) thirty (30) day extensions of the prescribed date when the Franchised Business must be open for business regardless of whether the Franchised Business is new location or a conversion location.

If granted, we will charge you a fee of \$5,000 for each extension. The extension fee is due at the time the request is made but will be refunded to you if the extension is not granted. We may waive the extension fee, in whole or in part, if we determine that the delay is due to causes outside of your reasonable control and that you are diligently and continuously pursuing your development obligations to completion. You may not open your Franchised Business until we provide our written notice of approval.

8.14 **Payments.** Your monthly Royalties and Brand Marketing Fund Contribution, your Online Enrollment Processing Fee, your local marketing amount if we have to place marketing for you pursuant to Section 10.2, the Technology and IT Support Services Fee, and any new technology fee charged monthly pursuant to Sections 8.7 and 8.8, will be drafted by us directly from an account that you designate. Our designated back-office solutions provider will process your billing each month, then withdraw directly from your monthly Electronic Funds Transfer (“EFT”) tap any amounts due to us under this Agreement, including your Royalty and Brand Marketing Fund Contribution payments. Notwithstanding the foregoing, we reserve the right to revise the required payment method from time to time and reserve the right to access information about your Gross Sales through your computer system. On the payment dates designated in Sections 8.2, 8.3 and 8.4, we will calculate the amount due and make the deposit to our designated account on your behalf. All records of the transactions will be provided to you monthly. Any other payments due to us must be made by you by electronic funds transfer to an account we designate. All payments made by you will be applied in such order as we may designate from time to time. At our discretion, upon not less than thirty (30) calendar days’ notice to you, we may change the payment frequency of any recurring payments due under this Agreement.

9. Records, Reports, Inspections and Inquiries

9.1 **Records.** During the Term of this Agreement, you must maintain and preserve full, complete and accurate books, records and accounts relating to the conduct and operation of the Franchised Business in the format we specify. The books, records, and accounts shall be kept at the Approved Location, unless we permit another location in writing. You must establish and maintain, at your own expense, a bookkeeping, accounting and record keeping system in accordance with requirements we prescribe. We have the right to require you to use a standard chart of accounts and income format. We also have the right to access and obtain any information which you are required to deliver to us for the Franchised Business pursuant to the terms of this Agreement directly from the systems you establish, and, to the extent we cannot or do not do so, you must transmit to us all information we request in the manner and at the times we specify.

9.2 **Access to and Use of Your Data.** We will use the software program that we specify to gather information on your Franchised Business and the entire Crunch health club franchise system. You hereby grant us independent access to the information maintained in the electronic format we specify, including your financial reports. We have the right to collect and retain from your computer system all data concerning the Franchised Business, and to use such data in any manner we deem appropriate without compensating you. We may use this information, if we so choose, to prepare a financial performance representation for our Franchise Disclosure Document. You further agree that we may disclose to third parties’ data concerning and relating, directly or indirectly, to you and the operations of your Franchised Business (“**Operations Data**”). You waive any notice in connection with the disclosure of Operations Data. We agree that we will from time to time disclose to you such operations data as we deem appropriate regarding other franchisees (Operations Data jointly with operations data of other franchisees, “**System Operations Data**”). We may, in our sole discretion, determine when and what System Operations Data will be disclosed, and may, without prior notice to, or consent from you, change the scope of the Systems Operations Data being disclosed to you or when it is disclosed. Systems Operations Data disclosed to you is disclosed solely for your internal business purposes and to enable you to compare your results with those of other franchisees. The disclosed Operations Data and Systems Operations Data remains our Confidential

Information. You may not disclose Systems Operations Data to other franchisees, prospective franchisees, competitors, prospective purchasers of you or any of your assets, financial institutions, or any other third parties. The Systems Operations Data so disclosed will be based on information provided to us by our franchisees, and we will not verify such information. We have no obligation to correct Systems Operations Data disclosed after we learn that it is incorrect or incomplete, or to inform you thereof.

9.3 **Reports.** You must give us in the format we prescribe from time to time: (i) by the fifth (5th) day of each month, a report of Gross Sales for the preceding calendar month; (ii) if we request, by the thirtieth (30th) day following the end of each calendar month, a monthly and year-to-date statement of cash receipts and disbursements and a balance sheet of the Franchised Business for the immediately preceding calendar month; (iii) upon our request, such other data, inventory reports, information and supporting records for such periods as we may require; and (iv) within ninety (90) days after the end of each calendar year, a year-end balance sheet, statement of cash receipts and disbursements and statement of changes in financial position for the Franchised Business for the calendar year, reflecting all year-end adjustments. In lieu of you providing us with any reports required by this Agreement, we have the right to require you to give us access, and you agree to give us access, to your records and computer systems and applications as reasonably necessary for us to independently generate reports required by this Agreement on such dates that such reports become due. It is your responsibility, whether you provide the reports or allow us access to generate them ourselves, to ensure that all data necessary to generate such reports is fully and properly entered in such programs and systems as may be necessary to generate the reports. You must also maintain and furnish complete copies of all federal, state and local income tax returns and any amendments, which you file with the Internal Revenue Service and state tax departments reflecting sales and income of the Franchised Business. You must maintain those records at the Franchised Business, unless we permit you to maintain those records at another location. You (if an individual), your Chief Financial Officer, or an Owner (if an entity) must certify all reports provided to us pursuant to subsection (vi) above.

9.4 **Inspection and Audits.** We or our authorized agents and representatives have the right during business hours, but without prior notice to you, to inspect all aspects of the operation of your Franchised Business, together with all accounting and other records, books of account, tax returns and other documents and materials in your possession or under your control relating to the Franchised Business and the subject matter and terms of this Agreement, including, without limitation, all your records required to be maintained pursuant to applicable law, to ascertain that you are operating the Franchised Business in accordance with the System and the terms of this Agreement. We also have the right to send secret shoppers to your Franchised Business to evaluate its operation in compliance with the System. If those materials are permitted to be kept at a location other than the Approved Location, you must permit us to inspect such materials at such other location. We and our authorized agents and representatives must be allowed to make extracts from or copies of all such materials. In the event that our inspection reveals a discrepancy which has resulted in the underpayment of any fee, including the Brand Marketing Fund Contribution, you must promptly pay any such underpayment and a past due service charge as specified in Section 8.8, and if the underpayment of any fee shows a discrepancy of more than two percent (2%), you must also reimburse us upon receipt of an invoice for all expenses associated with such inspection or audit. In the event that our inspection reveals discrepancies that, in our sole judgment, warrant a re-inspection, you will pay us a re-inspection fee \$1,000 for each re-inspection that is required until the discrepancies are cured in full, as well reimburse us for any travel expenses we, or our authorized agents and representatives incur in connection with such re-inspections.

9.5 **Credit and Background Checks.** By your execution of this Agreement, you authorize us and our agents and representatives to make credit and background checks, including, without limitation, reasonable inquiries of your bankers, suppliers and other trade creditors regarding their dealings with you in relation to the Franchised Business and the subject matter and terms of this Agreement, and to discuss the affairs, finances and accounts of the Franchised Business and the subject matter and terms of this

Agreement with your bankers. By your execution of this Agreement, you authorize and direct such bankers, suppliers and trade creditors to discuss with us and our agents and representatives the affairs, finances and accounts of the Franchised Business and to provide information and copies of invoices relating to sales or other dealings between all such parties and you in any way relating to the Franchised Business and the subject matter and terms of this Agreement. If requested, you agree to execute and deliver such directions and other documents as we may require in order to authorize such bankers, suppliers and trade creditors to release or disclose any such information and documents to us.

10. Advertising/Brand Marketing Fund

10.1 ***Advertising and Marketing.*** You agree that all your advertising and marketing with respect to your Franchised Business in any medium, including in social media and mobile marketing, must be conducted in a professional, dignified manner and must conform to the System. All advertising that you propose to use, including in social media and mobile marketing, must be approved by us in writing prior to your use of such materials. We may disapprove any advertising or marketing materials you use or propose to use without incurring liability to you for any costs incurred by you in connection with the same. You must provide all advertising and/or publicity materials you wish to use to us not less than ten (10) days prior to the deadline for running the advertisement. Any advertising not approved by us within five (5) days shall be deemed disapproved.

10.2 ***Local Marketing.*** We require that you spend a minimum amount on local marketing each month. In each year of this Agreement you must spend, on average per month, the lesser of (a) 7% of Gross Sales (including personal training services); or (b) the monthly minimum amount for the age of your Franchised Business. The monthly minimum amount is the greater of (a) \$10,000 or 8% of Gross Sales (excluding personal training services) for a Crunch health club open between one to 24 months; (b) \$8,000 or 7% of Gross Sales (excluding personal training services) for a Crunch health club open between 25 to 72 months; and (c) \$10,000 or 5% of Gross Sales (excluding personal training services) for a Crunch health club open more than 72 months. We will set the percentage of Gross Sales that you must spend on advertising and may amend the percentage from time to time; *provided, however, that* the percentage will not exceed seven percent (7%) of total Gross Sales (including personal training services). If you fail to market for two (2) consecutive months, we have the right to deduct an appropriate amount of marketing funds from your designated account and use it to place marketing for you.

10.3 ***Brand Marketing Fund.*** We have established and maintain and administer a brand marketing fund (“**Brand Marketing Fund**”). As of the Effective Date, the Brand Marketing Fund Contribution is two percent (2%) of your Gross Sales. The Brand Marketing Fund Contribution will not exceed two percent (2%) of your Gross Sales. We may modify the amount of the Brand Marketing Fund Contribution at any time on not less than thirty (30) days’ prior Notice to you. You must pay the Brand Marketing Fund Contribution as required by Section 8.3. In lieu of charging a Brand Marketing Fund Contribution, we may charge you on a pro rata basis for marketing and advertising projects that fall within the scope of the permissible use for the Brand Marketing Fund. We direct all marketing programs financed by the Brand Marketing Fund and have sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the marketing programs. Among other things, and without limitation, we may use the Brand Marketing Fund to pay the costs of preparing and producing video, audio and written advertising and marketing materials for any medium, including social media and any other online presence; administering local, regional, multi-regional and national advertising programs including, without limitation, purchasing direct mail and other media advertising; employing advertising, public relations and media buying agencies to assist in these activities; preparing and supporting public relations, market research and other advertising and marketing activities; constructing and maintaining a Website, and social media and mobile marketing accounts, used to promote our marketing programs; mystery shopper programs; celebrity endorsements; participation in conventions,

conferences and seminars relevant to our industry; and donations to charitable causes and organizations relating to fitness and training. We may elect to use the Brand Marketing Fund to provide you with marketing, advertising and promotional formats and sample materials without additional charge, or to provide you with multiple copies of marketing, advertising and promotional materials at a reasonable price. In our sole discretion, we can cause the Brand Marketing Fund to be incorporated or operated through a separate entity which will have all the rights and duties described in this Agreement.

10.4 ***Use of Brand Marketing Fund Contributions.*** The Brand Marketing Fund is not a trust, and we have no fiduciary obligations relating to the Brand Marketing Fund to you or any other person. However, we will account for the Brand Marketing Fund separately from our other funds, and will not use the Brand Marketing Fund to defray any of our general operating expenses, except for costs, salaries, travel expenses, administrative costs, collecting and accounting for contributions to the Brand Marketing Fund, overhead, collection of overdue fund contributions, and other similar expenses we may incur in activities reasonably related to the administration of the Brand Marketing Fund and its marketing programs (including, without limitation, as specified in Section 10.3). We may spend in any fiscal year an amount greater or less than the total contributions of all Franchised Businesses to the Brand Marketing Fund in such year and we may cause the Brand Marketing Fund to invest any surplus for future use by the Brand Marketing Fund. You authorize us to collect for remittance to the Brand Marketing Fund any advertising or promotional monies or credits offered by any Supplier to the Brand Marketing Fund based upon your purchases. Interest earned on monies contributed to the Brand Marketing Fund will be used to pay advertising costs of the Brand Marketing Fund. We will prepare an annual statement of monies collected and costs incurred by the Brand Marketing Fund and will furnish it to you upon written request. The Brand Marketing Fund will not be audited.

10.5 ***Benefit of Brand Marketing Fund.*** You agree that the Brand Marketing Fund is intended to maximize recognition of all of the Licensed Marks and patronage of all Franchised Businesses in the United States, independent of the health club format such Franchised Businesses are operated under. Although we will endeavor to utilize the Brand Marketing Fund to develop advertising and marketing materials and programs, and to place advertising, that will benefit all Franchised Businesses in the United States, including those operated under the same format as your Franchised Business, we are not obligated to ensure that expenditures by the Brand Marketing Fund in or affecting any geographic area will be proportionate or equivalent to the contributions to the Brand Marketing Fund by franchisees operating in that geographic area or that any Franchised Businesses will benefit directly or in proportion to its contribution to the Brand Marketing Fund from the development of advertising and marketing materials or the placement of advertising. We are also not obligated to ensure that expenditures by the Brand Marketing Fund in or affecting any health club format will be proportionate or equivalent to the contributions to the Brand Marketing Fund by franchisees operating under that health club format or that any or all Franchised Businesses of different formats will benefit directly or in proportion to their contributions to the Brand Marketing Fund from the development of advertising and marketing materials or the placement of advertising. Although we intend the Brand Marketing Fund to be of unlimited duration, we have the right to terminate and, if terminated, to reinstate, the Brand Marketing Fund at any time after all money in the Brand Marketing Fund has been expended. We also have the right to separate the Brand Marketing Fund into several marketing funds, by health club format, or otherwise, and may in such case distribute funds from the Brand Marketing Fund to the new marketing funds in our sole discretion, provided that we will endeavor to distribute the funds equitably.

10.6 ***Our Obligations.*** Except as expressly provided in this Article 10, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Brand Marketing Fund.

10.7 **No Representation.** We make no representation that any marketing, advertising or promotional materials or programs provided to you by us, or prepared by you and approved by us, will comply with local law or interpretations of local laws or conditions of any agreements or orders to which you may be subject. You will be solely responsible for the use of all such materials and programs. You must, at your own expense and risk, obtain all governmental approvals of all such materials and programs and defend any claim that such advertising or promotional materials are not in compliance with law.

11. Licensed Marks

11.1 **Use of Licensed Marks.** The Licensed Marks have been licensed to us by Crunch IP Holdings, LLC (“**Crunch IP**”). You have the non-exclusive right and license for the Term of this Agreement to use the Licensed Marks solely for purposes of identifying and operating your Franchised Business pursuant to the System and the Operations Manual in compliance with this Agreement. You may use the Licensed Marks only in the manner and format specified in the Operations Manual or otherwise with our prior written consent. We reserve the right to specify which Licensed Marks you may use and how you may use them, and to pre-approve in writing any non-specified use of the Licensed Marks.

11.2 **Goodwill.** You acknowledge and agree that you will not acquire any proprietary rights in the Licensed Marks by virtue of the license granted to you in this Agreement or otherwise. All goodwill established by your use of the Licensed Marks will inure to the sole and exclusive benefit of Crunch IP. You agree not to contest at any time either the validity, or our ownership, of any of the Licensed Marks. Any unauthorized use by you of the Licensed Marks will constitute an infringement of our and Crunch IP’s rights in and to the Licensed Marks.

11.3 **No Use in Business Name.** Except as provided in Section 11.4, you may not use the Licensed Marks in connection with your corporate, business organization or trade name, or in connection with any prefix, suffix or other modifying words, terms, designs or symbols (except for those that we license to you) or in any modified form. You may not use the Licensed Marks when selling any unauthorized product or service or in any other manner that we have not expressly authorized in writing in advance.

11.4 **Identification.** You must identify yourself as the independent owner of your Franchised Business, give notices of trademark and service mark registrations in the manner we specify, and obtain such fictitious or assumed name registrations as may be required under applicable law or as may be required by us to distinguish you from us.

11.5 **Infringements.** You must give us Notice immediately upon learning of any alleged infringement or a challenge to your use of the Licensed Marks, or any claim by any third party of any rights in the Licensed Marks or any similar mark, and you may not communicate with any person other than us or our attorneys and your attorneys in connection with the alleged infringement, challenge or claim. We will indemnify you and hold you harmless from any out-of-pocket expense or liability arising from your use of the Licensed Marks in accordance with the Franchise Agreement. We and Crunch IP have the sole discretion to take the action, if any, that we and Crunch IP deem appropriate, and the right to exclusively control any litigation, trademark office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise concerning any of the Licensed Marks. You must sign all instruments and documents, provide assistance and take any action that, in the opinion of our or Crunch IP’s attorneys, may be necessary or advisable to protect and maintain our interests in any litigation, trademark office proceeding or other administrative proceeding or to otherwise protect and maintain our interest in the Licensed Marks.

We or Crunch IP will bear all legal expenses incident to your participation, at our or Crunch IP’s request, in any action to prevent the infringement or illegal use of the Licensed Marks, except for the

cost of any legal counsel you separately retain. Except as expressly provided in this Section, we will not be liable to you for any loss of profits or business opportunities, or indirect, incidental or consequential damages of any kind or nature whatsoever relating to any action involving the Licensed Marks.

11.6 ***Modification or Discontinuance.*** We have the right to modify or discontinue our or your use of the Licensed Marks or the specifications for use of the Licensed Marks, or to require you to commence the use of new or substitute Licensed Marks. You agree that we may change the mark under which you operate your Franchised Business to another mark, and, if such change is made, you must use the other mark as we direct at your sole expense. If such change is made, reference in this Agreement to the Licensed Marks shall be deemed to refer to such new mark.

11.7 ***Electronic Commerce.*** You must comply with the requirements set forth in the Operations Manual regarding your use of the Licensed Marks in electronic commerce, which includes all forms of electronic or computer communication, including your use of social media or mobile marketing. You are not allowed to have your own website for your Franchised Business. We may require that various types of marketing or advertising utilize a specific template or format. You must give us copies of all proposed applications for registrations of any of the Licensed Marks or any variation thereof for use in and for electronic commerce, including your social media or mobile marketing applications. You must obtain our prior written approval before filing any such application, which approval we may withhold in our sole discretion. Upon expiration or termination of this Agreement, you must transfer all registrations, including your social media or mobile marketing accounts, to us upon our written request. You will not receive any compensation for such transfer.

11.8 ***Online Promotions/Social Media.*** You agree and acknowledge that you are obligated to comply with our online policies, which are subject to change, by us from time to time. You agree and acknowledge that individual franchisee websites are prohibited, and that your on-line promotional strategies must comply with our online policy. You further agree and acknowledge that we may review and monitor all online content on social media sites, blogs, electronic communication and other online sites on which the Licensed Marks, service marks, trade names, copyrights or any similar marks are used. You agree to remove any usage or content that we require, including without limitation, content that we deem to be scandalous, immoral or detrimental to our image. You further agree and acknowledge that we may prohibit use of the Licensed Marks, service marks, trade names, copyrights or any similar marks on any site or all sites.

11.9 ***Third-Party Beneficiary.*** As the owner of the Licensed Marks, Crunch IP is a third-party beneficiary of Section 11 and has an independent right to enforce these provisions.

12. Rights to the System

12.1 ***Ownership of System.*** You may not contest our unrestricted and exclusive ownership of the System or our right to grant licenses to use the System. All Business Improvements and additions to or associated with the System, whenever and by whomever made, and all service mark and trademark registrations and goodwill at any time associated with the System, including the Licensed Marks, are our property. You acknowledge that you do not have any right to license others to use any part of the System, and that all materials relating to the System shall at all times remain our sole property. Upon expiration or termination of this Agreement, no monetary amount shall be assigned or attributed to any goodwill associated with your use of the System.

12.2 ***Disputes Concerning System.*** We have the sole right and responsibility to handle and resolve litigation and other disputes with third parties (including imitators and infringers) concerning the use of all or any part of the System. We are not obligated to initiate suit against imitators or infringers and

may settle any dispute by grant of a license or otherwise. You will, at your reasonable expense, extend your full cooperation to us in all such matters.

12.3 ***System and Business Improvements.*** Any addition, modification, adaptation, improvement, refinement, discovery, invention or innovation of the System or any Licensed Mark (collectively, a **“Business Improvement”**) made by you or by your employees or Owners shall be our sole and exclusive property, regardless of your, your employee’s or your Owners’ participation or sole participation in its development, and shall be deemed assigned to us. Upon our request, you and your Owners shall, and shall cause your employees and all Owners, to execute any instruments and documents that we request and shall assist us to perfect or protect all intellectual property rights in such Business Improvement. You, your employees and your Owners shall not be entitled to any compensation for the use or licensing of any Business Improvement.

12.4 ***Customer or Government Complaints.*** You must immediately provide us with copies of any complaints relating to the operation or activities of your Franchised Business that you receive from any of your customers or from any federal, state or local regulatory or governmental agency.

13. Operations Manual and Confidentiality

13.1 ***Operations Manual.*** We will loan to you one copy of our Operations Manual, including our Franchise Manual and our Club Manual and any related articles or resources deemed necessary to operate the Franchised Business. For the purposes of the following provisions of this Section 13.1 (and where otherwise referred to in this Agreement), the Franchise Manual, Club Manual and any mandatory or suggested policies, procedures, standards, specifications, rules, requirements, or other system-wide communications shall be collectively referred to as the **“Operations Manual.”** You must comply fully with all mandatory standards, specifications, and operating procedures and any other provisions or obligations contained in the Operations Manual. We may make the Operations Manual available solely through a secure Internet link from time to time during the Term of this Agreement. We may from time to time communicate to you mandatory and suggested standards, methods, procedures and specifications applicable to the System and information relative to your other obligations under this Agreement and to the operation of the Franchised Business. Those communications may be made through updates to the Operations Manual or through written or electronic media provided to you. The Operations Manual may be modified from time to time by us in our sole discretion, and you agree that from time to time we may reasonably change the System. You must keep current with the contents of and timely review any updates to the Operations Manual. If any dispute arises relating to the contents of the Operations Manual, our master version of the Operations Manual will be controlling. You acknowledge that the marketplace in which you operate may change frequently and quickly during the Term, and that some aspects of the Franchised Business, including components of the Technology System, may require frequent upgrades and changes. You expressly agree to comply with each modification within a reasonable time, addition or deletion of the Operations Manual or System at your sole cost and expense. You acknowledge that such changes may be necessary and may involve the expenditure of substantial sums of money by you. We agree to impose such requirements and changes in a reasonable, non-discriminatory manner among other franchisees. The Operations Manual shall, at all times, remain our exclusive property and you must return the Operations Manual (and all copies thereof which you may make) to us promptly upon our request and, in any event, upon termination or expiration of this Agreement for any reason whatsoever. You may not at any time copy, duplicate, record or otherwise reproduce or transcribe the Operations Manual or any of the forms we supply hereunder without our prior written consent. If the Operations Manual is supplied electronically, you may print one copy for your personal use.

13.2 **Confidential Information.** You acknowledge that certain information relating to the operation of the Franchised Business, including, without limitation, information, knowledge, trade secrets or know-how utilized or embraced by the System, such as the standards, methods, procedures and specifications of the System for operation, programs, services, products, customers, practices, including the contents of the Operations Manual and any other materials, books, records, manuals, computer files, databases or software, is derived from information we disclosed to you and that all such information is of a proprietary and confidential nature and our trade secret (“**Confidential Information**”). You (if you are an individual) and each of your Owners (if you are an entity), officers, directors, members, partners, employees, agents and managers, (i) must maintain the absolute confidentiality of all such Confidential Information both during the Term of this Agreement and after the termination or expiration of this Agreement, (ii) may use such Confidential Information only to the extent necessary to operate the Franchised Business, and (iii) may not disclose any such Confidential Information for any reason whatsoever, except as provided herein. You may disclose the Confidential Information to your Owners, officers, directors, members, partners employees, agents and managers, only to the extent necessary for the operation of the Franchised Business in accordance with this Agreement. You must sign (and must cause those persons receiving the Confidential Information to sign) any Confidentiality Agreement we prescribe. You may not use any such Confidential Information, directly or indirectly, in any other business or in any other manner, or obtain any benefit therefrom not specifically approved in writing by us, during the Term of this Agreement or afterwards. The entry, input, upload, submission, or other disclosure of any Confidential Information, including without limitation of any information contained in the Operations Manual, to any publicly accessible or third-party artificial intelligence system, large language model, machine learning platform, chatbot, or similar service, including, without limitation, ChatGPT, Microsoft Copilot, Google Gemini, Claude, Perplexity, and any similar or successor technologies, or any closed or private artificial intelligence system, large language model, machine learning platform, chatbot, or similar services the use of which we have not approved in express writing (collectively, “**Public AI Tools**”), whether accessed via website, application, plugin, or other means, is considered disclosure of such Confidential Information. You will ensure that your owners, managers, employees, agents, contractors, and anyone acting on your behalf or with your permission likewise do not enter, input, upload, submit, or otherwise disclose any Confidential Information to or through any Public AI Tool. You acknowledge that any such disclosure constitutes an unauthorized use or disclosure of Confidential Information and a material breach of this Agreement. You will implement reasonable measures to enforce this prohibition, including training personnel with access to Confidential Information about this restriction and incorporating this obligation into all applicable nondisclosure and non-competition agreements described above. This prohibition survives the expiration or termination of this Agreement for so long as the information qualifies as Confidential Information under this Section.

13.3 **Use of Confidential Information.** You will not acquire any interest in the Confidential Information other than the right to use the Confidential Information in connection with ownership and operation of your Franchised Business during the Term of this Agreement and any Renewal Term, and you acknowledge that your use or duplication of the Confidential Information in any other business or capacity will constitute an unfair method of competition with us, our Affiliates and our other franchisees.

You acknowledge that we are disclosing the Confidential Information to you solely on the condition that you agree, and you hereby agree, that any Confidential Information received from us (a) will only be used by you for purposes of performing your obligations under this Agreement, (b) will not be used by you in any other business, manner or capacity, (c) will have its absolute confidentiality maintained by you both during and after the Term of this Agreement and any renewal term, (d) will not be copied by you without our prior written authorization, and (e) will not be disclosed by you to any third party without our

prior written consent. You must use reasonable care to prevent the disclosure of the Confidential Information to any third party, and further limit the dissemination of the Confidential Information within your own organization to individuals whose duties justify the need to know the Confidential Information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Confidential Information and to restrict its use solely to the purposes specified herein. You will cause each person receiving the Confidential Information to sign a copy of a Confidentiality Agreement if we request.

You acknowledge that no other right or license to use the Confidential Information is granted by this Agreement and agree that the amount of the Confidential Information to be disclosed to you is completely within our discretion.

13.4 ***Exception to Obligation.*** You will be under no obligation under this Agreement with respect to any information: (a) which is, at the time of the disclosure, available to the general public; (b) which becomes at a later date available to the general public through no fault of you and then only after said date; or (c) which you can demonstrate was in your possession before receipt. The exception to confidentiality obligations, as set forth in Section 13.4, shall also include information that must be disclosed in order to comply with applicable laws or regulations or with any requirement imposed by judicial or administrative process. However, in the event that you are requested or become subject to make a legally compelled disclosure of any confidential information, you must first provide us with prompt written notice of such requirement so that we may seek a protective order or other appropriate remedy.

14. Non-Competition

14.1 ***Non-Competition During the Term.*** You (if you are an individual) and your Owners (if you are an entity) shall not, directly or indirectly, own, develop, maintain, operate, engage in, be employed by, consult with, perform services for, lease or sublease property to, advise, make loans to, enter into an agreement to develop or operate, have any interest in (as owner or otherwise) or be involved with a Competitive Business during the Term of this Agreement without our prior written approval. A “**Competitive Business**” means a company or other business that offers, franchises, or licenses health club services competitive with those we offer, franchise or license. You (if you are an individual) and your Owners (if an entity) may own and/or operate other commercial businesses, provided such businesses do not provide health club services in the Territory or in the territory of other franchisees, unless previously approved by us in writing.

14.2 ***Post-Term Non-Competition.*** For a period of one (1) year after termination, transfer or expiration of this Agreement or the maximum time permitted under applicable law, you (if an individual) and your Owners (if an entity) agree that you (or they) will not, directly or indirectly, own, develop, maintain, operate, engage in, be employed by, consult with, perform services for, lease or sublease property to, advise, make loans to, enter into an agreement to develop or operate, have any interest in (as owner or otherwise) or be involved with a Competitive Business within your Territory or within five (5) miles of any other Crunch health club then in existence. You agree and acknowledge that the one (1) year period of this restriction shall be tolled during any time period in which you are in violation of this restriction. This section only applies where permitted by applicable law. The non-competition requirements on an individual Owner will expire no later than one (1) year after such individual is no longer employed by or acting as an advisor for you or any of your affiliates, provided such individual Owner no longer owns an ownership interest in you or your Affiliate, except solely as a passive investor.

14.3 ***Severability of Restrictive Covenants.*** You acknowledge that the invalidity or unenforceability of any portion of Sections 14.1, or 14.2 shall not affect the validity or enforceability of

any other portion of Sections 14.1, or 14.2 or any other section of this Agreement and any invalid or unenforceable portion of Section 14.1 or Section 14.2 shall be deemed to be severable.

14.4 ***Amendment of Restrictive Covenants.*** You acknowledge that the provisions of this Article 14 have been inserted for our sole benefit and that we have the right, from time to time during the Term of this Agreement in our sole discretion, to waive in whole or in part or otherwise reduce the scope of any covenant set forth in this Article 14 or any portion of this Agreement without your consent effective upon our giving you Notice.

15. Transfer

15.1 ***Transfer by Us.*** We have the right, directly or indirectly, to sell, assign, transfer or otherwise dispose of or deal with this Agreement, or any or all of our rights and obligations under this Agreement, to any individual, firm, partnership, association, bank, lending institution, corporation, limited liability company or other person or entity as we may in our sole discretion deem appropriate. In the event of any such transfer, we will be released from any liability under this Agreement for the obligations transferred.

15.2 ***Transfer by You.*** You acknowledge that the granting of the rights hereunder is based upon our investigation of your qualifications, such as business skill, financial capacity and personal character, and that such rights are personal to you. Except as hereinafter provided, neither you, nor any of your Owners may directly or indirectly sell, divide, encumber, assign, hypothecate, mortgage, sub-license, transfer through bequest, inheritance, transfer in trust, divorce or operation of law or by any other means, or otherwise dispose of the rights granted hereunder, or any part of this Agreement, or any rights or privileges incidental to this Agreement, or any Franchised Business or any interest therein, or your rights or interest in this Agreement, or any Owner's direct or indirect ownership interest in you (herein collectively referred to as a "**Transfer**"), to any individual, firm, partnership, association, bank, lending institution, corporation, limited liability company or other third party without our prior written consent. We will not unreasonably withhold our consent to such Transfer having regard to factors which may include, without limitation; the viability of the investment by the transferee based on the price for the Franchised Business payable by the transferee; the business skill of the transferee and its owners; the other operational and development obligations if the transferee, including if the transferee is a Crunch franchisee or developer; and any other factors considered when granting a new franchise to a new or existing franchisee at the time of the transfer. Notwithstanding the foregoing, a Transfer may not be made to one of our competitors or to a person operating a Competitive Business. Any actual, attempted or purported Transfer occurring without our prior written consent will constitute a default of this Agreement and shall be null and void. In no event will we be willing to provide our consent to any Transfer, unless:

15.2.1 The proposed transferee is acceptable to us based upon standards for new franchisees we use at such time, which may include, but not be limited to, standards relating to the transferee's financial strength, general business acumen, experience operating health clubs, other business commitments, and such other standards and factors as we, in our sole judgment, deem important;

15.2.2 You are not in default in the performance or observance of any of your obligations under this Agreement (including, without limitation, making all payments in full when due), or any other agreement between you and us relating to the Franchised Business or any other agreement between you and us or one of our Affiliates;

15.2.3 You have settled and paid, or made satisfactory arrangements to pay, all outstanding accounts with and amounts owed to us or our Affiliates, and all trade creditors of the Franchised Business;

15.2.4 You have delivered to us a general release, in form satisfactory to us, of all claims you may have against us and our members, officers, directors, owners, employees, Affiliates, successors and assigns;

15.2.5 Except in the case of a Transfer pursuant to Section 15.3 or a Transfer to Franchisor pursuant to Section 15.4, you have paid our transfer fee (i) for any Transfer resulting in a Change of Control, \$10,000; or (ii) for any Transfer not resulting in a Change of Control, \$1,000; or (iii), in each case the total actual costs and expenses (including legal fees) we incur in connection with such transfer, if they exceed the transfer fee;

15.2.6 Prior to the Transfer, the proposed transferee has successfully completed our initial training program and has paid us our reasonable costs of administering such program. The proposed transferee shall bear all transportation and accommodation costs and living expenses of the transferee and its manager for such initial training program; and

15.2.7 The proposed transferee has assumed in writing all of your rights and the obligations under this Agreement, or, at our option, entered into a new franchise agreement for the Franchised Business, for the remainder of the Term of this Agreement. The new franchise agreement may be on different terms than this Agreement, including fees in different amounts, or different fees. Even if we do not require transferee to enter into a new franchise agreement, we may require that the Royalty rate be adjusted to the then current Royalty rate for new franchise agreements.

It is understood and agreed that upon satisfaction of all the foregoing conditions and upon payment of all amounts which you owe, you will be released from any further liability under this Agreement with respect to matters or periods subsequent to the date of Transfer.

In addition to the transfer fee set forth in Section 15.2.5, we have the right to charge a document review fee in connection with any proposed transfer, other than a transfer pursuant to Section 15.3. The document review fee will be the greater of \$1,500 or our legal fees incurred in connection with the review of the proposed transferee.

15.3 *Transfer to a Corporation, Limited Liability Company or other Entity.* If you are an individual, you may, coincident with or at any time after execution of this Agreement, after obtaining our written consent and provided all of your obligations to us have been satisfied, transfer and assign all of your rights and obligations hereunder to a corporation, limited liability company or other entity, provided that throughout the Term of this Agreement you remain a principal executive officer of the corporation, limited liability company or other entity, and the beneficial and registered owner of greater than fifty percent (50%) of the issued and outstanding voting and equity rights and interests in such corporation, limited liability company or other entity (and any rights or options convertible into such voting or equity rights or interests), and provided that you:

15.3.1 Cause the corporation and its directors and shareholders or, if a limited liability company or other entity, its owners or members, to acknowledge this Agreement and to agree in writing to be bound by the provisions of this Agreement; execute and cause the corporation and its directors and shareholders or, if a limited liability company or other entity, its owners or members, to execute any agreement we may specify relating to the assumption by the corporation, limited

liability company or other entity, of any rights and obligations under this Agreement; cause the corporation in its articles of incorporation or, if a limited liability company or other entity, in its operating agreement, to provide in effect that its object or business is confined exclusively to the operation of a Franchised Business, as provided in this Agreement; causes the corporation, limited liability company or other entity to restrict the issue of, and its directors and shareholders to restrict the transfer of, shares of the corporation or ownership or membership interests in a limited liability company or other entity, so that you continuously own greater than fifty percent (50%) of the issued and outstanding voting and equity rights and interests in the corporation, limited liability company or other entity (and any rights or options convertible into such voting or equity rights or interests), and to have such restrictions noted on all share certificates of the corporation or the owner's or members' ownership certificates; and cause the corporation, limited liability company or other entity to inform Franchisor and to keep it informed as to the names and addresses of the then current directors and shareholders or members of, and those persons who have a financial interest in, the corporation, limited liability company or other entity, from time to time;

15.3.2 execute such documents in respect of the transfer and assignment as we may direct, including the attached Owner's Guaranty and Owner's Acknowledgement; and

15.3.3 pay to us all of our reasonable costs (including, without limitation, legal costs and fees) for the administration of the Transfer and the preparation, execution and filing of all documentation required by us in connection with the Transfer.

15.4 ***Death or Incapacity.*** If you are an individual and you die or become incapacitated, or if you are a corporation, limited liability company, partnership or other entity, a principal Owner dies or becomes incapacitated, and in case of such incapacity, a qualified manager appointed or employed by you, is not able to devote full time and attention to the operation of the Franchised Business, then your heirs or personal representatives must transfer the rights granted hereunder to a third party acceptable to us within a reasonable time, not to exceed nine (9) months from the date of death or Incapacity. In no event will we be willing to provide our consent to such transfer unless all of the conditions set out in Section 15.2 of this Agreement are satisfied. In the event that any of the conditions set forth in Section 15.2 of this Agreement are not satisfied, we will have the right in our sole discretion to terminate this Agreement by Notice (in the case of death of an individual franchisee sent to your estate) and, in the case of Incapacity of you or a principal Owner, to you. For purposes of this Section 15.4, "**Incapacity**" means in our reasonable opinion your inability or the inability of your principal owner, by reason of physical or mental illness or disability, to operate the Franchised Business in the ordinary course for a period of thirty (30) days or more in any consecutive ninety (90) day period. In the event of your or the principal Owner's death or Incapacity, we may elect to service your health club members ourselves or through another franchisee if those members cannot otherwise be adequately serviced during the period of your Incapacity or after the death. We or the other franchisee shall be entitled to be paid for such services in accordance with our or such other franchisee's then current fees for such services.

15.5 ***Right of First Refusal.*** If you or one or more of your Owners proposes to make a Transfer to any individual or entity (other than a corporation, partnership or other entity wholly owned by you or your Owners) that has provided a bona fide offer, we will have the right for a period of thirty (30) days after you or your Owners have submitted all information requested by us, including a copy of the bona fide written offer, to exercise a right of first refusal and substitute ourselves for the proposed transferee in the transaction. If we decline to do so and there is any change in the terms and conditions of the proposed transaction or the proposed transferee, you or your Owners must promptly notify us, and we will have the further right to exercise our right of first refusal over the revised transaction for a period of fifteen (15) days. If we exercise our right of first refusal, we will have not less than ninety (90) days to close the transaction, and we will have the right to substitute cash for any alternative form of consideration

contemplated by the proposed transaction. You and your Owners agree to make all customary representations and warranties that we may require in connection with the proposed transaction. If we do not exercise our right of first refusal or we revoke our right of first refusal, you or the transferring Owners may make a transfer on the terms and conditions of the offer we considered if you and your Owners have complied with all of the provisions of Section 15 and we have approved the Transfer. Once we give notice that we will exercise our right of first refusal, we will have the option immediately to take over operation of your Franchised Business. From the date we take over the Franchised Business to the date of closing of the purchase, we will be entitled to use the revenues of the Franchised Business to operate the health club.

15.6 Offer of Securities. You may offer securities, units or other ownership interests in your entity by public or private offering, or otherwise, only with our prior written consent (whether or not our consent is required under Section 15 of this Agreement). If you request consent for a public offering, we may grant or withhold our consent in our sole discretion based solely upon what we deem to be in our best interests. If you request consent for a private offering, we will not unreasonably withhold our consent, taking into consideration the conditions to transfer set forth in Section 15.2, and such other conditions we deem relevant to a private offering. All materials required for such offering by federal or state law shall be submitted to us for review prior to their being filed with any governmental agency, and any materials to be used in any exempt offering shall be submitted to us for review prior to their use. No offering you make shall imply (by use of the Licensed Marks or otherwise) that we are participating in an underwriting, issuance or offering of your or our securities, and our review of any offering will be limited solely to the subject of the relationship between you and us. Any review by us of the offering materials will be conducted solely for our benefit and to determine their conformance with our policies and standards, and not to the benefit or protection of any other person. You and the other participants in the offering must fully indemnify us in connection with the offering. For each proposed public offering, you must pay us a fee of \$50,000, or such higher amount that covers our reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. In our discretion, we may refund any unused portion of such fee. For each private offering of securities, you must pay us a fee of \$25,000 or such higher amount that covers our reasonable costs and expenses associated with reviewing the proposed private offering, including, without limitation, legal and accounting fees. You must give us written notice at least thirty (30) business days prior to the date of commencement of any private offering or other transaction covered by this Section. You and other participants in any offering described in this Section must fully indemnify, hold harmless, and upon request, defend, us, our Affiliates, and our respective directors, managers, officers, owners, employees, and agents from any and all losses and expenses that arise directly or indirectly from, as a result of, or in connection with the offering.

16. Termination and Expiration

16.1 Termination by You. If you have fully complied with this Agreement and we materially fail to comply with this Agreement and do not correct such failure within thirty (30) days after receipt of Notice thereof, you may terminate this Agreement effective thirty (30) days after we receive Notice of such termination. Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause.

16.2 Termination by Us Without Opportunity to Cure. You will be deemed to be in default under this Agreement, and we may, at our option, terminate this Agreement and all rights granted herein effective immediately, without giving you Notice of, or the opportunity to cure, the default, if either:

16.2.1 You make or are deemed to have made a general assignment for the benefit of creditors, or if a petition is filed against you under the Bankruptcy Code and not dismissed within sixty (60) days of filing, or if a petition is filed by you under the Bankruptcy Code, or if you are declared or adjudicated bankrupt, or if a liquidator, trustee in bankruptcy, custodian, receiver,

receiver and manager, moderator, or any other officer with similar powers is appointed for you, or if you commit any act of bankruptcy or institute proceedings to be adjudged bankrupt or insolvent or consent to the institution of such appointment or proceedings, or if you admit in writing an inability to pay your debts generally as they become due;

16.2.2 You at any time have any of the assets of the Franchised Business seized or taken in execution or in attachment by one of your creditors, or a writ of execution is issued against such assets, or if you without our prior written consent give any security interest in any of such assets or sell any of such assets except in the normal course of business, such that the foregoing materially impairs the operation of the Franchised Business or any security interest which we may have in respect of this Agreement;

16.2.3 You willfully or fraudulently misrepresented any fact or condition made in any application or report provided to us or required to be made by this Agreement;

16.2.4 You die or become incapacitated (or if you are an entity, your principal Owner dies or becomes incapacitated) and a Transfer is not consummated as described in Section 15.4;

16.2.5 By your actions, or your failure to take an action that you are required to take, adversely affect the goodwill associated with the Licensed Marks or the Franchised Business;

16.2.6 You are convicted of, or plead nolo contendere to, a felony or other crime that reflects negatively on the Franchised Business, the System or the Licensed Marks;

16.2.7 Your Franchised Business is closed in whole, or in part, by federal, state or local authorities for health or sanitization reasons, or you do not correct a health or sanitation violation within twenty-four (24) hours after receipt of Notice from us;

16.2.8 You make any unapproved Transfer in violation of Section 15.2;

16.2.9 You cease to do business, otherwise abandon the Franchised Business, or forfeit the legal right to do business in the jurisdiction in which the Franchised Business is located, in each case for five (5) days or more; or

16.2.10 You suffer cancellation or termination of your lease for the Approved Location or otherwise lose the right to occupy the Approved Location after receiving written notice from the landlord of the premises and failing to cure any such defaults within the cure period specified in the notice.

16.3 ***Termination by Us After Opportunity to Cure.*** You will be deemed to be in default of this Agreement, and we may, at our option, terminate this Agreement and all rights granted herein, effective as of the time noted without further notice, if either:

16.3.1 You fail to pay when due any monies owed to us or any of our Affiliates, including, without limitation, the Initial Franchise Fee, any Royalties or any Brand Marketing Fund Contributions, and such default is not cured within ten (10) days after receiving Notice thereof from us;

16.3.2 You are in default in paying any monies owed to your landlord, any Supplier or other commercial party under the normal payment terms and conditions of the landlord or such

Suppliers and you fail to cure such default and satisfy us that such default has been cured within thirty (30) days after receiving Notice from us to cure the same;

16.3.3 You fail satisfactorily to service all of your member accounts or comply with other operational standards to our satisfaction and in accordance with the System and fail to cure such default and satisfy us that such default has been cured within thirty (30) days after receiving Notice from us to cure the same;

16.3.4 You fail to meet any construction deadline set forth in Section 5.4 (subject to any extensions granted), or Section 5.5, as applicable, and such default is not cured within thirty (30) days after receiving Notice thereof from us;

16.3.5 You fail to comply with any mandatory specification, standard, or operating procedure prescribed by us relating to the safety, cleanliness, or sanitation of your Franchised Business, or violate any government order relating to safety, health, or sanitation, and do not cure such default within forty-eight (48) hours after receiving Notice thereof from us or as soon as commercially practicable if the default is not capable of being cured within 48 hours and you have provided us with written notice substantiating your good-faith efforts to cure the default;

16.3.6 You cease to hold a license, certification, permit, or authorization that you are required to hold to carry on the Franchised Business, and such default is not cured within ten (10) days after receiving Notice thereof from us or as soon as commercially practicable if the default is not capable of being cured within 10 days and you have provided us with written notice substantiating your good-faith efforts to cure the default;

16.3.7 You or any of your Affiliates are in default of any of your other obligations contained in this Agreement, or your or your Affiliates' obligations in any other agreement or instrument entered into or made between you and us, or between you and one of our Affiliates, any mandatory specification, standard, or operating procedure prescribed by us in the Operations Manual relating to the Franchised Business or any other Crunch franchised business operated by you or your Affiliates, and fail to cure such default and satisfy us that such default has been cured within thirty (30) days after receiving Notice from us to cure the same; or

16.3.8 You have received from us three (3) or more Notices relating to a default under this Section 16.3 (whether such Notices relate to the same or different defaults and whether or not such defaults have been remedied by you) during any rolling twelve (12) consecutive month-period, such termination to be effective immediately upon the sending of Notice by us.

16.4 ***Other Relief and Remedies.***

16.4.1 Any termination under Sections 16.2 and 16.3 of this Agreement shall be without prejudice to any other rights (including any right of indemnity), remedy or relief vested in or to which we may otherwise be entitled against you. All moneys paid by you to us under this Agreement or otherwise will be retained by us as consideration for the rights and benefits previously conferred on you hereunder. The foregoing remedy shall not exclude any of the remedies which we may have at law or in equity by reason of the default, breach or non-observance by you of any provision of this Agreement.

16.5 ***Early Termination Fee (Liquidated Damages).***

16.5.1 We and you recognize the difficulty of ascertaining damages to us resulting from premature termination of this Agreement and have provided for Liquidated Damages (as defined below), which Liquidated Damages represent the parties' best estimate as to the damages arising from the circumstances in which they are provided, and which are our exclusive remedy for the damages arising from your premature termination of this Agreement, and not as a penalty or as damages for breaching this Agreement or in lieu of any other payment. Accordingly, if this Agreement is terminated pursuant to Sections 16.2 or 16.3, or by you without cause or without our prior written consent, you shall pay to us within ten (10) days of termination a lump sum payment (as liquidated damages and not as a penalty or in lieu of any other payments required under this Agreement) equal to the total of all amounts required to be paid under Section 8.2 (Royalties) of this Agreement for: (i) the twenty-four (24) calendar months of operation of the Franchised Business immediately preceding Franchisee's default; (ii), if there have not been twenty-four (24) full calendar months of actual operation of the Franchised Business, then for the period of time the Franchised Business was or should have been in actual operation pursuant to this Agreement, as projected over a twenty-four (24) calendar months basis; or (iii), if there is less than twenty-four (24) full calendar months remaining of the Term, then for the number of months remaining of the Term ("**Liquidated Damages**").

16.6 ***Your Obligations on Termination or Expiration.*** Upon the termination or expiration of this Agreement for any reason whatsoever, you forthwith will cease to be one of our franchisees and you must immediately:

16.6.1 Pay to us or our Affiliates all amounts and charges as have or will thereafter become due hereunder or under any other agreement between you and us, or between you and one of our Affiliates, which are then unpaid;

16.6.2 Return to us all copies of the Confidential Information and Operations Manual, including any copies printed from the Internet Website, any written embodiment of the System and other Confidential Information;

16.6.3 Notify the telephone company and all listing agencies of the termination or expiration of your right to use all classified and other directory listings of the Franchised Business, including any applicable Yellow Pages or comparable directory, and, at our option, assign any telephone numbers of the Franchised Business to us;

16.6.4 Cease to operate the Franchised Business under the System or otherwise and thereafter not, directly or indirectly, represent to the public that any continued business is operated in association with us or the System, or hold yourself out as a present or former franchisee of Franchisor;

16.6.5 Cease to use, directly or indirectly, in advertising or in any other manner whatever any of the Licensed Marks, any name or mark similar to any of the Licensed Marks, any other identifying characteristics or indicia of operation of the System, including trade dress elements, and any confidential standards, methods, procedures and specifications associated with the System;

16.6.6 Discontinue using for any purpose, and sell to us at our request, at the fully depreciated book value thereof, any or all equipment, signs, advertising materials, fixtures, furnishings, invoices, supplies, forms or other products or materials which display any Licensed Marks or any distinctive feature or device associated with the System;

16.6.7 Take all such action as may be necessary to cancel any fictitious or assumed name registration which contains any part of the Licensed Marks under any federal or state laws or regulations, and give us satisfactory evidence of your compliance with this obligation within thirty (30) days after the termination or expiration of this Agreement;

16.6.8 Permit us, at your expense, to enter the Approved Location and remove any and all of our personal property and any and all of your personal property which displays any of the Licensed Marks or any distinctive feature or device associated with the System, including any and all equipment, tools, signs, advertising materials, fixtures, furnishings, inventory, invoices, supplies or forms, and make such reasonable alterations in the exterior and interior decor as we deem necessary to remove from the premises where the Franchised Business is operated any identification as a Franchised Business;

16.6.9 Take all action necessary to timely comply with our then-current de-identification and de-branding checklist, including changing the appearance of your Approved Location site to remove any indicia that it was once a Crunch health club;

16.6.10 Delete any references to us or the Licensed Marks from any Internet webpage or social media or mobile marketing account used by you, if not assigned to us; and

16.6.11 Cancel all membership agreements with your members, or assign them to us or other franchisees, as we may direct. At our option, we may contact your members directly to notify them of the closing or de-branding of the Franchised Business and offer to them the option to transfer their membership to another Crunch health club. Such communications may be made by us at any time thirty (30) days or less before the expected closure or de-branding of the Franchised Business. You are responsible for repaying any payments or refunds owed to members that were prepaid before or accrued after the effective date of termination or expiration of this Agreement. You (and your Owners) will cooperate with us and take any reasonable measure requested by us to preserve member goodwill.

16.6.12 Assign to us (or our designee) or cancel any electronic mail address, domain name, search engine, website, or social media account associating the Franchised Business with Franchisor, the System or the Licensed Marks.

16.7 ***Failure to Return Manual.*** If you do not return to us all copies of the Operations Manual as required by Section 16.6.2, including any copies printed from the Website you must pay \$1,000 for each copy not returned and you will be liable to us for any damages we suffer by reason of your failure to return all copies of the Operations Manual..

16.8 ***Option to Buy Upon Termination or Expiration.*** Upon termination or expiration of this Agreement for any reason, we will have the option, exercisable by giving written notice of exercise to you within thirty (30) days from the effective date of termination or expiration, to purchase from you and your Owners any, all or substantially all the assets of the Franchised Business and assume all of your agreements relating to the Franchised Business. Assets of the Franchised Business will include, without limitation, the lease, leasehold improvements, equipment, fixtures, furniture, furnishings, signs, inventory and membership agreements. We will have the right to assign this option. We or our assignee will be entitled to all customary warranties, representations and prations in connection with the asset purchase. You must cooperate with us in obtaining any necessary lessor or other consents.

Once we give notice that we or our assignee will purchase the assets of your Franchised Business, we will have the right immediately to take over the operations of the Franchised Business. From

the date we take over the Franchised Business to the date of closing of the purchase, we will be entitled to use the revenues of the Franchised Business to operate the health club.

The purchase price for the assets of the Franchised Business shall be five (5) times the trailing cash EBITDA (earnings before interest, taxes, depreciation and amortization) for the twelve (12) month period prior to exercise of the option.

The purchase price will be paid in cash at the closing of the purchase, by means of a check, wire transfer or electronic funds transfer, which shall take place no later than ninety (90) days after your receipt of our notice of exercise of the option to purchase, at which time you must deliver instruments transferring to us or our assignee: (i) good and marketable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you and (ii) all licenses of the Franchised Business and/or permits which may be assigned or transferred. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale shall be accomplished through an escrow. We have the right to set off against and reduce the purchase price by any and all amounts owed by you to us and our Affiliates, the amount of any encumbrances or liens against the assets, and any of your liability of assumed or paid for by us.

16.9 Alternatives to Termination. In addition to, and without limiting our other rights and remedies under this Agreement, any other agreement or applicable law, if your default is such that, in our sole judgment, the Franchised Business does not fairly represent the quality and standards of the System, we may, temporarily in lieu of termination, either upon the occurrence of any default or upon your failure to cure such default elect, in our sole discretion and upon written notice to you, take any or all of the following actions without terminating this Agreement until such time as we confirm in writing that such default has been cured: (i) assess a non-compliance fee in the amount of one percent (1%) of the Gross Sales of the Franchised Business for each month in which that non-compliance has occurred or continued for one or more days, in order to compensate Franchisor for damage to the reputation of Licensed Marks and the entire System; (ii) at your expense, require you, your owners and/or general manager to attend and successfully complete System training designated by us; or (iii) at your expense, elect to cure any non-monetary default and charge you the cost of our reasonable out-of-pocket expenses to cure the default on your behalf. Because fees charged by us for access to any Online Presence and other marketing channels are generally set to cover the cost of the channels and charged on a pro rata basis, you will continue to pay such fees, so that your default does not negatively impact other Crunch franchisees. Our exercise of any of the alternatives to termination set forth in this Section will not constitute a waiver of our right to terminate this Agreement due to the underlying default, and we may at any point exercise such right, despite having exercised our rights under this Section.

17. Relationship, Indemnification, and Security Interest

17.1 Independent Parties. You are and will at all times remain an independent contractor and will not, and will not represent yourself to be, our agent, joint venturer, partner or employee, or otherwise related to us other than as our independent franchisee. You may not make any representations or take any acts which could establish any apparent relationship of agency, joint venture, partnership or employment with us, and we will not be bound in any manner whatsoever by any agreements, warranties, representations or undertakings made by you to any other person nor with respect to any other action by you. You may not establish any bank account, make any purchase, apply for any loan or credit, or incur or permit any obligation to be incurred in our name or on our credit. No acts of assistance given by us to you will be construed so as to alter this relationship. You are solely responsible for paying all the operating costs of your Franchised Business, including all taxes. Nothing in this Agreement or in its performance or otherwise is intended to make us the employer or joint employer of you, or of any of your employees, agents or

independent contractors. You agree that we are not in a position to, and do not undertake to (other than to the extent of controlling the quality of the System and brand): exercise control over the employment, supervision (including not setting employee schedules or conditions of employment), or discharge of the employees of the Franchised Business and have no right to do so, and the quality of the products and services that you offer; maintenance of the Franchised Business; guest safety and health; or other matters arising out of or affecting the operations of the Franchised Business, which are within your responsibility as a qualified independent business operator and as the day-to-day operator of the Franchised Business. You acknowledge and agree that our right to establish and enforce the System standards is not to exercise any direction or control over the day-to-day operations of the Franchised Business that are reserved to you. You will be solely responsible for managing the day-to-day operations of the Franchised Business.

17.2 ***Liability of Multiple Individuals.*** If two (2) or more individuals execute this Agreement as Franchisee, the liability of each such individual hereunder shall be joint and several.

17.3 ***Non-Liability.*** We are not obligated or liable for any injury or death of any person or damage to any property caused by your action, failure to act, negligence or willful conduct, nor for any other liability you have.

17.4 ***Your Indemnity Obligation.*** You agree to indemnify, hold harmless and, upon request, defend us, our Affiliates, and their respective officers, directors, owners, shareholders, managers, employees and agents (hereinafter each an “**Indemnified Party**” and jointly the “**Indemnified Parties**”), from and against all losses, suits, proceedings, arbitrations, claims, damages (direct, consequential, or otherwise), demands, causes of action, liabilities, fines, penalties, costs or expenses (including reasonable attorney’s fees, expenses, or costs, including, but not limited to, any expert fees, costs, and/or expenses) of whatever kind and nature, directly or indirectly arising in whole or in part out of: (i) any default or breach by you of any obligation contained in any agreement with any Indemnified Party; (ii) any act, failure to act, negligence, or willful conduct at or in connection with your Franchised Business; (iii) your operation of the Franchised Business; (iv) any allegation of agency or other alleged legal relationship by which any Indemnified Party is being held or might be held responsible for your acts or omissions; (v) your use of Crunch IP, including the use of the Crunch IP on signage and in the advertising or promoting of any aspect of the Franchised Business; (vi) the violation of any federal, state, municipal or local law, rule, regulation, court order, ordinances, government directive or the like by you or any of your customers; (vii) all taxes, levies, or assessments incurred and owed by you of whatever kind and nature; (viii) the revocation of any prior approval to use or display, or the loss of any right to use or display, any or all of the Crunch IP; (ix) the investigation by any Indemnified Party of any claim, suit, proceeding, demand, and/or cause of action, (x) or any other act or omission of you, your customers, or any of your agents, employees, contractors, invitees, licensees, or business associates, except such as may be due to the negligence of the Indemnified Parties.

You agree that the defense obligation in this Section will be immediate and ongoing, regardless of any ultimate allocation of negligence or other form of liability.

To the extent to which you are required hereunder to provide any Indemnified Party with a defense, as set forth in this Agreement, the Indemnified Parties shall have the sole and absolute right to select counsel to represent the Indemnified Party or Parties at your sole expense, and the Indemnified Parties shall have the sole and absolute right to direct the defense of the Indemnified Parties and/or the settlement of any such claim or suit on behalf of the Indemnified Parties.

In the event that the Indemnified Parties, in their sole and absolute discretion, allow you to select counsel to represent both you and the Indemnified Parties pursuant to this Agreement and the representation of you and the Indemnified Parties by the same counsel would be or becomes a conflict of

interest for such counsel, the Indemnified Parties may select independent counsel to represent it or them without relieving you of your obligations of indemnification and defense, as set forth in this Agreement.

You shall provide prompt, written notice to Indemnified Parties of any claim, suit, or proceeding, including, but not limited to, any arbitration, lawsuit, or any action taken by any local, municipal, state, or federal government or any local, municipal, state, or federal governmental agency, that names any Indemnified Party as a party and/or that could actually or potentially involve any Indemnified Party in any way.

17.5 ***Grant of Security Interest.*** You hereby pledge and grant to us, and hereby create a continuing first priority lien and security interest in favor of us in and to all of its right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the “**Collateral**”) until such Collateral is paid in full by you: (a) all fixtures and personal property of every kind (including without limitation inventory and equipment) acquired, directly or indirectly, from or through us or any of our affiliates until paid in full; and (b) all proceeds and products of each of the foregoing, all books and records relating to the foregoing, all supporting obligations related thereto, and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, and any and all proceeds of any insurance, indemnity, warranty or guaranty payable to you from time to time with respect to any of the foregoing. All our rights and liens and security interests hereunder, and all your Secured Obligations hereunder, shall be absolute and unconditional.

17.6 ***Secured Obligations.*** The Collateral secures the due and prompt payment and performance of: (a) your obligations from time to time arising under this Agreement or otherwise with respect to the due and prompt payment of (i) all amounts due under this Agreement, and (ii) all your other monetary obligations to us or our affiliates, including fees, costs, reasonable attorneys’ fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities, whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), under or in respect of this Agreement; and (b) all your other covenants, duties, debts, obligations and liabilities of any kind to us or our affiliates under or in respect of this Agreement or any other document made, delivered or given in connection with this Agreement, including with respect to the purchase or lease of any FF&E item from us (all such obligations, covenants, duties, debts, liabilities, sums and expenses set forth in this Section being herein collectively called the “**Secured Obligations**”).

17.7 ***Perfection of Security Interest and Further Assurances.*** Upon our request, you shall, from time to time, immediately take all actions to perfect our security interest in the Collateral, all at your sole cost and expense. You hereby irrevocably authorize us at any time and from time to time to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Article 9 of the UCC of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including any financing or continuation statements or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by you hereunder, without your signature where permitted by law, including the filing of a financing statement describing the Collateral as all assets now owned or hereafter acquired by you, or words of similar effect. Notwithstanding the foregoing, we may agree (but are not obligated) to subordinate our security interest to the lien of an institutional lender providing financing to you if required by such lender; *provided, however*, that any senior debt remains outstanding that will be effectuated by a written agreement between us, the lender, and you in a form and substance reasonably satisfactory to us. You agree to provide all information required by us pursuant to this Section promptly to us upon request. You agree that at any time and from time to time, at your expense, you will promptly execute and deliver all further instruments

and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that we may request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable us to exercise and enforce its rights and remedies hereunder or under any other agreement with respect to any Collateral. On the date on which all Secured Obligations have been paid and performed in full, we will, at your request and sole expense, execute and deliver to you a proper instrument or instruments acknowledging the satisfaction and termination the security interest created herein.

17.8 ***Representations and Warranties.*** You represent and warrant as follows: (a) at the time the Collateral becomes subject to the lien and security interest created by this Agreement, you will be the sole, direct, legal and beneficial owner thereof, free and clear of any lien, security interest, encumbrance, claim, option or right of others except for the security interest created by this Agreement; (b) the pledge of the Collateral pursuant to this Agreement creates a valid and perfected first priority security interest in the Collateral, securing the payment and performance when due of the Secured Obligations; (c) you have full power, authority and legal right to pledge the Collateral pursuant to this Agreement; and (d) no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for pledge by you of the Collateral pursuant to this Agreement.

17.9 ***Covenants.*** You covenant as follows:

(a) You will not, without providing at least thirty (30) days' prior written notice to us, change your legal name, identity, type of organization, jurisdiction of organization, corporate structure, location of your chief executive office or your principal place of business or your organizational identification number. You will, prior to any change described in the preceding sentence, take all actions requested by us to maintain the perfection and priority of our security interest in the Collateral.

(b) You shall, at your own cost and expense, defend title to the Collateral and our first priority lien and security interest therein against the claim of any person claiming against or through you and shall maintain and preserve such perfected first priority security interest for so long as this Agreement shall remain in effect.

(c) You will not sell, offer to sell, dispose of, convey, assign or otherwise transfer, grant any option with respect to, restrict, or grant, create, permit or suffer to exist any mortgage, pledge, lien, security interest, option, right of first offer, encumbrance or other restriction or limitation of any nature whatsoever on, any of the Collateral or any interest therein without our prior written consent.

(d) You will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon. You will permit us, or your designee, to inspect the Collateral at any reasonable time, wherever located.

(e) You will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement.

17.10 ***Remedies Upon Default.***

(a) If any event of default shall have occurred under this Agreement or any other document made, delivered or given in connection with this Agreement, including with respect to the purchase or lease of any FF&E item from us, and be continuing, we, without any other notice to or demand upon you, may assert all rights and remedies of a secured party under the UCC or other applicable law, including, without limitation, the right to take possession of, hold, collect,

sell, lease, deliver, grant options to purchase or otherwise retain, liquidate or dispose of all or any portion of the Collateral. “UCC” means the Uniform Commercial Code as in effect from time to time in the State in which you are domiciled or, when the laws of any other state govern the method or manner of the perfection or enforcement of any security interest in any of the Collateral, the Uniform Commercial Code as in effect from time to time in such state.

(b) You hereby irrevocably appoint us your attorney-in-fact, with full authority in our place and stead and in our name or otherwise, from time to time during the continuance of an event of default in our discretion to take any action and to execute any instrument which we may deem necessary or advisable to accomplish the purposes of this Agreement (but we shall not be obligated to and shall have no liability to you or any third party for failure to do so or take action).

(c) If notice prior to disposition of the Collateral or any portion thereof is necessary under applicable law, written notice mailed to you at your notice address, as provided in this Agreement hereof ten (10) days prior to the date of such disposition shall constitute reasonable notice, but notice given in any other reasonable manner shall be sufficient. So long as the sale of the Collateral is made in a commercially reasonable manner, we may sell such Collateral on such terms and to such purchaser(s) (which may be us as we in our absolute discretion may choose, without assuming any credit risk and without any obligation to advertise or give notice of any kind other than that necessary under applicable law. To the fullest extent permitted by law, you hereby waive and release, to the fullest extent permitted by law, any right or equity of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling the Collateral and any other security for the Secured Obligations or otherwise.

(d) If we shall determine to exercise our rights to sell all or any of the Collateral pursuant to this Section, you agree that, upon our request, you will, at your own expense, do or cause to be done all such acts and things as may be necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law.

17.11 ***Survival.*** The provisions in this Article survive the expiration, transfer and termination of this Agreement.

18. Dispute Resolution

18.1 ***Resolution of Disputes.*** Any dispute between you and us arising out of the relationship created by this Agreement shall be subject to the dispute resolution provisions set forth below.

18.2 ***Mediation.*** In the event of any dispute, other than disputes that are the subject of your default pursuant to Section 16.2.1, Section 16.2.3, Section 16.2.5, or Section 16.3.1, either party has the option of initiating a mediation proceeding by submitting a written request for mediation to American Arbitration Association according to its procedures, or any other mediation service mutually agreed to by the parties according to the procedures of such other mediation service.

The mediation process shall begin promptly and shall be concluded within ten (10) business days after the day the request for mediation is made, unless the parties mutually otherwise agree. Any and all discussions, negotiations, findings or other statements by the mediator and/or the parties made in connection with the mediation shall be privileged and confidential and shall not be admissible into evidence in any litigation.

All mediation proceedings shall take place in the county and state where we have our principal place of business. The expenses of the mediation service shall be borne equally by both parties, and all other expenses relating to such mediation shall be borne by the party incurring them.

The commencement of any dispute resolution procedure shall not act to prevent us from instituting or proceeding with any action which may be the subject of the dispute.

18.3 **Venue.** You agree that we may institute any action against you arising out of or relating to this Agreement in any state court of general jurisdiction sitting in the county and state, or in the United States District Court for the district, in which we have our principal place of business at the time any such action is instituted, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

18.4 **Business Judgment.** The parties hereto recognize, and any mediator, arbitrator or judge is affirmatively advised, that certain provisions of this Agreement describe our right to take (or refrain from taking) certain actions in the exercise of our business judgment based on our assessment of the overall best interests of the System and/or franchise network. Where such discretion has been exercised, and is supported by our business judgment, neither a mediator nor an arbitrator nor a judge shall substitute his or her judgment for the judgment we have exercised.

18.5 **Limitations Period.** Except for claims arising from your non-payment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement or any agreement related to this Agreement or executed concurrently herewith or the relationship of the parties hereto, shall be barred unless a judicial proceeding is commenced within two (2) years from the date the complaining party knew or should have known of the facts giving rise to such claim.

18.6 **No Punitive, Exemplary or Consequential Damages.** EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY THE INDEMNIFIED PARTIES PURSUANT TO SECTION 17.4, AND EXCEPT FOR CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE LICENSED MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, SPECIAL OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER PARTY AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND/OR TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

18.7 **No Jury Trial.** YOU AND WE AND YOUR OWNERS IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY PARTY.

18.8 **Attorneys' Fees.** The prevailing party in any litigation arising out of or relating to this Agreement shall be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorneys' fees, incurred by the prevailing party in successfully enforcing any provision of this Agreement.

18.9 **No Class Actions.** Any disagreement between you and us (and our Affiliates and owners) will be considered unique as to its facts and must not be brought as a class action, and you waive any right to proceed against us (and our Affiliates, stockholders, officers, directors, employees, agents, successors and assigns) by way of class action, or by way of a multi-plaintiff consolidated or collective action.

19. General

19.1 ***Compliance with Laws.*** You and your Owners understand the requirements of, and will abide by, all United States government economic sanctions requirements. You represent and warrant that neither you nor any of your direct or indirect Owners, employees or agents is a person subject to trade restrictions under United States law, including (without limitation) the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., or any Executive Orders or regulations promulgated thereunder (including Executive Order 13224 of September 24, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, and the Specially Designated Nationals and Blocked Persons List) (“**Anti-Terrorism Laws**”). You and your Owners may not engage in any activity that would expose us to a risk of criminal or civil penalties under applicable United States law. Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of your or your Owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

19.2 ***Severability of Provisions.*** Every part of this Agreement is severable and the invalidity or unenforceability of any part of this Agreement shall not affect the validity or enforceability of any other part of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, length of time and/or business scope, but would be enforceable by reducing any part or all thereof, you and we agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

19.3 ***Counterparts.*** This Agreement may be executed in counterparts, and each counterpart when so executed and delivered shall be deemed an original.

19.4 ***Force Majeure.*** Neither party shall be liable to the other for non-performance or delay in performance occasioned by any causes beyond its control (other than lack of funds) including, without limitation, acts or omissions of the other party, acts of civil or military authority, strikes, lockouts, embargoes, insurrections or acts of God. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt Notice of any such delay; provided, however, that if the delay exceeds seventy-five (75) days, we have the right to terminate this Agreement or to require you to move to a new location approved by us within an additional period of one hundred twenty (120) days.

19.5 ***Successors and Assigns.*** This Agreement shall inure to the benefit of and be binding upon us, you, your Owners and their respective heirs, legal representatives, successors and permitted assigns.

19.6 ***Delegation of Performance.*** We have the right to delegate the performance of any portion or all of our obligations under this Agreement to third parties, who may or may not be our Affiliates. Such third parties will be obligated to perform all functions for you in compliance with this Agreement.

19.7 ***Survival.*** All obligations which expressly or by their nature survive termination or expiration or Transfer of this Agreement shall continue in full force and effect subsequent to and notwithstanding such termination or expiration or transfer and until they are satisfied or by their nature expire.

19.8 ***Notices.*** All notices, consents and approvals (a “**Notice**”) permitted or required to be given under this Agreement shall be in writing and shall be deemed to be sufficiently and duly given if set

forth in writing and be delivered either (i) personally; (ii) by certified or registered mail; or (iii) by overnight courier service, if to us addressed as follows:

Crunch Franchising, LLC
155 Riveredge Drive, Suite 250
Dallas, TX 75207
Attention: General Counsel

and if to you addressed as follows:

Attention: _____

Any Notice so given or made shall be deemed to have been given and delivered or made and received at the earlier of actual receipt or one (1) business day after sending by overnight courier service, or at the earlier of actual receipt or three (3) business days after sending certified or registered mail. Any party from time to time by Notice in writing given pursuant to the terms of this Agreement may change its address or facsimile number for the purpose of this Agreement.

19.9 ***Right of Set-off.*** Notwithstanding any other provision of this Agreement, upon the failure by you to pay us as and when due any sums of money under this Agreement or any other amounts owing to us, we may, at our election, deduct any and all such sums remaining unpaid from any monies or credit held by us for your account.

19.10 ***Not Withhold Payment.*** You agree that you will not on the grounds of the alleged non-performance by us of any of our obligations under this Agreement or under any other agreement between the parties, withhold payment of any amounts due to us whether on account of equipment or goods purchased by you or otherwise.

19.11 ***Non-Waiver.*** The failure of either party to exercise any right, power or option given under this Agreement, or to insist upon strict compliance with the terms and conditions of this Agreement by the other party, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach of this Agreement or default under this Agreement, nor a waiver by the first party of its right at any time thereafter to require strict compliance with all terms and conditions of this Agreement. Our acceptance of payments due under this Agreement shall not constitute a waiver of any preceding breaches by you.

19.12 ***Applicable Law.*** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.), this Agreement shall be governed, construed and interpreted in accordance with the substantive laws of the State of Texas, without giving effect to its conflicts of law principles. Notwithstanding the foregoing, if the covenants in Section 14 of this Agreement would not be enforceable under the laws of Texas, and the Franchised Business is located outside of that state, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 19.11 is intended by the parties to subject this Agreement to any franchise of similar law, rule or regulation of the State of Texas to which this Agreement would not otherwise be subject. If applicable law provides you with additional rights as to notices, opportunities to cure or

otherwise than as are provided by this Agreement as to termination, renewal, transfers or otherwise, we will comply with the requirements of such laws to the extent they exceed our obligations under this Agreement.

19.13 ***Our Rights are Cumulative.*** Our rights under this Agreement are cumulative and no exercise or enforcement by us of any right or remedy under this Agreement shall preclude the exercise or enforcement by us of any other right or remedy under this Agreement or which we are otherwise entitled by law to enforce. At our option, a default by you under this Agreement will constitute a default by you under any other agreement between the parties, or between you or our affiliated entities or one of our Affiliates and the default by you under any other agreement between the parties or between you or your affiliated entities and one of our Affiliates shall constitute a default by you under this Agreement.

19.14 ***No Third-Party Beneficiaries.*** Except as otherwise expressly provided herein, this Agreement is exclusively for the benefit of the parties hereto and shall not confer a benefit on, or give rise to liability to, a third party. No agreement between us and a third party is for your benefit.

19.15 ***Approvals or Consents.*** Your requests for approvals or consents shall be in writing and shall be timely made. Approvals and consents provided by us will not be effective unless in writing and duly executed by us. Except as expressly provided to the contrary herein, we may grant or withhold such approvals or consents, and may make any determinations permitted hereunder, in its sole discretion and shall not be required to show “reasonableness” or to comply with any other standard in connection herewith.

19.16 ***Effect of Standards.*** Our specifications of the System will not constitute a warranty or representation, express or implied, as to quality, safety, suitability, fitness for a particular purpose or any matter. We will not be liable to you or others on account of the specifications of the System, including your operation of your Franchised Business pursuant to the System.

19.17 ***Construction.*** You acknowledge that you had the opportunity to be represented by an attorney in connection with the preparation and execution of this Agreement, and to review and understand the terms hereof and to consider the advisability of entering into this Agreement. This Agreement shall be construed according to its plain meaning and neither for nor against either party hereof regardless of which party’s counsel drafted the provision.

19.18 ***Further Assurances.*** The parties agree to diligently do or cause to be done all acts or things and to execute all documents and instruments necessary to implement and carry into effect this Agreement to its full extent.

19.19 ***Entire Agreement.*** You and we each acknowledge and warrant to each other that you and we each wish to have all terms of our business relationship defined in this Agreement. Neither you nor we wish to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between us or anyone acting on our behalf and you or anyone acting on your behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and you and we each agree that we each have placed, and will place, no reliance on any such discussion; provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document furnished to you. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto or incorporated herein by reference, constitutes the entire agreement between

the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise rights or offer of franchise rights have been promised to you and no such franchise rights or offer of franchise rights shall come into existence, except by means of a separate writing, executed by one of our officers or such other entity granting the franchise rights and specifically identified as a modification of this Agreement.

19.20 **Conflicts.** In the event of a conflict between the terms and conditions of this Agreement and the Operations Manual, the terms and conditions of this Agreement (as amended) shall govern.

19.21 **Amendments.** No change, modification, amendment or waiver of any of the provisions hereof, including by custom, usage of trade, or course of dealing or performance, shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto and signed by a duly authorized representative of both parties.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the date first written above.

Franchisee:

By: _____

Name: _____

Its: _____

Franchisor:

CRUNCH FRANCHISING, LLC

By: _____

Name: _____

Its: _____

Owners' Acknowledgement

Each following party is mentioned in this Agreement as having certain rights and/or duties as an Owner of the Franchisee. Each following party is signing this Acknowledgment, not as a party, but only to the extent necessary to indicate its, his or her acceptance of, and agreement to be bound by, the specific rights and duties of an Owner mentioned in this Agreement.

Owner:

Owner:

By: _____

Print name: _____

Name: _____

Its: _____

Owner:

Owner:

By: _____

Print name: _____

Name: _____

Its: _____

EXHIBIT 1
BUSINESS TERMS

Club Model: (check applicable box)	Y Crunch Fitness – Initial Franchise Fee: \$35,000 Y Crunch Select – Initial Franchise Fee: \$35,000
Your business name, address, phone number, facsimile and e-mail address:	
Expiration Date of this Agreement:	That date which is later of (10) years following the date of first workout at the Franchised Business or the Effective Date.
Approved Location of Franchised Business:	
Territory:	[list Territory] [See Exhibit 1-A for Territory boundaries]
Royalty Rate:	[list Royalty] percent (x%) of Gross Sales

EXHIBIT 1-A
[TERRITORY MAP]

EXHIBIT 2

OWNER'S GUARANTY

In consideration of, and as an inducement to, the grant of a franchise and the execution of the Franchise Agreement dated _____, _____ (the "**Franchise Agreement**") by and between CRUNCH FRANCHISING, LLC, a Delaware limited liability company ("**Franchisor**"), and _____ ("**Franchisee**"), the undersigned hereby personally and unconditionally: (1) guaranties to Franchisor and its successors and assigns, for the term of the Franchise Agreement and thereafter, including any renewal, as provided in the Franchise Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and any documents, agreements, instruments and promissory notes executed pursuant to or in connection with the Franchise Agreement (collectively, the "**Franchise Documents**"); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to owners of Franchisee.

The undersigned waives:

- (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (iii) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed;
- (iv) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (v) any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- (1) the undersigned's direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Franchisee's obligations;
- (2) the undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- (3) this Guaranty shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
- (4) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- (5) such liability shall not be diminished, relieved or otherwise affected by any extension of time, creditor or other indulgence which Franchisor may from time to

time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied; and

- (6) shall pay Franchisor's court costs and reasonable attorney's fees in enforcing or collecting on this Guaranty.

All capitalized terms when used herein shall have the meaning ascribed to them in the Franchise Agreement.

This Agreement shall be governed, construed and interpreted in accordance with the substantive laws of the State of Texas, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the _____ day of _____, _____.

GUARANTOR(S):

Print or Type Name

Signature

Print or Type Name

Signature

Print or Type Name

Signature

Print or Type Name

Signature

SPOUSAL CONSENT

The undersigned spouse of Guarantor hereby consents to the execution of the foregoing Guaranty by their spouse and agrees to be bound thereby to the extent of their interest in any assets or property of Guarantor and further agrees that their community assets shall be bound thereby. This consent shall not be construed as an agreement by the undersigned spouse that such spouse's separate property is subject to the claims of Franchisor arising out of enforcement of this Guaranty.

Print or Type Name

Signature

OWNERS OF FRANCHISEE

Principal Owner (name, address, telephone, and email address:

CF FA 9/2025

Name of Owner	Nature of Interest	Beneficial Interest in Franchisee

EXHIBIT 4

LEASE RIDER

THIS LEASE RIDER is made and entered into _____, 20__ by and among _____ (the “**Landlord**”), _____ (the “**Tenant**”), and CRUNCH FRANCHISING, LLC, a Delaware limited liability company (the “**Franchisor**”), who, in consideration of mutual promises set forth below, agree as follows

1. Nature and Scope of the Agreement

1.1 This Lease Rider supplements and forms part of the attached Lease Agreement between Landlord and Tenant dated _____ (the “**Lease**”) for the premises situated at _____ (the “**Premises**”) to be used by Tenant to operate a Crunch health Club.

1.2 Tenant and Franchisor are parties to that certain Franchise Agreement dated _____, 20__ (the “**Franchise Agreement**”) for the development and operation of a Crunch health club at the Premises.

1.3 Landlord agrees that Franchisor shall have the right, but not the obligation, to assume the Lease of the Premises upon the terms, covenants and conditions contained in this Lease Rider.

2. Upon Default by Tenant

2.1 Landlord agrees to send to Franchisor copies of any Notice of Default that are given to Tenant concurrently with the giving of such Notices to Tenant at Franchisor’s address set forth below. Upon receipt of Landlord’s final notice of default to Tenant specifying any defaults of Tenant under the Lease, Franchisor shall have thirty (30) days to: (i) provide written notice to Landlord of Franchisor election to assume Tenant’s rights and obligations under the Lease; (ii) cure any existing monetary defaults and commence and diligently pursue cure of all non-monetary defaults under the Lease; and (ii) deliver an executed assumption and assignment of lease, in a form approved by Landlord, pursuant to which Franchisor shall agree to assume all obligations of Tenant under the Lease. If no such notice is provided by Franchisor, Franchisor will be deemed to have waived its rights to assume the Lease. Franchisor’s assumption of the Lease is contingent upon an executed agreement between Landlord and Tenant surrendering the Premises to Landlord.

2.2 Tenant agrees to promptly and peaceably vacate the Premises and to remove its personal property at the written request of Franchisor. Any property not so removed by Tenant within ten (10) days following receipt of such written request shall be deemed abandoned by Tenant and immediately and permanently relinquished to Franchisor. If it becomes necessary for Franchisor to pursue legal remedies to take possession of the premises, Landlord agrees to promptly execute all documents and instruments deemed necessary to deliver possession of the premises to Franchisor free and clear of any encumbrances, liens or claims by Tenant or any other third parties.

3. Upon Termination of the Franchise Agreement

Landlord acknowledges that the Franchise Agreement contains certain restrictive covenants prohibiting Tenant from operating a health club at the Premises after the termination of the Franchise Agreement. If the Franchise Agreement is terminated for any reason during the term of the Lease (or any

extension or renewal of the Lease), Landlord agrees to work with Franchisor in good faith to relet the Premises to another bona fide franchisee of Franchisor pursuant to an agreement, in a form acceptable to Landlord, assuming all of Tenant's obligations under the Lease).

4. Upon Expiration of the Lease Term

If the Lease contains term renewal or extension right(s), and if Tenant allows the term to expire without exercising such right(s), Landlord agrees to give Franchisor written notice of the expiration of the Lease, and Franchisor shall have thirty (30) days following receipt of such notice to assume the Lease on the same terms and conditions as are contained in the Lease effective as of surrender or termination of any holding over period by Tenant.

5. Permitted Assignment by Franchisor

5.1 Tenant and any guarantors shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment of the Lease to Franchisor. Franchisor shall be entitled to recover from Tenant all amounts it pays to Landlord to cure Tenant's defaults under the Lease, including interest thereon and Franchisor's reasonable collection costs.

5.2 After Franchisor assumes Tenant's interest under the Lease, Franchisor may, at any time, assign its interest under the Lease to a bona fide franchisee of Franchisor without having to obtain the prior written consent of Landlord by delivering an executed assignment agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions and agreements under the Lease. Franchisor shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment if such assignee satisfies the permitted transfer requirements set forth in the Lease or has a minimum tangible net worth equal to or exceeding Tenant's tangible net worth immediately prior to such assignment.

6. De-Identification of Premises

6.1 If the Lease or Franchise Agreement is terminated and Franchisor does not elect to assume the Lease, as described above, Tenant agrees, upon written demand by Franchisor, to deidentify the Premises as a Crunch health Club and to promptly remove signs, decor and other items which Franchisor reasonably requests be removed as being distinctive and indicative of a Crunch health Club, and repairing all damage caused by such removal. Franchisor may enter upon the Premises without being guilty of trespass or tort to effect deidentification if Tenant fails to do so within ten (10) days after receipt of written demand from Franchisor, following termination of the Franchise Agreement or Lease, for a period not to exceed thirty (30) days after termination of the Lease. Tenant shall pay Franchisor for its reasonable costs and expenses in effecting the deidentification. Tenant agrees and accepts that its obligations to the Landlord in respect to the provisions of the Lease concerning the removal of signage and additions and alterations at the termination of the Lease subsist notwithstanding the right made available to Franchisor pursuant to this clause.

7. Miscellaneous

7.1 AS FRANCHISOR'S ASSUMPTION OF ANY LIABILITY WITH RESPECT TO THE PREMISES OR ANY OBLIGATION AS A TENANT UNDER THE LEASE, UNLESS AND UNTIL FRANCHISOR EXPRESSLY ASSUMES SUCH LIABILITY AND/OR OBLIGATION, AS DESCRIBED ABOVE.

7.2 All notices pursuant to this Lease Rider shall be in writing and shall be sent in accordance with the notice provisions in the Lease to Franchisor at the following address: Crunch Franchising, LLC, Attention: General Counsel, 155 Riveredge Dr., Suite 250, Dallas, Texas 75207.

Landlord:

Tenant:

By:_____

By:_____

Name: _____

Name: _____

Its:_____

Its:_____

Franchisor:

CRUNCH FRANCHISING, LLC

By:_____

Name: _____

Its:_____

EXHIBIT 5

**FRANCHISE AGREEMENT RIDER
(for Area Developers only)**

1. For Area Developers entering into this Franchise Agreement, Sections 8.1 is deleted, and Section 3.3 is deleted and the following substituted in lieu thereof:

“We will provide you with a Territory which will encompass a population of a minimum of [XXX] persons within a contiguous geographic area at the time of this Agreement and which will be described on **Exhibit 1**. We have the right, but not the obligation, to adjust the boundaries of the Territory from time to time to reflect population changes by sending written notice to you of the revised boundaries.”

2. The first sentence of Section 8.2 is deleted and the following substituted:

“You must pay us a monthly Royalty of _____ percent (___%) of Gross Sales (“**Royalty**”).”

[Delete if not applicable]

Franchisor:

Franchisee:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

EXHIBIT 6

FRANCHISE AGREEMENT RIDER (for Multi-Unit Developers Only)

1. For Multi-Unit Developers entering into this Franchise Agreement, Sections 8.1 is deleted and Section 3.3 is deleted and the following substituted in lieu thereof:

“We will provide you with a Territory which will encompass a population of a minimum of [XXX] persons within a contiguous geographic area at the time of this Agreement and which will be described on **Exhibit 1**. We have the right, but not the obligation, to adjust the boundaries of the Territory from time to time to reflect population changes by sending written notice to you of the revised boundaries.”

2. The first sentence of Section 8.2 is deleted and the following substituted.

“You must pay us a monthly Royalty of _____ percent (____%) of Gross Sales (“**Royalty**”).”

[Delete if not applicable]

Franchisor:

Franchisee:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

EXHIBIT 7

**STATE AMENDMENT TO
FRANCHISE AGREEMENT**

[Use for the following states: Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, Virginia, Washington]

[delete if not applicable]

EXHIBIT D
STATE SPECIFIC AMENDMENTS TO
FRANCHISE AGREEMENT

**MULTI-STATE AMENDMENT
TO FRANCHISE AGREEMENT
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)**

This Amendment pertains to franchises sold in the states that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the “SOP”) and is for the purpose of complying with the statutes and regulations of such states. Signing this Amendment where the SOP, because applicable jurisdictional requirements are not met, does not apply, does not subject the parties to the provisions of the SOP. Subject to the foregoing, notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____, 20__, will be amended as follows:

1. The following language is added immediately before the signature block of the Franchise Agreement:

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

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Franchisee:

By: _____

By: _____

Its: _____

Its: _____

**ILLINOIS AMENDMENT
TO FRANCHISE AGREEMENT**

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.
5. 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.
6. Nothing in Section 19.11 of the Franchise Agreement waives any rights Franchisee may have under Section 41 of the Illinois Franchise Disclosure Act of 1987, which provides:

“Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.”
7. Section 18.3 of the Franchise Agreement is amended to provide that venue shall be in an appropriate Illinois court of general jurisdiction or United States District Court in Illinois.

Dated: _____

Franchisor:

Franchisee:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

MARYLAND AMENDMENT TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Maryland that are subject to the Maryland Franchise Registration and Disclosure Law (the “Act”) and is for the purpose of complying with Maryland statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____, 20____, will be amended as follows:

1. Section 1.3 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

[Intentionally Omitted]

2. The following language is added to Section 4.2.3 of the Franchise Agreement dealing with “Renewal”:

“, except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

3. Section 8.1 of the Franchise Agreement is amended by adding the following:

“Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.”

4. The following language is added to Section 15.2.4 of the Franchise Agreement dealing with “Transfer by You”:

“, except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

5. The following language is added to the end of Section 18.3 of the Franchise Agreement dealing with “Venue”:

“You may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law.”

6. The following language is added to the end of Section 18.5 of the Franchise Agreement dealing with the “Limitations Period”:

“All claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years after the grant of the franchise.”

7. Section 19.19, dealing with “Entire Agreement”; of the Franchise Agreement and the Franchisee Disclosure Questionnaire are amended to state:

“Representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

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

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

CRUNCH FRANCHISING, LLC

By: _____

Name: _____

Its: _____

Franchisee:

By: _____

Name: _____

Its: _____

MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota Franchise Act (Minn. Stat. Sec. 80C.1 et seq., the “Act”) and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)
 - (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice' for non-renewal of the franchise agreement and
 - (ii) that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement as of the day and year set forth above.

Franchisor:

Franchisee:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

**NEW YORK AMENDMENT
TO FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of New York that are subject to the New York Franchise Act (New York State General Business Law, Article 33, Sec. 680 et seq., the “Act”) and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Franchisor and Franchisee are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Amendment. This Amendment is annexed to and forms part of the Franchise Agreement. This Amendment is being signed because: (a) you are a resident of the State of New York, and your franchise will operate in New York; and/or (b) the offer or sale of the franchise occurred in New York.

2. The following is added as a new Section 16.1 of the Franchise Agreement:

“You may terminate this Agreement upon any grounds available at law.”

3. The following is added to Section 19.11 of the Franchise Agreement:

“This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder.”

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the day and year first above written.

Franchisor:

Franchisee:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

NORTH DAKOTA AMENDMENT TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the “Act”) and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Section 16.5 of the Franchise Agreement is amended as follows:

“Remedies Upon Termination. If the Franchise Agreement is terminated, and in addition to your obligations as otherwise provided herein, we will retain the full amount of any fees heretofore paid to us and you will continue to remain liable to us for any and all damages which we have sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on your part for the unexpired Term of the Franchise Agreement.”

2. Section 18.3 of the Franchise Agreement is deleted.

3. Section 18.6 of the Franchise Agreement is deleted.

4. Section 18.7 of the Franchise Agreement is deleted.

5. Section 18.8 of the Franchise Agreement is amended as follows:

“In the event either party incurs legal fees or costs or other expenses to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party’s failure to perform or observe any obligation imposed upon that party by this Agreement, then the prevailing party shall be entitled to recover from the other party the amount of all legal fees, costs and expenses, including reasonable attorneys’ fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action or proceeding to enforce any obligation of the other party hereunder or thereafter or otherwise.”

7. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or Texas law if such provisions are in conflict with North Dakota law.

Dated: _____

Franchisor:

CRUNCH FRANCHISING, LLC

By: _____

Name: _____

Its: _____

Franchisee:

By: _____

Name: _____

Its: _____

**RHODE ISLAND AMENDMENT
TO FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Rhode Island that are subject to the Rhode Island Franchise Investment Act (the “Act”) and is for the purpose of complying with Rhode Island statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, ____ hereby agree that the Franchise Agreement will be amended as follows:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

Dated: _____, ____.

Franchisor:

Franchisee:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

VIRGINIA AMENDMENT TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the “Act”) and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, ____ hereby agree that the Franchise Agreement will be amended as follows:

1. Sections 16.2 and 16.3 of the Franchise Agreement are amended by adding the following language:

“§13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause.”

2. Section 19.2 of the Franchise Agreement is amended by adding the following language:

“Subsection D of § 13.1-559 of the Virginia Retail Franchising Act provides that, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.”

3. Section 14.2 of the Franchise Agreement is amended by adding the following language:

“Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act provides that it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.”

Dated: _____, ____.

Franchisor:

Franchisee:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise Agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h). 18.

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise

The undersigned hereby acknowledges receipt of this Addendum.

Dated: _____, ____.

Franchisor:

Franchisee:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

EXHIBIT E

**AREA DEVELOPMENT AGREEMENT,
INCLUDING OWNER'S GUARANTY**

AREA DEVELOPMENT AGREEMENT
for
CRUNCH[®] HEALTH CLUBS

Area Developer:

Date:

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AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT, dated _____, _____, is made by and between CRUNCH FRANCHISING, LLC, a Delaware limited liability company (“we”, “us” or “our”), located at 155 Riveredge Dr., Suite 250, Dallas, Texas 75207, and _____, a _____ (“you” or “your”), located at _____, who in consideration of the mutual promises set forth below agree as follows:

1. Nature and Scope of Agreement

1.1 **The Franchisor.** We have developed and own a distinctive System designed to operate health clubs under the service mark CRUNCH® and associated marks, logos and designs (the “**Licensed Marks**”) which offer members basic health club services, including cardiovascular equipment, selectorized weight machines, free weights, group fitness classes, personal training, tanning and online nutritional programs. We offer franchises to operate Crunch health clubs using the Licensed Marks and the System under three different formats: Crunch Fitness and Crunch Select (collectively, the “**Club Model(s)**”). The Licensed Marks may vary depending on the format of Franchised Business this Agreement is for, and there are other variations to the System (as defined below) depending on the format of your Franchised Business.

1.2 **The System.** The “**System**” is used by health clubs that offer basic health club services and operate under the Licensed Marks under the Crunch Fitness and Crunch Select formats, with some variations depending on the format. The System presently includes, but is not limited to: the Licensed Marks and associated marks, logos and designs; advertising, publicity and other marketing programs; training programs and training materials; the methods, design, know how, business standards and other requirements as stated or referred to in this Agreement and from time to time in our Operations Manual, or otherwise in writing by us and designated as part of standards for the System. The System will be applied to all Franchised Businesses, although we in our business judgment may vary the System and its application between the Crunch Fitness and Crunch Select formats, and may make exceptions based on local conditions, special circumstances or different contractual provisions applicable to one or more Franchised Businesses. We may change or modify the System, from time to time, in our sole discretion, and you agree to comply with the System as they may exist from time to time and as they apply to the format of your Franchised Business (including all operational policies, procedures, programs and plans set forth in the Operations Manual or otherwise in writing), all of which shall constitute provisions of this Agreement as if fully set forth herein.

1.3 **The Area Developer.** You have independently investigated the business risks involved and such other matters as you deem important, including current and potential market conditions and competitive factors and risks, have read our Franchise Disclosure Document, and have not relied on any representations not set forth in this Agreement. Aware of the relevant facts, you desire to enter into this Agreement to obtain rights to develop Crunch health clubs in the format set forth on **Exhibit 1** under the System and the Licensed Marks in accordance with the attached development schedule.

2. Definitions, Representations and Owner’s Guaranty

2.1 **Definitions.** The capitalized terms used in this Agreement shall have the following meanings:

2.1.1 “**Affiliate**” means with respect to a person (including any legal person), (i) a person (including any legal person) that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such person; and (ii) any parent, spouse,

lineal descendant or adopted child of such person, any spouse or adopted child of any such descendant or any child of such spouse, the executors, administrators, conservators or personal representatives of any such person or any person referred to in this clause (ii) and any person which, directly or indirectly, is owned or controlled by one or more of the persons referred to in this clause (ii).

2.1.2 “**Anti-Terrorism Laws**” is defined in Section 14.1.

2.1.3 “**Approved Location**” is defined in Section 6.1.

2.1.4 “**Area Developer**” means the person or business entity referred to in the opening paragraph of this Agreement as “you” or “your”.

2.1.5 “**Area Development Schedule**” is defined in Section 3.1.

2.1.6 “**Competitive Business**” is defined in Section 9.1.

2.1.7 “**Confidential Information**” is defined in Section 8.1.

2.1.8 “**Confidentiality Agreement**” means the confidentiality agreement that we will prescribe from time to time to be signed by each of your Owners, officers, directors, members or partners, and your managers and employees who receive Confidential Information as required by Section 8.1.

2.1.9 “**Develop**” is defined in Section 3.1.1.

2.1.10 “**Development Area**” is defined in **Exhibit 2**.

2.1.11 “**Development Fee**” is defined in Section 5.1.

2.1.12 “**Development Schedule**” is that schedule of clubs to be opened set forth in **Exhibit 1**.

2.1.13 “**Franchise Agreement**” is defined in Section 3.1.2.

2.1.14 “**Franchised Business**” is defined in Section 3.1. Any reference to “Franchised Business” in this Agreement is to the format or formats of Franchised Business (Crunch Fitness or Crunch Select) to which rights are granted in this Agreement, and not to any other health club format we offer currently or may offer in the future.

2.1.15 “**Franchisor**” means Crunch Franchising, LLC.

2.1.16 “**Indemnified Parties**” is defined in Section 12.4.

2.1.17 “**Licensed Marks**” is defined in Section 1.1.

2.1.18 “**Notice**” is defined in Section 14.8.

2.1.19 “**Owner(s)**” is defined in Section 7.3.

2.1.20 “**Owner’s Guaranty**” means the Owner’s Guaranty attached to this Agreement as **Exhibit 4**.

2.1.21 **“System”** means the specified business format and system and related standards, specifications and procedures we prescribe for operating a Franchised Business, including but not limited to the Operations Manual, and is more fully described in Section 1.2. As used in this Agreement, “System” refers to the System as applied by us to the format of Franchised Business (Crunch Fitness or Crunch Select) to which rights are granted in this Agreement, and not to any other health club format we offer currently, or may offer in the future.

2.1.22 **“Term”** is defined in Section 4.1.

2.1.23 **“Transfer”** is defined in Section 10.2.

2.2 ***Representations and Warranties.*** You hereby represent and warrant to us as follows:

2.2.1 You are acquiring these area development rights for your own account to develop and operate Franchised Businesses, and not for the purpose of resale or redistribution or other speculative matter;

2.2.2 All information provided to us in your application and other documents to induce us to grant these area development rights was true, correct, complete and accurate as of the date made, and, as of the date of this Agreement, no material change has occurred in such information;

2.2.3 Your execution, delivery and/or performance of this Agreement does not violate or constitute a breach under any agreement or commitment you have;

2.2.4 If you are an entity, you are duly organized and validly existing, are qualified to do business in each state where you are or will conduct business, and are duly authorized to execute and deliver this Agreement and perform your obligations pursuant to this Agreement; and

2.2.5 This Agreement represents a valid, binding obligation of you and each of your Owners. Each Owner has fully read this Agreement and our Franchise Disclosure Document, and each Owner represents that he/she is capable of complying with all of the terms of this Agreement and the Owner’s Guaranty.

2.3 ***Owner’s Guaranty/Owner’s Acknowledgment.*** If you are an entity, each of your Owners must execute an Owner’s Guaranty in our favor and deliver the executed Owner’s Guaranty to us concurrently with execution of this Agreement, or if such ownership interest is acquired later, within ten (10) days after obtaining the interest as an Owner. All Owners must also sign the Owner’s Acknowledgment which follows the signature block of this Agreement.

3. **Scope of License**

3.1 ***Grant of Area Development Rights.*** Subject to the terms of this Agreement, we hereby grant to you the exclusive right, and you hereby accept the obligation, to develop the number of franchised Crunch health clubs which will use the System and the Licensed Marks (each a **“Franchised Business”**) in the format or formats set forth in **Exhibit 1** (Crunch Fitness or Crunch Select), described in the Development Area in **Exhibit 2**, and within the time periods described in the area development schedule set forth in **Exhibit 1** attached hereto (the **“Area Development Schedule”**) In this regard, the parties further agree that:

3.1.1 The Area Development Schedule contemplates that you must develop one (1) Franchised Business for every 75,000 persons residing or working in the Development Area, at the

rate set forth in the Area Development Schedule. “**Develop**” a Franchised Business means that you open a Franchised Business pursuant to the terms of the Franchise Agreement for such Franchised Business. If at any time during the term of this Agreement you fail to satisfy the requirements set forth in the Area Development Schedule, whether with respect to leases to be signed (or the signing of similar agreements conveying to you ownership of the premises for the Franchised Businesses), or developing the requisite number of Franchised Business to be developed in any Development Year, we will have the right, but not the obligation, to exercise our termination rights or modification of your rights pursuant to Section 11.3 hereof.

3.1.2 Each Franchised Business developed under this Agreement will be established and operated pursuant to a separate Crunch health club Franchise Agreement (the “**Franchise Agreement**”), as provided in Section 6.1 below.

3.1.3 Each Franchised Business developed under this Agreement must be located within the Development Area that is specified in **Exhibit 2** attached hereto. We have the right, but not the obligation, to adjust the boundaries of the Development Area from time to time to reflect population changes by sending written notice to you of the revised Development Area.

3.1.4 If, during the term of this Agreement, any one of the Franchised Businesses permanently closes for any reason after having been opened, and as a result of such closure you fall below the development quota applicable at the time of closure pursuant to the Area Development Schedule, you will have six (6) months from the closing date in which to open a substitute Franchised Business within the Development Area in its place. Such substitute Franchised Business shall not decrease the number of Franchised Businesses to be opened pursuant to the Development Schedule.

3.1.5 If, during the term of this Agreement, you wish to relocate any one of the Franchised Businesses, the new site for the Franchised Business must be approved by us, pursuant to Section 6.1 of this Agreement. A relocated Franchised Business will not decrease the number of Franchised Businesses to be opened pursuant to the Development Schedule.

3.1.6 This Agreement does not give you any right to license others to operate any Franchised Businesses. Except as provided in Section 7.2, only you may open and operate Franchised Businesses pursuant to this Agreement and only under Franchise Agreements with us.

3.2 **Development Area.** During the term of this Agreement, for as long as you are in full compliance with your obligations under this Agreement and all of the Franchise Agreements between you (including any of your Affiliates) and us, neither we nor any of our Affiliates will operate Crunch health clubs, or grant a franchise to any third party to physically locate another Crunch health club, in the Development Area, except as otherwise provided under Section 3.3. Once a Franchised Business has been established in the Development Area, your exclusivity rights with respect to that particular Franchised Business will be defined in the applicable Franchise Agreement. The parties acknowledge and agree that the territorial grant in this Section does not restrict us, our Affiliates, or any franchisees or other third parties from advertising, marketing or otherwise promoting the System, or any other Crunch health club, wherever located, in your Development Area.

3.3 **Reserved Rights.** We reserve all rights not specifically granted to you in this Agreement. Among other things, this Agreement does not limit our right or the right of any of our Affiliates to use or license the System or to engage in or license any business activity, including, without limitation, the operation or franchising of health clubs under the Licensed Marks at any location outside the Development Area, and/or under any other trade name, trademark or service mark now or hereafter owned by or licensed

to us or our Affiliates at any location inside or outside the Development Area, or the sale, distribution or marketing of products identified by the Licensed Marks inside or outside of the Development Area. Notwithstanding the forgoing, neither we, nor our Affiliate Crunch, LLC nor its subsidiaries will operate health clubs in the Development Area under a low-price model substantially similar to the Crunch franchising model. You acknowledge that our rights to use and/or license the System pre-date this Agreement and are not limited or changed by the terms of this Agreement. You agree that by acknowledging those rights, the parties do not intend to make our exercise of such rights subject to rules applicable to contractual performance or the exercise of contractual discretion under this Agreement.

3.4 ***Right of First Refusal.*** If at any time during the term you have not developed and opened the number of Franchised Businesses in the format(s) as required by the Area Development Schedule attached hereto as **Exhibit 1**, then we will have the right to locate potential locations in the Development Area for development and operation of Franchised Businesses. For any location we may locate (each, a **“ROFR Location”**), we will provide you with at least the same information as we at the time require from you to evaluate a new location for a Franchised Business, and you will have the right for a period of thirty (30) days after we have submitted all such information to exercise a right of first refusal for the ROFR Location, by providing us Notice in writing of your election. If you decline to exercise your right of first refusal, or do not acquire the ROFR Location (whether by lease or purchase) within thirty (30) days of your exercise of the right of first refusal for the ROFR Location, we will have the right to acquire the ROFR Location for operation of a Crunch health club, or franchise the ROFR Location to a third party for operation of the same. If you do not exercise your right to first refusal for the ROFR Location and the site is developed by us or a third party, your Development Schedule will be adjusted to reduce the number of Franchised Businesses to be developed under this Agreement and the Development Area will be reduced by the protected area granted in the franchise agreement for the ROFR Location. The Development Schedule will be adjusted so that the ROFR Location counts towards the location you are most in arrears on. The right to locate potential locations for development of Crunch health clubs in the Development Area if you are in default under this Agreement is our right, but not our obligation. If at any time during the term of this Agreement you fail to satisfy the Area Development Schedule, we will have the right, but not the obligation, to exercise our termination rights or modification of your rights pursuant to Section 11.3 hereof.

4. **Term**

4.1 ***Term.*** Unless terminated earlier pursuant to Section 11, the term of this Agreement shall expire on the date of our acceptance and execution of a Franchise Agreement for the last of the Franchised Businesses to be established pursuant to the Development Schedule, or on the date described in the Development Schedule, whichever first occurs (the **“Term”**).

4.2 ***No Renewal Rights.*** There is no renewal right.

5. **Development Fee**

5.1 ***Payment of Development Fee.*** In consideration of the development rights we have granted to you, you will pay to us on or before the date of this Agreement a development fee for each Franchised Business required to be established pursuant to the Development Schedule (the **“Development Fee”**), as set forth on **Exhibit 2**, which Development Fee differs based on the Club Model of each Franchised Business to be developed pursuant to the Development Schedule.

5.2 ***Development Fee is Non-Refundable.*** The Development Fee will be fully earned when received by us and will be non-refundable in consideration of administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the rights granted to you herein. Receipt by us of the Development Fee is a condition to the effectiveness of this Agreement.

5.3 **No Performance Fee.** You will not have to pay a Performance Fee Under the Franchise Agreement when you open each of the Franchised Businesses required to be established pursuant to the Development Schedule.

6. Your Area Development Obligations

6.1 **Franchise Agreements.** You must execute a separate Franchise Agreement for each Franchised Business. Each Franchised Business must be located at a site approved by us, within the Development Area, as provided below (the “**Approved Location**”). The Franchise Agreement for each Franchised Business developed hereunder shall be the form of Franchise Agreement being offered generally by us at the time each such Franchise Agreement is executed. The current form of our Franchise Agreement is attached hereto as **Exhibit 5**. If you pay the Development Fee, you will not pay the Initial Franchise Fee required under the Franchise Agreement.

6.2 **Area Development Obligations.** You have the following area development obligations:

6.2.1 Recognizing that time is of the essence, you agree to satisfy the requirements set forth in **Exhibit 1** (the “**Area Development Schedule**”), both with respect to leases to be signed (or the signing of similar agreements conveying to you ownership of the premises for the Franchised Businesses), and with respect to the obligation to develop by the end of each Development Year the number of Franchised Businesses stated therein. Notwithstanding the foregoing, if you are unable to develop the number of Franchised Businesses required by the end of any Development Year, we may, in our sole discretion, grant you a 90-day extension to complete the development obligation for such Development Year. Any such extension is subject to you paying us a development extension fee (“**Development Extension Fee**”) of \$10,000 per Franchised Business that you are required to develop during the Development Year but will not be able to develop. The extension of the development term for any Development Year by payment of a Development Extension Fee does not affect the Area Development Schedule for any Franchised Businesses to be developed in any future Development Year. If a Franchised Business closes for any reason during the term of this Agreement that Franchised Business will no longer be counted towards the total number of Franchised Businesses opened, unless the Franchised Business is re-opened within six (6) months of the closure.

6.2.2 Any failure by you to develop and open the Franchised Businesses in the numbers and within the times specified in the Development Schedule and Section 3.1.1 will constitute a material default under this Agreement allowing us to terminate or reduce your rights under this Agreement under Section 11.3, as determined by us in our sole business judgment.

6.2.3 In order for you to develop a Franchised Business in the Development Area, you must submit to us for our written approval a site proposal for the proposed site and such other information or materials as we may reasonably require, including, but not limited to, a copy of a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We will have twenty business (20) days after receipt of the site proposal and all other such information and materials required by us to approve or disapprove in writing the site proposal, which approval shall not be unreasonably withheld. Any disapproval will set forth our reasons for disapproving a site proposal.

6.2.4 Provided you are in full compliance with the terms and conditions contained in this Agreement, and with all of your obligations under each existing Franchise Agreement, franchises will be granted to you upon your obtaining our written approval of a site for the proposed

Franchised Business. The granting of any such franchise is expressly conditioned on you and us entering into a Franchise Agreement for the approved site.

6.2.5 You acknowledge that our approval of a site proposal submitted by you does not in any way guarantee that the site will become a profitable Franchised Business. You expressly acknowledge that our approval of a site proposal submitted by you will not be deemed to be or construed as a warranty or guarantee, express or implied, as to the potential volume, profits or success of the health club to be located on the site.

7. Other Responsibilities of the Parties

7.1 ***Our Other Obligations.*** Our only initial obligation to you is to help you define your Development Area and assign it to you. Any other obligations we have to you are included in the individual Franchise Agreements that you will sign for each Franchised Business.

7.2 ***Other Investors in Individual Franchised Businesses.*** You may have other investors involved in the ownership of an individual Franchised Business as long as you advise us of those investors, as provided in Section 7.3, and maintain majority ownership and voting control throughout the term of the Franchise Agreement. Each such investor must execute the Owner's Guaranty attached to the Franchise Agreement as an exhibit and the Owners Acknowledgment. If we determine, in our sole discretion, that one or more of your majority owners has sufficient means to satisfy the requirements of the Guaranty, we may waive the requirement that all Owners (as such term is defined below) sign the Guaranty. In that case only the Owner or Owners who alone satisfy the Guaranty requirements must sign the Guaranty, as long as that Owner or Owners maintain majority ownership. You may create a special purpose Franchisee entity for each Franchised Business and its related Franchise Agreement provided that (i) you retain fifty one percent (51%) or more of the equity in the Franchisee entity, (ii) the Owners of the Franchisee entity are approved by us pursuant this Section 7.2, and (iii) the Owners of the Franchisee entity each execute the Owner's Guaranty and Owner's Acknowledgement.

7.3 ***Your Owners.*** Exhibit 3 to this Agreement will at all times completely and accurately describe all of your owners and their beneficial ownership interests ("**Owner(s)**"). You and your Owners must sign and deliver to us such revised Exhibit 3 as may be necessary to reflect any permitted changes in the information contained therein within five (5) business days following the occurrence thereof and to furnish such other information about your organization or formation as we may request.

8. Confidentiality

8.1 ***Confidential Information.*** You acknowledge that certain information relating to the development and operation of the Franchised Business including, without limitation, the standards, methods, procedures and specifications of the System, including the contents of the Operations Manual, is derived from information disclosed to you by us and that all such information is of a proprietary and confidential nature and our trade secret ("**Confidential Information**"). You and each of your Owners, officers, directors, members, partners, managers, employees and agents, must maintain the absolute confidentiality of all such Confidential Information both during the Term of this Agreement and after the termination or expiration of this Agreement and can use such Confidential Information only to the extent necessary to allow you to operate the Franchised Businesses, and may not disclose any such Confidential Information for any reason whatsoever, except as provided herein. You may disclose the Confidential Information to your Owners, officers, directors, members, partners, managers, employees and agents only to the extent necessary for the development of the Franchised Business in accordance with this Agreement. You must sign (and shall cause those persons receiving the Confidential Information to sign) a Confidentiality Agreement that we prescribe. You cannot use any such Confidential Information, directly

or indirectly, in any other business or in any other manner or obtain any benefit therefrom not specifically approved in writing by us during the Term of this Agreement or afterwards.

8.2 ***Use of Confidential Information.*** You will not acquire any interest in the Confidential Information other than the right to use the Confidential Information in connection with the development of the Franchised Business during the Term of this Agreement, and acknowledge that the use or duplication of the Confidential Information in any other business or capacity will constitute an unfair method of competition with us, our Affiliates and our other area developers, multi-unit developers and franchises.

You acknowledge that we are disclosing the Confidential Information to you solely on the condition that you agree, and you hereby agree, that any Confidential Information received from us: (a) shall only be used by you for purposes of performing its obligations under this Agreement; (b) will not be used by you in any other business, manner or capacity; (c) will have its absolute confidentiality maintained by you both during and after the Term of this Agreement and any renewal term; (d) will not be copied by you without our written authorization; and (e) will not be disclosed by you to any third party without our prior written consent. You must use reasonable care to prevent the disclosure of the Confidential Information to any third party, and further shall limit the dissemination of the Confidential Information within your own organization to those individuals whose duties justify the need to know the Confidential Information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Confidential Information and to restrict its use solely to the purposes specified herein. You must cause each person receiving the Confidential Information to sign a copy of a confidentiality agreement if requested by us.

You acknowledge that no other right or license to use the Confidential Information is granted by this Agreement and agrees that the amount of the Confidential Information to be disclosed to you is completely within our discretion.

9. Non-Competition

9.1 ***Non-Competition During the Term.*** You (if you are an individual) or your Owners (if you are an entity) cannot, directly or indirectly, own, develop, maintain, operate, engage in, be employed by, consult with, perform services for, lease or sublease property to, advise, make loans to, enter into an agreement to develop or operate, have any interest in (as owner or otherwise), or be involved with a Competitive Business during the Term of this Agreement without our prior written approval. A **“Competitive Business”** means a company or other business that offers health club services competitive with those we offer, franchise or license. You (if you are an individual) and your Owners (if an entity) may own and/or operate other commercial businesses as long as they do not provide health club services in the Development Area or an adjacent development area, unless previously approved by us in writing.

9.2 ***Post-Term Non-Competition.*** For a period of one (1) year after termination or expiration of this Agreement or the maximum time permitted under applicable law, you (if an individual) and your Owners (if an entity) agree that you (or they) will not, directly or indirectly, own, develop, maintain, operate, engage in, be employed by, consult with, perform services for, lease or sublease property to, advise, make loans to, enter into an agreement to develop or operate, have any interest in (as owner or otherwise), or be involved with a Competitive Business within the Development Area or within five (5) miles of any Crunch health club then in existence. You agree and acknowledge that the one (1) year period of this restriction shall be tolled during any time period in which you are in violation of this restriction. The non-competition requirements on an individual Owner will expire no later than one (1) year after such individual is no longer employed by or acting as an advisor for you or any of your affiliates, provided such individual Owner no longer owns an ownership interest in you or your Affiliate, except solely as a passive investor.

9.3 ***Severability of Restrictive Covenants.*** You acknowledge that the invalidity or unenforceability of any portion of Sections 9.1, or 9.2 shall not affect the validity or enforceability of any other portion of Sections 9.1, or 9.2 or any other section of this Agreement and any invalid or unenforceable portion of Sections 9.1, or 9.2 shall be deemed to be severable.

9.4 ***Amendment of Restrictive Covenants.*** You acknowledge that the provisions of this Article 9 have been inserted for our sole benefit and that we have the right, in our sole discretion, to waive in whole or in part or otherwise reduce the scope of any covenant set forth in this Article 9 or any portion of this Agreement without your consent effective upon our giving Notice to you.

10. Transfer

10.1 ***Transfer by Us.*** We have the right, directly or indirectly, to sell, assign, transfer or otherwise dispose of or deal with this Agreement, or any or all of our rights and obligations under this Agreement, to any individual, firm, partnership, association, bank, lending institution, corporation, limited liability company or other person or entity as we may in our sole discretion deem appropriate. In the event of any such transfer, we shall be released from any liability under this Agreement for the obligations transferred.

10.2 ***Transfer by You.*** You acknowledge that the granting of the rights hereunder is based upon our investigation of your qualifications, such as business skill, financial capacity and personal character, and that such rights are personal to you. Except as hereinafter provided, neither you, nor any of your Owners may directly or indirectly sell, divide, encumber, assign, hypothecate, mortgage, sub-license, transfer through bequest, inheritance, transfer in trust, divorce or operation of law or by any other means, or otherwise dispose of the rights granted hereunder, or any part of this Agreement, or any rights or privileges incidental to this Agreement, or any Franchised Business or any interest therein, or your rights or interest in this Agreement, or any Owner's direct or indirect ownership interest in you (herein collectively referred to as a "**Transfer**"), to any individual, firm, partnership, association, bank, lending institution, corporation, limited liability company or other third party without our prior written consent. Because of the personal nature of the grant in this Agreement we may approve or reject any request for a Transfer in our sole discretion. Under no circumstances will a Transfer be approved to one of our competitors or to a person operating a health club under a license or franchise from one of our competitors. Any actual, attempted or purported Transfer occurring without our prior written consent shall constitute a default of this Agreement and shall be null and void. Also, in no event will we be willing to provide our consent to any Transfer, unless:

10.2.1 The proposed transferee is acceptable to us based upon standards for new area developers we use at such time, which may include, but not be limited to, standards relating to the transferee's financial strength, general business acumen, experience developing health clubs, other business commitments, and such other standards and factors as we, in our sole judgment, deem important;

10.2.2 You are not in default in the performance or observance of any of your obligations under this Agreement (including, without limitation, making all payments in full when due), and any other agreement between you and us or between you or one of our Affiliates, relating to the development or operation of Franchised Businesses or any other agreement between you and us or one of our Affiliates;

10.2.3 You have settled and paid, or made satisfactory arrangements to pay, all outstanding accounts with and amounts owed to us and all your trade creditors;

10.2.4 You have delivered to us a general release, in form satisfactory to us, of all claims you may have against us and our members, officers, directors, owners, managers, employees, Affiliates, successors and assigns;

10.2.5 Except in the case of a Transfer pursuant to Section 10.3 or a Transfer to us pursuant to Section 10.4, you have paid our transfer fee of \$10,000 for a Transfer of this Agreement, and \$10,000 for each Franchise Agreement entered into by you or your Affiliate under this Multi-Unit Development Agreement, or our total cost and expenses we incur in connection with the transfer, if they exceed the transfer fee; and

10.2.6 The proposed transferee assumes all of your rights and obligations under this Agreement or, at our option, enters into a new area development agreement which includes the development rights being transferred for the remainder of the Term of this Agreement. The new area development agreement may be on different terms than this Agreement, including then current royalty percentages (for franchise agreements to be entered thereunder) and/or territory definitions. Even if we do not require the transferee to enter into a new area development agreement we may require that the royalty rate for franchise agreements to be entered into pursuant to this Agreement be adjusted to the then current royalty rate for new franchise agreements and the territory definition be adjusted to the then current definition for all new franchise agreements.

In addition to the transfer fee set forth in Section 10.2.5, we have the right to charge a document review fee in connection with any proposed transfer, other than a transfer pursuant to Section 10.3. The document review fee will be the greater of \$1,500 or our legal fees incurred in connection with the review of the proposed transferee.

It is understood and agreed that upon satisfaction of all the foregoing conditions and upon payment of all amounts which are owed by you, you will be released from any further liability under this Agreement with respect to matters or periods subsequent to the date of Transfer.

10.3 ***Transfer to a Corporation, Limited Liability Company or Other Entity.*** If you are an individual, you may, coincident with or at any time after execution of this Agreement, after obtaining our written consent and provided all of your obligations to us have been satisfied, transfer and assign all of your rights and obligations hereunder to a corporation, limited liability company or other entity, provided you are and throughout the Term of this Agreement remain a principal executive officer of the corporation, limited liability company or other entity and the beneficial and registered owner of greater than fifty percent (50%) of the issued and outstanding voting and equity rights and interests in such corporation, limited liability company or other entity (and any rights or options convertible into such voting or equity rights or interests), and further provided that you:

10.3.1 Cause the corporation and its directors and shareholders or, if a limited liability company or other entity, its owners or members, to acknowledge this Agreement and to agree in writing to be bound by the provisions of this Agreement; execute and cause the corporation and its directors and shareholders or, if a limited liability company or other entity, its owners or members, to execute any agreement as may be specified by us relating to the assumption by the corporation, limited liability company or other entity, of any rights and obligations under this Agreement; cause the corporation in its articles of incorporation or, if a limited liability company or other entity in its operating agreement, to provide in effect that its object or business is confined exclusively to the development and operation of Franchised Businesses, as provided in this Agreement; cause the corporation, limited liability company or other entity, to restrict the issue of, and its directors and shareholders to restrict the transfer of, shares of the corporation or ownership or membership interests in a limited liability company or other entity, so that you continuously own greater than

fifty percent (50%) of the issued and outstanding voting and equity rights and interests in the corporation, limited liability company or other entity (and any rights or options convertible into such voting or equity rights or interests) and to have such restrictions noted on all share certificates of the corporation or the owner's or members' ownership certificates; and cause the corporation, limited liability company or other entity to inform us and to keep us informed as to the names and addresses of the then current directors and shareholders or members of, and those persons who have a financial interest in, the corporation, limited liability company or other entity from time to time;

10.3.2 Execute such documents in respect of the transfer and assignment as we may direct, including the attached Owner's Guaranty; and

10.3.3 Pay to us all of our reasonable costs (including, without limitation, legal costs and fees) for the administration of the Transfer and the preparation, execution and filing of all documentation required by us in connection with the Transfer.

10.4 ***Right of First Refusal.*** If you or one or more of your Owners proposes to make a Transfer to any individual or entity (other than a corporation, partnership or other entity wholly owned by you or your Owners) that has provided a bona fide written offer, we will have the right for a period of thirty (30) calendar days after you or such Owners have submitted all information requested by us, including a copy of the bona fide written offer, to exercise a right of first refusal and substitute ourselves for the proposed transferee in the transaction. If we decline to do so and there is any change in the terms and conditions of the proposed transaction or the proposed transferee, you must promptly notify us, and we will have the further right to exercise our right of first refusal over the revised transaction for a period of fifteen (15) calendar days. If we exercise our right of first refusal, we will have not less than ninety (90) days to close the transaction, and we will have the right to substitute cash for any alternative form of consideration contemplated by the proposed transaction. You and your Owners agree to make all customary representations and warranties that we may require in connection with the proposed transaction. If we do not exercise our right of first refusal, or we revoke our right of first refusal, you or your transferring Owners may make a transfer on the terms and conditions of the offer considered by us if you and your Owners have complied with all of the provisions of Section 10.

10.5 ***Death or Incapacity.*** If you die or become incapacitated, or if you are a corporation, limited liability company, partnership or other entity, a principal Owner dies or becomes incapacitated, so that you or, in the case of your Incapacity, a qualified manager appointed or employed by you, is not able to devote full time and attention to the operation of the Area Development business, then your heirs or personal representatives must transfer the rights granted hereunder to a third party acceptable to us within a reasonable time, not to exceed nine (9) months from the date of death or Incapacity. In no event will we be willing to provide our consent to such transfer unless all of the conditions set out in Section 10.2 of this Agreement are satisfied. In the event that any of the conditions set forth in Section 10.2 of this Agreement are not satisfied, we will have the right in our sole discretion to terminate this Agreement by Notice, in the case of death, sent to your estate and, in the case of your Incapacity or your Principal Owner's Incapacity, to you. For purposes of this Section 10.4, "**Incapacity**" means in our reasonable opinion, your inability or your principal Owner, by reason of physical or mental illness or disability, to operate the area development business in the ordinary course for a period of thirty (30) calendar days or more in any consecutive ninety (90) day period.

11. Termination and Expiration

11.1 ***Termination by You.*** If you have fully complied with this Agreement and we materially fail to comply with this Agreement and do not correct such failure within one hundred twenty (120) calendar days after receipt of Notice thereof, you may terminate this Agreement effective one hundred twenty (120)

calendar days after giving Notice of such termination to us. Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause.

11.2 *Termination by Us Without Opportunity to Cure.* You will be deemed to be in default under this Agreement, and we may, at our option, terminate this Agreement and all rights granted herein effective immediately, without giving you Notice of, or the opportunity to cure, the default, if you either:

11.2.1 Make or are deemed to have made a general assignment for the benefit of creditors, or if a petition is filed against you under the Bankruptcy Code and not dismissed within sixty (60) calendar days of filing, or if a petition is filed by you under the Bankruptcy Code, or if you are declared or adjudicated bankrupt, or if a liquidator, trustee in bankruptcy, custodian, receiver, receiver and manager, moderator, or any other officer with similar powers is appointed for you, or if you commit any act of bankruptcy or institute proceedings to be adjudged bankrupt or insolvent or consent to the institution of such appointment or proceedings, or if you admit in writing your inability to pay debts generally as they become due;

11.2.2 At any time have any of the assets of your business seized or taken in execution or in attachment by one of your creditors, or a writ of execution issues against such assets, or if you without our prior written consent give any security interest in any of such assets or sell any of such assets except in the normal course of business, such that the foregoing materially impairs the operation of the business or any security interest which we may have in respect of this Agreement;

11.2.3 Willfully or fraudulently misrepresented any fact or condition made in any application or report provided to us or required to be made by this Agreement;

11.2.4 Die or become incapacitated (or if you are an entity, your principal Owner dies or becomes incapacitated) and a Transfer is not consummated as described in Section 10.5; or

11.2.5 By your actions, or your failure to take an action that it is required to take, you adversely affect the goodwill associated with the Licensed Marks or Crunch health clubs.

11.3 *Termination for Failure to Meet Area Development Schedule.* If you fail to meet your development obligations under the Area Development Schedule, such action shall constitute a default under this Agreement, upon which we, in our discretion, may by written notice to you therein: (i) terminate this Agreement and all rights granted hereunder without affording you any opportunity to cure the default; (ii) reduce the number of Franchised Businesses to be developed; (iii) reduce the size of the Development Area; or (iv) terminate the Development Area exclusivity and make such rights non-exclusive. If we elect to terminate this Agreement, we can resell your Development Area, but you can maintain any Franchised Business established pursuant to a Franchise Agreement as long as you continue to comply with the terms of that Franchise Agreement.

11.4 *Termination by Us After Opportunity to Cure.* Except as otherwise provided in Sections 11.2 and 11.3, above, if you fail to comply with any material term and condition of this Agreement, or fail to comply with the terms and conditions of any Franchise Agreement or other multi-unit development or area development agreement between you (or a person or entity affiliated with or controlled by you) and us, such action shall constitute a default under this Agreement. Upon the occurrence of any such default, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) calendar days prior to the effective date of termination, except that for payment defaults you will receive notice at least ten (10) calendar days prior to the effective date of termination; provided, however, that you can avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the thirty notice period

(or such longer period as applicable law may require). If any such default is not cured within the specified time (or such longer period as applicable law may require), this Agreement and all rights granted hereunder (including but not limited to, the right to develop any new Franchised Businesses) will terminate without further notice to you, effective immediately upon the expiration of the notice period (or such longer period as applicable law may require).

11.5 ***Modification of Rights Not Waiver of Termination Rights.*** In lieu of termination, we have the right to modify your rights under this Agreement, as provided in Section 11.3; and if we exercise that right, we will not have waived our right, in the case of future defaults, to exercise all other rights, and invoke all other provisions, that are provided in law and/or set out under this Agreement.

11.6 ***Your Obligations on Termination or Expiration.*** Upon termination or expiration of this Agreement, you will have no right to establish or operate any Franchised Business for which a Franchise Agreement has not been executed by us at the time of termination or expiration, except that with respect to expiration at the end of the last development year, if you have signed a lease by the expiration date, you may continue to open a Franchised Business within four (4) months of the lease signing. Thereafter, we will be entitled to establish, and to franchise others to establish, Franchised Businesses in the Development Area (except as may be otherwise provided under any Franchise Agreement that has been executed between you and us).

11.7 ***Effect of Default on Franchise Agreements.*** No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto.

11.8 ***Remedy Is Not Exclusive.*** No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or equity.

12. Relationship and Indemnification

12.1 ***Independent Parties.*** You are and will at all times remain an independent contractor, and you may not and will not represent yourself to be our agent, joint venturer, partner or employee, or to be related to us other than as our independent developer. You may not make any representations or take any acts which could establish any apparent relationship of agency, joint venture, partnership or employment with us, and we will not be bound in any manner whatsoever by any agreements, warranties, representations or undertakings made by you to any other person nor with respect to any other action of you. You may not establish any bank account, make any purchase, apply for any loan or credit, or incur or permit any obligation to be incurred in our name or on our credit. No acts of assistance given by us to you shall be construed so as to alter this relationship. You will be solely responsible for paying all the operating costs of your development business, including all taxes.

12.2 ***Your Liability.*** If two (2) or more individuals execute this Agreement as the Area Developer, the liability of each such individual hereunder shall be joint and several.

12.3 ***Non-Liability.*** We will not be obligated or liable for any injury or death of any person or damage to any property caused by your action, failure to act, negligence or willful conduct, nor for any other liability you incur.

12.4 ***Your Indemnity Obligations.*** You agree to indemnify, hold harmless and, upon request, defend us, our Affiliates, and their respective officers, directors, owners, shareholders, managers, employees and agents (hereinafter each an “**Indemnified Party**” and jointly the “**Indemnified Parties**”), from and against all losses, suits, proceedings, arbitrations, claims, damages (direct, consequential, or otherwise), demands, causes of action, liabilities, fines, penalties, costs or expenses (including reasonable

attorney's fees, expenses, or costs, including, but not limited to, any expert fees, costs, and/or expenses) of whatever kind and nature, directly or indirectly arising in whole or in part out of: (a) any default or breach by you of any obligation contained in any agreement with any Indemnified Party; (b) any act, failure to act, negligence, or willful conduct at or in connection with your area development business; (c) your operation of your area development business; (d) any allegation of agency or other alleged legal relationship by which any Indemnified Party is being held or might be held responsible for your acts or omissions; (e) your use of the Licensed Marks; (f) the violation of any federal, state, municipal or local law, rule, regulation, court order, ordinances, government directive or the like by you; (g) all taxes, levies, or assessments incurred and owed by you of whatever kind and nature; (h) the revocation of any prior approval to use or display, or the loss of any right to use or display, any or all of the Licensed Marks; (i) the investigation by any Indemnified Party of any claim, suit, proceeding, demand, and/or cause of action; or (j) any other act or omission of you, your customers, or any of your agents, employees, contractors, invitees, licensees, or business associates, except such as may be due to the negligence of the Indemnified Parties.

You agree that the defense obligation in this Section will be immediate and ongoing, regardless of any ultimate allocation of negligence or other form of liability.

To the extent to which you are required hereunder to provide any Indemnified Party with a defense, as set forth in this Agreement, the Indemnified Parties shall have the sole and absolute right to select counsel to represent the Indemnified Party(ies) at your sole expense, and the Indemnified Parties shall have the sole and absolute right to direct the defense of the Indemnified Parties and/or the settlement of any such claim or suit on behalf of the Indemnified Parties.

In the event that the Indemnified Parties, in their sole and absolute discretion, allow you to select counsel to represent both you and the Indemnified Parties pursuant to this Agreement and the representation of you and the Indemnified Parties by the same counsel would be or becomes a conflict of interest for such counsel, the Indemnified Parties may select independent counsel to represent it or them without relieving you of your obligations of indemnification and defense, as set forth in this Agreement.

You shall provide prompt, written notice to Indemnified Parties of any claim, suit, or proceeding, including, but not limited to, any arbitration, lawsuit, or any action taken by any local, municipal, state, or federal government or any local, municipal, state, or federal governmental agency, that names any Indemnified Party as a party and/or that could actually or potentially involve any Indemnified Party in any way.

The provisions in this Section survive the expiration, transfer and termination of this Agreement.

13. Dispute Resolution

13.1 Resolution of Disputes. Any dispute between you and us arising out of the relationship created by this Agreement shall be subject to the dispute resolution provisions set forth below.

13.2 Mediation. In the event of any dispute, either party has the option of initiating a mediation proceeding by submitting a written request for mediation to American Arbitration Association according to its procedures, or any other mediation service mutually agreed to by the parties according to the procedures of such other mediation service.

The mediation process shall begin promptly and shall be concluded within ten (10) business days after the day the request for mediation is made, unless the parties mutually otherwise agree. Any and all discussions, negotiations, findings or other statements by the mediator and/or the parties made in

connection with the mediation shall be privileged and confidential and shall not be admissible into evidence in any litigation.

All mediation proceedings shall take place in the county and state where we have our principal place of business. The expenses of the mediation service shall be borne equally by both parties, and all other expenses relating to such mediation shall be borne by the party incurring them.

The commencement of any dispute resolution procedure shall not act to prevent us from instituting or proceeding with any action which may be the subject of the dispute.

13.3 ***Venue.*** You agree that we may institute any action against you arising out of or relating to this Agreement in any state court of general jurisdiction sitting in the county and state, or in the United States District Court for the district, in which we have our principal place of business, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

13.4 ***Business Judgment.*** The parties hereto recognize, and any mediator, arbitrator or judge is affirmatively advised, that certain provisions of this Agreement describe our right to take (or refrain from taking) certain actions in the exercise of our business judgment based on our assessment of the overall best interests of the System and/or franchise network. Where such discretion has been exercised, and is supported by our business judgment, neither a mediator nor an arbitrator nor a judge shall substitute his or her judgment for the judgment so exercised by us.

13.5 ***Limitations Period.*** Except for claims arising from your non-payment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement or any agreement related to this Agreement or executed concurrently herewith or the relationship of the parties hereto, shall be barred unless a judicial proceeding is commenced within two (2) years from the date the complaining party knew or should have known of the facts giving rise to such claim.

13.6 ***No Punitive, Exemplary or Consequential Damages.*** EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY THE INDEMNIFIED PARTIES PURSUANT TO SECTION 12.4 AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE LICENSED MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, YOU AND WE AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, SPECIAL OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND/OR TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

13.7 ***No Jury Trial.*** YOU, WE AND YOUR OWNERS IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.

13.8 ***Attorneys' Fees.*** The prevailing party in any litigation arising out of or relating to this Agreement shall be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorneys' fees, incurred by the prevailing party in successfully enforcing any provision of this Agreement.

13.9 ***No Class Actions.*** Any disagreement between you and us (and our Affiliates and owners) will be considered unique as to its facts and must not be brought as a class action, and you waive any right to proceed against us (and our Affiliates, stockholders, officers, directors, employees,

agents, successors and assigns) by way of class action, or by way of a multi-plaintiff consolidated or collective action.

14. General

14.1 **Compliance with Laws.** You and your Owners understand the requirements of, and will abide by, all United States government economic sanctions requirements. You represent and warrant that neither you nor any of your direct or indirect Owners, employees or agents is a person subject to trade restrictions under United States law, including (without limitation) the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., or any Executive Orders or regulations promulgated thereunder (including Executive Order 13224 of September 24, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, and the Specially Designated Nationals and Blocked Persons List) (“**Anti-Terrorism Laws**”). You and your Owners shall not engage in any activity that would expose us to a risk of criminal or civil penalties under applicable United States law. Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of your or your Owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

14.2 **Severability of Provisions.** Every part of this Agreement is severable and the invalidity or unenforceability of any part of this Agreement shall not affect the validity or enforceability of any other part of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, length of time and/or business scope, but would be enforceable by reducing any part or all thereof, you and we agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

14.3 **Counterparts.** This Agreement may be executed in counterparts, and each counterpart when so executed and delivered shall be deemed an original.

14.4 **Force Majeure.** Neither party will be liable to the other for non-performance or delay in performance occasioned by any causes beyond its control (other than lack of funds) including, without limitation, acts or omissions of the other party, acts of civil or military authority, strikes, lock-outs, embargoes, insurrections or acts of God. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt Notice of any such delay; provided, however, that if the delay exceeds seventy five (75) days, we will have the right to terminate this Agreement.

14.5 **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon us, you, your Owners and their respective heirs, legal representatives, successors and permitted assigns.

14.6 **Delegation of Performance.** We have the right to delegate the performance of any portion or all of our obligations under this Agreement to third parties, who may or may not be our Affiliates. Such third parties will be obligated to perform all functions for you in compliance with this Agreement.

14.7 **Survival.** All obligations which expressly or by their nature survive termination or expiration or Transfer of this Agreement shall continue in full force and effect subsequent to and notwithstanding such termination or expiration or transfer and until they are satisfied or by their nature expire.

14.8 **Notices.** All notices, consents and approvals (a “**Notice**”) permitted or required to be given under this Agreement shall be in writing and shall be deemed to be sufficiently and duly given if set forth

in writing and delivered either (i) personally; (ii) by certified or registered mail; or (iii) by overnight courier service, if to us addressed as follows:

Crunch Franchising, LLC
155 Riveredge Drive, Suite 250
Dallas, TX 75207
Attention: General Counsel

and if to you addressed as follows:

Attention: _____

Any Notice so given or made shall be deemed to have been given and delivered or made and received at the earlier of actual receipt or one (1) business day after sending by overnight courier service, or at the earlier of actual receipt or three (3) business day after sending certified or registered mail. Any party from time to time by Notice in writing given pursuant to the terms of this Agreement may change its address or facsimile number for the purpose of this Agreement.

14.9 ***Right of Set-off.*** Notwithstanding any other provision of this Agreement, upon your failure to pay us as and when due any sums of money under this Agreement or any other amounts owing to us, we may, at our election, deduct any and all such sums remaining unpaid from any monies or credit held by us for your account.

14.10 ***Not Withhold Payment.*** You agree that you will not on the grounds of the alleged non-performance by us of any of our obligations under this Agreement or under any other agreement between the parties, withhold payment of any amounts due to us whether on account of equipment or goods purchased by you or otherwise.

14.11 ***Non-Waiver.*** The failure of either party to exercise any right, power or option given under this Agreement, or to insist upon strict compliance with the terms and conditions of this Agreement by the other party, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach of this Agreement or default under this Agreement, nor a waiver by the first party of its right at any time thereafter to require strict compliance with all terms and conditions of this Agreement. Our acceptance of payments due under this Agreement shall not constitute a waiver of any preceding breaches by you.

14.12 ***Applicable Law.*** This Agreement shall be governed, construed and interpreted in accordance with the substantive laws of the State of Texas, without giving effect to its conflicts of law principles. Notwithstanding the foregoing, if the covenants in Section 9 of this Agreement would not be enforceable under the laws of Texas, and the Franchised Business is located outside of that state, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 14.11 is intended by the parties to subject this Agreement to any franchise or similar law, rule or regulation of the State of Texas to which this Agreement would not otherwise be subject. If applicable law provides you with additional rights as to notices, opportunities to cure or otherwise than as are provided by this Agreement as to termination, renewal, transfers or otherwise, we will comply with the requirements of such laws to the extent they exceed our obligations under this Agreement.

14.13 ***Our Rights are Cumulative.*** Our rights under this Agreement are cumulative and no exercise or enforcement by us of any right or remedy under this Agreement shall preclude the exercise or enforcement by us of any other right or remedy under this Agreement or which we are otherwise entitled by law to enforce. At our option, a default by you under this Agreement shall constitute a default by you under any other agreement between the parties, including franchise agreements entered into pursuant to this Agreement between us and you or your affiliated entities, and the default by you under any other such agreement shall constitute a default by you under this Agreement.

14.14 ***No Third-Party Beneficiaries.*** Except as otherwise expressly provided herein, this Agreement is exclusively for the benefit of the parties hereto and shall not confer a benefit on, or give rise to liability to, a third party. No agreement between us and a third party is for your benefit.

14.15 ***Approvals or Consents.*** Requests by you for approvals or consents shall be in writing and shall be timely made. Approvals and consents by us shall not be effective unless in writing and duly executed by us. Except as expressly provided to the contrary herein, we may grant or withhold such approvals or consents, and may make any determinations permitted hereunder, in its sole discretion and shall not be required to show “reasonableness” or to comply with any other standard in connection herewith.

14.16 ***Effect of Standards.*** Our specifications of the System shall not constitute a warranty or representation, express or implied, as to quality, safety, suitability, fitness for a particular purpose or any matter. We will not be liable to you or others on account of the specifications of the System, including the operation of the Franchised Business pursuant to the System.

14.17 ***Construction.*** You acknowledge that you had the opportunity to be represented by an attorney in connection with the preparation and execution of this Agreement, and to review and understand the terms hereof and to consider the advisability of entering into this Agreement. This Agreement will be construed according to its plain meaning and neither for nor against either party hereof regardless of which party’s counsel drafted the provision.

14.18 ***Further Assurances.*** The parties agree to diligently do or cause to be done all acts or things and to execute all documents and instruments necessary to implement and carry into effect this Agreement to its full extent.

14.19 ***Entire Agreement.*** You and we each acknowledge and warrant to each other that you and we each wish to have all terms of this business relationship defined in this Agreement. Neither you nor we wish to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between us or anyone acting on our behalf and you or anyone acting on your behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and you and we each agree that they have placed, and will place, no reliance on any such discussion; provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document furnished to you. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto or incorporated herein by reference, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise or development rights or offer of franchise or development rights have been promised to you and no such franchise or development rights or

offer of franchise or development rights shall come into existence, except by means of a separate writing, executed by one of our officers or such other entity granting the franchise or development rights and specifically identified as a modification of this Agreement.

14.20 ***Amendments.*** No change, modification, amendment or waiver of any of the provisions hereof, including by custom, usage of trade, or course of dealing or performance, shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto and signed by a duly authorized representative of both parties.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the date first written above.

Area Developer:

By: _____

Name: _____

Its: _____

Franchisor:

CRUNCH FRANCHISING, LLC

By: _____

Name: _____

Its: _____

Owners' Acknowledgment

Each following party is mentioned in this Agreement as having certain rights and/or duties as an Owner of Area Developer. Each following party is signing this Acknowledgment, not as a party, but only to the extent necessary to indicate its, his or her acceptance of, and agreement to be bound by, the specific rights and duties of an Owner mentioned in this Agreement.

Owner:

By: _____

Name: _____

Its: _____

Owner:

Print name: _____

Owner:

By: _____

Name: _____

Its: _____

Owner:

Print name: _____

Exhibit 1

DEVELOPMENT SCHEDULE

Development Year	<u>Club Model</u>	Number of Newly <u>Signed Leases</u>	Number of New Operating Locations in the <u>Development Year</u>	Total Number of Operating Locations <u>At End of Period*</u>
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

A “**Development Year**” is each full or partial calendar year during the Term.

Note:

*Under Section 3.1.1, each Franchised Business must be open pursuant to the timelines set in the Franchise Agreement for such Franchised Business.

Royalty Percentage:

The Royalty percentage for each Franchise Agreement to be signed will be five percent (5%) of Gross Sales.

Expiration Date:

This Agreement shall expire on the date of our acceptance and execution of a Franchise Agreement for the last of the Franchised Businesses to be established pursuant to the above Development Schedule, or on _____, which first occurs.

Area Developer:

Franchisor:

CRUNCH FRANCHISING, LLC

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

Exhibit 2
BUSINESS TERMS

**Area Developer's business name,
address, phone number,
facsimile and e-mail address:**

Development Fee (per Franchised Business):

Crunch Fitness: \$35,000.

Crunch Select: \$35,000.

Development Area:

Exhibit 3

OWNERS OF AREA DEVELOPER

Name of Owner	Nature of Interest	Beneficial Interest in Area Developer
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
Totals		100%

Exhibit 4

OWNER'S GUARANTY

In consideration of, and as an inducement to, the grant of a franchise and the execution of the Area Development Agreement dated _____, _____ (the “**Area Development Agreement**”) by and between CRUNCH FRANCHISING, LLC, a Delaware limited liability company (“**Franchisor**”), and _____ (“**Area Developer**”), the undersigned hereby personally and unconditionally: (1) guaranties to Franchisor and its successors and assigns, for the term of the Area Development Agreement and thereafter, as provided in the Area Development Agreement, that Area Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Area Development Agreement and any documents, agreements, instruments and promissory notes executed pursuant to or in connection with the Area Development Agreement (collectively, the “**Area Development Documents**”); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Area Development Documents applicable to owners of Area Developer.

The undersigned waives:

- (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (iii) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed;
- (iv) any right the undersigned may have to require that an action be brought against Area Developer or any other person as a condition of liability; and
- (v) any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- (1) the undersigned's direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Area Developer's obligations;
- (2) the undersigned shall render any payment or performance required under the Agreement upon demand if Area Developer fails or refuses punctually to do so;
- (3) this Guaranty shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Area Developer as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
- (4) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Area Developer or any other person; and

- (5) such liability shall not be diminished, relieved or otherwise affected by any extension of time, creditor or other indulgence which Franchisor may from time to time grant to Area Developer or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during and after the terms of the Area Development Documents, as the same may be amended or renewed, until Area Developer's duties and obligations to Franchisor are fully discharged and satisfied; and
- (6) shall pay Franchisor's court costs and reasonable attorney's fees in enforcing or collecting on this Guaranty.

All capitalized terms when used herein shall have the meaning ascribed to them in the Area Development Agreement.

This Owner's Guaranty shall be governed, construed and interpreted in accordance with the substantive laws of the State of Texas, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the _____ day of _____, _____.

GUARANTOR(S):

Print or Type Name

Signature

Print or Type Name

Signature

GUARANTOR(S):

Print or Type Name

Signature

Print or Type Name

Signature

EXHIBIT 5
FRANCHISE AGREEMENT

[The form of Franchise Agreement included in Exhibit C of the Franchise Disclosures Document will be attached here.]

EXHIBIT 6

STATE AMENDMENT TO AREA DEVELOPMENT AGREEMENT

[Use for the following states: Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, Virginia, Washington]

[delete if not applicable]

EXHIBIT F

**STATE SPECIFIC AMENDMENTS TO
AREA DEVELOPMENT AGREEMENT**

**ILLINOIS AMENDMENT
TO AREA DEVELOPMENT AGREEMENT**

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.
5. 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.
6. Section 13.3 of the Area Development Agreement is amended to provide that venue shall be in an appropriate Illinois court of general jurisdiction or United States District Court in Illinois.

Dated: _____

Franchisor:

CRUNCH FRANCHISING, LLC

By: _____

Name: _____

Its: _____

Area Developer:

By: _____

Name: _____

Its: _____

MARYLAND AMENDMENT TO AREA DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of Maryland that are subject to the Maryland Franchise Registration and Disclosure Law (the “Act”) and is for the purpose of complying with Maryland statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Area Developer hereby agree that the Area Development Agreement dated _____, 20____, will be amended as follows:

1. Sections 1.3, dealing with “The Area Developer”, and 14.18, dealing with “Entire Agreement”, of the Area Development Agreement and the Franchisee Disclosure Questionnaire are amended to state:

“Representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”
2. Section 5.1 of the Area Development Agreement is amended by adding the following sentence:

“Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the area development agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.”
3. The following language is added to Section 10.2.4 of the Area Development Agreement dealing with “Transfer by You”:

“, except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”
4. The following language is added to the end of Section 13.3 of the Area Development Agreement dealing with “Venue”:

“You may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law.”
5. The following language is added to the end of Section 13.5 of the Area Development Agreement dealing with “Limitations Periods”:

“All claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years after the grant of the franchise.”

6. 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.

IN WITNESS WHEREOF, Franchisor and Area Developer have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Area Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

MINNESOTA AMENDMENT TO AREA DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota Franchise Act (Minn. Stat. Sec. 80C.1 et seq., the “Act”) and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)
 - (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and
 - (ii) that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Area Development Agreement as of the day and year set forth above.

Franchisor:

Area Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

**NEW YORK AMENDMENT
TO AREA DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of New York that are subject to the New York Franchise Act (New York State General Business Law, Article 33, Sec. 680 et seq., the “Act”) and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Area Development Agreement dated _____, _____, hereby agree that the Area Development Agreement will be amended as follows:

1. Franchisor and Area Developer are parties to that certain Area Development Agreement that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because: (a) you are a resident of the State of New York, and your Franchise will operate in New York; and/or (b) the offer or sale of the area development rights occurred in New York.

2. The following is added as a new Section 11.1 of the Area Development Agreement:

“You may terminate this Agreement upon any grounds available at law.”

3. The following is added to Section 14.11 of the Area Development Agreement:

“This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder.”

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the day and year first above written.

Franchisor:

Area Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

NORTH DAKOTA AMENDMENT TO AREA DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the “Act”) and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Area Development Agreement dated _____, _____, hereby agree that the Area Development Agreement will be amended as follows:

1. Section 11.6 of the Area Development Agreement is amended as follows:

“Remedies Upon Termination. If the Agreement is terminated, and in addition to your obligations as otherwise provided herein, we will retain the full amount of any fees heretofore paid to us and you will continue to remain liable to us for any and all damages which we have sustained or may sustain by reason of such default or defaults and the breach of the Agreement on you part for the unexpired Term of the Agreement.”
2. Section 13.3 of the Area Development Agreement is deleted.
3. Section 13.6 of the Area Development Agreement is deleted.
4. Section 13.7 of the Area Development Agreement is deleted.
5. Section 13.8 of the Area Development Agreement is amended as follows:

“In the event either party incurs legal fees or costs or other expenses to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party’s failure to perform or observe any obligation imposed upon that party by this Agreement, then the prevailing party shall be entitled to recover from the other party the amount of all legal fees, costs and expenses, including reasonable attorneys’ fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action or proceeding to enforce any obligation of the other party hereunder or thereafter or otherwise.”
6. The laws of the State of North Dakota supersede any provisions of the Area Development Agreement, the other agreements or Texas law if such provisions are in conflict with North Dakota law.

Dated: _____

Franchisor:

CRUNCH FRANCHISING, LLC

By: _____

Name: _____

Its: _____

Area Developer:

By: _____

Name: _____

Its: _____

**RHODE ISLAND AMENDMENT
TO AREA DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Rhode Island that are subject to the Rhode Island Franchise Investment Act (the “Act”) and is for the purpose of complying with Rhode Island statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Area Development Agreement dated _____, ____ hereby agree that the Franchise Agreement will be amended as follows:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

Dated: _____, ____.

Franchisor:

Area Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

**VIRGINIA AMENDMENT
TO AREA DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the “Act”) and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Area Development Agreement dated _____, ____ hereby agree that the Area Development Agreement will be amended as follows:

1. Sections 11.2, 11.3 and 11.4 of the Area Development Agreement are amended by adding the following language:

“§13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause.”

2. Section 14.2 of the Area Development Agreement is amended by adding the following language:

“Subsection D of § 13.1-559 of the Virginia Retail Franchising Act provides that, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.”

3. Section 9.2 of the Area Development Agreement is amended by adding the following language:

“Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act provides that it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.”

Dated: _____, ____.

Franchisor:

Area Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

WASHINGTON ADDENDUM TO THE TO AREA DEVELOPMENT AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum

Dated: _____, ____.

Franchisor:

Area Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

EXHIBIT G

**MULTI-UNIT DEVELOPMENT AGREEMENT,
INCLUDING OWNER'S GUARANTY**

MULTI-UNIT DEVELOPMENT AGREEMENT
for
CRUNCH[®] HEALTH CLUBS

Multi-Unit Developer: _____

Date: _____

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Owners' Acknowledgement

Exhibit 1	Multi-Unit Development Schedule
Exhibit 2	Owners of Multi-Unit Developer
Exhibit 3	Owner's Guaranty
Exhibit 4	Franchise Agreement

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT, dated _____, _____
 (“Effective Date”), is made by and between CRUNCH FRANCHISING, LLC, a Delaware limited liability
 company (“we”, “us” or “our”), located at 155 Riveredge Dr., Suite 250, Dallas, Texas 75207, and _____
 _____ (“you” or “your”), located at _____,
 _____, who in consideration of the mutual
 promises set forth below agree as follows:

1. Nature and Scope of Agreement

1.1 **The Franchisor.** We have developed and own a distinctive System designed to operate health clubs under the service mark CRUNCH® and associated marks, logos and designs (the “**Licensed Marks**”) which offer members basic health club services, including cardiovascular equipment, selectorized weight machines, free weights, group fitness classes, personal training, tanning and online nutritional programs. We offer franchises to operate Crunch health clubs using the Licensed Marks and the System under three different formats: Crunch Fitness and Crunch Select(collectively, the “**Club Model(s)**”). The Licensed Marks may vary depending on the format of Franchised Business this Agreement is for, and there are other variations to the System (as defined below) depending on the format of your Franchised Business.

1.2 **The System.** The “**System**” is used by health clubs that offer members basic health club services and operate under the Licensed Marks under the Crunch Fitness or Crunch Select formats, with some variations depending on the format. The System presently includes, but is not limited to: the Licensed Marks and associated marks, logos and designs; advertising, publicity and other marketing programs; training programs and training materials; the methods, design, know how, business standards and other requirements as stated or referred to in this Agreement and from time to time in our Operations Manual, or otherwise in writing by us and designated as part of standards for the System. The System will be applied to all Franchised Businesses, although we in our business judgment may vary the System and its application between the Crunch Fitness or Crunch Select formats, and may make exceptions based on local conditions, special circumstances or different contractual provisions applicable to one or more Franchised Businesses. We may change or modify the System standards, from time to time, in our sole discretion, and you agree to comply with the System as they may exist from time to time and as they apply to the format of your Franchised Business (including all operational policies, procedures, programs and plans set forth in the Operations Manual or otherwise in writing), all of which shall constitute provisions of this Agreement as if fully set forth herein.

1.3 **The Multi-Unit Developer.** You have independently investigated the business risks involved and such other matters as you deem important, including current and potential market conditions and competitive factors and risks, have read our Franchise Disclosure Document, and have not relied on any representations not set forth in this Agreement. Aware of the relevant facts, you desire to enter into this Agreement to obtain rights to develop multiple units of Crunch health clubs in the format set forth on **Exhibit 1**, under the System and the Licensed Marks in accordance with the attached development schedule.

2. Definitions, Representations and Owner’s Guaranty

2.1 **Definitions.** The capitalized terms used in this Agreement shall have the following meanings:

- 2.1.1 “**Affiliate**” means with respect to a person (including any legal person),
 (i) a person (including any legal person) that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such person;

and (ii) any parent, spouse, lineal descendant or adopted child of such person, any spouse or adopted child of any such descendant or any child of such spouse, the executors, administrators, conservators or personal representatives of any such person or any person referred to in this clause (ii) and any person which, directly or indirectly, is owned or controlled by one or more of the persons referred to in this clause (ii).

2.1.2 “**Anti-Terrorism Laws**” is defined in Section 14.1.

2.1.3 “**Approved Location**” is defined in Section 6.1.

2.1.4 “**Competitive Business**” is defined in Section 9.1.

2.1.5 “**Confidential Information**” is defined in Section 8.1.

2.1.6 “**Confidentiality Agreement**” means the confidentiality agreement that we will prescribe from time to time to be signed by each of your Owners, officers, directors, members or partners, and your managers and employees, who receive Confidential Information, as required by Section 8.1.

2.1.7 “**Develop**” is defined in Section 3.1.1.

2.1.8 “**Development Schedule**” means that schedule of health clubs to be opened set forth in **Exhibit 1**.

2.1.9 “**Franchise Agreement**” is defined in Section 3.1.2.

2.1.10 “**Franchised Business**” is defined in Section 3.1. Any reference to “Franchised Business” in this Agreement is to the format or formats of Franchised Business (Crunch Fitness or Crunch Select) to which rights are granted in this Agreement, and not to any other health club format we offer currently or may offer in the future.

2.1.11 “**Franchisor**” means Crunch Franchising, LLC.

2.1.12 “**Indemnified Parties**” is defined in Section 12.4.

2.1.13 “**Licensed Marks**” is defined in Section 1.1.

2.1.14 “**Multi-Unit Area**” consists of those Trade Areas listed in **Exhibit 1** for which no Franchise Agreement has yet been signed. Each time a Franchise Agreement is signed for a Trade Area described in **Exhibit 1**, the Multi-Unit Area is automatically revised to exclude such Trade Area.

2.1.15 “**Multi-Unit Developer**” means the person or business entity referred to in the opening paragraph of this Agreement as “you” or “your”.

2.1.16 “**Multi-Unit Fee**” is defined in Section 5.1.

2.1.17 “**Notice**” is defined in Section 14.8.

2.1.18 “**Owner(s)**” is defined in Section 7.3.

2.1.19 **“Owner’s Guaranty”** means the Owner’s Guaranty attached to this Agreement as **Exhibit 3**.

2.1.20 **“System”** means the specified business format and system and related standards, specifications and procedures prescribed by us for operating a Franchised Business, including but not limited to the Operations Manual, and is more fully described in Section 1.2. As used in this Agreement, “System” refers to the System as applied by us to the format or formats of Franchised Business (Crunch Fitness or Crunch Select) to which rights are granted in this Agreement, and not to any other health club format we offer currently, or may offer in the future.

2.1.21 **“Term”** is defined in Section 4.1.

2.1.22 **“Territory”** is defined in Section 3.2.

2.1.22 **“Trade Area” or “Trade Areas”** are described in **Exhibit 1**.

2.1.23 **“Transfer”** is defined in Section 10.2.

2.2 ***Representations and Warranties.*** You hereby represent and warrant to us as follows:

2.2.1 You are acquiring these multi-unit development rights for your own account to develop and operate Franchised Businesses, and not for the purpose of resale or redistribution or other speculative matter;

2.2.2 All information provided to us in your application and other documents to induce us to grant these multi-unit development rights was true, correct, complete and accurate as of the date made, and, as of the Effective Date, no material change has occurred in such information;

2.2.3 Your execution, delivery and performance of this Agreement does not violate or constitute a breach under any agreement or commitment you have;

2.2.4 If you are an entity, you are duly organized and validly existing, are qualified to do business in each state where you are or will conduct business, and are duly authorized to execute and deliver this Agreement and perform your obligations pursuant to this Agreement; and

2.2.5 This Agreement represents a valid, binding obligation of you and each of your Owners. Each Owner has fully read this Agreement and our Franchise Disclosure Document, and each Owner represents that he/she is capable of complying with all of the terms of this Agreement and the Owner’s Guaranty.

2.3 ***Owner’s Guaranty/Owner’s Acknowledgment.*** If you are an entity, each of your Owners must execute an Owner’s Guaranty in our favor and deliver the executed Owner’s Guaranty to us concurrently with execution of this Agreement, or if such ownership interest is acquired later, within ten (10) business days after obtaining the interest as an Owner. All Owners must also sign the Owner’s Acknowledgment which follows the signature block of this Agreement.

3. Scope of License

3.1 **Grant of Multi-Unit Development Rights.** Subject to the terms of this Agreement, we hereby grant to you the non-exclusive right, and you hereby accept the obligation, to develop a total of _____ () Crunch health clubs which will use the System and the Licensed Marks (each a “**Franchised Business**”) in each of the specific Trade Areas described in **Exhibit 1** attached hereto (the “**Multi-Unit Development Schedule**”) For each specific Trade Area **Exhibit 1** will identify the format of Crunch health club to be developed (Crunch Fitness or Crunch Select). During the term of this Agreement, for as long as you are in full compliance with your obligations under this Agreement and all of the Franchise Agreements between you (including any of your Affiliates) and us, neither we nor our Affiliate Crunch, LLC nor its subsidiaries will operate any health clubs in the Multi-Unit Area, except as otherwise provided under Section 3.3. In this regard, the parties further agree that:

3.1.1 You must develop one Franchised Business in each Trade Area within the time period specified in the Multi-Unit Development Schedule at the rate set forth therein. Each Trade Area will have not less than 75,000 persons residing or working in the Trade Area. You may develop a Franchised Business in the Trade Areas listed in the Multi-Unit Development Schedule in any order you choose. “**Develop**” a Franchised Business means that you open a Franchised Business pursuant to the terms of the Franchise Agreement for such Franchised Business. If at any time during the term of this Agreement you fail to satisfy requirements set forth in the Multi-Unit Development Schedule, whether with respect to leases to be signed (or the signing of similar agreements conveying to you ownership of the premises for the Franchised Businesses), or developing the requisite number of Franchised Business to be developed in any Development Year, we will have the right, but not the obligation, to exercise our termination rights or modification of your rights pursuant to Section 11.3 hereof.

3.1.2 Each Franchised Business developed under this Agreement will be established and operated pursuant to a separate Crunch health club Franchise Agreement (“**Franchise Agreement**”), as provided in Section 6.1 below.

3.1.3 Each Franchised Business developed under this Agreement must be located within one of the Trade Areas specified in **Exhibit 1** attached hereto and only one Franchised Business may be developed within each Trade Area.

3.1.4 If, during the term of this Agreement, any one of the Franchised Businesses permanently closes for any reason after having been opened, and as a result of such closure you fall below the development quota applicable at the time of closure pursuant to this Agreement, you will have six (6) months from the closing date in which to open a substitute Franchised Business within that same Trade Area in which the closed Franchised Business was located. Such substitute Franchised Business shall not decrease the number of Franchised Businesses to be opened pursuant to this Agreement.

3.1.5 If, during the term of this Agreement, you wish to relocate any one of the Franchised Businesses, the new site for the Franchised Business must be approved by us pursuant to Section 6.1 of this Agreement. A relocated Franchised Business will not decrease the number of Franchised Businesses to be opened pursuant to this Agreement.

3.1.6 This Agreement does not give you any right to license others to operate any Franchised Businesses. Except, as provided in Section 7.2, only you may open and

operate Franchised Businesses pursuant to this Agreement and only under Franchise Agreements with us.

3.2 **Multi-Unit Area.** During the term of this Agreement, for as long as you are in full compliance with your obligations under this Agreement and all of the Franchise Agreements between you (including any of your Affiliates) and us, neither we nor any of our Affiliates will physically locate Crunch health clubs in the Multi-Unit Area. Once a Franchised Business has been established in a Trade Area, your territorial exclusivity rights with respect to that particular Franchised Business will be limited to the geographical area or boundaries defined in the applicable Franchise Agreement (the “**Territory**”), and we will have the right to develop additional Crunch health clubs outside your exclusive Territory (as defined in the Franchise Agreement for such Franchised Business) in the applicable Trade Area. The parties acknowledge and agree that the territorial grant in this Section does not restrict us, our Affiliates, or any franchisees or other third parties from advertising, marketing or otherwise promoting the System, or any other Crunch health club, wherever located, in your Trade Area.

3.3 **Reserved Rights.** We reserve all rights not specifically granted to you in this Agreement. Among other things, this Agreement does not limit our right or the right of any of our Affiliates to use or license the System or to engage in or license any business activity, including, without limitation, the operation or franchising of health clubs under the Licensed Marks at any location outside the Multi-Unit Area, or once a Franchise Agreement is signed, outside your exclusive Territory in a Trade Area in which a Franchised Business has been developed, and/or under any other trade name, trademark or service mark now or hereafter owned by or licensed to us or our Affiliates at any location inside or outside the Multi-Unit Area, or the sale, distribution or marketing of products identified by the Licensed Marks inside or outside of the Multi-Unit Area. Notwithstanding the forgoing, neither we nor our Affiliate Crunch, LLC, nor its subsidiaries will operate health clubs in the Multi-Unit Area under a low price model substantially similar to the Crunch franchising model. You acknowledge that our rights to use and/or license the System pre-date this Agreement and are not limited or changed by the terms of this Agreement. You agree that by acknowledging those rights, the parties do not intend to make our exercise of such rights subject to rules applicable to contractual performance or the exercise of contractual discretion under this Agreement.

3.4 **Right of First Refusal.** If at any time during the term you have not developed and opened the number of Franchised Businesses in the format(s) as required by the Development Schedule attached hereto as **Exhibit 1**, then we will have the right to locate potential locations in the yet to be developed Trade Areas for development and operation of Franchised Businesses. For any location we may locate (each, a “**ROFR Location**”), we will provide you with at least the same information as we at the time require from you to evaluate a new location for a Franchised Business, and you will have the right for a period of thirty (30) calendar days after we have submitted all such information to exercise a right of first refusal for the ROFR Location, by providing us Notice in writing of your election. If you decline to exercise your right of first refusal, or do not acquire the ROFR Location (whether by lease or purchase) within thirty (30) calendar days of your exercise of the right of first refusal for the ROFR Location, we will have the right to acquire the ROFR Location for operation of a Crunch health club, or franchise the ROFR Location to a third party for operation of the same. If you do not exercise your right to first refusal for the ROFR Location and the site is developed by us or a third party, your Development Schedule will be adjusted to reduce the number of Franchised Businesses to be developed under this Agreement and the Trade Area that the ROFR Location is located in will be deleted from **Exhibit 1**. The Development Schedule will be adjusted so that the ROFR Location counts towards the location you are most in arrears on. The right to locate potential locations for development of Crunch health clubs in the Trade Areas if you are in default under this Agreement is our right, but not our obligation. If at any time during the term of this Agreement you fail to satisfy the Development Schedule, we will have the right, but not the obligation, to exercise our termination rights or modification of your rights pursuant to Section 11.3 hereof.

4. Term

4.1 **Term.** Unless terminated earlier pursuant to Section 11, the term of this Agreement shall expire on the date of our acceptance and execution of a Franchise Agreement for the last of the Franchised Businesses to be established pursuant to the Multi-Unit Development Schedule, or on such date that, pursuant to the Multi-Unit Development Schedule, the last of the last Franchise Agreements to be executed pursuant to this Agreement was supposed to be signed (the “**Term**”).

4.2 **No Renewal Rights.** There is no renewal right.

5. Development Fee

5.1 **Payment of Multi-Unit Fee.** In consideration of the multi-unit development rights we have granted to you, you will pay to us on or before the Effective Date a multi-unit fee for each Franchised Business you are required to establish pursuant to the Multi-Unit Development Schedule, as set forth on **Exhibit 1** (the “**Multi-Unit Fee**”), which Multi-Unit Fee differs based on the Club Model of each Franchised Business, as set forth on **Exhibit 1**.

5.2 **Multi-Unit Fee is Non-Refundable.** The Multi-Unit Fee will be fully earned when received by us and will be non-refundable in consideration of administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the rights granted to you herein. Receipt by us of the Multi-Unit Fee is a condition to the effectiveness of this Agreement.

5.3 **No Performance Fees.** You will not have to pay a Performance Fee under the Franchise Agreement when you open each of the Franchised Businesses required to be established under the Multi-Unit Development Schedule.

6. Your Multi-Unit Development Obligations

6.1 **Franchise Agreements.** You must execute a Franchise Agreement for each Franchised Business. Each Franchised Business must be located at a site approved by us, within one of the Trade Area specified in the Multi-Unit Area, provided that only one Franchised Business may be located in each Trade Area (the “**Approved Location**”). The Franchise Agreement for each Franchised Business developed hereunder shall be the form of Franchise Agreement being offered generally by us at the time each such Franchise Agreement is executed. The current form of our Franchise Agreement is attached hereto as **Exhibit 4**. If you pay the Multi-Unit Fee, you will not pay the Initial Franchise Fee required under the Franchise Agreement.

6.2 **Multi-Unit Development Obligations.** You have the following multi-unit development obligations:

6.2.1 Recognizing that time is of the essence, you agree to satisfy the requirements set forth in **Exhibit 1** (the “**Development Schedule**”), both with respect to leases to be signed (or the signing of similar agreements conveying to you ownership of the premises for the Franchised Businesses), and with respect to the obligation to develop the number of Franchised Businesses during each Development Year, as set forth therein. Notwithstanding the foregoing, if you are unable to develop the number of Franchised Businesses required by the end of any Development Year, we may, in our sole discretion, grant you a 90-day extension to complete the development obligation for such Development Year. Any such extension is subject to you paying us a development extension fee (“**Development Extension Fee**”) of \$10,000 per Franchised Business that

you are required to develop during the Development Year but will not be able to develop. The extension of the development term for any Development Year by payment of a Development Extension Fee does not affect the Development Schedule for any Franchised Businesses to be developed in any future Development Year. If a Franchised Business closes for any reason during the term of this Agreement, that Franchised Business will no longer be counted towards the total number of Franchised Businesses opened, unless the Franchised Business is re-opened within six (6) months of the closure.

6.2.2 Any failure by you to develop and open the Franchised Businesses in the numbers and within the times specified in the Development Schedule and Section 3.1.1 will constitute a material default under this Agreement allowing us to terminate or reduce your rights under this Agreement under Section 11.3, as determined by us in our sole business judgment.

6.2.3 In order for you to develop a Franchised Business in a Trade Area specified in the Multi-Unit Area, you must submit to us for our written approval a site proposal for the proposed site and such other information or materials as we may reasonably require, including, but not limited to, a copy of a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We will have twenty (20) business days after receipt of the site proposal and all other such information and materials required by us to approve or disapprove in writing the site proposal, which approval shall not be unreasonably withheld. Any disapproval will set forth our reasons for disapproving a site proposal.

6.2.4 Provided you are in full compliance with the terms and conditions contained in this Agreement, and with all of your obligations under each existing Franchise Agreement, franchises will be granted to you upon your obtaining our written approval of a site for the proposed Franchised Business. The granting of any such franchise is expressly conditioned on you and us entering into a Franchise Agreement for the approved site.

6.2.5 You acknowledge that our approval of a site proposal submitted by you does not in any way guarantee that the site will become a profitable Franchised Business. You expressly acknowledge that our approval of a site proposal submitted by you will not be deemed to be or construed as a warranty or guarantee, express or implied, as to the potential volume, profits or success of the health club to be located on the site.

7. Other Responsibilities of the Parties

7.1 ***Our Other Obligations.*** Our only initial obligation is to help you define your Multi-Unit Area and each Trade Area and assign it to you. Any other obligations we have to you are included in the individual Franchise Agreements that you will sign for each Franchised Business.

7.2 ***Other Investors in Individual Franchised Businesses.*** You may have other investors involved in the ownership of an individual Franchised Business as long as you advise us of those investors, as provided in Section 7.3, and maintain majority ownership and voting control throughout the term of the Franchise Agreement. Each such investor must execute the Owner's Guaranty attached to the Franchise Agreement as an exhibit and the Owner's Acknowledgment. If we determine, in our sole discretion, that one or more of your majority owners has sufficient means to satisfy the requirements of the Guaranty, we may waive the requirement that all Owners (as such term is defined below) sign the Guaranty. In that case only the Owner or Owners who alone satisfy the Guaranty requirements must sign the Guaranty, as long as

that Owner or Owners maintain majority ownership. You may create a special purpose Franchisee entity for each Franchised Business and its related Franchise Agreement provided that (i) you retain fifty-one percent (51%) or more of the equity in the Franchisee entity, (ii) the Owners of the Franchisee entity are approved by us pursuant this Section 7.2, and (iii) the Owners of the Franchisee entity each execute the Owner's Guaranty and Owner's Acknowledgement.

7.3 ***Your Owners. Exhibit 2*** to this Agreement will at all times completely and accurately describe all of your owners and their beneficial ownership interests ("**Owner(s)**"). You and your Owners must sign and deliver to us such revised **Exhibit 2** as may be necessary to reflect any permitted changes in the information contained therein within five (5) business days following the occurrence thereof and to furnish such other information about your organization or formation as we may request.

8. Confidentiality

8.1 ***Confidential Information.*** You acknowledge that certain information relating to the development and operation of the Franchised Business including, without limitation, the standards, methods, procedures and specifications of the System, including the contents of the Operations Manual, is derived from information disclosed to you by us and that all such information is of a proprietary and confidential nature and our trade secret of ("**Confidential Information**"). You and each of your Owners, officers, directors, members, partners, managers, employees and agents, must maintain the absolute confidentiality of all such Confidential Information both during the Term of this Agreement and after the termination or expiration of this Agreement and can use such Confidential Information only to the extent necessary to allow you to operate the Franchised Businesses, and you may not disclose any such Confidential Information for any reason whatsoever, except as provided herein. You may disclose the Confidential Information to your Owners, officers, directors, members, partners, managers, employees and agents only to the extent necessary for the development of the Franchised Business in accordance with this Agreement. You must sign (and shall cause those persons receiving the Confidential Information to sign) a Confidentiality Agreement that we prescribe. You cannot use any such Confidential Information, directly or indirectly, in any other business or in any other manner or obtain any benefit therefrom not specifically approved in writing by us during the Term of this Agreement or afterwards.

8.2 ***Use of Confidential Information.*** You will not acquire any interest in the Confidential Information other than the right to use the Confidential Information in connection with the development of the Franchised Business during the Term of this Agreement, and you acknowledge that your use or duplication of the Confidential Information in any other business or capacity will constitute an unfair method of competition with us, our Affiliates and our other multi-unit franchises, developers and franchisees.

You acknowledge that we are disclosing the Confidential Information to you solely on the condition that you agree, and you hereby agree, that any Confidential Information received from us (a) shall only be used by you for purposes of performing your obligations under this Agreement, (b) will not be used by you in any other business, manner or capacity, (c) will have its absolute confidentiality maintained by you both during and after the Term of this Agreement and any renewal term, (d) will not be copied by you without our written authorization, and (e) will not be disclosed by you to any third party without our prior written consent. You will use reasonable care to prevent the disclosure of the Confidential Information to any third party, and further shall limit the dissemination of the Confidential Information within your own organization to individuals whose duties justify the need to know the Confidential Information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Confidential Information and to restrict its use solely to the purposes specified herein. You will cause each person receiving the Confidential Information to sign a copy of a confidentiality agreement if requested by us.

You acknowledge that no other right or license to use the Confidential Information is granted by this Agreement, and agree that the amount of the Confidential Information to be disclosed to you is completely within our discretion.

9. Non-Competition

9.1 ***Non-Competition During the Term.*** You (if you are an individual) or your Owners (if you are an entity) cannot, directly or indirectly, own, develop, maintain, operate, engage in, be employed by, consult with, perform services for, lease or sublease property to, advise, make loans to, enter into an agreement to develop or operate, have any interest in (as owner or otherwise) or be involved with a Competitive Business during the Term of this Agreement without our prior written approval. A **“Competitive Business”** means a company or other business that offers health club services competitive with those we offer, franchise or license. You (if you are an individual) and your Owners (if an entity) may own and/or operate other commercial businesses as long as they do not provide health club services in the Multi-Unit Area or an adjacent multi-unit area, unless previously approved by us in writing.

9.2 ***Post-Term Non-Competition.*** For a period of one (1) year after termination or expiration of this Agreement or the maximum time permitted under applicable law, you (if an individual) and your Owners (if an entity) agree that you (or they) will not, directly or indirectly, own, develop, maintain, operate, engage in, be employed by, consult with, perform services for, lease or sublease property to, advise, make loans to, enter into an agreement to develop or operate, have any interest in (as owner or otherwise) or be involved with a Competitive Business within the Multi-Unit Area or within five (5) miles of any Crunch health club then in existence. You agree and acknowledge that the one (1) year period of this restriction shall be tolled during any time period in which you are in violation of this restriction. The non-competition requirements on an individual Owner will expire no later than one (1) year after such individual is no longer employed by or acting as an advisor for you or any of your affiliates, provided such individual Owner no longer owns an ownership interest in you or your Affiliate, except solely as a passive investor.

9.3 ***Severability of Restrictive Covenants.*** You acknowledge that the invalidity or unenforceability of any portion of Sections 9.1, or 9.2 shall not affect the validity or enforceability of any other portion of Sections 9.1, or 9.2 or any other section of this Agreement and any invalid or unenforceable portion of Sections 9.1, or 9.2 shall be deemed to be severable.

9.4 ***Amendment of Restrictive Covenants.*** You acknowledge that the provisions of this Article 9 have been inserted for our sole benefit and that we have the right, in our sole discretion, to waive in whole or in part or otherwise reduce the scope of any covenant set forth in this Article 9 or any portion of this Agreement without your consent, effective upon our giving Notice to you.

10. Transfer

10.1 ***Transfer by Us.*** We have the right, directly or indirectly, to sell, assign, transfer or otherwise dispose of or deal with this Agreement, or any or all of our rights and obligations under this Agreement, to any individual, firm, partnership, association, bank, lending institution, corporation, limited liability company or other person or entity as we may in our sole discretion deem appropriate. In the event of any such transfer, we will be released from any liability under this Agreement for the obligations transferred.

10.2 ***Transfer by You.*** You acknowledge that the granting of the rights hereunder is based upon our investigation of your qualifications, such as business skill, financial capacity and personal character, and that such rights are personal to you. Except as hereinafter provided, neither you, nor any of your Owners may directly or indirectly sell, divide, encumber, assign, hypothecate, mortgage, sub-license,

transfer through bequest, inheritance, transfer in trust, divorce or operation of law or by any other means, or otherwise dispose of the rights granted hereunder, or any part of this Agreement, or any rights or privileges incidental to this Agreement, or any Franchised Business or any interest therein, or your rights or interest in this Agreement, or any Owner's direct or indirect ownership interest in you (herein collectively referred to as a **"Transfer"**), to any individual, firm, partnership, association, bank, lending institution, corporation, limited liability company or other third party without our prior written consent. Because of the personal nature of the grant in this Agreement, we may approve or reject any request for a Transfer in our sole discretion. Under no circumstances will a Transfer be approved to one of our competitors or to a person operating a health club under a license or franchise from one of our competitors. Any actual, attempted or purported Transfer occurring without our prior written consent shall constitute a default of this Agreement and shall be null and void. Also, in no event will we be willing to provide our consent to any Transfer, unless:

10.2.1 The proposed transferee is acceptable to us based upon standards for new multi-unit developers we use at such time, which may include, but not be limited to, standards relating to the transferee's financial strength, general business acumen, experience developing health clubs, other business commitments, and such other standards and factors as we, in our sole judgment, deem important;

10.2.2 You are not in default in the performance or observance of any of your obligations under this Agreement (including, without limitation, making all payments in full when due), and any other agreement between you and us or between you or one of our Affiliates, relating to the development or operation of Franchised Businesses or any other agreement between you and us or one of our Affiliates;

10.2.3 You have settled and paid, or made satisfactory arrangements to pay, all outstanding accounts with and amounts owed to us and all your trade creditors;

10.2.4 You have delivered to us a general release, in form satisfactory to us, of all claims you may have against us and our members, officers, directors, owners, managers, employees, Affiliates, successors and assigns;

10.2.5 Except in the case of a Transfer pursuant to Section 10.3 or a Transfer to us pursuant to Section 10.4, you have paid our transfer fee of \$10,000 for a Transfer of this Agreement, and \$10,000 for each Franchise Agreement entered into by you or your Affiliate under this Multi-Unit Development Agreement, or our total cost and expenses we incur in connection with the Transfer, if they exceed the transfer fee; and

10.2.6 The proposed transferee assumes all of your rights and the obligations under this Agreement or, at our option, enters into a new area development agreement which includes the development rights being transferred for the remainder of the Term of this Agreement. The new area development agreement may be on different terms than this Agreement, including then current royalty percentages (for franchise agreements to be entered thereunder) and/or territory definitions. Even if we do not require the transferee to enter into a new area development agreement we may require that the royalty rate for franchise agreements to be entered into pursuant to this Agreement be adjusted to the then current royalty rate for new franchise agreements and the territory definition be adjusted to the then current definition for all new franchise agreements.

In addition to the transfer fee set forth in Section 10.2.5, we have the right to charge a document review fee in connection with any proposed transfer, other than a transfer pursuant to Section 10.3. The

document review fee will be the greater of \$1,500 or our legal fees incurred in connection with the review of the proposed transferee.

It is understood and agreed that upon satisfaction of all the foregoing conditions and upon payment of all amounts which are owed by you, you will be released from any further liability under this Agreement with respect to matters or periods subsequent to the date of Transfer.

10.3 *Transfer to a Corporation, Limited Liability Company or Other Entity.* If you are an individual, you may, coincident with or at any time after execution of this Agreement, after obtaining our written consent and provided all of your obligations to us have been satisfied, transfer and assign all of your rights and obligations hereunder to a corporation, limited liability company or other entity, provided you are and throughout the Term of this Agreement remain a principal executive officer of the corporation, limited liability company or other entity and the beneficial and registered owner of greater than fifty per cent (50%) of the issued and outstanding voting and equity rights and interests in such corporation, limited liability company or other entity (and any rights or options convertible into such voting or equity rights or interests), and further provided that you:

10.3.1 Cause the corporation and its directors and shareholders or, if a limited liability company or other entity, its owners or members, to acknowledge this Agreement and to agree in writing to be bound by the provisions of this Agreement; execute and cause the corporation and its directors and shareholders or, if a limited liability company or other entity, its owners or members, to execute any agreement as may be specified by us relating to the assumption by the corporation, limited liability company or other entity, of any rights and obligations under this Agreement; cause the corporation in its articles of incorporation or, if a limited liability company or other entity in its operating agreement, to provide in effect that its object or business is confined exclusively to the development and operation of Franchised Businesses, as provided in this Agreement; cause the corporation, limited liability company or other entity, to restrict the issue of, and its directors and shareholders to restrict the transfer of, shares of the corporation or ownership or membership interests in a limited liability company or other entity, so that you continuously own greater than fifty per cent (50%) of the issued and outstanding voting and equity rights and interests in the corporation, limited liability company or other entity (and any rights or options convertible into such voting or equity rights or interests) and to have such restrictions noted on all share certificates of the corporation or the owner's or members' ownership certificates; and cause the corporation, limited liability company or other entity to inform us and to keep us informed as to the names and addresses of the then current directors and shareholders or members of, and those persons who have a financial interest in, the corporation, limited liability company or other entity from time to time;

10.3.2 Execute such documents in respect of the transfer and assignment as we may direct, including the attached Owner's Guaranty; and

10.3.3 Pay to us all of our reasonable costs (including, without limitation, legal costs and fees) for the administration of the Transfer and the preparation, execution and filing of all documentation required by us in connection with the Transfer.

10.4 *Right of First Refusal.* If you or one or more of your Owners proposes to make a Transfer to any individual or entity (other than a corporation, partnership or other entity wholly owned by you or your Owners) that has provided a bona fide written offer, we will have the right for a period of thirty (30) calendar days after you or such Owners have submitted all information requested by us, including a copy of the bona fide written offer, to exercise a right of first refusal and substitute ourselves for the proposed transferee in the transaction. If we decline to do so and there is any change in the terms and conditions of the proposed transaction or the proposed transferee, you must promptly notify us, and we will have the

further right to exercise our right of first refusal over the revised transaction for a period of fifteen (15) business days. If we exercise our right of first refusal, we will have not less than ninety (90) calendar days to close the transaction, and we will have the right to substitute cash for any alternative form of consideration contemplated by the proposed transaction. You and your Owners agree to make all customary representations and warranties that we may require in connection with the proposed transaction. If we do not exercise our right of first refusal, or we revoke our right of first refusal, you or the transferring Owners may make a transfer on the terms and conditions of the offer considered by us if you and your Owners have complied with all of the provisions of Section 8.

10.5 *Death or Incapacity.* If you die or become incapacitated, or if you are a corporation, limited liability company, partnership or other entity, a principal Owner dies or becomes incapacitated, so that you or, in the case of your Incapacity, a qualified manager appointed or employed by you, is not able to devote full time and attention to the operation of the Multi-Unit Development business, then your heirs or personal representatives must transfer the rights granted hereunder to a third party acceptable to us within a reasonable time, not to exceed nine (9) months from the date of death or Incapacity. In no event will we be willing to provide our consent to such transfer unless all of the conditions set out in Section 10.2 of this Agreement are satisfied. In the event that any of the conditions set forth in Section 10.2 of this Agreement are not satisfied, we will have the right in our sole discretion to terminate this Agreement by Notice, in the case of death, sent to your estate and, in the case of your or a principal Owner's Incapacity, to you. For purposes of this Section 10.4, "**Incapacity**" means in our reasonable opinion your inability or the inability of your principal Owner, by reason of physical or mental illness or disability, to operate the multi-unit development business in the ordinary course for a period of thirty (30) calendar days or more in any consecutive ninety (90) calendar day period.

11. Termination and Expiration

11.1 *Termination by You.* If you have fully complied with this Agreement and we materially fail to comply with this Agreement and do not correct such failure within one hundred twenty (120) calendar days after receipt of Notice thereof, you may terminate this Agreement effective one hundred twenty (120) calendar days after giving Notice of such termination to us. Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause.

11.2 *Termination by Us Without Opportunity to Cure.* You will be deemed to be in default under this Agreement, and we may, at our option, terminate this Agreement and all rights granted herein effective immediately, without giving you Notice of, or the opportunity to cure, the default, if you either:

11.2.1 Make or are deemed to have made a general assignment for the benefit of creditors, or if a petition is filed against you under the Bankruptcy Code and not dismissed within sixty (60) calendar days of filing, or if a petition is filed by you under the Bankruptcy Code, or if you are declared or adjudicated bankrupt, or if a liquidator, trustee in bankruptcy, custodian, receiver, receiver and manager, moderator, or any other officer with similar powers is appointed for you, or if you commit any act of bankruptcy or institutes proceedings to be adjudged bankrupt or insolvent or consents to the institution of such appointment or proceedings, or if you admit in writing an inability to pay debts generally as they become due;

11.2.2 At any time have any of the assets of your business seized or taken in execution or in attachment by one of your creditors, or a writ of execution issues against such assets, or if you without our prior written consent give any security interest in any of such assets or sell any of such assets except in the normal course of business, such that

the foregoing materially impairs the operation of the business or any security interest which we may have in respect of this Agreement;

11.2.3 Willfully or fraudulently misrepresented any fact or condition made in any application or report provided to us or required to be made by this Agreement;

11.2.4 Die or become incapacitated (or if you are an entity, your principal Owner dies or becomes incapacitated) and a Transfer is not consummated as described in Section 10.5; or

11.2.5 By your actions, or your failure to take an action that it is required to take, you adversely affect the goodwill associated with the Licensed Marks or Crunch health clubs.

11.3 ***Termination for Failure to Meet Multi-Unit Development Schedule.*** If you fail to meet your development obligations under this Multi-Unit Development Schedule, such action shall constitute a default under this Agreement, upon which we, in our discretion, may by written notice to you either (i) terminate this Agreement and all rights granted hereunder without affording you any opportunity to cure the default; (ii) reduce the number of Franchised Businesses to be developed; (iii) reduce the number of Trade Areas; or (iv) reduce the size of the Multi-Unit Area. If we elect to terminate this Agreement, we can resell your Multi-Unit Area, but you can maintain any Franchised Business established pursuant to a Franchise Agreement as long as you continue to comply with the terms of that Franchise Agreement.

11.4 ***Termination by Us After Opportunity to Cure.*** Except as otherwise provided in Sections 11.2 and 11.3, above, if you fail to comply with any material term and condition of this Agreement, or fail to comply with the terms and conditions of any Franchise Agreement or other multi-unit development agreement or area development agreement between you (or a person or entity Affiliated with or controlled by you) and us, such action shall constitute a default under this Agreement. Upon the occurrence of any such default, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) calendar days prior to the effective date of termination, except that for payment defaults you will receive notice at least ten (10) calendar days prior to the effective date of termination; provided, however, that you can avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the thirty notice period (or such longer period as applicable law may require). If any such default is not cured within the specified time (or such longer period as applicable law may require), this Agreement and all rights granted hereunder (including but not limited to, the right to develop any new Franchised Businesses) will terminate without further notice to you, effective immediately upon the expiration of the notice period (or such longer period as applicable law may require).

11.5 ***Modification of Rights Not Waiver of Termination Rights.*** In lieu of termination, we will have the right to modify your rights under this Agreement, as provided in Section 11.3; and if we exercise that right, we will not have waived our right, in the case of future defaults, to exercise all other rights, and invoke all other provisions, that are provided in law and/or set out under this Agreement.

11.6 ***Your Obligations on Termination or Expiration.*** Upon termination or expiration of this Agreement, you will have no right to establish or operate any Franchised Business for which a Franchise Agreement has not been executed by us at the time of termination or expiration, except that with respect to expiration of the end of the last development year, if you have signed a lease by the expiration date, you may continue to open a Franchised Business within four (4) months of the lease signing, as provided in Section 3.1.1. Thereafter, we are entitled to establish, and to franchise others to establish, Franchised

Businesses in the Multi-Unit Area (except as may be otherwise provided under any Franchise Agreement that has been executed between you and us).

11.7 ***Effect of Default on Franchise Agreements.*** No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto.

11.8 ***Remedy Is Not Exclusive.*** No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or equity.

12. Relationship and Indemnification

12.1 ***Independent Parties.*** You are and will at all times remain an independent contractor, and you may not and will not represent yourself to be our agent, joint venturer, partner or employee, or to be related to us other than as our independent multi-unit developer. You may not make any representations or take any acts which could establish any apparent relationship of agency, joint venture, partnership or employment with us, and we will not be bound in any manner whatsoever by any agreements, warranties, representations or undertakings made by you to any other person nor with respect to any other action you take. You may not establish any bank account, make any purchase, apply for any loan or credit, or incur or permit any obligation to be incurred in our name or on our credit. No acts of assistance given by us to you shall be construed so as to alter this relationship. You will be solely responsible for paying all the operating costs of your development business, including all taxes.

12.2 ***Your Liability.*** If two (2) or more individuals execute this Agreement as the Multi-Unit Developer, the liability of each such individual hereunder shall be joint and several.

12.3 ***Non-Liability.*** We will not be obligated or liable for any injury or death of any person or damage to any property caused by your action, failure to act, negligence or willful conduct, nor for any other liability you incur.

12.4 ***Your Indemnity Obligation.*** You agree to indemnify, hold harmless and, upon request, defend us, our Affiliates, and their respective officers, directors, owners, shareholders, managers, employees and agents (hereinafter each an “**Indemnified Party**” and jointly the “**Indemnified Parties**”), from and against all losses, suits, proceedings, arbitrations, claims, damages (direct, consequential, or otherwise), demands, causes of action, liabilities, fines, penalties, costs or expenses (including reasonable attorney’s fees, expenses, or costs, including, but not limited to, any expert fees, costs, and/or expenses) of whatever kind and nature, directly or indirectly arising in whole or in part out of: (a) any default or breach by you of any obligation contained in any agreement with any Indemnified Party; (b) any act, failure to act, negligence, or willful conduct at or in connection with your multi-unit development business; (c) your operation of your multi-unit development business; (d) any allegation of agency or other alleged legal relationship by which any Indemnified Party is being held or might be held responsible for your acts or omissions; (e) your use of the Licensed Marks; (f) the violation of any federal, state, municipal or local law, rule, regulation, court order, ordinances, government directive or the like by you; (g) all taxes, levies, or assessments incurred and owed by you of whatever kind and nature; (h) the revocation of any prior approval to use or display, or the loss of any right to use or display, any or all of the Licensed Marks; (i) the investigation by any Indemnified Party of any claim, suit, proceeding, demand, and/or cause of action; (j) or any other act or omission of you, your customers, or any of your agents, employees, contractors, invitees, licensees, or business associates, except such as may be due to the negligence of the Indemnified Parties.

You agree that the defense obligation in this Section will be immediate and ongoing, regardless of any ultimate allocation of negligence or other form of liability.

To the extent to which you are required hereunder to provide any Indemnified Party with a defense, as set forth in this Agreement, the Indemnified Parties shall have the sole and absolute right to select counsel to represent the Indemnified Party(ies) at your sole expense, and the Indemnified Parties shall have the sole and absolute right to direct the defense of the Indemnified Parties and/or the settlement of any such claim or suit on behalf of the Indemnified Parties.

In the event that the Indemnified Parties, in their sole and absolute discretion, allow you to select counsel to represent both you and the Indemnified Parties pursuant to this Agreement and the representation of you and the Indemnified Parties by the same counsel would be or becomes a conflict of interest for such counsel, the Indemnified Parties may select independent counsel to represent it or them without relieving you of your obligations of indemnification and defense, as set forth in this Agreement.

You shall provide prompt, written notice to Indemnified Parties of any claim, suit, or proceeding, including, but not limited to, any arbitration, lawsuit, or any action taken by any local, municipal, state, or federal government or any local, municipal, state, or federal governmental agency, that names any Indemnified Party as a party and/or that could actually or potentially involve any Indemnified Party in any way.

The provisions in this Section survive the expiration, transfer and termination of this Agreement.

13. Dispute Resolution

13.1 ***Resolution of Disputes.*** Any dispute between you and us arising out of the relationship created by this Agreement shall be subject to the dispute resolution provisions set forth below.

13.2 ***Mediation.*** In the event of any dispute, either party has the option of initiating a mediation proceeding by submitting a written request for mediation to American Arbitration Association according to its procedures, or any other mediation service mutually agreed to by the parties according to the procedures of such other mediation service.

The mediation process shall begin promptly and shall be concluded within ten (10) business days after the day the request for mediation is made, unless the parties mutually otherwise agree. Any and all discussions, negotiations, findings or other statements by the mediator and/or the parties made in connection with the mediation shall be privileged and confidential and shall not be admissible into evidence in any litigation.

All mediation proceedings shall take place in the county and state where we have our principal place of business. The expenses of the mediation service shall be borne equally by both parties, and all other expenses relating to such mediation shall be borne by the party incurring them.

The commencement of any dispute resolution procedure shall not act to prevent us from instituting or proceeding with any action which may be the subject of the dispute.

13.3 ***Venue.*** You agree that we may institute any action against you arising out of or relating to this Agreement in any state court of general jurisdiction sitting in the county and state, or in the United States District Court for the district, in which we have our principal place of business, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

13.4 ***Business Judgment.*** The parties hereto recognize, and any mediator, arbitrator or judge is affirmatively advised, that certain provisions of this Agreement describe our right to take (or refrain from taking) certain actions in the exercise of our business judgment based on our assessment of the overall best interests of the System and/or franchise network. Where such discretion has been exercised, and is supported by our business judgment, neither a mediator nor an arbitrator nor a judge shall substitute his or her judgment for the judgment so exercised by us.

13.5 ***Limitations Period.*** Except for claims arising from your non-payment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement or any agreement related to this Agreement or executed concurrently herewith or the relationship of the parties hereto, shall be barred unless a judicial proceeding is commenced within two (2) years from the date the complaining party knew or should have known of the facts giving rise to such claim.

13.6 ***No Punitive, Exemplary or Consequential Damages.*** EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY THE INDEMNIFIED PARTIES PURSUANT TO SECTION 12.4 AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE LICENSED MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, YOU AND WE AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, SPECIAL OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND/OR TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

13.7 ***No Jury Trial.*** YOU, WE AND YOUR OWNERS IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.

13.8 ***Attorneys' Fees.*** The prevailing party in any litigation arising out of or relating to this Agreement shall be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorneys' fees, incurred by the prevailing party in successfully enforcing any provision of this Agreement.

13.9 ***No Class Actions.*** Any disagreement between you and us (and our Affiliates and owners) will be considered unique as to its facts and must not be brought as a class action, and you waive any right to proceed against us (and our Affiliates, stockholders, officers, directors, employees, agents, successors and assigns) by way of class action, or by way of a multi-plaintiff consolidated or collective action.

14. General

14.1 ***Compliance with Laws.*** You and your Owners understand the requirements of, and will abide by, all United States government economic sanctions requirements. You represent and warrant that neither you nor any of your direct or indirect Owners, employees or agents is a person subject to trade restrictions under United States law, including (without limitation) the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., or any Executive Orders or regulations promulgated thereunder (including Executive Order 13224 of September 24, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, and the Specially Designated Nationals and Blocked Persons List) ("**Anti-Terrorism Laws**"). You and your Owners may not engage in any activity that would expose us to a risk of criminal or civil penalties under applicable United States law. Any violation of the Anti-Terrorism Laws by you or

your Owners, or any blocking of you or your Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

14.2 **Severability of Provisions.** Every part of this Agreement is severable and the invalidity or unenforceability of any part of this Agreement shall not affect the validity or enforceability of any other part of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, length of time and/or business scope, but would be enforceable by reducing any part or all thereof, you and we agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

14.3 **Counterparts.** This Agreement may be executed in counterparts, and each counterpart when so executed and delivered shall be deemed an original.

14.4 **Force Majeure.** Neither party will be liable to the other for non-performance or delay in performance occasioned by any causes beyond its control (other than lack of funds) including, without limitation, acts or omissions of the other party, acts of civil or military authority, strikes, lock-outs, embargoes, insurrections or acts of God. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt Notice of any such delay; provided, however, that if the delay exceeds seventy-five (75) days, we have the right to terminate this Agreement.

14.5 **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon us, you, your Owners and their respective heirs, legal representatives, successors and permitted assigns.

14.6 **Delegation of Performance.** We have the right to delegate the performance of any portion or all of our obligations under this Agreement to third parties, who may or may not be our Affiliates. Such third parties will be obligated to perform all functions for you in compliance with this Agreement.

14.7 **Survival.** All obligations which expressly or by their nature survive termination or expiration or Transfer of this Agreement shall continue in full force and effect subsequent to and notwithstanding such termination or expiration or transfer and until they are satisfied or by their nature expire.

14.8 **Notices.** All notices, consents and approvals (a "Notice") permitted or required to be given under this Agreement shall be in writing and shall be deemed to be sufficiently and duly given if set forth in writing and delivered either (i) personally; (ii) by certified or registered mail; or (iii) by overnight courier service, if to us addressed as follows:

Crunch Franchising, LLC
155 Riveredge Drive, Suite 250
Dallas, TX 75207
Attention: General Counsel

and if to you addressed as follows:

Attention: _____

Any Notice so given or made shall be deemed to have been given and delivered or made and received at the earlier of actual receipt or one (1) business day after sending by overnight courier service, or at the earlier of actual receipt or three (3) business day after sending certified or registered mail. Any party from time to time by Notice in writing given pursuant to the terms of this Agreement may change its address or facsimile number for the purpose of this Agreement.

14.9 ***Right of Set-off.*** Notwithstanding any other provision of this Agreement, upon your failure to pay us as and when due any sums of money under this Agreement or any other amounts owing to us, we may, at our election, deduct any and all such sums remaining unpaid from any monies or credit held by us for your account.

14.10 ***Not Withhold Payment.*** You agree that you will not on the grounds of the alleged non-performance by us of any of our obligations under this Agreement or under any other agreement between the parties, withhold payment of any amounts due to us whether on account of equipment or goods purchased by you or otherwise.

14.11 ***Non-Waiver.*** The failure of either party to exercise any right, power or option given under this Agreement, or to insist upon strict compliance with the terms and conditions of this Agreement by the other party, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach of this Agreement or default under this Agreement, nor a waiver by the first party of its right at any time thereafter to require strict compliance with all terms and conditions of this Agreement. Our acceptance of payments due under this Agreement shall not constitute a waiver of any preceding breaches by you.

14.12 ***Applicable Law.*** This Agreement shall be governed, construed and interpreted in accordance with the substantive laws of the State of Texas, without giving effect to its conflicts of law principles. Notwithstanding the foregoing, if the covenants in Section 9 of this Agreement would not be enforceable under the laws of Texas, and the Franchised Business is located outside of that state, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 14.11 is intended by the parties to subject this Agreement to any franchise or similar law, rule or regulation of the State of Texas to which this Agreement would not otherwise be subject. If applicable law provides you with additional rights as to notices, opportunities to cure or otherwise than as are provided by this Agreement as to termination, renewal, transfers or otherwise, we will comply with the requirements of such laws to the extent they exceed our obligations under this Agreement.

14.13 ***Our Rights are Cumulative.*** Our rights under this Agreement are cumulative and no exercise or enforcement by us of any right or remedy under this Agreement shall preclude the exercise or enforcement by us of any other right or remedy under this Agreement or which we are otherwise entitled by law to enforce. At our option, a default by you under this Agreement shall constitute a default by you under any other agreement between the parties, including franchise agreements entered into pursuant to this Agreement between us and you or your affiliated entities, and the default by you under any other agreement shall constitute a default by you under this Agreement.

14.14 ***No Third-Party Beneficiaries.*** Except as otherwise expressly provided herein, this Agreement is exclusively for the benefit of the parties hereto and shall not confer a benefit on, or give rise to liability to, a third party. No agreement between us and a third party is for your benefit.

14.15 ***Approvals or Consents.*** Requests by you for approvals or consents shall be in writing and shall be timely made. Approvals and consents by us shall not be effective unless in writing and duly

executed by us. Except as expressly provided to the contrary herein, we may grant or withhold such approvals or consents, and may make any determinations permitted hereunder, in its sole discretion and shall not be required to show “reasonableness” or to comply with any other standard in connection herewith.

14.16 ***Effect of Standards.*** Our specifications of the System shall not constitute a warranty or representation, express or implied, as to quality, safety, suitability, fitness for a particular purpose or any matter. We will not be liable to you or others on account of the specifications of the System, including the operation of the Franchised Business pursuant to the System.

14.17 ***Construction.*** You acknowledge that you had the opportunity to be represented by an attorney in connection with the preparation and execution of this Agreement, and to review and understand the terms hereof and to consider the advisability of entering into this Agreement. This Agreement will be construed according to its plain meaning and neither for nor against either party hereof regardless of which party’s counsel drafted the provision.

14.18 ***Further Assurances.*** The parties agree to diligently do or cause to be done all acts or things and to execute all documents and instruments necessary to implement and carry into effect this Agreement to its full extent.

14.19 ***Entire Agreement.*** You and we each acknowledge and warrant to each other that you and we each wish to have all terms of this business relationship defined in this Agreement. Neither you nor we wish to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between us or anyone acting on our behalf and you or anyone acting on your behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and you and we each agree that they have placed, and will place, no reliance on any such discussion; provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document furnished to you. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto or incorporated herein by reference, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise or development rights or offer of franchise or development rights have been promised to you and no such franchise or development rights or offer of franchise or development rights shall come into existence, except by means of a separate writing, executed by one of our officers or such other entity granting the franchise or development rights and specifically identified as a modification of this Agreement.

14.20 ***Amendments.*** No change, modification, amendment or waiver of any of the provisions hereof, including by custom, usage of trade, or course of dealing or performance, shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto and signed by a duly authorized representative of both parties.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the date first written above.

Multi-Unit Developer:

By: _____

Name: _____

Its: _____

Franchisor:

CRUNCH FRANCHISING, LLC

By: _____

Name: _____

Its: _____

Owners' Acknowledgment

Each following party is mentioned in this Agreement as having certain rights and/or duties as an Owner of Multi-Unit Developer. Each following party is signing this Acknowledgment, not as a party, but only to the extent necessary to indicate its, his or her acceptance of, and agreement to be bound by, the specific rights and duties of an Owner mentioned in this Agreement.

Owner:

Owner:

By: _____

Print name: _____

Name: _____

Its: _____

Owner:

Owner:

By: _____

Print name: _____

Name: _____

Its: _____

Exhibit 1

MULTI-UNIT DEVELOPMENT SCHEDULE

You must develop (as defined in Section 3.1.1) _____ () Franchised Business(es) within _____ () Development Years. A “**Development Year**” is each full or partial calendar year during the Term. You must develop one health club in each of the following Trade Areas (collectively, the “**Multi-Unit Area**”)*:

Trade Area 1 _____ . Club Model: _____

Trade Area 2 _____ . Club Model: _____

Trade Area 3 _____ . Club Model: _____

Trade Area 4 _____ . Club Model: _____

Trade Area 5 _____ . Club Model: _____

[Add or subtract Trade Areas as necessary]

Development <u>Year</u>	Number of Newly <u>Signed Leases</u>	Number of New Operating Locations in the <u>Development Year</u>	Total Number of Operating Locations <u>At End of Period*</u>
1			
2			
3			
4			
5			

[Add or subtract Development Years as necessary]

Note:

*Under Section 3.1.1, each Franchised Business must be open pursuant to the timelines set in the Franchise Agreement for such Franchised Business.

Multi-Unit Fee (per Franchised Business):

Crunch Fitness – Multi-Unit Fee: \$35,000.

Crunch Select – Multi-Unit Fee: \$35,000

Royalty Percentage:

The Royalty percentage for each Franchise Agreement to be signed will be five percent (5%) of Gross Sales.

Multi-Unit Developer:

By: _____

Name: _____

Its: _____

Franchisor:

CRUNCH FRANCHISING, LLC

By: _____

Name: _____

Its: _____

Exhibit 2

OWNERS OF MULTI-UNIT DEVELOPER

Name of Owner	Nature of Interest	Beneficial Interest in Multi-Unit Developer
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
Totals		100%

Exhibit 3

OWNER'S GUARANTY

In consideration of, and as an inducement to, the grant of a franchise and the execution of the Multi Unit Development Agreement dated _____, _____ (the "**Multi-Unit Development Agreement**") by and between CRUNCH FRANCHISING, LLC, a Delaware limited liability company ("**Franchisor**"), and _____ ("**Multi-Unit Developer**"), the undersigned hereby personally and unconditionally: (1) guaranties to Franchisor and its successors and assigns, for the term of the Multi-Unit Development Agreement and thereafter, as provided in the Multi-Unit Development Agreement, that Multi-Unit Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Multi-Unit Development Agreement and any documents, agreements, instruments and promissory notes executed pursuant to or in connection with the Multi-Unit Development Agreement (collectively, the "**Multi-Unit Development Documents**"); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Multi-Unit Development Documents applicable to Owners of Multi-Unit Developer.

The undersigned waives:

- (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (iii) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed;
- (iv) any right the undersigned may have to require that an action be brought against Multi-Unit Developer or any other person as a condition of liability; and
- (v) any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- (1) the undersigned's direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Multi-Unit Developer's obligations;
- (2) the undersigned shall render any payment or performance required under the Agreement upon demand if Multi-Unit Developer fails or refuses punctually to do so;
- (3) this Guaranty shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Multi-Unit Developer as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
- (4) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Multi-Unit Developer or any other person; and

- (5) such liability shall not be diminished, relieved or otherwise affected by any extension of time, creditor or other indulgence which Franchisor may from time to time grant to Multi-Unit Developer or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during and after the terms of the Multi-Unit Development Documents, as the same may be amended or renewed, until Multi-Unit Developer's duties and obligations to Franchisor are fully discharged and satisfied; and
- (6) shall pay Franchisor's court costs and reasonable attorney's fees in enforcing or collecting on this Guaranty.

All capitalized terms when used herein shall have the meaning ascribed to them in the Multi-Unit Development Agreement.

This Owner's Guaranty shall be governed, construed and interpreted in accordance with the substantive laws of the State of Texas, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the _____ day of _____, _____.

GUARANTOR(S):

Print or Type Name

Signature

Print or Type Name

Signature

Print or Type Name

Signature

Print or Type Name

Signature

Exhibit 4

FRANCHISE AGREEMENT

[The form of Franchise Agreement included in Exhibit C of the Franchise Disclosure Document will be attached here.]

EXHIBIT 5

STATE AMENDMENT TO

MULTI-UNIT DEVELOPMENT AGREEMENT

[Use for the following states: Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, Virginia, Washington]

[delete if not applicable]

EXHIBIT H

**STATE SPECIFIC AMENDMENTS TO
MULTI-UNIT DEVELOPMENT AGREEMENT**

**ILLINOIS AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT**

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.
5. 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.
6. Section 13.3 of the Multi-Unit Development Agreement is amended to provide that venue shall be in an appropriate Illinois court of general jurisdiction or United States District Court in Illinois.

Dated: _____

Franchisor:

Multi-Unit Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

MARYLAND AMENDMENT TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of Maryland that are subject to the Maryland Franchise Registration and Disclosure Law (the “Act”) and is for the purpose of complying with Maryland statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Multi-Unit Developer hereby agree that the Multi-Unit Development Agreement dated _____, 20____, will be amended as follows:

1. Sections 1.3, dealing with the Multi-Unit Developer”, and 14.18, dealing with the “Entire Agreement”, of the Multi-Unit Development Agreement and the Franchisee Disclosure Document are amended to state:

“Representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

2. Section 5.1 of the Multi-Unit Development Agreement is amended by adding the following sentence:

“Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by multi-unit developers shall be deferred until the first franchise under the multi-unit development agreement opens.”

3. The following language is added to Section 10.2.4 of the Multi-Unit Development Agreement dealing with “Transfer by You”:

“, except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

4. The following language is added to the end of Section 13.3 of the Multi-Unit Development Agreement dealing with “Venue”:

“You may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law.”

5. The following language is added to the end of Section 13.5 of the Multi-Unit Development Agreement dealing with “Limitations Period”:

“All claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years after the grant of the franchise.”

6. 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.

IN WITNESS WHEREOF, Franchisor and Multi-Unit Developer have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Multi-Unit Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

**MINNESOTA AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota Franchise Act (Minn. Stat. Sec. 80C.1 et seq., the “Act”) and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Multi-Unit Development Agreement dated _____, _____, hereby agree that the Multi-Unit Development Agreement will be amended as follows:

1. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)
 - (i) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and
 - (ii) that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Multi-Unit Development Agreement as of the day and year set forth above.

Franchisor:

Multi-Unit Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

**NEW YORK AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of New York that are subject to the New York Franchise Act (New York State General Business Law, Article 33, Sec. 680 et seq., the “Act”) and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Multi-Unit Development Agreement dated _____, _____, hereby agree that the Multi-Unit Development Agreement will be amended as follows:

1. Franchisor and Multi-Unit Developer are parties to that certain Multi-Unit Development Agreement that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Multi-Unit Development Agreement. This Rider is being signed because: (a) you are a resident of the State of New York, and your franchise will operate in New York; and/or (b) the offer or sale of the franchise occurred in New York.

2. The following is added as a new Section 11.1 of the Multi-Unit Development Agreement:

“You may terminate this Agreement upon any grounds available at law.”

3. The following is added to Section 14.11 of the Multi-Unit Development Agreement:

“This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder.”

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the day and year first above written.

Franchisor:

Multi-Unit Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

NORTH DAKOTA AMENDMENT TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the “Act”) and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Multi-Unit Development Agreement dated _____, _____, hereby agree that the Multi-Unit Development Agreement will be amended as follows:

1. Section 11.6 of the Multi-Unit Development Agreement is amended as follows:

“Remedies Upon Termination. If the Agreement is terminated, and in addition to your obligations as otherwise provided herein, we will retain the full amount of any fees heretofore paid to us and you will continue to remain liable to us for any and all damages which we have sustained or may sustain by reason of such default or defaults and the breach of the Agreement on your part for the unexpired Term of the Agreement.”
2. Section 13.3 of the Multi-Unit Development Agreement is deleted.
3. Section 13.6 of the Multi-Unit Development Agreement is deleted.
4. Section 13.7 of the Multi-Unit Development Agreement is deleted.
5. Section 13.8 of the Multi-Unit Development Agreement is amended as follows:

“In the event either party incurs legal fees or costs or other expenses to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party’s failure to perform or observe any obligation imposed upon that party by this Agreement, then the prevailing party shall be entitled to recover from the other party the amount of all legal fees, costs and expenses, including reasonable attorneys’ fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action or proceeding to enforce any obligation of the other party hereunder or thereafter or otherwise.”
6. The laws of the State of North Dakota supersede any provisions of the Multi-Unit Development Agreement, the other agreements or Texas law if such provisions are in conflict with North Dakota law.

Dated: _____

Franchisor:

CRUNCH FRANCHISING, LLC

Multi-Unit Developer:

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

**RHODE ISLAND AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Rhode Island that are subject to the Rhode Island Franchise Investment Act (the “Act”) and is for the purpose of complying with Rhode Island statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Multi-Unit Development Agreement dated _____, ____ hereby agree that the Multi-Unit Development Agreement will be amended as follows:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

Dated: _____, ____.

Franchisor:

Multi-Unit Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

**VIRGINIA AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the “Act”) and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Multi-Unit Development Agreement dated _____, ____ hereby agree that the Franchise Agreement will be amended as follows:

1. Sections 11.2, 11.3, and 11.4 of the Multi-Unit Development Agreement are amended by adding the following language:

“§13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause.”

2. Section 14.12 of the Multi-Unit Development Agreement is amended by adding the following language:

“Subsection D of § 13.1-559 of the Virginia Retail Franchising Act provides that, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.”

3. Section 9.2 of the Multi-Unit Development Agreement is amended by adding the following language:

“Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act provides that it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.”

Dated: _____, _____.

Franchisor:

Multi-Unit Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

MUDA-WA-2

WASHINGTON ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum

Dated: _____, ____.

Franchisor:

Multi-Unit Developer:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

EXHIBIT I

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OF OPERATIONS MANUAL

OPERATIONS MANUAL

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EXHIBIT J
CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT ("Agreement"), dated _____, 20____, is made by and between CRUNCH FRANCHISING, LLC, a Delaware limited liability company, with its principal office at 155 Riveredge Dr., Suite 250, Dallas, Texas 75207 (Franchisor"), and _____, located at _____ ("Recipient").

Recitals

On _____, _____, Franchisor and _____ ("Franchisee") entered into a Franchise Agreement to operate a Crunch health club (the "Franchised Business") at _____ ("Franchise Agreement"). Recipient is either an Owner of Franchisee, or one of Franchisee's shareholders, partners, members, officers, directors, managers, employees or agents.

Under the Franchise Agreement, Franchisor has agreed to provide Confidential Information, as that term is defined in the Franchise Agreement and below, to Franchisee solely on the condition that Franchisee and the Owners of Franchisee agree that Franchisee (if an individual), its Owners (if an entity), officers, directors, members, partners, managers, employees and agents who have access to such Confidential Information sign a Confidentiality Agreement. Recipient agrees that the Confidential Information is being disclosed to him or her under the terms and conditions of this Agreement.

The Franchise Agreement also requires each of Franchisee's shareholders, partners, members, officers, directors, managers, employees and agents to sign a covenant not to compete.

Terms and Conditions

NOW, THEREFORE, in consideration of the covenants and the promises herein contained, the parties agree as follows:

1. Recipient acknowledges and agrees that all Confidential Information he or she receives from Franchisor is confidential and proprietary information and trade secrets in which Franchisor has a proprietary interest. "Confidential Information" includes, by way of example, but not limitation, certain information relating to the operation of the Franchised Business including, without limitation, the standards, methods, procedures and specifications of the System, including the System standards and the contents of the Operations Manual. Recipient will not acquire any interest in the Confidential Information learned by Recipient other than the right for Recipient to utilize the same in connection with ownership and/or operation of the its Franchised Business during the Initial Term of the Franchise Agreement and any Renewal Term, and the use or duplication of the Confidential Information in any other business or capacity will constitute an unfair method of competition with Franchisor, its affiliates, and Franchisor's other franchisees.

2. Franchisor is disclosing the Confidential Information to Recipient solely on the condition that Recipient agree, and Recipient hereby agrees, that any Confidential Information received from Franchisor (a) shall only be used by Recipient for purposes of performing the Franchise Agreement, (b) will not be used by Recipient in any other business, manner or capacity, (c) will have its absolute confidentiality maintained by Recipient both during and after the Initial Term of the Franchise Agreement and any Renewal Term, (d) will not be copied by Recipient without written authorization, and (e) will not be disclosed by Recipient to any third party without the prior written consent of Franchisor. Recipient agrees to use reasonable care to prevent the disclosure of the Confidential Information to any third party, and further agrees to limit the dissemination of the Confidential Information within its own organization to individuals whose duties justify the need to know such Confidential Information, and then only provided that there is a clear

understanding by such individuals of their obligation to maintain the confidential status of the Confidential Information and to restrict its use solely to the purposes specified herein. Each other person receiving the Confidential Information must also sign a copy of this Agreement.

3. Recipient acknowledges that no other right or license to use the Confidential Information is granted by this Agreement and agrees that the amount of the Confidential Information to be disclosed to Recipient is completely within the discretion of Franchisor.

4. Recipient hereby agrees that any addition, modification, adaptation, improvement, refinement, discovery, invention or innovation of the System or any Licensed Mark (collectively, a **“Business Improvement”**) made by Franchisee or its employees or Owners shall be the sole and exclusive property of Franchisor, regardless of Franchisee’s, its employee’s or the Owners’ participation or sole participation in its development, and shall be deemed assigned to Franchisor. Upon Franchisor’s request, Recipient shall and shall cause his/her employees and all owners to, execute any instruments and documents that Franchisor requests and shall assist Franchisor to perfect or protect all intellectual property rights in such Business Improvement. Recipient shall not be entitled to any compensation for the use or licensing of any Business Improvement.

5. Recipient at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or database, otherwise make them available to any unauthorized person, nor enter, input, upload, submit, or otherwise disclose them to any publicly accessible or third-party artificial intelligence system, large language model, machine learning platform, chatbot, or similar service, including, without limitation, ChatGPT, Microsoft Copilot, Google Gemini, Claude, Perplexity, and any similar or successor technologies, whether accessed via website, application, plugin, or other means.

6. Upon termination or expiration of the Franchise Agreement, or earlier if requested by Franchisor, Recipient will return all Confidential Information and the Operations Manual (including any copies thereof that Franchisor may have permitted Recipient to make) to Franchisor.

7. Recipient shall be under no obligation under this Agreement with respect to any information (a) which is, at the time of the disclosure, available to the general public; (b) which becomes at a later date available to the general public through no fault of the Recipient and then only after said date; or (c) which Recipient can demonstrate was in its possession before receipt.

8. Recipient acknowledges and agrees that Franchisor will suffer irreparable injury not capable of precise measurement in monetary damages if Recipient discloses or misuses any Confidential Information. Accordingly, in the event of a breach of this Agreement by Recipient, Recipient consents to entry of interim relief, including, without limitation, the entry of a temporary restraining order, preliminary injunction, permanent injunction, writ of attachment, appointment of a receiver, and any other equitable relief which the court deems necessary in order to prevent irreparable injury, all without the requirement that bond be posted. Recipient agrees that the award of equitable remedies to Franchisor in the event of such breach is reasonable and necessary for the protection of the business and goodwill of Franchisor.

9. Recipient hereby agrees to indemnify, hold harmless and, upon request, defend Franchisor and its affiliates, and their respective members, owners, shareholders, directors, officers, managers, employees and agents (the “Indemnified Parties”), from and against all suits, proceedings, assessments, losses, claims, demands or actions of any nature or kind whatsoever (“Claims”), directly or indirectly arising out of, or in any manner whatsoever associated or connected with the failure of Recipient to observe and perform his or her duties and obligations under this Agreement, and against any and all damages, costs, expenses and fees (including, without limitation, reasonable legal expenses and fees), losses, fines or penalties

incurred by or on behalf of any of the Indemnified Parties in the investigation or defense of any and all Claims.

10. All terms not otherwise defined in this Agreement shall have the same meanings as the defined terms in the Franchise Agreement.

11. This Agreement shall be governed, construed and interpreted in accordance with the substantive laws of the State of California, without giving effect to its conflicts of law principles.

12. This Agreement together with the Franchise Agreement constitutes the entire agreement and understanding among the parties hereto with respect to the disclosure of Confidential Information to Recipient and Recipient's non-competition obligations and shall not be amended except under a written agreement executed by each of the parties hereto. This Agreement shall be binding upon the parties hereto and their respective heirs, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day, month, and year first above written.

Recipient:

Franchisor:

CRUNCH FRANCHISING, LLC

Print Name: _____

By: _____

Position with Franchisee: _____

Name: _____

Its: _____

EXHIBIT K
GENERAL RELEASE

[If only the Franchisee is signing the Release, the language in bold and brackets referring to the Owner(s) should be deleted. If both Franchisee and its Owner(s) are signing the Release, the above referenced language should be left in the release but should be taken out of the brackets and the bold type should be replaced by normal type.]

GENERAL RELEASE

This GENERAL RELEASE ("Release") is made this _____ day of _____, 20____, by _____ **[Name of franchisee]** ("Franchisee"), **[and _____ [Name of owner(s)]. ("Owner(s))"]**, with reference to the following facts:

The undersigned Franchisee is a signatory to that certain Franchise Agreement dated _____, _____ ("Franchise Agreement") by and between CRUNCH FRANCHISING, LLC ("Franchisor") and Franchisee granting Franchisee the right to use the Franchisor's System and trademarks to operate the Franchised Business at a specific location.

[The undersigned Owner is an owner of the Franchisee.]

Franchisee **[and Owner each]** agrees that all capitalized terms in this Release shall have the meaning that is ascribed to them in the Franchise Agreement. This Release is being executed by the Franchisee **[and the Owner]** pursuant to the requirements of the Franchise Agreement. Franchisee **[and Owner each]** understands and agrees that execution of this Release is a condition of Franchisee's rights under the Franchise Agreement **[to renew the Franchise Agreement] [to transfer the Franchise Agreement]** and that Franchisee's **[or Owner's]** failure or refusal to execute this Release would result in Franchisee's breach of the Franchise Agreement. In consideration of the rights granted by the Franchise Agreement, Franchisee **[and Owner each]** executes this Release for the benefit of Franchisor.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, FRANCHISEE **[AND OWNER EACH]** AGREES AS FOLLOWS:

1. General Release. Franchisee **[and Owner each]** hereby releases and forever discharges Franchisor and its members, managers, officers, directors, owners, principals, managers, employees, affiliates, successors and assigns (collectively the "Released Parties"), from any and all claims, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, at law or in equity, of every nature, character or description whatsoever, whether known or unknown, suspected or unsuspected or anticipated or unanticipated, which Franchisee **[or Owner]** ever had, now has, or may, shall or can hereafter have or acquire (collectively referred to as "Claims"). This Release includes, but is not limited to, all Claims arising out of, concerning, pertaining to or connected with the Franchise Agreement, any other agreement, tort, statutory violation, representation, nondisclosure, act, omission to act, fact, matter or thing whatsoever, occurring as of or prior to the date of this Release, so that after the date of this Release, **[neither]** Franchisee **[nor Owner]** shall have any Claim of any kind or nature whatsoever against the Released Parties, directly or indirectly, or by reason of any matter, cause, action, transaction or thing whatsoever done, said or omitted to have been done or said at any time prior to the date of this Release.

2. Waiver of Rights. This Release is intended by Franchisee **[and Owner]** to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all Claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee **[or Owner]** against the Released Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee

[and Owner each], for itself, himself or herself, hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee **[or Owner, as the case may be]** would be entitled, now or at any time hereafter under the statutory or common law of the state where the Franchised Business is located, whether now or hereinafter existing under the laws of the state where the Franchised Business is located, or any other applicable federal and state law with jurisdiction over the parties relationship.

[ALTERNATE PROVISION FOR CALIFORNIA FRANCHISEES ONLY]

3. Waiver of Civil Code Section 1542. This Release is intended by Franchisee **[and Owner]** to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all Claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee **[and Owner]** against the Released Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee **[and Owner each]** hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee **[or Owner, as the case may be]** would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to Section 1542, whether now or hereinafter existing under the laws of California, or any other applicable federal and state law with jurisdiction over the parties' relationship. Franchisee **[and Owner each]** acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

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

In making this voluntary express waiver, Franchisee **[and Owner each]** acknowledges that Claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the intention of Franchisee **[and Owner, respectively]** to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered Claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. Franchisee **[and Owner each]** acknowledges and agrees that the foregoing waiver of Section 1542 is an essential, integral and material term of this Release.

4. Release Not Admission. Franchisee **[and Owner each]** understands and agrees that the giving or acceptance of this Release and the agreements contained herein shall not constitute or be construed as an admission of any liability by Franchisor or an admission of the validity of any Claims made by or against Franchisor.

5. Authority of Parties. Each person executing this Release on behalf of a party hereto warrants and represents that he or she is duly authorized to execute this Release on behalf of such party.

6. No Prior Assignments. Franchisee **[and Owner each]** represents and warrants that Franchisee **[and Owner]** has not previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims which are the subject of this Release, all of such Claims being released.

7. Incorporation by Reference. The parties hereby incorporate the recitals of this Release as part of the substantive provisions of this Agreement.

8. Controlling Law. This Release shall be governed, construed and interpreted in accordance with the substantive laws of the state where the Franchised Business is located.

IN WITNESS WHEREOF, Franchisee **[and Owner each]** has executed this Release on the date first shown above.

Franchisee:

[Owner:

(Signature)

By: _____

(Print Name)]

Name: _____

Its: _____

EXHIBIT L**LIST OF FRANCHISEES****Franchisees as of December 31, 2025**

CRUNCH FITNESS LOCATIONS					
Franchisee	Street Address	City	State	Zip Code	Telephone Number
Premier Fitness LLC*	509 HIGHWAY 119 SOUTH	ALABASTER	AL	35007	205-876-6163
Fitness Ventures Auburn LLC**	1716 OPELIKA ROAD	AUBURN	AL	36830	334-787-9400
Fitness Ventures, Inc.**	1419 GLENN ST SW	DECATUR	AL	35603	256-445-4625
Fitness Partners of Dothan, LLC*	3850 W MAIN ST	DOTHAN	AL	36305	334-219-0189
HD Family Enterprise LLC**	1832 DARBY DRIVE	FLORENCE	AL	35630	256-284-2224
Premier Fitness LLC*	1694 MONTGOMERY HWY	HOOVER	AL	35216	205-876-6669
Fitness Partners of Mobile, LLC*	3250 AIRPORT BLVD	MOBILE	AL	36606	251-298-7435
Fitness Partners of Montgomery, LLC*	1568 EASTERN BLVD	MONTGOMERY	AL	36117	334-593-9711
Fitness Ventures** Tuscaloosa LLC	3325 MCFARLAND BLVD E	TUSCALOOSA	AL	35405	205-737-0738
Fitness Ventures Fayetteville, LLC**	4201 N. SHILOH DR.	FAYETTEVILLE	AR	72703	479.309.0399
Fitness Ventures Yuma LLC**	3020 S. 4TH AVENUE	YUMA	AZ	85367	928-224-9950
Bay Area Crunchers, LLC*	2247 S SHORE CENTER	ALAMEDA	CA	94501	510-800-4001
SIR Fitness Garden Grove LLC**	9822 KATELLA AVE	ANAHEIM	CA	92804	714-462-3611
SIR Fitness Holdings, LLC*	504 N EUCLID ST	ANAHEIM	CA	92801	714-804-5659
Cerritos Fitness and Health LLC**	11881 DEL AMO BLVD	CERRITOS	CA	90703	562-741-5321
Chatsworth Health and Fitness LLC**	20914 NORDHOFF ST	CHATSWORTH	CA	91311	818-775-0300
SIR Fitness Holdings, LLC**	851 SHOWROOM PL STE 104	CHULA VISTA	CA	91914	619-754-6812
Jeff Clark, Ray Chung, David Lawver	284 W SHAW AVE	CLOVIS	CA	93612	559-322-0700
Corona Health & Fitness LLC**	1292 BORDER AVE	CORONA	CA	92882	951-420-0570
Jamacha Fitness LLC*	522 JAMACHA RD	EL CAJON	CA	92019	619-579-1818
JEM CF Elk Grove, LLC**	9661 E STOCKTON BLVD	ELK GROVE	CA	95624	916-236-3474
Bay Area Crunchers, LLC*	649 BECK AVE	FAIRFIELD	CA	94533	707-348-4488
JEM CF Folsom, LLC**	1010 E BIDWELL ST	FOLSOM	CA	95630	916-527-1190
SIR Fitness Fountain Valley LLC**	18081 MAGNOLIA ST	FOUNTAIN VALLEY	CA	92708	714-963-2050

CRUNCH FITNESS LOCATIONS					
Franchisee	Street Address	City	State	Zip Code	Telephone Number
Fitness Ventures – North Fresno, LLC**	7370 N. BLACK-STONE AVE	FRESNO	CA	93650	559-628-0080
JEM CF Granite Bay, LLC**	4130 DOUGLAS BLVD, SIERRA OAKS PLAZA CENTER	GRANITE BAY	CA	95746	916-677-6860
SIR Fitness Huntington Beach LLC**	5894 EDINGER AVE	HUNTINGTON BEACH	CA	92649	714-316-0110
La Mirada Health & Fitness LLC**	12805 VALLEY VIEW AVE	LA MIRADA	CA	90638	562-315-7007
Lakewood Fitness LLC**	5815 BELL-FLOWER BLVD	LAKEWOOD	CA	90713	562-262-0404
Lancaster Fitness LLC*	1020 COMMERCE CENTER DR	LANCASTER	CA	93534	661-522-9587
Worldwide Fitness Solutions Inc.**	4280 LONG BEACH BLVD STE TBD	LONG BEACH	CA	90807	562-472-1780
JEM CF Merced, LLC**	665 FAIRFIELD DRIVE	MERCED	CA	95348	209-887-5755
Monrovia Health & Fitness LLC**	650 HUNTINGTON OAKS DRIVE	MONROVIA	CA	91016	626-803-1880
Outbox Premium Out of Home, LLC	22500 TOWN CIR	MORENO VALLEY	CA	92553	951-616-1002
Northridge Fitness LLC**	10155 RESEDA BLVD	NORTHRIDGE	CA	91324	818-435-7545
Universal Fitness Club Norwalk LLC**	11029 ALONDRA BLVD	NORWALK	CA	90650	562-741-5331
SIR Fitness Holdings, LLC**	1767 OCEANSIDE BLVD	OCEANSIDE	CA	92054	760-206-7870
X1 Enterprises Inc **	2210 E PALMDALE BLVD	PALMDALE	CA	93550	661-266-3200
SIR Fitness Holdings, LLC**	1882 N PLACENTIA AVE	PLACENTIA	CA	92870	714-996-800
Worldwide Fitness Solutions Inc**	7960 LIMONITE AVE	RIVERSIDE	CA	92509	951-934-7007
JEM CF Rocklin, LLC**	6680 LONETREE BLVD	ROCKLIN	CA	95765	916-259-1599
JEM CF Arden Fair LLC**	1739 ARDEN WAY	SACRAMENTO	CA	95815	916-913-2260
SIR Fitness San Clemente LLC**	638 CAMINO DE LOS MARES	SAN CLEMENTE	CA	92673	949-661-6060
Serra Mesa Fitness LLC*	3270 GREYLING DR	SAN DIEGO	CA	92123	858-429-4010
SIR Fitness Holdings, LLC **	5871 UNIVERSITY AVE, STE 334	SAN DIEGO	CA	92115	619-762-3773
SIR Fitness Holdings, LLC**	6025 VILLAGE WAY	SAN DIEGO	CA	92130	858-925-2010
San Dimas Fitness LLC**	186 VILLAGE CT STE A	SAN DIMAS	CA	91773	909-895-3180
Bay Area Crunchers, LLC*	375A N CAPITOL AVE	SAN JOSE	CA	95133	707-348-4488
Nor Cal Crunchers, LLC*	1333 S. WINCHES-TER BLVD	SAN JOSE	CA	95128	408-478-2800

CRUNCH FITNESS LOCATIONS					
Franchisee	Street Address	City	State	Zip Code	Telephone Number
Bay Area Crunchers LLC*	177 LEWELLING BLVD	SAN LO-RENZO	CA	94580	510-924-4200
ML Fitness Solutions LLC**	18655 SOLEDAD CANYON RD	SANTA CLARITA	CA	91351	661-425-4576
Santa Maria Fitness LLC**	286 TOWN CTR E STE K69	SANTA MARIA	CA	93454	805-621-7470
Bay Area Crunchers, LLC*	1630 RANGE AVE	SANTA ROSA	CA	95401	707-271-7187
Chatsworth Fitness LLC**	2655 ERRINGER RD	SIMI VALLEY	CA	93065	805-522-5454
Mojo Fitness Inc**	1155 E MARCH LN	STOCKTON	CA	95210	209-213-3333
Bay Area Crunchers, LLC*	1651 HOLLEN-BECK AVE	SUNNYVALE	CA	94087	669-263-9343
JEM CF Tracy, LLC**	1975 W 11 th STREET	TRACY	CA	95376	209-929-0882
SIR Fitness LLC**	502 E 1ST ST STE B	TUSTIN	CA	92780	714-734-2350
Van Nuys Fitness LLC**	6723 VAN NUYS BLVD	VAN NUYS	CA	91405	818-742-6044
SIR Fitness Vista LLC**	225 VISTA VILLAGE DR STE 310-B	VISTA	CA	92083	760-477-4000
Fitness Ventures Boulder LLC**	1850 30TH ST	BOULDER	CO	80301	720-927-2400
Colorado Fitness Holdings LLC**	1801 S ACADEMY BLVD	COLORADO SPRINGS	CO	80916	719-310-1760
North Colorado Springs Health and Fitness LLC**	5620 N ACADEMY BLVD	COLORADO SPRINGS	CO	80918	719-265-6565
Fitness Ventures Fort Collins, LLC**	2201 S COLLEGE AVE	FORT COLLINS	CO	80525	970-795-0300
Fitness Holdings Norwalk LLC*	770 CONNECTICUT AVE	NORWALK	CT	06854	646-722-9455
Fitness Holdings Northeast, LLC*	100-400 GROVE LANE, UNIT 400	NEWARK	DE	19711	302-366-4061
Fitness Holdings Northeast, LLC*	5331 BRANDYWINE PKWY	WILMINGTON	DE	19803	302-266-1416
CR Fitness Altamonte, LLC*	951 STATE ROAD 434	ALTAMONTE SPRINGS	FL	32714	4076351204
CR Fitness Apollo Beach LLC*	6215 SEAWIND CT	APOLLO BEACH	FL	33572	813-954-6901
CR Fitness Apopka, LLC*	2360 E SEMORAN BLVD	APOPKA	FL	32703	407-358-7233
Crunch Bradenton, LLC*	4836 14TH ST W	BRADENTON	FL	34207	941-232-7129
TVJ Lakewood Ranch, LLC*	8265 HERITAGE GREEN WAY	BRADENTON	FL	34212	321-326-8977
CR Fitness Brandon LLC*	1602 W BRANDON BLVD	BRANDON	FL	33511	813-461-6459
CR Fitness Cape Coral, LLC*	58 NICHOLAS PARKWAY	CAPE CORAL	FL	33991	321-326-8977
CR Fitness Casselbury LLC*	1040 SR 46	CASSELBERRY	FL	32707	321-316-3931
TVJ Countryside LLC*	2591 STATE ROAD 580 FL 580	CLEARWATER	FL	33761	727-509-3033

CRUNCH FITNESS LOCATIONS					
Franchisee	Street Address	City	State	Zip Code	Telephone Number
CR Fitness Coral Springs LLC*	910 N UNIVERSITY DR	CORAL SPRINGS	FL	33071	954-859-2030
CR Fitness Sawgrass LLC*	5631 CORAL RIDGE DRIVE	CORAL SPRINGS	FL	33076	754-318-2841
CR Fitness Cutler Bay, LLC*	20505 SOUTH DIXIE HIGHWAY	CUTLER BAY	FL	33189	321-326-8977
JG Fitness Daytona, LLC*	290 N NOVA ROAD,	DAYTONA BEACH	FL	32117	501-291-1808
JG Fitness Capital, LLC*	1200 DELTONA BLVD STE 40B	DELTONA	FL	32725	386-259-5551
CR Fitness Boyscout LLC*	1755 BOY SCOUT DRIVE	FORT MYERS	FL	33907	239-931-6664
CR Fitness Six Mile LLC*	9375 6 MILE CY-PRESS PARKWAY, SUITE 210	FORT MYERS	FL	33966	239-768-9055
Fort Myers Fitness LLC	16230 SUMMERLIN RD STE 212	FORT MYERS	FL	33908	239-208-4253
Fitness Ventures Gainesville, LLC**	2002 SW 34TH ST	GAINESVILLE	FL	32608	352-415-3900
CR Fitness Greenacres, LLC*	6846 FOREST HILLS BLVD	GREEN ACRES	FL	33413	321-326-8977
CR Fitness Hallandale, LLC*	1761 E HALLANDALE BEACH BLVD	HALLANDALE BEACH	FL	33009	754-335-8270
CR Fitness Homestead, LLC*	3314 NE 7 th STREET	HOMESTEAD	FL	33033	305-230-7092
Fitness Partners of Harbour Village, LLC*	13475 ATLANTIC BLVD	JACKSONVILLE	FL	32225	904-328-3439
Fitness Partners of Regency Park, LLC*	9400 ATLANTIC BLVD	JACKSONVILLE	FL	32225	904-456-1300
CR Fitness Kissimmee LLC*	850 W OSCEOLA PARKWAY	KISSIMMEE	FL	34741	407-214-6607
CR Fitness Poinciana LLC*	4690 MARIGOLD AVE	KISSIMMEE	FL	34758	407-887-1707
CR Fitness Lake Mary II, LLC*	236 WHEELHOUSE LANE	LAKE MARY	FL	32746	321-233-8669
CR Fitness Lake Worth LLC*	4651 HYPOLUXO ROAD	LAKE WORTH	FL	33462	561-896-9080
CR Fitness Lakeland LLC*	5218 S FLORIDA AVE	LAKELAND	FL	33813	863-677-9200
CR Fitness Land O' Lakes LLC*	2126 COLLIER PKWY	LAND O'LAKES	FL	34639	813-499-0151
CR Fitness Melbourne LLC*	1257 W NEW HAVEN AVENUE	MELBOURNE	FL	32904	321-326-8977
CR Fitness Melbourne LLC*	4850 NORTH WICKHAM RD	MELBOURNE	FL	32940	321-326-8977
CR Fitness Doral, LLC*	1970 NW 117 th PLACE	MIAMI	FL	33182	305-397-0627
CR Fitness Miami Gardens, LLC*	19371 NW 27 th AVE	MIAMI GARDENS	FL	33056	305-907-5960

CRUNCH FITNESS LOCATIONS					
Franchisee	Street Address	City	State	Zip Code	Telephone Number
Naples Fitness LLC	6013 PINE RIDGE RD	NAPLES	FL	34119	813-927-6928
CR Fitness Trinity LLC*	7423 STATE ROAD 54	NEW PORT RICHEY	FL	34653	727-232-4198
GCC Properties Unlimited LLC	3500 N ANDREWS AVE	OAKLAND PARK	FL	33309	954-652-1221
CR Fitness Ocoee LLC*	1560 E. SILVER STAR ROAD	OCOE	FL	34761	321-329-1010
JG Fitness Orange Park LLC*	1919 WELLS RD	ORANGE PARK	FL	32073	904-274-0288
CR Fitness Colonial LLC*	3222 E COLONIAL DR	ORLANDO	FL	32803	321-231-7436
CR Fitness Dr. Phillips, LLC*	7506 DR PHILLIPS BLVD	ORLANDO	FL	32819	407-309-3950
CR Fitness Kirkman, LLC*	1101 RESOURCE AVE	ORLANDO	FL	32835	321-445-0296
CR Fitness Orlando, LLC*	12187 E COLONIAL DRIVE	ORLANDO	FL	32826	321-332-9704
TVJ Oviedo LLC*	4400 HOFFNER AVE	ORLANDO	FL	32812	813-381-4106
TVJ SE Orlando, LLC*	11926 NARCOOS-SEE RD STE 100	ORLANDO	FL	32832	407-313-2239
CR Fitness Palm Beach, LLC*	4200 NORTHLAKE BLVD	PALM BEACH GARDENS	FL	33410	321-326-8977
CR Fitness Palm Harbor, LLC*	35104 US HWY 19N	PALM HARBOR	FL	34684	727-473-2070
CR Fitness Parrish LLC*	8840 US-301	PARRISH	FL	34219	941-258-9310
Ayala Management LLC	10121 PINES BLVD	PEMBROKE PINES	FL	33026	954-374-8604
Fitness Ventures – Pensacola, LLC**	6235 N DAVIS HWY, STE 119	PENSACOLA	FL	32504	850-361-2400
CR Fitness Plantation, LLC*	700 SOUTH PINE ISLAND RD	PLANTATION	FL	33324	954-472-9998
CR Fitness Port Saint Lucie, LLC*	10330 US HIGHWAY 1 N	PORT ST. LUCIE	FL	34952	772-275-3901
TVJ Riverview, LLC*	10615 BIG BEND RD	RIVERVIEW	FL	33579	813-488-1118
Crunch Sarasota, LLC*	8440 LOCKWOOD RIDGE RD	SARASOTA	FL	34243	941-355-1908
Crunch Sarasota, LLC*	3762 BEE RIDGE RD	SARASOTA	FL	34233	941-923-4653
TVJ Seminole, LLC*	10781 PARK BLVD	SEMINOLE	FL	33772	813-284-7777
CR Fitness St. Petersburg Northeast, LLC*	200 37TH AVENUE NORTH	ST. PETERSBURG	FL	33704	321-326-8977
CR Fitness Tyrone LLC*	900 58TH STREET NORTH	ST. PETERSBURG	FL		727-425-6710
CR Fitness Holdings LLC*	2508 SE FEDERAL HWY	STUART	FL	33510	321-326-8977
CR Fitness Sunrise LLC*	9919 WEST OAKLAND PARK BOULEVARD	SUNRISE	FL	33351	754-288-1460

CRUNCH FITNESS LOCATIONS					
Franchisee	Street Address	City	State	Zip Code	Telephone Number
Fitness Ventures Tallahassee, LLC**	1525 W THARPE ST	TALLAHASSEE	FL	32303	407-862-5743
CR Fitness Tamarac LLC*	4017 W COMMERCIAL BLVD	TAMARAC	FL	33319	321-326-8977
TVJ Downtown Tampa, LLC*	1120 E KENNEDY BLVD UNIT 123	TAMPA	FL	33602	813-443-9102
TVJ Hillsborough, LLC*	4340 W HILLSBOROUGH AVE STE 600	TAMPA	FL	33614	813-563-6568
TVJ South Dale, LLC*	4055 S DALE MABRY HWY	TAMPA	FL	33611	813-284-7777
TVJ Tampa Palms, LLC*	15313 AMBERLY DR	TAMPA	FL	33647	813-579-3692
VRJ Carrollwood, LLC*	15798 N DALE MABRY HWY	TAMPA	FL	33618	813-304-2491
VRJ Brandon, LLC*	3236 LITHIA PINECREST RD	VALRICO	FL	33596	813-381-4106
CR Fitness Wellington, LLC*	12765 FOREST HILL BLVD	WELLINGTON	FL	33414	561-461-8477
CR Fitness Wesley Chapel, LLC*	5351 VILLAGE MARKET DRIVE	WESLEY CHAPEL	FL	33544	813-587-2714
CR Fitness Pembroke Pines, LLC*	16024 PINES BLVD	WEST PEMBROKE PINES	FL	33027	754-663-0110
CR Fitness Winter Gardens LLC*	14150 W COLO-NIAL DRIVE	WINTER GARDEN	FL		407-698-5769
CR Fitness Winter Park, LLC*	4270 ALOMA AVE	WINTER PARK	FL	32792	407-618-0129
CR Fitness Winter Springs, LLC*	170 TUSKAWILLA RD	WINTER SPRINGS	FL	32708	407-214-3105
CR Fitness Acworth*	3335 COBB PARKWAY NW	ACWORTH	GA	30101	770-376-4880
Fitness Ventures I LLC**	196 ALPS RD UNIT 142B	ATHENS	GA	30606	706-850-9900
JVT Perimeter, LLC*	4540 OLDE PERIMETER WAY	ATLANTA	GA	30346	770-623-0304
Fitness Ventures – Augusta, LLC**	221 ROBERT C DANIEL JR PKWY	AUGUSTA	GA	30909	706-426-0199
CR Fitness Buford, LLC*	3740 BUFORD DR	BUFORD	GA		770-282-1520
Fitness Ventures Warner Robins, LLC**	2930 WATSON BLVD	CENTERVILLE	GA	31028	478-273-0320
JVT Chamblee, LLC*	5508 PEACHTREE BLVD, SUITE 19	CHAMBLEE	GA	30341	470-359-4499
Fitness Ventures Columbus LLC**	2925 MANCHESTER EXPY	COLUMBUS	GA	31909	706-940-3899
CR Fitness Duluth, LLC*	2220 PEACHTREE INDUSTRIAL BLVD	DULUTH	GA	30097	770-202-4130
CR Fitness Gainesville, LLC*	250 JOHN W MORROW JR PKWY	GAINESVILLE	GA	30501	470-768-7280

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CR Fitness Hiram, LLC*	4484 JIMMY LEE SMITH PARKWAY #101	HIRAM	GA	30141	470-672-7800
JVT Johns Creek LLC*	6000 MEDLOCK BRIDGE PKWY	JOHNS CREEK	GA	30022	678-999-6702
CR Fitness Kennesaw LLC*	1200 ERNEST BARRETT PARKWAY SUITE 220-224	KENNESAW	GA	30144	770-430-4665
JVT Snellville, LLC*	1175 SCENIC HWY	LAWRENCE-VILLE	GA	30045	678-273-3610
CR Fitness East Lake, LLC*	3605 SANDY PLAINS RD SUITE 300	MARIETTA	GA	30066	770-215-2280
CR Fitness Eastlake, LLC*	2203 ROSWELL RD	MARIETTA	GA	30062	470-922-6143
CR Fitness West Cobb, LLC*	3805 DALLAS HIGHWAY SW UNIT 44	MARIETTA	GA	30064	770-746-4675
JVT Roswell LLC*	653 HOLCOMB BRIDGE RD FULL 625	ROSWELL	GA	30076	470-300-2400
Fitness Ventures Savannah, LLC**	7804 ABERCORN ST # 55	SAVANNAH	GA	31406	912.421.4899
CR Fitness Tucker, LLC*	4420 HUGH HOWELL RD	TUCKER	GA	30084	7707583103
Fitness Partners of Valdosta, LLC*	1710 NORMAN DR, STE A-1	VALDOSTA	GA	31602	229-437-0521
Fitness Ventures – Des Moines South, LLC**	1200 E ARMY POST ROAD	DES MOINES	IA	50315	515-442-5300
Fitness Ventures Urbandale LLC**	8501 HICKMAN RD	URBANDALE	IA	50322	515-259-6688
Chicago Fit Ventures LLC**	2300 S EOLA RD	AURORA	IL	60503	630-401-8515
ILBCD, LLC**	352 COMMONS DR	BOLING-BROOK	IL	60440	630-604-2470
JEM CF Burbank Station, LLC**	7750 S CICERO AVE	BURBANK	IL	60459	708-713-6025
Fitness Ventures Champaign LLC**	40 E ANTHONY DR	CHAMPAIGN	IL	61820	217-560-3170
Chicago Fit Ventures LLC**	201 W RAND RD	MOUNT PROSPECT	IL	60056	847-637-5952
Fitness Ventures Normal LLC**	301 VETERANS PKWY	NORMAL	IL	61761	309-807-3388
Fitness Ventures Palatine LLC**	722 WEST EUCLID AVENUE	PALATINE	IL	60067	847-686-2750
Fitness Ventures Rockford, LLC**	6309 E STATE ST	ROCKFORD	IL	61108	815-219-4200
CNP Fitness RLB Inc.*	817 E ROLLINS RD	ROUND LAKE BEACH	IL	60073	847-752-8185
Chicago Fit Ventures LLC**	614 E GOLF RD	SCHAUMBURG	IL	60173	847-233-1232

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Franchisee	Street Address	City	State	Zip Code	Telephone Number
Fitness Ventures - Evansville, LLC**	306 N GREEN RIVER ROAD	EVANSVILLE	IN	47715	812-626-4699
Fitness Ventures Greenwood LLC**	1230 U.S. HWY 31 N	GREENWOOD	IN	46142	463-277-0499
Fitness Ventures – Avon, LLC**	9030 ROCKVILLE RD	INDIANAPOLIS	IN	46234	463-200-7900
Fitness Ventures Indianapolis LLC**	8772 MICHIGAN RD	INDIANAPOLIS	IN	46268	463-252-0499
Fitness Ventures Keystone, LLC**	6160 N KEYSTONE AVE	INDIANAPOLIS	IN	46220	463-274-5499
Mundy Drive Fitness LLC**	14436 MUNDY RD OFF STATE ROAD 37	NOBLESVILLE	IN		317-314-1298
Fitness Ventures Lawrence LLC**	1900 W 23RD ST	LAWRENCE	KS	66046	785-371-4044
Fitness Ventures Olathe LLC**	16630 W. 135TH STREET	OLATHE	KS	66062	913-732-1099
Fitness Ventures Shawnee LLC**	11311 FRONTAGE RD	SHAWNEE	KS	66203	913-363-7900
Fitness Ventures Topeka LLC**	2905 SW TOPEKA BLVD	TOPEKA	KS	66611	785-289-9100
Primetime Fitness Guru, LLC*	77 SPIRAL DR	FLORENCE	KY	41042	859-371-2348
Fitness Ventures – Lexington, LLC**	125 E. REYNOLDS RD	LEXINGTON	KY	40517	859-379-2320
Fitness Ventures - Dixie, LLC**	6801 DIXIE HWY	LOUISVILLE	KY	40258	502-890-1438
Fitness Ventures – Middletown, LLC**	10480 SHELBYVILLE RD	LOUISVILLE	KY	40223	502-298-4360
Fitness Ventures - Outer Loop, LLC**	4235 OUTER LOOP	LOUISVILLE	KY	40219	502-205-1011
Fitness Ventures Fern Creek, LLC**	5318 BARDSTOWN ROAD	LOUISVILLE	KY	40291	502-251-3899
Primetime Fitness Guru LLC	1751 MONMOUTH ST # 2	NEWPORT	KY	41071	859-360-5438
Fitness Ventures--Baton Rouge, LLC**	9618 AIRLINE HWY	BATON ROUGE	LA	70809	225-453-0100
LAMNC LLC**	623 N CAUSEWAY BLVD, SUITE 5	MANDEVILLE	LA	70448	985-263-9440
Fitness Ventures – Marrero, LLC**	5005 LAPALCO BLVD	MARRERO	LA	70072	504-313-4520
Fitness Holdings Northeast LLC*	15 GORHAM STREET	ALLSTON	MA	11111	617-731-4177
Fitness Holdings Northeast LLC*	294 GROVE STREET	BRAINTREE	MA	02184	781-818-4171
Brockton PT LLC**	85 TORREY ST	BROCKTON	MA	02301	508-203-1884
Fitness Holdings Danvers LLC*	301 NEWBURY ST	DANVERS	MA	02464	978-624-4910
Fitness Holdings Northeast LLC*	540 GALLIVAN BLVD	DORCHESTER	MA	02124	617-265-1733

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Fitness Holdings Northeast LLC*	433 N MAIN ST	EAST LONGMEADO W	MA	01028	413-264-5447
Fitness Holdings Massachusetts LLC *	450 WILLIAM S CANNING BLVD-SOUTH COAST MARKETPLACE	FALL RIVER	MA	02721	508-281-1264
Michael Soraci**	130 WATER ST	FITCHBURG	MA	01420	978-345-0000
Fitness Holdings Haverhill LLC*	3 FERRY STREET	HAVERHILL	MA	01835	978-241-6305
Fitness Holdings Massachusetts LLC *	185-221 WASHINGTON STREET/ROUTE 85	HUDSON	MA	01749	978-293-3633
Fitness Holdings of Lynn, LLC*	43 STATE STREET	LYNN	MA	01901	508-380-2960
Fitness Holdings Northeast, LLC*	56 BROADWAY	MALDEN	MA	02148	718-874-9904
Fitness Holdings Roslindale LLC*	950 AMERICAN LEGION HWY	ROSLINDALE	MA	02131	617-327-1212
RB Fitness Swansea, LLC*	262 SWANSEA MALL DRIVE	SWANSEA	MA	02777	774-955-5361
Fitness Holdings Massachusetts LLC*	40 MILLBROOK ST	WORCESTER	MA	01606	508-757-3900
Fitness Holdings Northeast LLC*	867 GRAFTON ST	WORCESTER	MA	01604	774-312-6228
Fitness Partners of Canton LLC*	3991 BOSTON ST.	BALTIMORE	MD	21224	443-505-7270
Fitness Partners of College Park, LLC*	4320 CALVERT ROAD	COLLEGE PARK	MD	20474	301-615-9475
Fitness Growth Capital LLC**	1005-1077 WEST PATRICK ST	FREDERICK	MD	21702	301-732-7374
Fitness Growth Capital LLC**	17716 GARLAND GROH BLVD	HAGERSTOWN	MD	21740	240-347-4480
Fitness Growth Capital LLC**	3035 WALDORF MARKET PLACE	WALDORF	MD	20603	301-818-5560
Bill Saad Fitness Group LLC**	2723 OAK VALLEY DR	ANN ARBOR	MI	48103	734-214-6426
GLI Garfield LLC**	41601 GARFIELD RD	CLINTON TOWNSHIP	MI	48038	586-701-2650
GLI Dearborn LLC **	5601 MERCURY DR	DEARBORN	MI	48216	313-982-9711
GLI East Lansing LLC**	2655 E GRAND RIVER AVE, SUITE 200	EAST LANSING	MI	48823	517-741-0200
GLI Farmington LLC**	24800 HAGGERTY RD	FARMINGTON HILLS	MI	48335	248-412-3322
MIG28, LLC**	4901 28 TH ST SE	GRAND RAPIDS	MI	49512	616-280-4299
GLI Monroe, LLC**	1525 MALL RD	MONROE	MI	48162	734-230-2930
GLI Southgate, LLC**	14255 EUREKA RD	SOUTHGATE	MI	48195	517-420-3528
GLI Taylor LLC**	21604 ECORSE RD	TAYLOR	MI	48180	734-234-6670

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MIWAA, LLC**	3130 ALPINE AVE NW	WALKER	MI	49544	616-221-5349
GLI Warren LLC**	30740 TO 30780 SCHOENHERR	WARREN	MI	48088	586-636-6200
GLI Waterford LLC**	4998 & 5000-5072 DIXIE HWY	WATERFORD	MI	48329	248-742-7270
GLI Westridge LLC**	35715 WARREN RD	WESTLAND	MI	48185	734-589-8622
Bill Saad Fitness Group LLC**	3020 WASHTENAW RD	YPSILANTI	MI	48197	734-219-5006
Affordable Fitness Group LLC**	12420 ABERDEEN ST NE	BLAINE	MN	55449	763-373-3773
Idaho Health & Fitness, LLC	9645 GROVE CIRCLE NORTH	MAPLE GROVE	MN	55369	612-308-8382
Fitness Ventures St Cloud LLC**	4101 WEST DIVISION STREET	ST. CLOUD	MN	56387	320-433-3899
Fitness Ventures Columbia, LLC**	101 SOUTH PROVIDENCE RD	COLUMBIA	MO	65203	407-862-5743
Undefeated Tribe Florissant, LLC**	8200 N LINDBERGH BLVD	FLORISSANT	MO	63031	314-248-3866
Undefeated Tribe Manchester, LLC**	151 HIGHLANDS BLVD DR	MANCHESTER	MO	63011	636-254-1100
Undefeated Tribe St Peters, LLC**	411 MID RIVERS MALL DR	ST. PETERS	MO	63376	636-348-5400
Fitness Partners of D'Iberville, LLC	10598 DIBERVILLE BLVD STE J	DIBERVILLE	MS	39540	228-232-0800
Fitness Partners of Hattiesburg, LLC	4501 HARDY ST STE 50	HATTIESBURG	MS	39402	601-336-5322
Fitness Partners of Long Beach, LLC	200 W RAILROAD ST STE 103	LONG BEACH	MS	39560	562-472-1780
Fitness Partners of Petal, LLC	922 HWY 42	PETAL	MS	39465	601-475-1803
CRU Fitness County Line LLC	2000 E COUNTY LINE RD	RIDGELAND	MS	39157	601-360-8080
Fitness Ventures-Southaven, LLC**	570 MAIN ST	SOUTHAVEN	MS	38671	662-210-6100
CR Fitness Arboretum LLC*	3413 PINEVILLE-MATTHEWS ROAD	CHARLOTTE	NC	28226	704-385-5179
CR Fitness Ballantyne, LLC*	16045 JOHNSTON RD	CHARLOTTE	NC	28277	704-385-7827
CR Fitness Town Center Charlotte LLC*	8514 UNIVERSITY CITY BLVD	CHARLOTTE	NC	28213	980-332-7443
CR Fitness York Ridge LLC*	11108 S. TRYON STREET	CHARLOTTE	NC	28273	980-252-7170
Fitness Partners of West Market Street, LLC*	3950 WEST MARKET ST	GREENSBORO	NC	27407	336-645-7014
Fitness Partners of Jacksonville, NC, LLC**	1650 GUM BRANCH RD	JACKSONVILLE	NC	28540	910-781-8180
CR Fitness Matthews, LLC*	10404 E INDEPENDENCE BLVD	MATTHEWS	NC	28105	704-440-1042
Fitness Partners of Cameron Village LLC*	1900 CAMERON ST	RALEIGH	NC	27605	919-948-6445

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Fitness Partners of Creedmoor LLC*	6300 CREEDMOOR RD	RALEIGH	NC	27612	919-948-6541
JF Fitness of North America, LLC**	356 COLLEGE RD	WILMINGTON	NC	28403	910-505-8321
Fitness Ventures Fargo, LLC**	4603 13TH AVE SOUTH	FARGO	ND	58102	701-997-6299
Fitness Ventures Lincoln LLC**	5050 N 27TH ST	LINCOLN	NE	68521	402-783-1299
CW Fitness Inc*	5208 S 136TH ST	OMAHA	NE	68137	402-671-7811
Fitness Ventures-Maplewood, LLC**	2650 NORTH 90 TH ST	OMAHA	NE	68134	402-915-0300
Aberdeen Fitness, LLC**	1121 HWY 34	ABERDEEN	NJ	07747	732-765-2005
RC Fitness LLC*	895 PAULISON AVE	CLIFTON	NJ	07011	973-553-9470
Fitness Holdings Northeast LLC*	645 STATE ROUTE 18 (NJ STATE HIGHWAY)	EAST BRUNSWICK	NJ	08816	973-671-1798
Primetime Fitness Northeast, LLC**	761 NJ-33	EAST WINDSOR	NJ	08520	609-371-7111
Fitness Holdings Northeast, LLC*	3681 ROUTE 9	FREEHOLD	NJ	07728	732-683-1313
Garwood Health and Fitness, LLC**	300 SOUTH AVE	GARWOOD	NJ	07027	908-794-0425
Greenbrook Sports and Fitness LLC	17 KING GEORGE RD.	GREEN BROOK	NJ	08812	732-356-6900
F3 Hackettstown LLC	2045 NJ-57	HACKETTSTOWN	NJ	07840	908-852-4141
Blitz and the Hoff LLC	2465 S BROAD ST	HAMILTON	NJ	08610	609-888-2400
Fitness Holdings Northeast, LLC*	585 WEST MT. PLEASANT AVE-NUE	LIVINGSTON	NJ	07039	973-577-3152
Fitness Holdings Northeast, LLC*	79 N MAIN ST	MARLBORO	NJ	07746	732-298-6300
Midland Park Health and Fitness, LLC	156 GREENWOOD AVE	MIDLAND PARK	NJ	07432	201-444-4041
Fitness Holdings Moorestown, LLC*	EAST GATE SQUARE, 1301-1349 NIXON DR	MOORESTOWN	NJ	08057	856-581-0823
Rams Fitness Consulting Ltd.	15 ROUTE 9 118	MORGANVILLE	NJ	07751	732-970-1007
F3 Morris Plains LLC	118 HEADQUARTERS PLAZA	MORRISTOWN	NJ	07960	973-644-9590
Fitness Holdings North Bergen LLC*	2819 KENNEDY BLVD	NORTH BERGEN	NJ	07047	201-863-7000
Fitness Holdings North Brunswick LLC*	2421 US HIGHWAY 1 STE C2	NORTH BRUNSWICK	NJ	08902	732-839-0606
Fitness Holdings Northeast, LLC*	2345 STATE RTE 66	OCEAN TOWNSHIP	NJ	07712	732-695-0663
Fitness Holdings Northeast, LLC*	600 WINTERS AVE	PARAMUS	NJ	07652	201-634-0400
F3 Parsippany LLC	790 US - 46	PARSIPPANY	NJ	07054	973-794-3652

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Fitness Holdings Somerset, LLC**	960 EASTON AVE	SOMERSET	NJ	08873	732-325-0203
Springfield Fitness, LLC	215 MORRIS AVE	SPRINGFIELD	NJ	07081	908-443-7039
F3 Stanhope LLC	110 STATE ROUTE 183 STE 100	STANHOPE	NJ	07874	973-691-6900
Fitness Holdings Northeast, LLC*	980 SHREWSBURY AVE	TINTON FALLS	NJ	07724	732-389-8500
F3 Toms River LLC**	635 BAY AVE #U295	TOMS RIVER	NJ	08753	732-831-4617
Fitness Holdings Northeast, LLC*	309 POMPTON AVE	VERONA	NJ	07044	973-857-2500
Fitness Holdings Northeast, LLC*	1825 NJ-35	WALL TOWN-SHIP	NJ	12345	732-749-8400
Fitness Holdings Wood-bridge LLC*	789 SAINT GEORGE AVE STE 1	WOODBIDGE	NJ	07095	732-510-1400
Undeclared Tribe Albuquerque, LLC**	2451 SAN MATEO BLVD NE	ALBUQUERQUE	NM	87110	505-600-6360
Undeclared Tribe Albuquerque-Atrisco, LLC**	4208 CENTRAL AVE SW, STE A	ALBUQUERQUE	NM	87105	505-658-8160
Fitness Ventures, LLC**	1160 EL PASEO RD	LAS CRUCES	NM	88001	505-387-8030
NVHLM, LLC**	390 W LAKE MEAD PKWY	HENDERSON	NV	89015	725-525-3900
NVLRB, LLC**	120 S RAINBOW BLVD	LAS VEGAS	NV	89145	725-240-6170
2Strong1, LLC	5353 MEAD-OWOOD MALL CIR STE D150	RENO	NV	89502	775-470-5421
2Strong2, LLC	1335 SCHEELS DR, UNIT 1	SPARKS	NV	89434	775-470-5421
Fit 716 LLC	3366 SHERIDAN DR	AMHERST	NY	14226	716-836-3200
Valerew Fitness Group LLC**	104 MERRICK RD	AMITYVILLE	NY	11701	631-608-9015
Valerew Fitness Holdings LLC**	2212 CENTRE AVE	BELLMORE	NY	11710	516-221-4000
CF Norwood LLC**	3170 WEBSTER AVE	BRONX	NY	10467	718-515-0110
Cary Ave Development LLC**	1736 SHORE PARKWAY	BROOKLYN	NY	11214	888-903-7940
CF Crown Heights, LLC**	842 LEFFERTS AVE	BROOKLYN	NY	11203	718-369-1007
CF Flatbush LLC**	1038 FLATBUSH AVE	BROOKLYN	NY	11226	347-857-9373
CF Greenpoint, LLC**	825 MANHATTAN AVE	BROOKLYN	NY	11222	718-732-8222
Fitness Holdings Northeast, LLC*	5863 EAST CIRCLE DRIVE	CICERO	NY	13039	315-458-7100
Valerew Fitness Center, LLC**	2501 HEMPSTEAD TURNPIKE	EAST MEADOW	NY	11554	516-503-2233

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Fitness Holdings Albany, LLC*	1 CROSSGATES MALL RD, STE A108	GUILDERLAND	NY	12203	518-300-3110
Valerew Fitness Company**	1225 VETERANS MEMORIAL HWY	HAUPPAUGE	NY	11788	631-406-6159
Fitness Holdings Northeast, LLC*	130 FAIR-GROUNDS MEMORIAL PKWY	ITHACA	NY	14850	607-645-4120
CF Rochdale LLC**	16540 BAISLEY BLVD	JAMAICA	NY	11434	718-413-4758
Team Rock Fitness LLC	3174 MIDDLE COUNTRY RD	LAKE GROVE	NY	11755	631-246-4592
Fitness Holdings Northeast, LLC*	109 DUNNING RD	MIDDLETOWN	NY	10940	845-243-6969
Fitness Holdings Northeast, LLC*	180 N. MAIN STREET	NEW CITY	NY	10956	8459993312
Fitness Holdings Northeast, LLC*	2 NEPTUNE RD	POUGHKEEPSIE	NY	12601	845-462-2200
CF Richmond Hill, LLC**	11502 JAMAICA AVE	RICHMOND HILL	NY	11418	646-780-2050
Fitness Holdings Northeast, LLC *	1400 ALTAMONT AVENUE, SUITE 1	ROTTERDAM	NY	12306	518-250-9993
Primetime Fitness Northeast, LLC	300 WEST SERVICE ROAD	STATEN ISLAND	NY	10314	347-861-7333
Staten Island Fitness, LLC**	364 BAY ST	STATEN ISLAND	NY	10301	718-816-7800
Fitness Holdings Northeast, LLC*	3440 GENESEE STREET	SYRACUSE	NY	13219	315-484-1000
Fitness Holdings Syracuse, LLC*	3179 ERIE BLVD E	SYRACUSE	NY	13214	315-449-0626
Valerew Enterprises LLC**	369 LITTLE EAST NECK RD	WEST BABYLON	NY	11704	631-620-3990
OHBCR, LLC**	3289 CENTER RD, STE 14C	BRUNSWICK	OH	44212	234-391-0070
Primetime Fitness Gurus LLC**	3401 IBSEN AVE	CINCINNATI	OH	45209	513-984-0348
Primetime Fitness Gurus, LLC**	8253 BEECHMONT AVE	CINCINNATI	OH	45255	513-233-0348
Primetime Fitness Gurus, LLC**	5901 E GALBRAITH RD STE 100	CINCINNATI	OH	45236	513-984-0348
Primetime Fitness Gurus, LLC**	5929 E MAIN ST	COLUMBUS	OH	43213	614-755-4400
Primetime Fitness Gurus, LLC**	3644 FISHINGER BLVD	HILLIARD	OH	43026	614-771-1600
Primetime Fitness Gurus, LLC**	5105 DEERFIELD BLVD	MASON	OH	45040	513-770-3488
Primetime Fitness Ohio LLC*	6849B PEARL ROAD	MIDDLEBURG HEIGHTS	OH	44130	216-306-1893
Fitness Ventures, LLC**	4925 JACKMAN RD STE 16	TOLEDO	OH	43613	419-262-0722

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OHWEA, LLC**	35101 EUCLID AVE #17	WILLOUGHBY	OH	44094	440-202-8030
Undeclared Tribe Broken Arrow LLC**	3701 S. ELM PLACE	BROKEN ARROW	OK	74011	918-395-5070
Undeclared Tribe Edmond, LLC**	2121 WEST DANFORTH RD	EDMOND	OK	73003	405-920-1940
Undeclared Tribe Midwest City, LLC**	7515 SE 15 TH ST	MIDWEST CITY	OK	73110	405-931-4080
Fitness Ventures Norman LLC**	2300 W MAIN ST	NORMAN	OK	73069	405-322-5859
Undeclared Tribe Oklahoma City May LLC**	12508 N. MAY AVE	OKLAHOMA CITY	OK	73120	405-497-8160
Undeclared Tribe Oklahoma City NW Expressway LLC**	8490 NORTHWEST EXPRESSWAY	OKLAHOMA CITY	OK	73162	405-267-6282
Undeclared Tribe Tulsa, LLC**	7827 E 91ST ST	TULSA	OK	74133	539-842-0966
Undeclared Tribe Tulsa-Yale, LLC**	5103 E 21 ST ST, STE A	TULSA	OK	74114	539-314-0130
Undeclared Tribe Yukon, LLC**	11241 WEST RENO AVE	YUKON	OK	73099	405-265-9145
Fitness Ventures Medford LLC**	860 BIDDLE ROAD	MEDFORD	OR	97504	541-665-8400
Fitness Ventures Eugene LLC**	3000 GATEWAY ST	SPRINGFIELD	OR	97477	458-275-0399
Fitness Holdings Northeast LLC*	1336 BRISTOL PIKE	BENSALEM	PA	19020	267-545-8259
Fitness Ventures Erie LLC**	1520 W 26TH ST	ERIE	PA	16508	814-840-1300
Fitness Holdings Northeast Fairless Hills LLC*	THE COURT AT OXFORD VALLEY 110 COMMERCE BLVD, STE S-3	FAIRLESS HILLS	PA	19030	215-809-1600
Box Holdings LLC**	3880B UNION DEPOSIT RD	HARRISBURG	PA	17109	717-793-3656
Fitness Holdings Huntingdon Valley LLC*	755 HUNTINGDON PIKE	HUNTINGDON VALLEY	PA	19006	267-636-5441
Fitness Holdings Northeast, LLC*	870 PLAZA BLVD	LANCASTER	PA	17601	717-824-4092
Box Holdings Mechanicsburg, LLC**	5850 CARLISLE PIKE	MECHANICSBURG	PA	17050	717-620-4642
Fitness Holdings Northeast, LLC*	2739 RIDGE PIKE	NORRISTOWN	PA	19403	484-868-9003
Fitness Ventures Mcknight, LLC**	8050 MCKNIGHT ROAD SUITE 1-B	PITTSBURGH	PA	15237	412-939-7100
Fitness Ventures Pleasant Hills LLC**	601 CLAIRTON BLVD STE 38	PLEASANT HILLS	PA	15236	412-543-8580
Fitness Holdings Northeast, LLC*	223 SHOEMAKER RD, STE 139	POTTSTOWN	PA	19464	610-427-4531

CRUNCH FITNESS LOCATIONS					
Franchisee	Street Address	City	State	Zip Code	Telephone Number
Fitness Holdings Northeast LLC*	9173 ROOSEVELT BLVD.	ROOSEVELT	PA	19114	215-693-5671
Scranton Health Club LLC**	THE MALL AT STEAMTOWN 300 LACKAWANNA AVENUE	SCRANTON	PA	18503	570-955-0881
Fitness Ventures-State College, LLC**	510 WESTERLY PKWY	STATE COLLEGE	PA	16801	814-954-1800
Fitness Growth Capital, LLC**	101 WYOMING VALLEY MALL #900	WILKES-BARRE	PA	18702	570-931-8800
Box Holdings York LLC*	2435 E MARKET ST	YORK	PA	17402	717-430-8094
Fitness Holdings Northeast, LLC*	905 LOUCKS RD	YORK	PA	17404	717-850-9393
Smart Fitness Caguas Inc.	METRO PLAZA INDUSTRIAL	CAGUAS	PR	00725	787-705-4616
Smart Fitness LLC	PARQUE ESCORIAL BLVD DE LA MEDIA LUNA	CAROLINA	PR	00985	787-762-3023
Smart Fitness Ponce LLC	PLAZA DEL CARIBE - 2050 PONCE BYPASPS: SAME LOCATION	PONCE	PR	00716	787-987-7230
Fitness Partners of Anderson, LLC**	3793 CLEMSON BLVD	ANDERSON	SC	29621	864-274-9387
Fitness Partners of Cherrydale, LLC*	3245 N PLEASANT-BURG DRIVE	GREENVILLE	SC	29609	864-652-3245
Fitness Partners of Greenville Pleasant, LLC*	1332 S PLEASANT-BURG DR, GREENVILLE	GREENVILLE	SC	29605	864-274-9398
Fitness Partners of Mauldin, LLC**	207 W BUTLER RD	MAULDIN	SC	29662	864-326-4661
Fitness Partners of Park West LLC*	3301 STOCKDALE STREET, UNIT B	MOUNT PLEASANT	SC	29466	843-375-0770
Fitness Partners of Myrtle Beach LLC*	2400 COASTAL GRAND CIRCLE	MYRTLE BEACH	SC	29577	854-854-9800
Fitness Partners of North Charleston LLC*	7800 RIVERS AVE STE 1300	NORTH CHARLESTON	SC	29406	843-800-8350
Fitness Partners of Spartanburg Fern LLC*	140 FERNWOOD DRIVE	SPARTANBURG	SC	29307	864-256-4111
Fitness Partners of Old Trolley LLC*	1645 OLD TROLLEY RD	SUMMERVILLE	SC	29485	843-510-7878
Fitness Partners of Taylors, LLC*	5000 OLD SPARTANBURG ROAD	TAYLORS	SC	29687	8643189330
Fitness Ventures Sioux Falls, LLC**	4001 S LOUISE AVE	SIOUX FALLS	SD	57106	6052218099
Fitness Holdings Northeast, LLC*	2100 HAMILTON PLACE BLVD	CHATTANOOGA	TN	37421	423-260-5203
Fitness Ventures Clarksville LLC**	1598 FORT CAMPBELL BLVD	CLARKSVILLE	TN	37042	931-444-6100

CRUNCH FITNESS LOCATIONS					
Franchisee	Street Address	City	State	Zip Code	Telephone Number
Fitness Ventures Cordova, LLC**	1635 N GERMAN-TOWN PKW	CORDOVA	TN	38016	901-286-2899
Fitness Holdings Northeast LLC*	1050 GLENBROOK WAY	HENDERSON-VILLE	TN	37075	615-265-9025
Fitness Holdings Northeast LLC*	5230 TN-153, STE 110	HIXSON	TN	37343	423-904-5440
CR Fitness Fountain City LLC*	5003 N. BROAD-WAY STREET	KNOXVILLE	TN	37918	865-459-2001
Fitness Ventures – Austin Peay, LLC**	3260 AUSTIN PEAY HWY	MEMPHIS	TN	38128	901-390-4800
Fitness Ventures White Station, LLC**	827 S WHITE STATION ROAD	MEMPHIS	TN	38117	901-300-7199
Fitness Ventures Murfreesboro, LLC**	1266 NW BROAD STREET	MURFREESBORO	TN	37129	407-862-5743
Primetime Fitness Guru, LLC	3634 BELL RD	NASHVILLE	TN	37214	6157087685
Primetime Fitness Guru, LLC*	2615 MURFREESBORO PIKE	NASHVILLE	TN	37217	615-686-2486
Fitness Ventures Abilene LLC**	4709 S 14TH ST	ABILENE	TX	79605	325-899-4242
CR Fitness Allen, LLC*	510 NORTH WATERS ROAD	ALLEN	TX	75013	4692979712
Fitness Ventures 2 LLC**	2020 S GEORGIA ST	AMARILLO	TX	79109	806-358-0706
CR Fitness Arlington, LLC*	5906 S COOPER STREET	ARLINGTON	TX	76017	430-227-8624
Undefeated Tribe Austin, LLC**	4625 W. WILLIAM CANNON DRIVE	AUSTIN	TX	78749	5125000828
Undefeated Tribe Southpark Austin, LLC**	9900 S I-35 FRONT-AGE RD, STE H	AUSTIN	TX	78748	512-800-6140
Undefeated Tribe Beaumont, LLC**	6115 EASTEX FWY	BEAUMONT	TX	77706	409-240-9868
Brownsville Fitness Group LLC**	3025 BOCA CHICA BLV	BROWNSVILLE	TX	78526	956-518-7416
North Brownsville Fitness Group LLC**	3220 GALENO XING	BROWNSVILLE	TX	78526	956-621-4040
Undefeated Tribe Cedar Hill LLC**	213 N. HIGHWAY 67	CEDAR HILL	TX	75104	469-727-0300
Undefeated Tribe Cedar Park LLC**	1335 E. WHITESTONE BLVD.	CEDAR PARK	TX	78613	512-737-9470
Fitness Ventures College Station LLC**	615 UNIVERSITY DRIVE EAST, SUITE 101	COLLEGE STATION	TX	77840	979-314-9333
CR Fitness Colleyville, LLC*	4701 COLLEYVILLE BLVD	COLLEYVILLE	TX	76034	817-748-8410
Undefeated Tribe Corpus Christi - Staples LLC**	6643 SOUTH STAPLES STREET	CORPUS CHRISTI	TX	78413	361-271-3099
Undefeated Tribe Operating Co.**	4108 SOUTH STAPLES STREET	CORPUS CHRISTI	TX	78411	361-271-3099

CRUNCH FITNESS LOCATIONS					
Franchisee	Street Address	City	State	Zip Code	Telephone Number
	(CARMEL VIL-LAGE SHOPPING CENTER)				
Cypress Fitness, LLC*	25632 NORTH-WEST FREEWAY	CYPRESS	TX	77429	281-715-0330
CR Central Forest, LLC*	11615 NORTH CENTRAL EXPY	DALLAS	TX	75243	214-716-8060
Undefeated Tribe South Dallas, LLC**	4350 GANNON LN	DALLAS	TX	75237	469-895-4040
Edinburg Fitness Group LLC **	1201 S MCCOLL ROAD	EDINBURG	TX	78539	518-250-9993
Undefeated Tribe El Paso 1, LLC**	9155 DYER ST	EL PASO	TX	79924	915-455-0044
Undefeated Tribe El Paso Zaragoza LLC**	2060 ZARAGOZA ROAD	EL PASO	TX	79938	915-455-0044
CR Fitness Summer Creek, LLC*	5317 SYCAMORE LAKE RD	FORT WORTH	TX	76123	682-841-4070
CR Fitness Frisco, LLC*	3865 PRESTON ROAD	FRISCO	TX	75034	228-806-1900
CR Fitness Grand Prairie, LLC*	3124 STATE HWY 161	GRAND PRAIRIE	TX	75052	945-327-1020
13 Fitness Copperwood LLC*	6575 HWY 6 N	HOUSTON	TX	77084	346-580-0204
Kirkwood Fitness LLC*	11940 WES-THEIMER RD	HOUSTON	TX	77077	346-601-1020
13 Fitness Echo Lane, LLC*	7072 FM 1960 E	HUMBLE	TX	77346	281-973-4400
Humble Fitness, LLC*	20514 US 59	HUMBLE	TX	77338	346-662-8080
13 Fitness Katy, LLC*	1550 S MASON RD	KATY	TX	77450	281-886-8383
Undefeated Tribe Kyle LLC**	19167 I-35	KYLE	TX	78640	737-315-8145
Fitness Ventures Laredo, LLC**	4601 SAN DARIO AVE	LAREDO	TX	78041	956-937-2800
Undefeated Tribe Operating Co LLC**	200 GULF FWY S	LEAGUE CITY	TX	77573	346-278-5030
Undefeated Tribe Operating Co.**	2505 JUDSON RD	LONGVIEW	TX	75605	430-201-3636
Fitness Ventures Lubbock LLC**	6205 SLIDE RD TRLR PRESALE	LUBBOCK	TX	79414	806-686-0075
Fitness Ventures Midland LLC**	3200 N LOOP 250 W	MIDLAND	TX	79707	432-242-6599
CR Fitness North Richland Hills, LLC*	6601 NE LOOP 820	NORTH RICHLAND HILLS	TX	76180	682-222-8388
Fitness Ventures - Odessa, LLC**	2008 EAST 42ND STREET	ODESSA	TX	79762	432-305-4600
Undefeated Tribe Pearland, LLC*	2800 E BROADWAY ST, STE 2800	PEARLAND	TX	77581	832-234-2250
STX Gym Pharr LLC	500 NORTH JACKSON ROAD	PHARR	TX	78577	956-616-2931
CR Fitness Plano II LLC*	801 D WEST 15TH STREET	PLANO	TX	75075	214-910-1660

CRUNCH FITNESS LOCATIONS					
Franchisee	Street Address	City	State	Zip Code	Telephone Number
CR Fitness Plano, LLC*	1701 PRESTON ROAD	PLANO	TX	75039	2149101660
Undeclared Tribe Port Arthur, LLC**	3100 FM 365	PORT ARTHUR	TX	77642	409-250-4800
Undeclared Tribe Round Rock North LLC**	201 UNIVERSITY OAKS BOULEVARD	ROUND ROCK	TX	78664	512-254-4111
Urban Fitness Group LLC	2800 S INTERSTATE 35	ROUND ROCK	TX	78681	512-945-9455
CR Fitness Rowlett, LLC*	3601 LAKEVIEW PKWY	ROWLETT	TX	75088	972-552-8605
Undeclared Tribe San Angelo, LLC**	4349 SHERWOOD WAY	SAN ANGELO	TX	76901	325-716-4069
Undeclared Tribe San Antonio - Bandera, LLC**	8425 BANDERA RD	SAN ANTONIO	TX	78250	210-455-1888
Undeclared Tribe San Antonio - San Pedro, LLC**	7142 SAN PEDRO AVENUE	SAN ANTONIO	TX	78216	2102658357
Undeclared Tribe San Antonio - Woodlake Crossing LLC**	7014 FARM-TO-MARKET RD 78	SAN ANTONIO	TX	78244	726-226-0771
Undeclared Tribe San Antonio-West Lakes, LLC**	1339 SW LOOP 410	SAN ANTONIO	TX	78227	210-338-1381
Undeclared Tribe San Antonio-Wurzbach, LLC**	10103 WURZBACH	SAN ANTONIO	TX	78230	210-594-1170
Undeclared Tribe San Marcos LLC**	450 BARNES DRIVE	SAN MARCOS	TX		512-690-8828
Undeclared Tribe Temple, LLC**	4501 S GENERAL BRUCE DRIVE	TEMPLE	TX	76502	254-677-8700
Undeclared Tribe Operating Co LLC **	1909 E SOUTH-EAST LOOP 323	TYLER	TX	75701	903-251-9194
Undeclared Tribe Operating Company LLC **	565-575 N VALLEY MILLS DRIVE	WACO	TX	76710	254-265-8265
Fitness Ventures Wichita Falls LLC**	3007 GARNETT AVE	WICHITA FALLS	TX	76308	940-276-1400
Undeclared Tribe Windcrest, LLC**	7730 N I-35	WINDCREST	TX	78218	210-759-3255
Fitness Partners of Fredericksburg, LLC*	3102 PLANK RD	FREDERICKSBURG	VA	22401	540-369-3080
JF Fitness of Gleneagles LLC*	10470 RIDGEFIELD PKWY	HENRICO	VA	23233	804-447-5129
JF Fitness of Virginia, LLC*	5420 GLENSIDE DR	HENRICO	VA	23228	804-447-5129
Fitness Growth Capital, LLC**	536A FORT EVANS RD NE	LEESBURG	VA	20176	703-687-6178
Fitness Ventures Lynchburg, LLC**	2110 WARDS RD	LYNCHBURG	VA	24502	434-266-0900
Fitness Ventures-Norfolk, LLC**	5900 E VIRGINIA BEACH BLVD	NORFOLK	VA	23502	757-828-3900
Fitness Partners of Midlothian LLC*	11500 MIDLOTHIAN TPKE	NORTH CHERFIELD	VA	23235	804-245-8905
Fitness Ventures Portsmouth, LLC**	2550 AIRLINE BLVD	PORTSMOUTH	VA	23701	757-606-9600

CRUNCH FITNESS LOCATIONS					
Franchisee	Street Address	City	State	Zip Code	Telephone Number
JF Fitness 3600 LLC*	3600 W BROAD ST	RICHMOND	VA	23230	804-303-3201
JF Fitness of Richmond, LLC*	5750 BROOK RD	RICHMOND	VA	23227	804-261-6700
GGR LLC**	3270 ELECTRIC RD	ROANOKE	VA	24018	540-527-4653
Fitness Ventures Chimney Hill LLC**	799 CHIMNEY HILL PKWY	VIRGINIA BEACH	VA	23452	757-347-0799
Fitness Holdings South Burlington, LLC*	935 SHELburne ROAD	SOUTH BURLINGTON	VT	05403	802-735-0064
Lakewood WA Fitness LLC**	6111 LAKEWOOD TOWNE CENTER BLVD SW(FORMERLY 10111 GRAVELLY LAKE DRIVE SW, S	LAKWOOD	WA	98499	253-240-3240
Silverdale Fitness LLC**	PRESALE: 10315 SILVERDALE WAY NWFULL: 9577 RIDGETOP BLVD NW	SILVERDALE	WA	98383	360-698-6000
Fitness Ventures-Vancouver Plaza, LLC	7601 NE VANCOUVER PLAZA DR	VANCOUVER	WA	98662	503-527-8624
McGlone Fitness Inc.**	2520 SOUTH KENSINGTON DRIVE	APPLETON	WI	54915	920-750-6199
JEM CF Brookfield, LLC**	12575 W CAPITOL DR	BROOKFIELD	WI	53005	262-351-0109
MFG Green Bay, Inc.**	1535 W MASON ST	GREEN BAY	WI	54303	920-416-7922
JEM CF Greenfield LLC**	6251 S 27TH STREET	GREENFIELD	WI	53221	414-786-5552
JEM CF Hales Corners, LLC**	5321 S 108 TH ST	HALES CORNERS	WI	53130	262-806-0453
Fitness Ventures Madison, LLC**	7401 MINERAL POINT ROAD	MADISON	WI	53717	608-535-4300
JEM CF Waukesha LLC**	120 EAST SUNSET DRIVE	WAUKESHA	WI	53189	262-270-1693

“*” These locations were opened pursuant to Franchise Agreements entered into under an Area Development Agreement.

“**” These locations were opened pursuant to Franchise Agreements entered into under a Multi-Unit Development Agreement.

Crunch Select Locations

None

Clubs that were not open as of 12/31/25

Crunch Fitness Locations

Alabama

Spanish Fort, AL
John Freeland

New Hampshire

Rochester, NH
Michael Soraci

New Mexico

Albuquerque, NM (Cottonwood)
Tony Hartl

New York

Inwood, NY
Kevin Laferriere

Affiliated Company Clubs

As of December 31, 2025

Crunch Fitness Locations

Affiliate	Address	City	State	Zip Code	Telephone Number
Crunch San Diego, LLC	3030 Plaza Bonita Rd	National City	CA	91950	619-434-8909
Crunch, LLC	540 Dick Road	Depew	NY	14043	716-681-7535
Crunch, LLC	4950 Camp Road	Hamburg	NY	14075	716-646-4141
Crunch, LLC	2429 Military Rd	Niagara Falls	NY	14304	716-297-5107
Crunch, LLC	1000 Young Street	Tonawonda	NY	14150	716-693-4141

Crunch Company-Owned Locations

Affiliated Signature Clubs

As of December 31, 2025

Affiliate	Address	City	State	Zip Code	Telephone Number
Crunch, LLC	761 N. San Fernando Blvd.	Burbank	CA	91502	818-336-9300
Crunch, LLC	60 Serramonte Center	Daly City	CA	94015	650-684-1234
Crunch Sunset, LLC	8000 Sunset Blvd	Los Angeles	CA	90046	323-654-4550
Crunch Operations, LLC	1725 Union St.	San Francisco	CA	94123	415-430-3399
Crunch Chestnut, LLC	2324 Chestnut St.	San Francisco	CA	94123	415-292-8470
Crunch Polk Street, LLC	2330 Polk St.	San Francisco	CA	94109	415-292-5444
Crunch, LLC	350 Third St.	San Francisco	CA	94107	415-512-1010
Crunch, LLC	1150 Park Place	San Mateo	CA	94403	650-212-4653
Crunch Holdings, LLC	1830 Ygnacio Valley R.	Walnut Creek	CA	94598	925-266-3200
Crunch Operations, LLC	1259 Washington Ave.	Miami Beach	FL	33139	305674-8222
Crunch Holdings, LLC	110 Sinatra Dr.	Hoboken	NJ	7030	201-656-9989
Crunch Park Slope, LLC	330 Flatbush Ave.	Brooklyn	NY	11238	718-783-5152
Crunch, LLC	555 5th Avenue	Brooklyn	NY	11215	718-707-9400
Crunch Fort Greene, LLC	691 Fulton St.	Brooklyn	NY	11217	718-797-9464
Crunch Operations, LLC	1109 2nd Ave.	New York	NY	10022	212-758-3434
Crunch Union Square, LLC	113 4th Ave.	New York	NY	10003	212-533-0001
Crunch, LLC	1131 Third Ave.	New York	NY	10065	646-747-1810
Crunch 38th Street, LLC	1385 Broadway	New York	NY	10018	212-307-7760
Crunch, LLC	140 Broadway	New York	NY	10005	212-308-5824
Crunch, LLC	1438 3rd Ave.	New York	NY	10028	212-879-6013
Crunch, LLC	162 W. 83rd St.	New York	NY	10024	212-875-1902
Crunch, LLC	2 Cooper Sq.	New York	NY	10003	212-614-0120
Crunch, LLC	220 W. 19th St.	New York	NY	10011	212-370-0998
Crunch, LLC	222 E. 34th St	New York	NY	10016	212-545-9757
Crunch, LLC	250A W. 54th Street	New York	NY	10019	212-307-7760
Crunch, LLC	511 Lexington Ave.	New York	NY	10017	121-448-7330
Crunch, LLC	80 Leonard St.	New York	NY	10013	212-966-5432

EXHIBIT M

FRANCHISEES WHO LEFT SYSTEM OR HAVE NOT COMMUNICATED

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

Franchisees who left our system in our last fiscal year:

Franchisee	Street Address	City	State	Zip Code	Telephone Number
NP Fitness USA LLC	1001 SUNFLOWER AVE.	GLENDORA	CA	91740	603-501-0437
7FIT Holdings, LLC	40700 WOODWARD AVE., STE. 125	BLOOMFIELD HILLS	MI	48304	249-251-2819
Bill Saad Fitness Group LLC*	1 W. JEFFERSON	TRENTON	MI	48183	734-692-2700
One80 Fitness Inc.*	4501 HARDY ST. #50	HATTIESBURG	MS	39402	228-232-0800
United Fitness Holdings, LLC	8004 GARNKIRK DR.	HUNTERSVILLE	NC	28078	859-983-6208
Blitz and the Hoff LLC*	138 COLONIA RD.	COLONIA	NJ	07067	732-501-9601
AD Fitness LLC* **	157 COLUMBUS AVE., 4 th FLOOR	NEW YORK	NY	10023	516-974-1905
Fratres In Vitam LLC* **	22386 SW 106 th AVE.	TUALATIN	OR	97062	503-885-2454
Brownsville Fitness Group, LLC*	209 BAYLOR AVE.	MCALLEN	TX	78504	956-503-4942
Excel Fitness Club, LLC	22 SUNSET PARK LN.	SUGAR LAND	TX	77479	832-659-6979
US Fitness, LLC	6726 CURRAN ST., STE. 300	MCLEAN	VA	22101	703-930-5475

* Club(s) was/were transferred to another operator.

** These franchisees or their owners still operate other Crunch health clubs.

Franchises who have not communicated with us within 10 weeks of the issuance date of this disclosure document:

None

EXHIBIT N
FINANCIAL STATEMENTS

Audited Financial Statements

Crunch Franchising, LLC

(A wholly owned subsidiary of Crunch Holdings, LLC)

Financial Statements

As of December 31, 2025 and for the period from June 12, 2025 through December 31, 2025 (Successor), and as of December 31, 2024, and for the years ended December 31, 2024 and 2023, for the period from January 1, 2025 through June 11, 2025 (Predecessor)

Crunch Franchising, LLC

(A wholly owned subsidiary of Crunch Holdings, LLC)

Index

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024
and December 31, 2023 (Predecessor)

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INDEPENDENT AUDITOR'S REPORT

To the Management of Crunch Franchising, LLC:

Opinion

We have audited the accompanying financial statements of Crunch Franchising, LLC (the "Company"), which comprise the balance sheets as of December 31, 2025 (Successor) and 2024 (Predecessor), and the related statements of income, member's equity, and cash flows for period from June 12, 2025 through December 31, 2025 (Successor), for the period from January 1, 2025 through June 11, 2025 (Predecessor), and the years ended December 31, 2024 and December 31, 2023 (Predecessor), and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 (Successor) and 2024 (Predecessor), and the results of its operations and its cash flows for periods from June 12, 2025 through December 31, 2025 (Successor), January 1, 2025 through June 11, 2025 (Predecessor) and the years ended December 31, 2024 and December 31, 2023 (Predecessor), in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte + Touche LLP

March 23, 2026
New York, New York

Crunch Franchising, LLC
(A wholly owned subsidiary of Crunch Holdings, LLC)
Balance Sheets
December 31, 2025 (Successor) and 2024 (Predecessor)

(in thousands)

	Successor	Predecessor
	December 31, 2025	December 31, 2024
Assets		
Current assets		
Cash	\$ 7,409	\$ 8,327
Cash - restricted	2,963	2,148
Accounts receivable, net	41,352	24,081
Prepaid expenses and other current assets	575	412
Restricted assets - brand marketing fund	2,119	1,689
Total current assets	54,418	36,657
Accounts receivable from related parties	242	7,304
Operating lease right of use assets	2,005	879
Property and equipment, net	733	388
Goodwill	269,471	35,978
Tradename	995,000	118,220
Franchise agreements, net	148,363	37,329
Other assets	530	333
Total assets	\$ 1,470,762	\$ 237,088
Liabilities and Member's Equity		
Current liabilities		
Accounts payable	\$ 185	\$ 196
Accrued expenses and other current liabilities	30,888	23,446
Deferred franchise fees	2,041	1,961
Operating lease liabilities-current	264	154
Restricted liabilities - brand marketing fund	2,177	931
Total current liabilities	35,555	26,688
Deferred franchise fees, net of current portion	12,358	9,384
Operating lease liabilities	1,826	821
Total liabilities	49,739	36,893
Commitments and contingencies (Note 8)		
Member's equity		
Member's equity	1,459,056	342,567
Advances to Parent	(38,033)	(142,371)
Total member's equity	1,421,023	200,196
Total liabilities and member's equity	\$ 1,470,762	\$ 237,088

The accompanying notes are an integral part of these financial statements.

Crunch Franchising, LLC

(A wholly owned subsidiary of Crunch Holdings, LLC)

Statements of Income

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

(in thousands)

	Successor	Predecessor		
	June 12, 2025 to December 31, 2025	January 1, 2025 to June 11, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Revenues				
Revenues	\$ 48,178	\$ 31,859	\$ 58,379	\$ 43,961
Brand marketing fund revenue	14,094	10,738	19,193	15,534
Revenues from related parties	4,143	3,366	6,867	4,065
Total revenues	66,415	45,963	84,439	63,560
Operating costs and expenses				
Brand marketing fund expense	14,228	10,576	18,554	14,867
Salaries, payroll taxes and related benefits	7,301	7,642	11,105	7,893
Administrative, professional and consulting fees	1,038	997	1,277	1,500
Depreciation and amortization	4,358	976	2,094	1,991
Advertising and promotion	988	284	1,713	1,309
Travel and entertainment	1,070	679	1,377	880
Other SG&A expenses	615	622	1,455	960
Total operating costs and expenses	29,598	21,776	37,575	29,400
Income from operations	36,817	24,187	46,864	34,160
Other (expense) income				
Interest income	60	58	61	11
Other, net	3	5	(10)	(23)
Net income	\$ 36,880	\$ 24,250	\$ 46,915	\$ 34,148

The accompanying notes are an integral part of these financial statements.

Crunch Franchising, LLC

(A wholly owned subsidiary of Crunch Holdings, LLC)

Statements of Member's Equity

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

	Predecessor		
	Member's	Advances to	
(in thousands)	Equity	Parent	Total
Balances at December 31, 2022	<u>\$ 261,195</u>	<u>\$ (62,517)</u>	<u>\$ 198,678</u>
Equity-based compensation	100	-	100
Net income	34,148	-	34,148
Advances made to Parent	-	(34,725)	(34,725)
Balances at December 31, 2023	<u>\$ 295,443</u>	<u>\$ (97,242)</u>	<u>\$ 198,201</u>
Equity-based compensation	209	-	209
Net income	46,915	-	46,915
Advances made to Parent	-	(45,129)	(45,129)
Balances at December 31, 2024	<u>\$ 342,567</u>	<u>\$ (142,371)</u>	<u>\$ 200,196</u>
Equity-based compensation	2,174	-	2,174
Net income	24,250	-	24,250
Advances made to Parent	-	-	-
Balances, June 11, 2025	<u>\$ 368,991</u>	<u>\$ (142,371)</u>	<u>\$ 226,620</u>

	Successor		
	Members'	Advances to	
(in thousands)	Equity	Parent	Total
Balances, June 12, 2025	1,422,096	-	1,422,096
Equity-based compensation	80	-	80
Net income	36,880	-	36,880
Advances made to Parent	-	(38,033)	(38,033)
Balances, December 31, 2025	<u>\$ 1,459,056</u>	<u>\$ (38,033)</u>	<u>\$ 1,421,023</u>

The accompanying notes are an integral part of these financial statements.

Crunch Franchising, LLC

(A wholly owned subsidiary of Crunch Holdings, LLC)

Statements of Cash Flows

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

(in thousands)	Successor	Predecessor		
	June 12, 2025 to December 31, 2025	January 1, 2025 to June 11, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Cash flows from operating activities				
Net income	\$ 36,880	\$ 24,250	\$ 48,915	\$ 34,148
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	141	120	179	78
Amortization	4,217	857	1,916	1,915
Equity-based compensation	80	2,174	209	100
Changes in operating assets and liabilities				
Accounts receivable, net	(18,209)	938	(8,231)	3,191
Accounts receivable from related parties	(242)	(23,713)	(166)	(377)
Prepaid expenses and other current assets	119	(282)	(286)	112
Restricted assets - brand marketing fund	(1,360)	930	(296)	(266)
Other assets	(67)	(130)	(55)	(53)
Accounts payable	(130)	119	(58)	73
Accrued expenses and other current liabilities	7,924	(482)	12,503	(6,295)
Restricted liabilities - brand marketing fund	(349)	1,595	(603)	805
Lease assets/lease liabilities	86	(8)	(12)	(10)
Deferred franchise fees	2,084	970	(476)	702
Net cash provided by operating activities	31,174	7,338	51,539	34,121
Cash flows from investing activities				
Additions to property and equipment	(250)	(332)	(307)	(169)
Net cash used in investing activities	(250)	(332)	(307)	(169)
Cash flows from financing activities				
Advances made to Parent	(38,033)	-	(45,129)	(34,725)
Net cash used in financing activities	(38,033)	-	(45,129)	(34,725)
Net increase (decrease) in cash	(7,109)	7,006	6,103	(773)
Cash and restricted cash				
Beginning of period	17,481	10,475	4,372	5,145
End of period	\$ 10,372	\$ 17,481	\$ 10,475	\$ 4,372

The accompanying notes are an integral part of these financial statements.

Crunch Franchising, LLC

(A wholly owned subsidiary of Crunch Holdings, LLC)

Notes to Financial Statements

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

1. Nature of Business and Basis of Presentation

Organization

Crunch Franchising, LLC (the "Company"), a wholly-owned subsidiary of Crunch Holdings, LLC (the "Parent"), was formed in the state of Delaware in August 2009. The Company commenced operations in March 2010. The Company offers and sells franchises which include a complete health club platform operating under the "Crunch" name. The franchises are inclusive of a well-recognized brand, operating systems, personal training programming, group fitness programming, marketing and public relations services, web site, online enrollment, construction materials and design, equipment procurement, back office solutions and a complete suite of preferred vendors. As part of the franchise agreements, the Company is required to provide training courses, programs, materials and technical assistance to aid the franchisees in operating the business. The Company is also required to continue sales and marketing efforts to increase brand awareness. The typical term of a franchise agreement is 10 years, with the option to renew for three consecutive periods of ten years. As of December 31, 2025, 537 franchise locations were open for workouts across 41 states, Washington DC, Canada, Australia, Costa Rica, India and Puerto Rico. Under signed franchise and area development agreements, franchisees have committed to open approximately 1,936 locations as of December 31, 2025, of which 243 were sold in 2025.

On June 12, 2025 (the "Closing Date"), the Company was acquired (the "Acquisition") by Leonard Green & Partners (the "Buyer"). The Buyer formed two entities shortly before the closing of the Transaction which includes - Crunch Fitness Holdings, LP (the "Parent"), and Crunch Fitness Merger Sub, LLC. ("Merger Sub") (together, with Buyer, the "Buyer Group"), a temporary subsidiary of Buyer. Crunch Fitness Holdings, LP, entered into an Unit Purchase Agreement dated April 12, 2025 (the "Purchase Agreement") with Champion TopCo, L.P. (the "Seller") to purchase the equity interests of the Company. (See Note 3).

2. Summary of Significant Accounting Policies Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Company uses the accrual method of accounting for financial statement purposes. The Company elected to apply pushdown accounting to the Company for the Acquisition upon the Closing Date. Pushdown accounting refers to the use of the acquirer's basis in the preparation of the acquiree's separate financial statements as the new basis of accounting for the acquiree. Due to the application of pushdown accounting, the Company's assets, liabilities and equity were adjusted to fair value on the Closing Date resulting in a new basis of accounting. Therefore, the accompanying financial statements are presented for two periods: Successor and Predecessor (as discussed below) given that the financial statements for the Successor and Predecessor periods are presented on a different historical cost basis and are, therefore, not comparable.

Successor Period

The accompanying balance sheet of the Company as of December 31, 2025 and related statement of income, statement of cash flows and statement of changes in member's equity for the period from June 12, 2025 through December 31, 2025 are labeled as "Successor". The Successor financial statements as of December 31, 2025 and for the period from June 12, 2025 through December 31,

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(A wholly owned subsidiary of Crunch Holdings, LLC)

Notes to Financial Statements

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

2025 were prepared using pushdown accounting for the Acquisition. All intercompany accounts and transactions have been eliminated from the Successor financial statements.

Predecessor Periods

The accompanying balance sheet of the Company as of December 31, 2024 and the related statement of income, statement of cash flows and statement of changes in member's equity for the period from January 1, 2025 through June 11, 2025 and for the fiscal years ended December 31, 2024 and 2023 are labeled as "Predecessor". All intercompany accounts and transactions have been eliminated from the Predecessor financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue from Contracts with Customers

The Company recognizes revenue pursuant to the provisions of FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). ASC 606 eliminated industry-specific guidance and provides a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of ASC 606 is that a reporting entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services. To adhere to this principle, the Company applies the five-step model prescribed by ASC 606, which requires the Company to: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the Company satisfies a performance obligation.

The Company's revenues are comprised of franchise fees and brand marketing fund revenues.

Franchise revenues

The Company's primary performance obligation under the franchise license is granting certain rights to use the Company's intellectual property, and all other services the Company provides under the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for as a single performance obligation, which is satisfied by granting certain rights to use such intellectual property over the term of each franchise agreement.

Initial franchise fees, which are payable by the franchisee upon signing of a new franchise or area development agreement, are recognized as revenue on a straight-line basis over the term of the respective agreement. The straight-line amortization commences once the respective franchisee's first club commences operations.

Crunch Franchising, LLC

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Notes to Financial Statements

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

The Company's franchise royalties, included to related parties, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchise sales occur.

The Company receives license fees from vendors used by the franchisees for various purchases or services in connection with the construction and subsequent operation of their fitness clubs. License fees are recognized by the Company when franchisees make purchases or use services from certain approved vendors.

The Company receives processing fees from franchisees when new club members use the Crunch web site for online enrollment. Online enrollment fees are recognized by the Company based upon the franchisees' reported online sales.

The Company receives administrative fees related to healthcare and corporate guest membership programs.

The Company receives renewal fees from its franchisees when the initial franchise agreement term or any subsequent renewed term comes to an end. In addition, the Company receives transfer fees when a franchisee transfers their rights as a franchise to another party. Renewal and transfer fees are recognized as revenue on a straight-line basis over the term of the respective agreement.

The Company coordinates the purchasing of fitness and tanning equipment on behalf of the franchisees. The Company acts as an agent during these transactions and receives payment in advance from the franchisee before paying the supplier, and receives a fee from the franchisee for these services. The revenue for these transactions is recognized at a point in time when the equipment is delivered to and accepted by the franchisee and at the net amount received by the Company because the Company does not take control over the equipment prior to its delivery to the franchisee.

Brand marketing fund revenues

In 2018, the Company established the Brand Marketing Fund ("BMF") for the creation and development of marketing, advertising, and related programs and materials for domestically operated Crunch franchise clubs. In accordance with the provisions of the franchise agreements, the Company collects monthly contributions on behalf of the BMF from the franchisees based on their monthly revenues. The use of amounts received by the BMF is generally restricted to advertising, product development, public relations, merchandising, and administrative expenses and programs to increase sales and further enhance the public reputation of the Crunch brand.

BMF contributions from franchisees are reported gross as part of revenue because they are not for distinct goods/services separate from the franchise right. As the contributions from the franchisee are calculated based on monthly sales, revenue will be recognized in the month the underlying sales occur.

Amounts received or receivable by BMF are reported as restricted assets (current). Expenses incurred, but unpaid, are reported as restricted liabilities (current). Amounts spent on advertising for future periods are treated as prepaid expenses until the advertising first takes place.

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Notes to Financial Statements

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

Incremental costs to obtain a contract

ASC 340-40, *Other Assets and Deferred Costs: Contracts with Customers* addresses the accounting for costs incurred as part of obtaining or fulfilling a contract with a customer.

ASC 340-40 requires the Company to recognize incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. Commissions paid to employees when they secure a contract with a customer are examples of incremental costs to obtain a contract.

In accordance with ASC 340-40, the Company capitalizes commissions paid/payable to individual sales employees for executing new franchise agreements. This contract asset is amortized over the average contract term of 10 years.

Sales tax

The Company elected the practical expedient under ASC 606 to present sales taxes collected on behalf of a government authority on a net basis.

Other

The Company's typical payment terms vary based on the customer and the type of services in the contract. The period of time between invoicing and when payment is due is generally not significant. Amounts billed and due from customers are classified as receivables on the balance sheet. As the standard payment terms are less than one year, the Company has elected the practical expedient under ASC paragraph 606-10-32-18 to not assess whether a contract has a significant financing component.

Cash and Restricted Cash

The Company maintains cash deposits in excess of the Federal Deposit Insurance Corporation coverage in a financial institution, but does not expect any losses.

Cash held within the BMF is recorded as a restricted asset. Restricted cash has been combined with cash when reconciling the beginning and end of period balances in the statements of cash flows. The following table provides a summary of cash and restricted cash that constitute the total amounts shown in the statements of cash flows:

(in thousands)	Successor	Predecessor		
	December 31, 2025	June 11, 2025	December 31, 2024	December 31, 2023
Cash	\$ 7,409	\$ 12,651	\$ 8,327	\$ 1,955
Restricted cash	2,963	4,830	2,148	2,417
Total cash and restricted cash	\$ 10,372	\$ 17,481	\$ 10,475	\$ 4,372

Crunch Franchising, LLC

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Notes to Financial Statements

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

Leases

The Company accounts for leases in accordance with ASC 842, *Leases*, which provides guidance on the recognition, measurement, presentation and disclosure of leases (See Note 9).

Income Taxes

The Company is a single member limited liability company and is treated as a disregarded entity for income tax purposes. The operating results of the Company are included in the tax return of the Parent. Accordingly, no provision or liability for Federal income tax has been included in the financial statements.

Accounts Receivable

Accounts receivable, primarily representing amounts owed by franchisees, are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of the franchisees to make required payments. Management considers the following factors when determining collectability of specific items: 1) credit-worthiness of the franchisee, 2) past transaction history with the franchisee, and 3) current economic industry trends. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payment, an allowance is recorded (see Recently Adopted Accounting Pronouncements, below).

Web Site Development Costs

Web site development costs are accounted for in accordance with the authoritative guidance on web site development costs. The guidance segregates web site development costs into three stages that affect the accounting treatment for expenditures incurred. During the initial stage, all planning costs incurred are expensed. In the second stage, all development costs for web application and infrastructure as well as graphic development are capitalized and then amortized once the web site is ready for its intended use. In the third stage of post-implementation after the web site is put into service, any work performed on the site such as security, training and related costs are expensed as incurred.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of 3 to 5 years. Leasehold improvements are amortized over the shorter of the lease term or the life of the asset. The cost of maintenance and repairs is charged to expense as incurred and significant improvements and betterments are capitalized. Upon sale or retirement of property and equipment, the cost and related accumulated depreciation or amortization are removed from the accounts and the resulting gain or loss, if any, is recognized in the statements of income.

Impairment of Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets if circumstances indicate impairment may have occurred. This analysis is performed by comparing the respective carrying values of the asset groups to their associated fair value, determined based upon the current and

Crunch Franchising, LLC

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Notes to Financial Statements

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

expected future cash flows, on an undiscounted basis for property and equipment and on a discounted basis for tradenames, to be generated from such asset groups. If such analysis indicates that the carrying value of these asset groups is higher than their fair value, the carrying value of such asset groups is reduced to fair value. For the period from June 12, 2025 through December 31, 2025 (Successor), the Company performed a qualitative assessment for testing impairment of long-lived assets and for the years ended December 31, 2024 and 2023 (Predecessor), the Company completed a quantitative analysis. No indications of impairment were present in any such period.

Business Combination

The Company allocates the purchase price of business combinations to the fair value of the assets acquired and liabilities assumed based on their fair value at the acquisition date. Amounts exceeding the fair values of identifiable assets and liabilities are recorded as goodwill, which is subject to annual impairment test. Acquisition-related expenses are recognized separately from business combination and expensed as incurred.

Goodwill

Goodwill represents the excess of cost over of an acquired entity over the amounts assigned to assets acquired and liabilities assumed of businesses acquired. Goodwill and intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment. The Company assesses potential impairments to goodwill on an annual basis or when there is evidence that events or changes in circumstances indicate an impairment condition may exist.

The Company assesses goodwill for impairment on a reporting unit level by first considering qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If so, the Company performs an impairment review by comparing the fair value of the reporting unit to which the goodwill is assigned to its carrying amount. If the carrying amount of the reporting unit exceeds its fair value, then the amount of the impairment loss is measured. The impairment loss is calculated by comparing the implied fair value of the goodwill to its carrying amount. In calculating the implied fair value of goodwill, the fair value of the reporting unit is allocated to all the other identifiable assets and liabilities within the reporting unit based on fair value. The excess of the fair value of a reporting unit over the amount allocated to its other identifiable assets and liabilities is the implied fair value of goodwill. Impairment losses, if any, are recorded in the statement of income as an operating expense.

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Notes to Financial Statements

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

As of December 31, 2025 (Successor), the Company performed qualitative assessment for testing goodwill impairment and no impairment loss was recognized. For the years ended December 31, 2024 and 2023 (Predecessor), the Company completed quantitative assessments for testing goodwill for impairment and no impairment losses were recognized for any of the periods.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities include salaries and bonuses, sales tax, and various expenses that were incurred but unpaid as of December 31, 2025 (Successor) and 2024 (Predecessor). In addition, the Company receives funds from franchisees to purchase fitness and tanning equipment on the franchisees' behalf. These funds are recorded as a current liability until the equipment is paid for and delivered.

Advertising

Advertising expense was \$1.0 million for the period from June 12, 2025 through December 31, 2025 (Successor), \$0.3 million for the period from January 1, 2025 through June 11, 2025 and \$1.7 million and \$1.3 million for the years ended December 31, 2024 and 2023 (Predecessor), respectively.

In addition, brand marketing expense was \$14.2 million for the period from June 12, 2025 through December 31, 2025 (Successor), \$10.6 million for the period from January 1, 2025 through June 11, 2025 and \$18.6 million and \$14.9 million for the years ended December 31, 2024 and 2023 (Predecessor), respectively.

Equity-Based Compensation

The Company accounts for its equity-based compensation plans under ASC 718, *Compensation - Stock Compensation*, which establishes accounting for equity instruments exchanged for employee services. Under the provisions of ASC 718, share-based compensation cost is measured at the grant date based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period over which all of the specified vesting conditions are satisfied. For awards with time vesting portions ("time-based"), the Company recognizes compensation recognized over its respective vesting period. For awards with performance targets ("performance based"), the Company recognizes compensation expense ratably over the required service period based on its estimate of the number of shares that will vest upon achieving the measurement criteria. The Company accounts for forfeitures as they occur by reversing compensation cost for unvested awards when the award is forfeited. The fair values of the time-based and performance-based units were estimated using an option pricing method ("OPM") based on the Black-Scholes formula (see Note 12).

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*: The standard modifies the impairment model for most financial assets, including trade accounts receivables and loans, and will require the use of an "expected loss" model for instruments measured at amortized cost. Under this model, entities will be required to estimate the lifetime expected credit loss on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The effective date of the amendments is for fiscal years, and for interim periods within those years, beginning after December 15, 2022, with early

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Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

adoption permitted. The Company adopted this guidance on January 1, 2023, however there was no impact on the financial statements.

3. Business Acquisition

On June 12, 2025, the Parent was acquired by the Buyer pursuant to the Agreement and Plan of Merger (the "Merger Agreement") dated April 12, 2025. Upon the Closing Date, all of the outstanding equity interests of the Parent were acquired.

Certain employees of the Company received change of control and deal bonuses as a result of the Transaction that resulted in compensation charge and related payroll taxes of \$0.45 million in the Predecessor Period. The change of control and deal bonuses are included in Salaries, payroll taxes and related benefits in the accompanying statement of income for the period from January 1, 2025 through June 11, 2025 (Predecessor).

The acquisition was accounted for by the Parent using the acquisition method of accounting in accordance with ASC 805, which requires that the total cost of an acquisition be allocated to the tangible and intangible assets acquired and liabilities assumed based upon their respective fair values at the date of acquisition. Property, plant and equipment, deferred franchise fees, and intangible assets valuations are based upon appraisals performed by certified appraisers. Under pushdown accounting, this new basis is pushed down to the Company, resulting in assets, liabilities and equity attributable to the Company being recognized at fair value upon the Closing Date.

The portion of the total purchase price to acquire parent relating to the Crunch Franchising, LLC business was \$1,422.1 million. The following table summarizes the allocation of the purchase price to the assets acquired and liabilities assumed at the date of the acquisition (in thousands):

Purchase Price	\$ 1,422,096
Cash	12,651
Accounts receivable, net	23,143
Restricted assets - brand marketing fund	5,590
Prepaid expenses and other current assets	681
Operating lease right-of-use assets	949
Property and equipment, net	624
Intangibles	1,147,580
Security deposits and other assets	476
Accounts payable	(315)
Accrued liabilities	(22,963)
Restricted liabilities - brand marketing fund	(2,526)
Lease liabilities-current	(168)
Deferred membership revenue	(48)
Deferred Franchise Fees and Other Liabilities	(1,771)
Lease liabilities-non current	(781)
Deferred franchise fees, net of current portion	(10,497)
Goodwill	\$ 269,471

Crunch Franchising, LLC

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Notes to Financial Statements

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

The allocation of the purchase price to the assets acquired and liabilities assumed are based on current estimates of fair value at the time of the acquisition and may be subject to revision within the one-year measurement period.

4. Goodwill and Intangible Assets

The following table summarizes the activity for goodwill and intangible assets for the periods from June 12, 2025 through December 31, 2025 (Successor), for the period from January 1, 2025 through June 11, 2025 and for the year ended December 31, 2024 (Predecessor):

<i>(in thousands)</i>	June 12, 2025	Additions/ Deletions	Amortization	Impairment Expense	December 31, 2025
Goodwill	\$ 269,471	\$ -	\$ -	\$ -	\$ 269,471
Tradenname	995,000	-	-	-	995,000
Franchise agreements, net	152,580	-	(4,217)	-	148,363
	<u>\$ 1,417,051</u>	<u>\$ -</u>	<u>\$ (4,217)</u>	<u>\$ -</u>	<u>\$ 1,412,834</u>

<i>(in thousands)</i>	January 1, 2025	Additions/ Deletions	Amortization	Impairment Expense	June 11, 2025
Goodwill	\$ 35,978	\$ -	\$ -	\$ -	\$ 35,978
Tradenname	118,220	-	-	-	118,220
Franchise agreements, net	37,329	-	(857)	-	36,472
	<u>\$ 191,527</u>	<u>\$ -</u>	<u>\$ (857)</u>	<u>\$ -</u>	<u>\$ 190,670</u>

<i>(in thousands)</i>	January 1, 2024	Additions/ Deletions	Amortization	Impairment Expense	December 31, 2024
Goodwill	\$ 35,978	\$ -	\$ -	\$ -	\$ 35,978
Tradenname	118,220	-	-	-	118,220
Franchise agreements, net	39,246	-	(1,917)	-	37,329
	<u>\$ 193,444</u>	<u>\$ -</u>	<u>\$ (1,917)</u>	<u>\$ -</u>	<u>\$ 191,527</u>

The following table summarizes the activity for goodwill and intangible assets:

The estimated useful lives of the intangible assets are 20 years for acquired franchise agreements and indefinite for tradenname. Amortization expense is estimated to be \$7.6 million in 2026, \$7.6 million in 2027, \$7.6 million in 2028, \$7.6 million in 2029, \$7.6 million in 2030 and \$110.2 million thereafter.

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Notes to Financial Statements

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

5. Accounts Receivable, Net

Accounts receivable consisted of the following as of December 31:

<i>(in thousands)</i>	Successor 2025	Predecessor 2024
Equipment	\$ 33,488	\$ 17,895
Franchise, royalties, and enrollment fees	4,053	4,090
Other	4,237	2,485
Allowance for doubtful accounts	(426)	(389)
Total accounts receivable - net	<u>\$ 41,352</u>	<u>\$ 24,081</u>

6. Property and Equipment, Net

Property and equipment consisted of the following as of December 31:

<i>(in thousands)</i>	Successor 2025	Predecessor 2024
Machinery and equipment	\$ 204	\$ 117
Furniture and fixtures	135	110
Leasehold improvements	311	486
Software and website	224	114
	874	827
Less: Accumulated depreciation	(141)	(439)
Property and equipment, net	<u>\$ 733</u>	<u>\$ 388</u>

Depreciation expense related to property and equipment totaled \$0.1 million, \$0.1 million, \$0.2 million and \$0.1 million for the periods from June 12, 2025 through December 31, 2025 (Successor), January 1, 2025 through June 11, 2025 and years ended December 31, 2024 and 2023 (Predecessor), respectively.

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Notes to Financial Statements

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following as of December 31:

<i>(in thousands)</i>	Successor 2025	Predecessor 2024
Franchisee equipment purchase	\$ 26,720	\$ 19,596
Salaries and bonuses	2,992	2,671
Sales tax	936	837
Other expenses	240	342
Total accrued expenses and other current liabilities	<u>\$ 30,888</u>	<u>\$ 23,446</u>

8. Revenues

The Company's franchise agreements generally provide for payment of initial fees, monthly royalties based upon a percentage of sales, a monthly per transaction processing fee for members who enroll online, and a commitment to purchase all fitness equipment through the Company.

Revenues consisted of the following:

<i>(in thousands)</i>	Successor	Predecessor		
	June 12, 2025 to December 31, 2025	January 1, 2025 to June 11, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Royalties	\$ 26,387	\$ 19,674	\$ 34,387	\$ 26,809
Equipment fees	7,543	4,194	7,291	5,446
Licenses	6,877	3,473	7,339	5,662
Franchise fees	853	1,232	2,242	1,290
Renewal and transfer fees	85	54	84	35
Online enrollment fees and other	6,433	3,232	7,036	4,719
Total revenue	<u>\$ 48,178</u>	<u>\$ 31,859</u>	<u>\$ 58,379</u>	<u>\$ 43,961</u>

In addition to the above, BMF revenue was \$14.1 million, \$10.7 million, \$19.2 million and \$15.5 million for the period from June 12, 2025 through December 31, 2025 (Successor), January 1, 2025 through June 11, 2025 and the years ended December 31, 2024 and 2023 (Predecessor), respectively.

Revenue from Contracts with Customers

The Company complies with ASC 606 for the recognition of revenue from contracts with customers. The core principle of ASC 606 is that a reporting entity should recognize revenue to depict the

Crunch Franchising, LLC

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Notes to Financial Statements

Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services.

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from franchise fees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement. The Company classifies these contract liabilities as deferred revenue in the balance sheet.

The following table reflects the change in contract liabilities as of December 31, 2025 (Successor) and 2024 (Predecessor), respectively:

(in thousands)

Balance at January 1, 2024	\$ 11,821
Revenue recognized that was included in deferred revenues in 2023	(2,608)
Increase, excluding amounts recognized as revenue during the year	<u>2,132</u>
Balance at December 31, 2024	11,345
Revenue recognized that was included in deferred revenues in 2024	(2,295)
Increase, excluding amounts recognized as revenue during the year	<u>5,349</u>
Balance at December 31, 2025	<u>\$ 14,399</u>

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2025 (Successor):

Contract liabilities to be recognized in:

(in thousands)

2026	2,041
2027	1,954
2028	1,711
2029	1,626
2030	1,421
Thereafter	<u>5,646</u>
Total	<u>\$ 14,399</u>

The Company capitalized incremental costs to obtain a contract, which consist of commissions earned by employees and has a balance of \$0.5 million and \$0.4 million as of December 31, 2025 (Successor) and 2024 (Predecessor), respectively, in prepaid expenses and other current assets and other assets in the balance sheet. The amortization of these capitalized incremental costs to obtain a contract was \$35.8 thousand, \$24.2 thousand, \$43.1 thousand and \$30.9 thousand for the period June 12, 2025 through December 31, 2025 (Successor) and January 1, 2025 through June 11, 2025 and years ended December 31, 2024 and 2023 (Predecessor), respectively.

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Notes to Financial Statements

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9. Commitments and Contingencies

Legal Matters

The Company is subject to various legal matters which may arise during the ordinary course of business. At December 31, 2025 (Successor), the Company is unaware of any such matters which would have a material effect on the Company's financial statements.

Loan Guarantor

The Parent entered into a Credit Agreement on June 12, 2025 (the "New Credit Agreement"), which replaced the Company's prior credit agreement which the Predecessor entered into on September 27, 2024. The principal amount of credit extended was \$450.0 million (the "New Term Loan") with \$60.0 million of revolving commitments (the "New Revolving Credit Facility"), as senior secured credit facilities.

The Company, along with all subsidiaries of the Parent, is a guarantor of the New Credit Agreement. The Company, collectively, with all subsidiaries of the Parent, would be obligated to perform under the guarantee if the Parent failed to stay compliant with the terms of the credit facility. The maximum amount of future payments the Company could be required to make under the guarantee at December 31, 2025 is estimated to be approximately \$510.0 million, under the New Term Loan and New Revolving Credit Facility.

Operating Leases

The Company has entered into noncancelable operating leases as the lessee for office space. The Company follows the guidance of ASC 842, Leases, which requires recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as right-of-use ("ROU") assets and related operating and finance lease liabilities.

At the inception of a contract the Company will assess whether the contract is, or contains, a lease. The Company's assessment is based on: (i) whether the contract involves the use of a distinct identified asset, (ii) whether the Company obtained the right to substantially all the economic benefit from the use of the asset throughout the period, and (iii) whether the Company has the right to direct the use of the asset.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases, and is subsequently presented at amortized cost using the effective interest method. The Company had no finance leases as of December 31, 2024, and 2025, respectively. The Company generally uses its incremental borrowing rate as the discount rate for leases, unless an interest rate is implicitly stated in the lease. The present value of the lease payments is calculated using the incremental borrowing rate for operating and finance leases, which was determined using a portfolio approach based on the rate of interest that the Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The lease term for all of the Company's leases includes the noncancelable period of the lease plus any additional periods covered by either a Company option to extend the lease that the Company is reasonably certain to exercise, or an option to extend the lease controlled by the lessor. All ROU assets are reviewed periodically for impairment.

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Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

Lease expense for operating leases consists of the lease payments plus any initial direct costs and is recognized on a straight-line basis over the lease term. Lease expense for finance leases consists of the amortization of the asset on a straight-line basis over the shorter of the lease term or its useful life and interest expense determined on an amortized cost basis, with the lease payments allocated between a reduction of the lease liability and interest expense.

The Company leases office space under operating lease agreements that expire between 2027 and 2031. Future minimum lease payments under these agreements with noncancelable lease terms as of December 31, 2025 (Successor) are as follows:

(in thousands)

Year Ending December 31

2026	\$	425
2027		588
2028		466
2029		475
2030		483
Thereafter		143
Total undiscounted lease payments	\$	2,580
Less imputed interest (between 8.19%-8.55%)	\$	(490)
Present value of operating lease payments	\$	2,090

Rent expense under these agreements totaled \$0.3 million, \$0.1 million, \$0.2 million and \$0.2 million for the period June 12, 2025 through December 31, 2025 (Successor) and January 1, 2025 through December 31, 2025 and for the years ended December 31, 2024 and 2023 (Predecessor), respectively.

The following table sets forth ROU assets and lease liabilities:

	Sucessor	Predecessor
	December 31, 2025	December 31, 2024
(in thousands)		
<u>Assets</u>		
ROU assets	\$ 2,005	\$ 879
<u>Liabilities</u>		
Current operating lease liabilities	\$ 264	\$ 154
Non-current operating lease liabilities	1,826	821
Total ROU liabilities	\$ 2,090	\$ 975

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Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

	Successor December 31, 2025	Predecessor	
		Period Ended June 11, 2025	Year Ended December 31, 2024
Other information:			
Operating cash flows from operating leases (in thousands) (1)	202.0	109.4	241.0
Weighted-average remaining lease term – operating leases (in years) (2)	4.36	4.86	4.96
Weighted-average discount rate – operating leases (2)	8.32%	8.32%	10.10%

(1) The Operating cash flows for December 2025 is for the period from June 12, 2025 through December 31, 2025 (Successor).

The Operating cash flows for the period ended June 11, 2025 is for the period from January 1, 2025 through June 11, 2025 (Predecessor).

The Operating cash flow for the year ended December 31, 2024 (Predecessor) is for the full year ended December 31, 2024.

(2) The Weighted-average remaining lease term and Weighted-average discount rate are as of December 31, 2025 (Successor), June 11, 2025, and December 31, 2024 (Predecessor), respectively.

10. Concentrations

At December 31, 2025 (Successor), four franchisees accounted for 60% of the Company's accounts receivable.

At December 31, 2024 (Predecessor), four franchisees accounted for 55% of the Company's accounts receivable.

For the period from June 12, 2025 through December 31, 2025 (Successor), revenues earned from three franchisees who own multiple clubs was 52% of the Company's revenue. For the period from January 1, 2025 through June 11, 2025 (Predecessor), revenues earned from three franchisees who own multiple clubs was 50% and the years ended December 31, 2024 and 2023 (Predecessor), revenues earned from two franchisees who own multiple clubs was 40% and 39% of the Company's revenue, respectively.

11. Related-Party Transactions

Revenue and Accounts Receivable

The Company entered into franchise agreements with entities that are related through common ownership and management. The Company receives royalties, online enrollment fees as well as equipment fees from its related parties which are included in Revenue from related parties on the Statements of Income.

Revenue recognized from these related entities represented approximately 7%, 8%, 8% and 6% of the Company's revenue for the period from June 12, 2025 through December 31, 2025 (Successor) and the period from January 1, 2025 through June 12, 2025 and the years ended December 31, 2024 and 2023 (Predecessor), respectively.

Accounts receivable from related entities are recorded within Accounts receivable from related parties on the Company's balance sheet.

Advances to Parent

The Company advances funds to its Parent to fund debt obligations and other administrative and operating costs. Advances to Parent are classified as a component within the member's equity.

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12. Equity-Based Compensation

Successor Grant

On December 22, 2025, the Parent issued 160,665 Class B-1 incentive Units, 160,665 Class B-2 Incentive Units and 160,665 Class B-3 Incentive Units to management of the Company. The Class B-1 Units vest over time on the first, second, third and fourth anniversary of June 12, 2025. The Class B-2 and B-3 Units vest based on performance of the Company. The Class B-2 Units vest should the Sponsors receive proceeds in an amount equal to one and one half times the Sponsors' Equity Investment. The Class B-3 Units vest should the Sponsors receive proceeds in an amount equal to two times the Sponsors' Equity Investment.

	December 22, 2025 Grant
Expected term (in months)	54
Expected Volatility	40.0%
Risk-Free interest rate	3.67%
Dividen yield	- %
Weighted Avg Grant Date Value	\$ 34.10

A Summary of time equity incentive units activity for the period ended December 31, 2025 is as follows:

	Underlying Units
Outstanding June 12, 2025	-
Granted	160,665
Forfeited/Expired	-
Outstanding December 31, 2025	160,665

A summary of vested and unvested time equity incentive units activity is presented below:

	Unvested Unit Activity	Weighted-average grant date fair value	Vested Unit Activity	Weighted- average grant date fair value
Units as of June 12, 2025	-	-	-	-
Granted	160,665			
Vested	-		-	
Units as of December 31, 2025	160,665	34.10	-	34.10

At December 31, 2025, there were 160,665 Class B-1 time-based units outstanding of which none had vested.

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Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

As of December 31, 2025 (Successor), there were 165,665 Class B-2 Incentive Units outstanding of which none had vested. The total unrecognized compensation expense related to unvested Class B-2 Incentive Units was \$2.4 million.

As of December 31, 2025 (Successor), there were 165,665 Class B-3 Incentive Units outstanding of which none had vested. The total unrecognized compensation expense related to unvested Class B-3 Incentive Units was \$1.6 million.

The Company recognized \$0.1 million of compensation expense during the period ended December 31, 2025 (Successor).

Predecessor Grants

On December 18, 2019, Champion TopCo, L.P. which owned 100% of the shares of the Predecessor, issued a total of 6.9 million Class B-2 Equity Incentive units to senior management of the Company. These Class B-2 Units vest 50% over time and 50% based on performance. The time vesting portion of the grants vest 25% per year on each of the first, second, third and fourth anniversary of July 1, 2019. The performance-based units vest 50% should Sponsor Proceeds reach or exceed two times the sponsor investment through the Measurement Date and vest 100% when the Sponsor Proceeds are at least two and one-half times through the Measurement Date.

On February 12, 2021, a total of 261,563 Class B-2 fully vested Equity Incentive units were issued to senior management. These fully vested interests are not contingent on future service and have been classified with our time vesting units.

On June 28, 2021, a total of 1,327,000 Class B-2 Equity Incentive units were issued to management of the Company. These Class B-2 Units vest 50% over time and 50% based on performance. The time vesting portion of the grants vest 25% per year on each of the first, second, third and fourth anniversary of June 28, 2021. The performance-based units vest 50% should Sponsor Proceeds reach or exceed two times the sponsor investment through the Measurement Date and vest 100% when the Sponsor Proceeds are at least two and one-half times through the Measurement Date.

On March 31, 2022, a total of 277,500 Class B-2 Equity Incentive units were issued to management of the Company. Of these, 202,500 were fully vested upon grant and are not contingent on future service and have been classified with our time vesting units. The remaining 75,000 units vest 50% over time and 50% based on performance. The time vesting portion of the grants vest 25% per year on each of the first, second, third and fourth anniversary of March 31, 2022. The performance-based units vest 50% should Sponsor Proceeds reach or exceed two times the sponsor investment through the Measurement Date and vest 100% when the Sponsor Proceeds are at least two and one-half times through the Measurement Date.

On March 10, 2023, a total of 1,500,000 Class B-2 Equity Incentive units were issued to management and directors of the Company. Of these, 640,000 vest over time and 860,000 vest based on performance. The time vesting portion of the grants vest 25% per year on each of the first, second, third and fourth anniversary of March 10, 2023. The performance-based units vest 50% should Sponsor Proceeds reach or exceed two times the sponsor investment through the Measurement Date and vest 100% when the Sponsor Proceeds are at least two and one-half times through the Measurement Date.

On August 31, 2023, a total of 150,000 Class B-2 Equity Incentive units were issued to management of the Company. Of these, 75,000 vest over time and 75,000 vest based on performance. The time vesting portion of the grants vest 25% per year on each of the first, second, third and fourth anniversary of August 31, 2023. The performance-based units vest 50% should Sponsor Proceeds

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Periods ended December 31, 2025 (Successor), June 11, 2025, December 31, 2024 and 2023 (Predecessor)

reach or exceed two times the sponsor investment through the Measurement Date and vest 100% when the Sponsor Proceeds are at least two and one-half times through the Measurement Date.

On November 27, 2023, a total of 245,000 Class B-2 Equity Incentive units were issued to management of the Company. All of these vest based on performance. These performance-based units vest in three tranches as follow:

- (1) 33.33% vest upon the achievement of an IRR (as defined) that equals or exceeds 22.5%
- (2) 33.33% vest upon the achievement of an IRR (as defined) that equals or exceeds 25.0%.
- (3) 33.33% vest upon the achievement of an IRR (as defined) that equals or exceeds 27.5%.

On May 14, 2024, a total of 6,085,920 Class B-2 Equity Incentive units were issued to management of the company. Of these, 145,898 were fully vested upon grant, 2,897,062 vest over time and 3,042,960 vest based on performance. The time vesting portion of the grants vest monthly through May 14, 2028. The units that were fully vested upon grant have been classified with the Company's time vesting units. The performance-based units vest 50% should Sponsor Proceeds reach or exceed two times the sponsor investment through the Measurement Date and vest 100% when the Sponsor Proceeds are at least two and one-half times through the Measurement Date.

The fair value of time and performance equity incentive units granted were determined on the grant date using the Black-Scholes valuation model based on the following assumptions:

	May 14, 2024	November 27, 2023	August 31, 2023	March 10, 2023
Expected term (in months) ⁽¹⁾	13	19	22	27
Expected volatility ⁽²⁾	45.0%	50.0%	50.0%	50.0%
Risk-free interest rate ⁽³⁾	5.11%	5.00%	4.51%	4.51%
Dividend yield ⁽⁴⁾	- %	- %	- %	- %
Weighted Avg Grant Date Value	\$ 0.30	\$ 0.04	\$ 0.24	\$ 0.24
	March 31, 2022	June 28, 2021	February 12, 2021	December 18, 2019
Expected term (in months) ⁽¹⁾	51	60	65	54
Expected volatility ⁽²⁾	52.5%	55.0%	55.0%	37.5%
Risk-free interest rate ⁽³⁾	2.43%	0.90%	0.57%	1.72%
Dividend yield ⁽⁴⁾	- %	- %	- %	- %
Weighted Avg Grant Date Value	\$ 0.28	\$ 0.25	\$ 0.17	\$ 0.19

(1) Expected term represents the estimated period of time until an award is exercised.

(2) Expected volatility is based on the historical volatility of a selected peer group over a period equivalent to the expected term.

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(3) The risk-free rate is an interpolation of yields on U.S. Treasury securities with maturities equivalent to the expected term.

(4) Assumes a dividend yield of zero as the Company has no plans to declare dividends in the foreseeable future.

A summary of time equity incentive units issued to Company for the year ended December 31, 2024 and 2023 is as follows:

	Underlying Units
Outstanding, January 1, 2023	4,594,313
Granted	715,000
Forfeited/expired	(450,000)
Outstanding, December 31, 2023	4,859,313
Granted	3,042,960
Forfeited/expired	-
Outstanding, December 31, 2024	7,902,273

On June 12, 2025, the Closing Date, all previous unvested time based and performance based equity units vested per their terms. For the period from January 1, 2025 through June 11, 2025 (Predecessor), the Company recognized \$2.3 million of compensation expense related to the vesting of all equity incentive units. During the year ended December 31, 2024 and 2023 (Predecessor), the Company incurred compensation expense relating to the equity incentive units of \$0.2 million and \$0.1million, respectively. All compensation expense related to equity compensation is included in Payroll and related expenses on the statements of income. As of December 31, 2024 and 2023 (Predecessor), unrecognized compensation expense related to the unvested portion of time equity incentive units outstanding that were issued to Franchise employees totaled \$0.9 million and \$0.2 million, respectively.

A summary of vested and unvested time equity incentive unit's activity is presented below:

	Unvested Unit Activity	Weighted- average grant date fair value	Vested Unit Activity	Weighted- average grant date fair value
Units as of January 1, 2024	774,875	0.24	4,084,438	0.21
Granted	3,042,960			
Forfeited/Expired				
Vested	(704,910)		704,910	
Units as of December 31, 2024	3,112,925	0.29	4,789,348	0.21
Granted				
Forfeited/Expired				
Vested	(3,112,925)		3,112,925	
Units as of June 11, 2025	-		7,902,273	

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As of December 31, 2024 and 2023 (Predecessor), there were 7.72 million and 4.68 million of performance stock units outstanding, of which none had vested.

All vested units were redeemed for cash on June 12, 2025.

13. Defined Contribution Plan

On January 1, 2024, the Company adopted the Crunch 401(k) Plan (the "Plan"), a defined contribution plan under Section 401(k) of the Internal Revenue Code. Pursuant to the Plan, beginning March 1, 2024, qualified employees may contribute a percentage of their pretax eligible compensation to the Plan and the Company may match a percentage of each employee's contribution. Additionally, employees may elect to contribute a percentage of after-tax eligible compensation to the Plan, which the Company may also match. Contributions by the Company are solely at the discretion of management. The amount of contributions recorded by the Company during periods from June 12, 2025 through December 31, 2025 (Successor), January 1, 2025 through June 11, 2025 and the year ended December 31, 2024 (Predecessor), amount to \$61 thousand, \$12 thousand, \$55 thousand, respectively, and is included in Salaries, payroll taxes and related benefits in the accompanying Statements of Income.

14. Subsequent Events

The Company has evaluated subsequent events through March 23, 2026, the date on which these financial statements were available to be issued.

The Company did not identify any additional material, subsequent events that required recognition or additional disclosure in these financial statements, other than as noted herein.

EXHIBIT O
RENEWAL RIDER

RENEWAL RIDER
(For Franchisees Renewing Their Agreements)

If Franchisee is renewing its Franchise Agreement, the parties agree that Section 4.2 shall be amended to provide that Franchisee shall only have _____ additional renewal term(s) of _____ (____) years each, and that in lieu of the Initial Franchise Fee in Section 8.1, you will pay a renewal fee of \$15,000.

Franchisor:

Franchisee:

CRUNCH FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

EXHIBIT P
STATE ADDENDA

**MULTI-STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA,
WI)**

This Addendum pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the “SOP”) and is for the purpose of complying with the statutes and regulations of such states. For franchises sold in such states, this franchise disclosure document is amended by adding the following section at the end of Item 9:

“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.”

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE CALIFORNIA FRANCHISE INVESTMENT LAW**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

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

The Franchise Agreement, Area Development Agreement and Multi-Unit Development Agreement each provide for termination upon bankruptcy. These provisions may not be enforceable under Federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

The Franchise Agreement, Area Development Agreement and Multi-Unit Development Agreement each contain a covenant not to compete which extends beyond the termination of the franchise or development rights. These provisions may not be enforceable under California law.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

You must sign a general release of claims if you renew or transfer your franchise or if you transfer your area development rights or multi-unit development rights. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Neither the Franchisor nor any person listed in Item 2 of this Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

Section 18.5 of the Franchise Agreement, Section 13.5 of the Area Development Agreement and Section 13.5 of the multi-Unit Development Agreement each limit the statute of limitations to two years from the date the complaining party knew or should have known of facts giving rise to the claim. These provisions are void to the extent it is inconsistent with the provisions of Corporations Code 31303-31304. Corporations Code Section 31512 provides that "Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this law or any rule or order is void."

OUR WEBSITE IS WWW.CRUNCHFRANCHISE.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

The Franchise Agreement, Area Development Agreement and Multi-Unit Development Agreement each provide for optional mediation. The mediation will occur in the county and state where we have

our principal place of business with the costs of the mediation service being borne equally by both parties and with all other expenses relating to such mediation being borne by the party incurring them.

Item 19 is amended by adding the following disclosure: “The highest performing club represents a seasoned franchisee, and new franchisees should not expect the same results.”

The following RISK FACTORS are added to the State Cover page:

4. THERE ARE NO RESTRICTIONS ON US FROM SOLICITING OR ACCEPTING ORDERS FROM MEMBERS INSIDE YOUR EXCLUSIVE TERRITORY.
5. WE AND OUR AFFILIATES ARE NOT PROHIBITED FROM USING OTHER CHANNELS OF DISTRIBUTION INSIDE YOUR EXCLUSIVE TERRITORY.
6. EXCEPT AS EXPLAINED IN ITEM 19, THE FINANCIAL PERFORMANCE REPRESENTATION FIGURES DO NOT REFLECT THE COSTS OF SALES, OPERATING EXPENSES, OR OTHER COSTS OR EXPENSES THAT MUST BE DEDUCTED FROM THE GROSS REVENUE OR GROSS SALES FIGURES TO OBTAIN YOUR NET INCOME OR PROFIT. YOU SHOULD CONDUCT AN INDEPENDENT INVESTIGATION OF THE COSTS AND EXPENSES YOU WILL INCUR IN OPERATING YOUR FRANCHISE BUSINESS. FRANCHISEES OR FORMER FRANCHISEES, LISTED IN THE OFFERING CIRCULAR, MAY BE ONE SOURCE OF THIS INFORMATION.
7. IF YOU ARE A PARTNERSHIP, CORPORATION OR A LIMITED LIABILITY COMPANY, ALL OWNERS WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE HAWAII FRANCHISE INVESTMENT LAW**

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

No release language included in the Franchise Agreement, Area Development Agreement or Multi-Unit Development Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE
ILLINOIS FRANCHISE DISCLOSURE ACT**

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.
5. 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.
6. Nothing in Section 19.11 of the Franchise Agreement, Section 14.11 of the Area Development Agreement or Section 14.11 of the Multi-Unit Development Agreement waives any rights you may have under Section 41 of the Illinois Franchise Disclosure Act of 1987.
7. The Physical Fitness Services Act (815 ILCS 645) requires written contracts, specified cancellation requirements (within 3 days or if consumer moves), that contracts cannot be for more than \$2,500 per person per year, cancellation provision for centers not yet opened it not opened within 12 months, the escrow of all money received prior to the opening, and, that a person trained in CPR must be on the premises at all times that people can be working out.
8. The Physical Fitness Facility Medical Emergency Preparedness Act (210 ILCS 74) requires a medical emergency plan, at least one automated external defibrillator and staff training on CPR and AEDs.
9. We estimate the cost of complying with the Physical Fitness Services Act and Physical Fitness Facility Medical Emergency Preparedness Act not to exceed \$2,000.
10. Item 11 is amended to add the following to the fourth paragraph under the heading “Advertising Program”:

Membership of the cooperative will include all franchised outlets and franchisor-owned outlets in a designated geographic area. A committee of the members of the cooperative, including a representative of any company-owned outlets in the area, will administer the cooperative. The cooperative will operate from written government documents.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION
AND DISCLOSURE LAW**

1. Item 5 Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its preopening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers and multi-unit developers shall be deferred until the first franchise under the area development agreement or multi-unit development agreement opens.

2. Item 17.c ("Requirements for franchisee to renew or extend") and Item 17.m ("Conditions for franchisor approval of transfer") of the Franchise Disclosure Document are amended to provide that "The requirement that you provide a general release of all claims against us in order to renew or transfer your franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

3. Item 17.g ("Cause defined – curable defaults") of the Franchise Disclosure Document is amended to provide that "Termination upon filing of a bankruptcy petition against you or any shareholder may not be enforceable under federal bankruptcy law."

4. Item 17.v ("Choice of forum"), of the Franchise Disclosure Document is amended to provide that "Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

5. Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. 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.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT
LAW**

Notwithstanding anything to the contrary set forth in the franchise disclosure document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)
 - (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and
 - (ii) that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE NEW YORK FRANCHISE LAW**

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

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

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

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

- A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. Item 4 of the Franchise Disclosure Document is amended by deleting the last paragraph and substituting the following:

“Neither we, our affiliate, our predecessor nor our officers during the 10 year period immediately before the date of the Franchise disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.”

4. Item 5 of the Franchise Disclosure Document is amended by adding the following to the subsection entitled “Initial Franchise Fee”:

“We will use the Initial Fee to cover our costs associated with fulfilling its obligations under the Franchise Agreement and to cover other overhead costs and expenses.”

5. Item 17 of the Franchise Disclosure Document is amended by deleting the first paragraph and substituting the following:

“THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THESE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT.”

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the

General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

7. The following language replaces the “Summary” section of Item 17(d), titled “Termination by a franchisee”: “You may terminate the agreement on any grounds available by law.”

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

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

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

10. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

FRANCHISOR REPRESENTATION

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE NORTH DAKOTA FRANCHISE LAW

Notwithstanding anything to the contrary in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Waiver of trial by jury is prohibited by law in the State of North Dakota. Accordingly, Section 18.7 of the Franchise Agreement, Section 13.7 of the Area Development Agreement and Section 13.7 of the Multi-Unit Development Agreement are deleted.

2. Waiver of exemplary and punitive damages is prohibited by law in the State of North Dakota. Accordingly, Section 18.6 of the Franchise Agreement, Section 13.6 of the Area Development Agreement and Section 13.6 of the Multi-Unit Development Agreement are deleted.

3. North Dakota prohibits a provision that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the Franchise Agreement. Accordingly, Section 18.8 of the Franchise Agreement, Section 13.8 of the Area Development Agreement and Section 13.8 of the Multi-Unit Development Agreement are amended as follows:

“In the event either party incurs legal fees or costs or other expenses to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party’s failure to perform or observe any obligation imposed upon that party by this Agreement, then the prevailing party shall be entitled to recover from the other party the amount of all legal fees, costs and expenses, including reasonable attorneys’ fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action or proceeding to enforce any obligation of the other party hereunder or thereafter or otherwise.”

4. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the Area Development Agreement, the Multi-Unit Development Agreement and the other agreements or Texas law if those provisions are in conflict with North Dakota law.

5. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from any Franchise Agreement, Area Development Agreement, or Multi-Unit Development Agreement and issued in the State of North Dakota.

6. North Dakota has determined that requiring a franchisee to sign a general release upon renewal of the franchise agreement is unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, all references to the Franchisee signing a general release upon renewal of the Franchise Agreement in Item 17(c) of the Franchise disclosure document and Section 4.2.3 of the Franchise Agreement are deleted.

7. Summary column (r) in Item 17 of the Franchise Disclosure Document and Section 14.2 of the Franchise Agreement, Section 9.2 of the Area Development Agreement and Section 9.2 of the Multi-Unit Development Agreement, prohibit you from owning or being involved with a company or other business within the Territory, Development Area, or Multi-Unit Area or within 5 miles of any other Crunch health club then in existence, that offers services competitive with those offered, franchised or licensed by us for 1 year after termination or expiration of the Franchise Agreement, Area Development Agreement or

Multi-Unit Development Agreement. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. The Commissioner has held that covenants restricting competition are contrary to Section 9-08-06 of the North Dakota Century Code, and are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE RHODE ISLAND FRANCHISE DISCLOSURE ACT**

Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE VIRGINIA RETAIL FRANCHISING ACT**

Notwithstanding anything to the contrary in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Virginia.

The following paragraphs are added at the end of Item 17:

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Virginia [§ 13.1-559]. Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

Virginia [§ 13.1-563]. Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act, it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.”

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. The State of Washington’s policy pursuant to its Administrative Regulations pertaining to releases is as follows:

The requirement of a release by the Franchisee to Franchisor is acceptable so long as it does not include a release of the Franchisee’s claims under the Washington Franchise Investment Protection Act.

20. Item 17 is amended to add the following:

“These states have statutes which limit the franchisor’s ability to restrict your activity after the Franchise Agreement has ended: California Business and Professions Code Section 16,600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 *et seq.*, Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor’s ability to restrict your activity after the Franchise Agreement has ended.

A provision in the Franchise Agreement which terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

The following states have statutes which restrict or prohibit the imposition of liquidated damage provisions: California [Civil Code Section 1671], Indiana [1C 23-2-2.7-1(10)], Minnesota [Rule 2860.4400J], South Dakota [Civil Law 53-9-5]. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions.”

EXHIBIT Q
FRANCHISEE DISCLOSURE QUESTIONNAIRE

(NOT FOR USE IN THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)

FRANCHISEE DISCLOSURE QUESTIONNAIRE

CRUNCH FRANCHISING, LLC and you are preparing to enter into a Franchise Agreement for the operation of a Crunch health club franchised business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that CRUNCH FRANCHISING, LLC has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Do you understand that the success or failure of your business will depend in large part upon your ability as an independent business person?

Yes ___ No ___

2. Has any employee or other person speaking on behalf of Crunch Franchising, LLC made any representation or prediction concerning the revenue, profitability or operating costs of any Crunch health club Franchised Business?

Yes ___ No ___

3. If you answered "No" to question (1) or "Yes" to question (2), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "Yes" to question (1) and "No" to question (2), please leave the following lines blank.

You understand that your answers are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISEE/APPLICANT

Print Name

Date: _____, 20____

**(NOT FOR USE IN THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD,
VA, WA, WI)**

STATE EFFECTIVE DATES

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

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

California	April 29, 2026
Hawaii	Pending
Illinois	April 29, 2026
Indiana	April 29, 2026
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	April 29, 2026
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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 Crunch Franchising, LLC offers you a franchise, it must provide this franchise disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sales.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Crunch Franchising, LLC does not deliver this franchise disclosure document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Crunch Franchising, LLC, located at 155 Riveredge Dr., Suite 250, Dallas, Texas 75207. Its telephone number is 1-800-669-7162.

The issuance date is April 29, 2026.

Crunch Franchising, LLC authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I received a Disclosure Document dated April 29, 2026, that included the following Exhibits:

A. List of State Administrators	H. State Specific Amendments to Multi-Unit Development Agreement
B. Agents for Service of Process	I. Table of Contents of Operations Manual
C. Franchise Agreement, including Owner's Guaranty	J. Confidentiality Agreement
D. State Specific Amendments to Franchise Agreement	K. General Release
E. Area Development Agreement, including Owner's Guaranty	L. List of Franchisees
F. State Specific Amendments to Area Development Agreement	M. Franchisees Who Left System or Have Not Communicated
G. Multi-Unit Development Agreement, including Owner's Guaranty	N. Financial Statements
	O. Renewal Rider
	P. State Addendum
	Q. Franchisee Disclosure Questionnaire

Date: _____

Prospective Franchisee Signature

Print Name: _____

Address: _____

Individually and as _____
of _____

(Your copy. Sign, date and retain.)

Franchise Sellers:

Please check the box by each franchise seller listed below with whom you have had significant contacts in connection with the offer or sale of a Crunch franchise to you:

- ☐ John Merrion, 989 Victoria Court, Lafayette, CA 94549, (212) 993-0300
- ☐ Martin (Marty) Cude, 155 Riveredge Drive, Ste. 250, Dallas, TX 75207, (212) 993-0300
- ☐ Gregory (Greg) McDonough, 1 Harbour Place, Ste. 230, Portsmouth, NH 03801, (603) 501-0437
- ☐ Chad Waetzig, 622 Third Avenue, 28th Floor, New York, NY 10017, (212) 993-0300
- ☐ Chequan Lewis, 155 Riveredge Drive, Suite 250, Dallas, TX 75207, (212) 993-0300
- ☐ John D'Anna, 622 Third Avenue, 28th Floor, New York, NY 10017, (212) 993-0300
- ☐ Molly Long, 155 Riveredge Drive, Suite 250, Dallas, TX 75207, (212) 993-0300

(Your copy. Sign, date and retain.)

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 Crunch Franchising, LLC offers you a franchise, it must provide this franchise disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sales.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Crunch Franchising, LLC does not deliver this franchise disclosure document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Crunch Franchising, LLC, located at 155 Riveredge Dr., Suite 250, Dallas, Texas 75207. Its telephone number is 1-800-669-7162.

The issuance date is April 29, 2026.

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Prospective Franchisee Signature

Print Name: _____

Address: _____

Individually and as _____
of _____

(Our copy. Sign, date and return to us.)

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(Our copy. Sign, date and return to us.)