Franchimp
Document downloaded from Franchimp.com

FRANCHISE DISCLOSURE DOCUMENT

CycleBar Franchising SPV, LLC
a Delaware limited liability company
17877 Von Karman Ave., Suite 100
Irvine, California 92614
(513) 815-8467
salesinfo@xponential.com
www.cyclebar.com

The franchise is the right to develop, own and operate, as part of the CycleBar® system, a fitness studio that provides indoor cycling classes/instruction and other related exercise classes using designated equipment. The total investment necessary to begin operation of a single CycleBar studio is $337,720 to $511,455, which includes $77,500 to $80,000 that must be paid to franchisor or its affiliates.

You and we may also enter into an area development agreement under which you would agree to acquire an agreed upon number of franchises and open an agreed upon number of studios within a designated development area and pursuant to an agreed upon opening schedule. Under the area development agreement, you must commit to developing at least 3 outlets. The total investment necessary to enter into an area development agreement for the right to develop three CycleBar studios ranges from $412,720 to $586,455, which includes (a) the total initial investment to begin operation of your initial CycleBar Studio, less the initial franchise fee, and (b) a development fee of $135,000 which must be paid to franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Trevor Lucas at CycleBar Franchising SPV, LLC, 17877 Von Karman Ave., Suite 100, Irvine, California 92614, and at (513) 815-8467.

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

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

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

ISSUANCE DATE: March 30, 2024

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

How to Use This Franchise Disclosure Document

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

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

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

Special Risks to Consider About This Franchise

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

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

2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

3. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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.

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

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

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(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.

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

(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 or area development 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 or area development agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

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

Any questions regarding this notice should be directed to: Michigan Attorney General's Office, Consumer Protection Division, Attention: Franchise Section, G. Mennen Williams Building, 1st Floor, 525 West Ottawa Street, Lansing, Michigan 48933, Telephone Number: 517-373-7117

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

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

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

TABLE OF CONTENTS

ITEM 1 THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES 1
ITEM 2 BUSINESS EXPERIENCE 5
ITEM 3 LITIGATION 6
ITEM 4 BANKRUPTCY 8
ITEM 5 INITIAL FEES 8
ITEM 6 OTHER FEES 10
ITEM 7 ESTIMATED INITIAL INVESTMENT 16
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 21
ITEM 9 FRANCHISEE'S OBLIGATIONS 25
ITEM 10 FINANCING 26
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 27
ITEM 12 TERRITORY 39
ITEM 13 TRADEMARKS 43
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 44
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 45
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 45
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 46
ITEM 18 PUBLIC FIGURES 56
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS 56
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION 65
ITEM 21 FINANCIAL STATEMENTS 74
ITEM 22 CONTRACTS 75
ITEM 23 RECEIPTS 75

Exhibits

A. FORM OF FRANCHISE AGREEMENT AND EXHIBITS
B. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
C. FINANCIAL STATEMENTS
D. GUARANTY OF PERFORMANCE
E. STATEMENT OF PROSPECTIVE FRANCHISEE
F. TABLE OF CONTENTS OF MANUAL
G. FORM OF GENERAL RELEASE
H. STATE SPECIFIC ADDENDA
I. LIST OF CURRENT FRANCHISEES AND, IF APPROPRIATE, THEIR OUTLETS
J. LIST OF FRANCHISEES THAT LEFT THE SYSTEM IN THE PAST YEAR
K. FORM OF AREA DEVELOPMENT AGREEMENT
L. RECEIPTS

This document was downloaded from Franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

ITEM 1
THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES

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

Franchisor

We do business under the name CycleBar Franchising SPV, LLC, or in some cases, simply as "CycleBar." We do not do business under any other name. Our principal business address is 17877 Von Karman Ave., Suite 100, Irvine, CA 92614, and our business phone number is (513) 815-8467. We are a Delaware limited liability company formed on March 6, 2023.

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

Predecessors and Internal Reorganization

CycleBar® franchises were first offered in January 2015 by CycleBar Franchising, LLC ("Predecessor") who continued to offer franchises for CycleBar-branded studios ("Studios") until March 2023. Predecessor also offered, from March 2017 to September 2017, the right for certain franchisees to operate area representative businesses, which recruited and provided certain support and services to CycleBar franchisees. Predecessor has temporarily operated Studios in connection with the reacquisition of Studios from franchisees for purposes of resale to new franchisees. To facilitate the possibility of future funding and financing opportunities (each a "Financing Opportunity") for our parent entities, we and our affiliates engaged in an internal reorganization, effective March 15, 2023 (the "Reorganization"), pursuant to which we acquired from Predecessor, and currently own, the Marks (defined below) and other intellectual property related to the development and operation of Studios and the CycleBar system. We began selling franchises for the Studios as of April 4, 2023. The Franchise Agreements, Area Development Agreements, and certain other agreements related to Studios that were signed by Predecessor before the Reorganization were assigned to us as of December 31, 2023.

Parents and Potential Financing Opportunity

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

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

Affiliates

Currently, there are 10 brands within the portfolio of brands owned and franchised by subsidiaries of Xponential: AKT®, BFT®, Club Pilates®, CycleBar®, Lindora®, Pure Barre®, Row House®, Rumble®, Stretch Lab®, and Yoga Six® (collectively, the "Xponential Brands").

Our affiliate, AKT Franchise SPV, LLC ("AKT SPV"), a Delaware limited liability company, has offered franchises for fitness studios that provide indoor fitness classes/instruction through a combination of circuit training, dance cardio, Pilates, and yoga under the AKT® trademark ("AKT Studios") since April 2023. Our affiliate, and predecessor to AKT SPV, AKT Franchise, LLC ("AKT"), a Delaware limited liability company, previously offered franchises for AKT Studios from July 2018 through March 2023. The franchise agreements, area development agreements, and certain other agreements related to AKT Studios that were signed by AKT before the Reorganization were assigned to AKT SPV as of December 31, 2023. As of December 31, 2023, there were 11 franchised AKT Studios in operation.

Our affiliate, BFT Franchise SPV, LLC ("BFT SPV"), a Delaware limited liability company, has offered franchises for fitness studios that provide functional, group training fitness instruction and related services under the BFT® trademark ("BFT Studios") since April 2023. Our affiliate, and predecessor to BFT SPV, BFT Franchise Holdings, LLC ("BFT"), a Delaware limited liability company, previously offered franchises for BFT Studios from January 2022 through March 2023. The franchise agreements, area development agreements, and certain other agreements related to BFT Studios that were signed by BFT before the Reorganization were assigned to BFT SPV as of December 31, 2023. As of December 31, 2023, there were 32 franchised BFT Studios in operation.

Our affiliate, Club Pilates Franchise SPV, LLC ("CP SPV"), a Delaware limited liability company, has offered franchises for fitness studios that provide Pilates and other exercise classes under the CLUB PILATES® trademark ("Club Pilates Studios") since April 2023. Our affiliate, and predecessor to CP SPV, Club Pilates Franchise, LLC ("CP"), a Delaware limited liability company, previously offered franchises for CP Studios from March 2015 through March 2023. The franchise agreements, area development agreements, and certain other agreements related to Club Pilates Studios that were signed by CP before the Reorganization were assigned to CP SPV as of December 31, 2023. As of December 31, 2023, there were 868 franchised Club Pilates Studios in operation.

Our affiliate, PB Franchising SPV, LLC ("PB SPV"), a Delaware limited liability company, has offered franchises for fitness studios that provide indoor fitness classes/instruction through a combination of Pilates, weights and ballet, including using a ballet barre, under the PURE BARRE® trademark ("Pure Barre Studios") since April 2023. Our affiliate, and predecessor to PB SPV, PB Franchising, LLC ("PB"), a Delaware limited liability company, previously offered franchises for Pure Barre Studios from 2012 through March 2023. The franchise agreements, area development agreements, and certain other agreements related to Pure Barre Studios, that were signed by PB before the Reorganization were assigned to PB SPV as of December 31, 2023. As of December 31, 2023, there were 615 franchised Pure Barre Studios in operation.

Our affiliate, Row House Franchise SPV, LLC ("RH SPV"), a Delaware limited liability company, has offered franchises for fitness studios that offer rowing and free weight exercise instruction under the ROW HOUSE® trademark ("Row House Studios") since April 2023. Our affiliate, and predecessor to RH SPV, Row House Franchise, LLC ("RH"), a Delaware limited liability company, previously offered franchises for Row House Studios from December 2017 through March 2023. The franchise agreements, area development agreements, and certain other agreements related to Row House Studios that were signed by RH before the Reorganization were assigned to RH SPV as of December 31, 2023. As of December 31, 2023, there were 65 franchised Row House Studios in operation.

Our affiliate, Rumble Franchise SPV, LLC ("RF SPV"), a Delaware limited liability company, has offered franchises for fitness studios that offer and provide boxing classes/instruction and other related exercise classes under the RUMBLE® trademark ("Rumble Studios") since April 2023. Our affiliate, and predecessor to RF SPV,

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

Rumble Franchise, LLC ("RF"), a Delaware limited liability company, previously offered franchises for Rumble Studios from March 2021 through March 2023. The franchise agreements, area development agreements, and certain other agreements related to Rumble Studios that were signed by RF before the Reorganization were assigned to RF SPV as of December 31, 2023. As of December 31, 2023, there were 64 franchised Rumble Studios in operation.

Our affiliate, Stretch Lab Franchise SPV, LLC ("SL SPV"), a Delaware limited liability company, has offered franchises for fitness studios that provide stretching classes in both private and group formats, related therapy activities and, if approved, a proprietary "flexologist" training programs under the STRETCH LAB® trademark ("Stretch Lab Studios") since April 2023. Our affiliate, and predecessor to SL SPV, Stretch Lab Franchise, LLC ("SL"), a Delaware limited liability company, previously offered franchises for Stretch Lab Studios from December 2017 through March 2023. The franchise agreements, area development agreements, and certain other agreements related to Stretch Lab Studios that were signed by SL before the Reorganization were assigned to SL SPV as of December 31, 2023. As of December 31, 2023, there were 429 franchised Stretch Lab Studios in operation.

Our affiliate, Yoga Six Franchise SPV, LLC ("YS SPV"), a Delaware limited liability company, has offered franchises for fitness studios that offer and provide indoor yoga classes/instruction and other related exercise classes under the YOGA SIX® trademark ("Yoga Six Studios") since April 2023. Our affiliate, and predecessor to YS SPF, Yoga Six Franchise, LLC ("YS"), a Delaware limited liability company, previously offered franchises for Yoga Six Studios from September 2018 through March 2023. The franchise agreements, area development agreements, and certain other agreements related to Yoga Six Studios that were signed by YS before the Reorganization were assigned to YS SPV as of December 31, 2023. As of December 31, 2023, there were 185 franchised Yoga Six Studios in operation.

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

Since 2018, our affiliate, Xponential Fitness Brands International, LLC ("XFB International"), a Delaware limited liability company, has offered master franchises and unit franchises outside the United States for Studios and for fitness studios developed and operated under the various other Xponential Brands. XFB International has never owned or operated a Studio or offered franchises for Studios in the United States.

Our affiliate, CycleBar Canada Franchising, LLC ("CycleBar Canada"), a British Columbia unlimited liability company, offers franchises for CycleBar Studios in Canada. CycleBar Canada began offering franchises for CycleBar Studios in Canada in August 2015. CycleBar Canada has never owned or operated a Studio nor offered franchises for Studios in the United States.

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

All of the entities referenced in this Item 1 share our principal business address, except that CycleBar Canada has a registered office at 2200 HSBC Building, 885 West Georgia Street, Vancouver, BC V6C 3E8 Canada. Neither we nor any other entity described in this Item 1 has owned or operated a Studio or offered franchises in this or any other line of business except as specifically described in this Item 1. We have no other predecessors, parents or affiliates that are required to be disclosed in this Item 1.

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

For purposes of this Disclosure Document, AKT SPV, BFT SPV, CP SPV, PB SPV, RH SPV, RF SPV, SL SPV, and YS SPV are together referred to as the "Affiliate SPV Franchisors," and AKT, BFT, CP, PB, RH, RF, SL, and YS are together referred to as the "Affiliate Prior Franchisors."

Agent for Service of Process

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

The Franchise We Offer

We offer for sale a franchise to operate a Studio at a specific location (each a "Franchise") pursuant to the terms of our form of franchise agreement attached to this Disclosure Document as Exhibit A (the "Franchise Agreement"). We expect that all Studios will typically operate from a commercial space of approximately 1,500 to 2,000 square feet located within a retail shopping center. We may, however, consider alternative sites, on a case-by-case basis, at a franchisee's request.

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

Each Studio offers indoor cycling classes and any other services that we authorize (collectively, the "Approved Services"). Studios are established and operated under a comprehensive design that includes spacious interior, exercise bikes, exercise equipment/apparatuses necessary to provide the Approved Services, technology integrations and services (including our proprietary in-hour and online music database referred to herein as "CycleBeats®," and our proprietary in-house and online performance metric database referred to herein as "CycleStats®"), specifications, and procedures for operations; quality customer service; management and financial control; training and assistance; and advertising and promotional programs (which we call our "System"). The System's standards, specifications and procedures (collectively, the "System Standards") are described in our confidential operations manual (the "Manual"). The System and the Manual, and their various components, may be modified, discontinued, and further developed in our discretion.

Your Studio must engage at least one individual that is capable of and authorized to provide fitness instruction and other Approved Services at all times (an "Authorized Instructor"). To be an Authorized Instructor, the individual must attend and complete our proprietary instructor bootcamp" (the "Instructor Bootcamp"), which is designed to provide individuals with guidelines and information on how to provide the Approved Services in accordance with our current System Standards.

Area Development Rights

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

For each Franchise you acquire pursuant to the Development Agreement, you (or your affiliate) will sign our then-current form of Franchise Agreement. When you sign the Development Agreement, you will also sign your first Franchise Agreement in the form attached to this Disclosure Document as Exhibit A. Each subsequent

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

Franchise Agreement you sign will be our then-current form, and it might contain terms that are materially different than those found in our current form, including with respect to fees.

You will be required to pay us a one-time development fee that will be calculated based on the number of Studios you commit to develop under the Development Agreement (the "Development Fee"), but you will not be required to pay any other initial franchise fee at the time you execute your franchise agreements for each Franchise we grant to you or your affiliates pursuant to the Development Agreement.

Market and Competition

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

Laws, Rules, and Regulations

Some states require that health/fitness facilities have a staff person available during all hours of operation that is certified in basic cardiopulmonary resuscitation or other specialized medical training. Some state or local laws may also require that health/fitness facilities have an automated external defibrillator and/or other first aid equipment on the premises. Certain states and local governments have passed laws relating specifically to health/fitness facilities, including laws requiring bonds if a health and fitness facility sells memberships valid for more than a specified time period, requiring facility owners to deposit into escrow certain amounts collected from members before the facility opens (so-called "pre-sale" memberships), and imposing other restrictions on memberships that health and fitness facilities sell. At a minimum, your Studio will be subject to various federal, state and local laws, and regulations affecting the business, including laws relating to membership agreements, zoning, access for the disabled, and safety and fire standards. You may need the local fire marshals or other local, state or federal agency's permission before you begin operations. In addition, there may be local licensing and employment regulations, including worker's compensation insurance requirements.

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

ITEM 2
BUSINESS EXPERIENCE

Trevor Lucas: Brand President

Mr. Lucas has been our Brand President since March 2023. He has also served as our Predecessor's Brand President since June 2020. Previously, Mr. Lucas was our Predecessor's Senior Vice President of Operations from June 2019 to May 2020. Prior to that time, Mr. Lucas was our Predecessor's Director of Finance from December 2017 to June 2019. Mr. Lucas is based in Los Angeles, California.

Ryan Junk: Chief Operating Officer

Since March 2023, Mr. Junk has served as our Chief Operating Officer and the Chief Operating Officer of Assetco and each of the Affiliate SPV Franchisors. Since January 2024, Mr. Junk has also served as the Chief Operating Officer of Lindora Franchisor, and since March 2021, Mr. Junk has served as the Chief Operating Officer of each of the Affiliate Prior Franchisors, except BFT. Since July 2020, Mr. Junk has also served as Xponential's Chief Operating Officer. From November 2017 to June 2020, Mr. Junk served as the President of Predecessor. From March 2021 to February 2024, Mr. Junk served as the Chief Operating Officer of Stride Franchise, LLC, and

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

from March 2023 to February 2024, he served as the Chief Operating Officer of Stride Franchise SPV, LLC. Since June 2016, Mr. Junk has also served as a Consultant and Owner of R.L.J. Consulting Group, LLC in Redondo Beach, California. Mr. Junk is based in Irvine, California.

Sarah Luna: President

Since March 2023, Ms. Luna has served as our President and the President of Assetco and each of the Affiliate SPV Franchisors. Since January 2024, Ms. Luna has also served as the President of Lindora Franchisor, and since March 2021, Ms. Luna has served as the President of each of the Affiliate Prior Franchisors, except BFT. Since January 2021, Ms. Luna has also served as Xponential's President. From March 2021 to February 2024, Ms. Luna served as the President of Stride Franchise, LLC, and from March 2023 to February 2024, she served as the President of Stride Franchise SPV, LLC. From October 2018 to January 2021, Ms. Luna served as the Brand President of PB. Ms. Luna is based in Irvine, California.

John Meloun: Chief Financial Officer

Since March 2023, Mr. Meloun has served as our Chief Financial Officer and the Chief Financial Officer of Assetco and each of the Affiliate SPV Franchisors. Since January 2024, Mr. Meloun has also served as the Chief Financial Officer of Lindora Franchisor. Mr. Meloun has also served as the Chief Financial Officer for AKT, CB, and PB (each since October 2018), and RH, RF, SL, and YS (each since March 2021). From March 2021 to February 2024, Mr. Meloun served as the Chief Financial Officer of Stride Franchise, LLC, and from March 2023 to February 2024, Mr. Meloun served as the Chief Financial Officer of Stride Franchise SPV, LLC. Mr. Meloun has also served as Xponential's Chief Financial Officer since July 2018. Mr. Meloun is based in Irvine, California.

Andrew Hagopian: Chief Legal Officer

Since March 2023, Mr. Hagopian has served as our Chief Legal Officer and the Chief Legal Officer of Assetco and each of the Affiliate SPV Franchisors. Since January 2024, Mr. Hagopian has also served as the Chief Legal Officer of Lindora Franchisor. From March 2023 to February 2024, Mr. Hagopian served as the Chief Legal Officer of Stride Franchise, LLC and Stride Franchise SPV, LLC. Since March 2023, Mr. Hagopian has also served as the Chief Legal Officer of Xponential. From June 2022 to February 2023, Mr. Hagopian served as General Counsel of Newlight Technologies, Inc., based in Huntington Beach, California. From January 2021 to June 2022, Mr. Hagopian served as General Counsel for BetMGM, based in Las Vegas, Nevada. From December 2016 to December 2020, Mr. Hagopian served as Chief Corporate Counsel for MGM Resorts International, based in Las Vegas, Nevada. Mr. Hagopian is based in Irvine, California.

ITEM 3
LITIGATION

Pending Actions Involving Parent, Predecessor or Affiliate

Dance Fitness Michigan LLC, et al. v. AKT Franchise, LLC, et al., filed August 30, 2023, Superior Court of the State of California, County of Orange, Case No. 30-2023-01345433-CU-AT-CXC (the "AKT Lawsuit"). This action was filed by certain former AKT franchisees and their purported owners after AKT initiated an arbitration against and sought damages from certain of them for breaches of their franchise agreements. In addition to the relief described below, the plaintiffs seek declaratory and injunctive relief to allow them to litigate their claims in this action rather than in the original arbitration proceedings initiated by AKT. In this action, one or more of the following parties: Dance Fitness Michigan LLC, Property Maintenance, Inc., 6pk Mason LLC, 6pk Liberty LLC, Teeny Turner LLC, S2 Fitness Enterprises, LLC, Soros & Associates, LLC, and AdEdge Services Inc., Deanna Alfredo, Amanda Davis, Nisha Moeller, Samantha Cox, Suzanne Fischer, Nichole Soros, Michael Soros, Paul Dumas, Jodi Dumas and Laura Hannan (collectively, the "AKT Plaintiffs") assert that one or more of the following parties: AKT, AKT SPV, Assetco, Xponential, XFI, H&W Franchise Intermediate Holdings LLC, Xponential Intermediate Holdings LLC, H&W Investco LP, H&W Investco II LP, LAG Fit, Inc., MGAG LLC, Anthony

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

Geisler, Mark Grabowski, Melissa Chordock, Elizabeth "Liz" Batterton Cooper, Alexander Cordova, Lance Freeman, Ryan Junk, Megan Moen, John Meloun, Sarah Luna, Tori Johnston, Justin LaCava, Bobby Tetsch, Brandon Wiles, Jason Losco, Brittney Holobinko, Amy Wehrkamp, Scott Svilich, Sarah Nolan, Emily Brown, Rachel Markovic, and Brenda Morris (collectively, the "AKT Defendants"): (a) violated pre-sale disclosure obligations under the California Franchise Investment Law, the Michigan Franchise Investment Law and the Florida Franchise Act by failing to provide a compliant Franchise Disclosure Document and failing to disclose certain information they contend was required to be disclosed by, and making certain statements they contend were incorrect and prohibited under, those laws some of which they contend were erroneous (the "Pre-Sale Disclosure Claims"); (b) fraudulently induced them to purchase franchises; (c) breached the implied covenant of good faith and fair dealing (the "Covenant Claim"); (d) breached a purported agreement to provide certain financing; and (e) engaged in unfair and deceptive trade practices. The AKT Plaintiffs seek rescission of various franchise agreements, actual and special damages, attorneys' fees, costs and interest. AKT Defendants have been served with the complaint and all have filed, or are in the process of filing, a demurrer to the complaint.

Enlightened Armadillo, Inc., et al. v. Yoga Six Franchise, LLC, et al., filed November 22, 2023, Superior Court of the State of California, County of Orange, Case No. 30-2023-01367265-CU-AT-CXC. This is an action filed by the same attorney who represents the AKT Plaintiffs in the AKT Lawsuit. The plaintiffs are two Yoga Six franchisees (Enlightened Armadillo, Inc. and Snug Holding Company LLC) and their purported owners (Mark Hrubant, Ella Hrubant, and Melinda Sung) (collectively, the "Y6 Plaintiffs") who assert essentially the same Pre-Sale Disclosure Claims (with respect only to the California Franchise Investment Law) and Covenant Claim (as to the Yoga Six entities only) against YS SPV, YS, Assetco, Xponential, XFI, Xponential Intermediate Holdings LLC, H&W Franchise Intermediate Holdings LLC, Lag Fit Inc., H&W Investco LP, H&W Investco II LP, MGAG LLC, Anthony Geisler, Mark Grabowski, Lindsay Junk, Nate Chang, Jason Losco, Lance Freeman, Ryan Junk, Megan Moen, John Meloun, Sarah Luna, Brenda Morris, and Justin LaCava (collectively, the "Y6 Defendants"). The Y6 Plaintiffs seek declaratory and injunctive relief regarding the enforceability of the mandatory arbitration provisions in the franchise agreements, rescission of their franchise agreements, actual and special damages, attorneys' fees, costs and interest. Y6 Defendants have been served with the complaint and all have filed, or are in the process of filing, a demurrer to the complaint.

In addition to the franchise-related lawsuits described above, XFI and certain of its officers have been named in securities-related lawsuits that are pending as of the date of this Disclosure Document. First, in the Taylor General Lawsuit (defined below), the named plaintiff initiated a putative class action in which it purports to be a shareholder of XFI during a designated "Class Period" (July 26, 2021 through December 7, 2023) and seeks to represent itself and other similarly shareholders who held shares during the designated Class Period. Similarly, in the Akande Lawsuit (also defined below), the named plaintiff initiated a derivative lawsuit on behalf of XFI regarding defendants' alleged actions during the same Class Period. Each complaint alleges that the defendants made certain omissions and misstatements of material facts in certain of XFI's publicly disclosed and filed documents during the designated Class Period in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder (the "SEC Claims") and seeks compensatory damages, interest, and costs (including attorneys' and experts' fees). As of the date of this Disclosure Document there are two currently pending securities-related lawsuits and, given the nature of these types of claims, we expect additional similar lawsuits to be filed on behalf of other XFI shareholders, with respect to the same set of facts, by law firms competing to be named as lead counsel.

As of the date of this Disclosure Document, each of the following cases is in the initial pleadings stage.

City of Taylor General Employees Retirement System v. Xponential Fitness, Inc., Anthony Geisler, and John Meloun, filed February 9, 2024, United States District Court for the Central District of California, Southern Division, Case No. 8:24-cv-00285 (the "Taylor General Lawsuit").

Gideon Akande v. Anthony Geisler, John Meloun, Jair Clarke, Mark Grabowski, Chelsea A. Grayson, Brenda Morris, and Xponential Fitness, Inc., filed March 10, 2024, United States District Court

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

for the Central District of California, Western Division, Case No. 2:24-cv-01928. In addition to the SEC Claims, the plaintiff alleges that the defendants (i) breached fiduciary duties, mismanaged XFI's business, and wasted XFI's assets, (ii) were unjustly enriched, and (iii) abused their ability to control and influence XFI. In addition to the relief described above, plaintiff seeks (i) an order directing XFI and the individual defendants to improve XFI's corporate governance, and (ii) restitution by the individual defendants (the "Akande Lawsuit").

Completed Actions Involving Parent, Predecessor or Affiliate

Anderson Holdings, Inc. et al. v. CycleBar Franchising SPV, LLC et al., Case No. 1:18-cv-131-HSO-JCG (United States District Court for the Southern District of Mississippi, Southern Division). On April 18, 2018, a complaint was filed by Anderson Holdings, Inc., a former franchisee of Predecessor who had operated a franchised business since October 10, 2016, and Leslie Anderson Suit, alleging fraudulent and negligent misrepresentation, violations of Miss. Code. Ann. § 72-24-55 and the Ohio Business Opportunity Plans Act §§ 1334.01 et seq. and related claims against Predecessor and other named defendants, seeking compensatory, incidental and consequential damages. The parties agreed to amicably settle the matter, with (a) Predecessor agreeing to acquire all rights, title and interest in and to the exercise bikes and certain other equipment used at the franchisee's Studio from the franchisee for approximately $28,000, (b) Franchisee agreeing to dismiss this action with prejudice, (c) the parties agreeing to mutually terminate this former franchisee's franchise agreement and provide mutual releases of each other with respect to all claims as of that date, by entering into an otherwise confidential settlement agreement dated November 19, 2018. Neither Predecessor nor any other named party admitted any kind of liability as part of this settlement.

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

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

Initial Franchise Fee

You must pay to us a lump sum initial franchise fee of $60,000 (the "Initial Franchise Fee") to establish a single Studio under a Franchise Agreement. The Initial Franchise Fee is due upon the signing of the Franchise Agreement. The Initial Franchise Fee will be fully earned by us upon payment and is not refundable, in whole or in part, under any circumstance. If you are purchasing an existing Studio from a System franchisee, you will pay us a $30,000 training fee in lieu of the Initial Franchise Fee. Except as disclosed in this Item, we uniformly impose the Initial Franchise Fee on all parties that are purchasing a single Studio.

Initial Instructor Training Fee (in Connection with Authorized Instructors)

You must ensure that your initial staff of Authorized Instructors attends and completes the Instructor Bootcamp training before you open your Studio, which will be provided virtually by one our "Master Instructors," and which currently has a program tuition fee of $5,000 (the "Initial Instructor Training Fee"). You must pay us the Initial Instructor Training Fee prior to completion of the Instructor Bootcamp. This amount is payable in lump sum, non-refundable under any circumstances, and will be imposed uniformly.

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

On-Site Grand Opening Assistance

We may, but are not required to, send one (1) or more representatives to your Studio to provide assistance and recommendations regarding your opening and initial operations, and/or provide additional or refresher training associated with any required initial training ("On-Site Grand Opening Assistance"). If we provide On-Site Grand Opening Assistance, you will pay us a $2,500 training fee. The fee is paid in lump sum, deemed fully earned upon payment, uniformly imposed, and is nonrefundable under any circumstances.

Pre-Sales and Soft Opening Retail Inventory Kit

Prior to opening your Studio, you must purchase from us an initial inventory kit (the "Pre-Sales and Soft Opening Retail Inventory Kit"), which includes, but is not limited to, presale merchandise and other apparel that will be available for resale as part of your Approved Products, including items branded with the Marks, and other t-shirts, towels, exercise clothing and related accessories.

The cost of the Pre-Sales and Soft Opening Retail Inventory Kit is $12,000, which is collected in the form of a credit in our online retail store that you can draw against when picking out the components of your Pre-Sales and Soft Opening Retail Inventory Kit. We require that you use all of your credit within 6 months of the opening of your Studio. We may require you to pay us immediately upon execution of your Franchise Agreement. This amount is payable in lump sum, non-refundable under any circumstances and is deemed fully earned upon payment. We expect to impose this charge for the kit uniformly.

You are required to use certain of these items in coordination with the pre-opening sales plan we approve or designate for your Studio, which is designed to generate prospective Studio clientele and members and otherwise promote the Studio prior to opening (the "Opening Support Program"). We anticipate that you will begin the pre-sales phase approximately two (2) months before you open your Studio (the "Pre-Sales Phase").

Reduced Technology Fee

You will be required to commence paying us our then-current monthly technology fee (the "Technology Fee"), which is currently $715 per month, when you open your Studio. However, upon the commencement of your Pre-Sales Phase, you must begin paying us a reduced Technology Fee in the amount of $250 per month. As such, we estimate that your payment of Technology Fees for two (2) months prior to the opening of your Studio will be $500. The Technology Fee is payable in lump sum, uniformly imposed, and non-refundable under any circumstances.

Note Regarding Fitness Equipment & Initial FF&E Package

Our standard franchise offering assumes that you will acquire the Fitness Equipment & Initial FF&E Package under a lease-to-own or comparable arrangement with a third-party Approved Supplier (as defined in Item 8). The "Fitness Equipment & Initial FF&E Package" includes: includes: (i) a studio fixture package (comprised of a millwork bundle (front desk, slatwall, cubbies), millwork accessories and other related supplies; (ii) fitness equipment and other operational equipment we designate to be used in Studios (e.g. bikes, weight bars); equipment accessories (e.g., shoes, cleats), (iii) other items related to the outfitting and design and buildout of your Studio; and (v) the installation and transportation of the foregoing items, which may vary depending on the geographic location of your Studio. If, however, you determine to outright purchase (without financing) the Fitness Equipment & Initial FF&E Package, we may require that you purchase such package from us or our affiliate (the cost of which we estimate to be approximately in the range of $129,200 to $142,000 and would be due prior to opening and non-refundable upon payment). Rather than purchasing (without financing) the Fitness Equipment & Initial FF&E Package, our standard offering assumes and expects that you will acquire the Fitness Equipment & Initial FF&E Package under a lease-to-own or comparable arrangement to increase or facilitate cash flow during early operations.

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

Development Agreement

If we award you the right to acquire Franchises for three (3) or more Studios within a given Development Area, you must pay us a one-time Development Fee in a lump sum upon execution of your Development Agreement. Your Development Fee will depend on the number of Studios we grant you the right to open within the Development Area, and is calculated as follows: (i) $45,000 per Studio if you agree to open and operate between three (3) and five (5) Studios; (ii) $40,000 per Studio if you agree to open and operate between six (6) and nine (9) Studios; and (iii) $35,000 per Studio if you agree to open and operate ten (10) or more Studios.

You will be required to enter into our then-current form of franchise agreement for each Studio you wish to open under your Development Agreement, but you will not be required to pay an Initial Franchise Fee at the time you execute each of these Franchise Agreements. If you enter into a Development Agreement, you must execute our current form of Franchise Agreement for the first Studio we grant you the right to open within your Development Area concurrently with the Development Agreement.

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

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	7% of Gross Sales generated by your Studio over the relevant reporting period [1]	Payable weekly via electronic funds transfer ("EFT") based on the Gross Sales of your Studio during the preceding business week	You will be required to start paying your Royalty once your Studio begins collecting revenue from operations. We may collect your Royalty on a different interval (for example, monthly).
Contributions to Brand Development Fund [2]	Currently, 2% of Gross Sales [1]	Payable weekly at the same time and in the same manner as the Royalty	Your contributions (the "Fund Contributions") to the Brand Development Fund (the "Fund") will begin when your Studio begins generating revenue from operations
Initial Instructor Training Fee (in connection with Initial Authorized Instructors)	Then-current tuition fee Currently, $5,000 per session You may elect to have us complete your instructor recruiting and training for you for our then-current fee (currently, $1,500 to $2,500), plus the costs and expenses our Master Instructor incurs for any necessary travel (estimated to be $2,500)	Prior to the Instructor Bootcamp	You must have at least one (1) individual who completes our Instructor Bootcamp. You will be responsible for the costs and expenses associated with Initial Instructors completing the Instructor Bootcamp (e.g., employee payroll expenses and Initial Instructor Training Fee). Please see Item 11 for additional information.

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

Type of Fee	Amount	Due Date	Remarks
Instructor Bootcamp Tuition (for Subsequent Instructors)	Then-current program fee Currently, $350 per Instructor	As incurred	You will be responsible for the costs and expenses associated with each Subsequent Instructor completing the Instructor Bootcamp (e.g., employee payroll expenses and Subsequent Instructor Bootcamp Tuition Fee). Please see Item 11 for additional information.
Authorized Instructor Video Review Fee (for Subsequent Instructors)	Then-current fee Currently, $350 per trainee and, if required, $75 for any re-attendance for a given individual	At time of request	This fee is payable for the cost of our review if a prospective Subsequent Instructor, in lieu of completing Instructor Bootcamp, provides us with certain videos demonstrating his or her ability to provide the Approved Services in accordance with System standards. Please see Item 11 for additional information.
Additional Training Fee	Then-current training fee for the type of training at issue (the "Training Fee") (currently, a standard fee of $500/day per trainer)	Prior to training	This fee is paid in connection with additional training/instruction that we may provide on an ongoing basis in connection with the overall operation and development of your Studio. We will only charge our standard Training Fee in connection with training that (a) you request we provide, or (b) we are required to provide on-site at your Studio. We will not charge this fee in connection with training that we require you to attend at our corporate headquarters or other training facility we designate. We will not charge any training fee in connection with minor, day-to-day assistance that we provide remotely over the phone or via email, subject to our availability. In addition to our then-current training fee, you will always be responsible for the costs and expenses that are incurred in connection with you and your personnel attending training.
Renewal Fee	$10,000	At time of renewal	You must renovate and reimage the Studio at your expense at the time of renewal to conform to our then-current standards and image

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

Type of Fee	Amount	Due Date	Remarks
Transfer Fee	Franchise Agreement: $10,000 Development Agreement: $10,000 per undeveloped franchise	Upon your request for our approval of any proposed transfer	Instead of the standard transfer fee, we will only charge an administrative fee amounting to: (i) $500 if you are an individual franchisee and assigning your franchise and/or development agreement rights to an entity that you fully own; or (ii) $1,500 if the assignment is from an existing System franchisee to another immediate family member. Payment of the transfer fee is one (1) of the conditions you must satisfy in order to assign an interest in your Franchise Agreement, your Studio, and/or you (if you are a business entity). There are other various other terms and conditions upon which we may condition or approval or consent to any such transfer. You may be afforded the option – but do not have the obligation – to enter into an agreement with our affiliates for resale assistance and access to certain third-party broker networks. Should you determine to enter into this agreement, you will be responsible for (a) the third-party broker fees (currently, 40% of the purchase price), and (b) a broker access fee amounting to 10% of purchase price for any of the assignable assets that are sold to a prospect, if we or broker network generate the prospect.
Technology Fee	Currently, $715 per month	Payable monthly at the same time and in the same manner as the Royalty	We charge you a recurring Technology Fee to help cover the costs and expenses associated with developing, implementing, licensing or otherwise using and integrating the technology we determine appropriate to provide as part of the System or otherwise in connection with your Studio and/or Studio network.

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Franchimp
Document downloaded from Franchimp.com

Type of Fee	Amount	Due Date	Remarks
Music Licensing Fee	Amounts charged by the providers and/or appropriate clearing house(s) for such music licensing	As invoiced or otherwise agreed	We may require that music licensing fee (the "Music Licensing Fee") amount be paid to our then-current Approved Supplier, which may be us or our affiliate, that determines to handle and manage these licenses for System franchisees. As of the date of this Disclosure Document, the franchisees pay this amount directly to the third-party Approved Suppliers.
Relocation Fee	$5,000	Upon submission of a proposal to relocate	You will not be permitted to relocate your Studio without our prior written approval, which may be withheld in our discretion. We may assess a relocation fee of $5,000 at the time you submit the proposed location for your relocated Studio. Generally, we do not approve requests to relocate your Studio after a site selection has been made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection.
Insurance Policies [3]	Amount of unpaid premium	As agreed	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you
Mystery Shopper and Other Quality Control Programs	If charged, $500/year	As arranged	Payable only if we establish a mystery shopper program or other quality control mechanism/program, in which case we may require a franchisee to contribute up to $500/year to help defray the costs of such programs that are designed to preserve the goodwill and brand image.
Audit Fees [4]	Costs incurred by us in connection with conducting audit Currently, we estimate that such costs will typically be between $500 - $2,500 (plus costs of any travel)	Within 15 calendar days after receipt of audit report	Payable only if (a) an audit or review shows an understatement of Gross Sales for the audited period of 2% or more, or (b) the audit or review is being conducted in response to your failure to timely submit any reports required by your Franchise Agreement.

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.

Preview ends here

You are viewing the first 20 of 255 pages.
Log in or create a free account on franchimp.com to read the full document.

This document was downloaded from franchimp.com. All the information on this website is published in good faith and for general information purpose only. FranChimp.com does not make any warranties about the completeness, reliability, and accuracy of this information. Any action you take upon the information you find on this website (FranChimp.com), is strictly at your own risk. We will not be liable for any losses and/or damages in connection with the use of our website.