

## FRANCHISE DISCLOSURE DOCUMENT

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PURE SWEAT + FLOAT STUDIO

The franchise offered is for the establishment and operation by a franchisee of a location for providing infrared sauna services under the Pure Sweat Sauna Studio brand. We also offer the option to add floatation services to the Pure Sweat Sauna Studio model, in which case a franchisee will use the Pure Sweat + Float Studio brand (the “Franchise”).

The total investment necessary to begin operation of a Pure Sweat Sauna Studio franchise (for sauna-only services) is \$340,600 to \$483,000. This includes \$44,000 that must be paid to the Franchisor. The total investment necessary to begin operation of a Pure Sweat + Float Studio franchise (for sauna plus floatation services) is \$378,600 to \$537,000. This includes \$44,000 that must be paid to the Franchisor.

The total investment necessary to begin operation under a Pure Sweat Sauna Studio Multiple Franchise Purchase Addendum is \$390,600 to \$573,000. This includes \$90,000 (for the right to develop three franchises) to \$130,000 (for the right to develop five franchises) that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation under a Pure Sweat + Float Studio Multiple Franchise Purchase Addendum is \$428,600 to \$627,000. This includes \$90,000 (for the right to develop three franchises) to \$130,000 (for the right to develop five franchises) that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Amy Leclerc, 6021 Highway 100, Nashville, Tennessee 37205, [amy@puresweatsaunastudio.com](mailto:amy@puresweatsaunastudio.com), [mailto:](mailto:amy@puresweatsaunastudio.com) or 503-703-2779.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this

disclosure document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: April 29, 2022

## *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:

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

## **What You Need To Know About Franchising *Generally***

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

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

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

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

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

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

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

### **Some States Require Registration**

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Tennessee. 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 Tennessee than in your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.
3. **Short Operating History.** This 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.
4. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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.

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## EXHIBITS

- A. Franchise Agreement and Exhibits:
  - EXHIBIT A Agreement Data
  - EXHIBIT B Guarantee, Confidentiality, and Non-Competition Agreement
  - EXHIBIT C Confidentiality and Non-Competition Agreement
  - EXHIBIT D Conditional Assignment Agreement and Power of Attorney
  - EXHIBIT E Certificate of Compliance with Data Protection and Privacy Laws
  - EXHIBIT F Multiple Franchise Purchase Addendum
  - EXHIBIT G Lease Addendum
- B. Financial Statements
- C. Table of Contents of the Confidential Operations Manual
- D. Disclosure Acknowledgment and Agreement
- E. Form of General Release
- F. State Law Addendum to FDD, ~~and~~ Franchise Agreement, and Certain Exhibits
- G. SBA Franchise Agreement Addendum
- H. List of State Agents for Service of Process and State Administrators
- I. Lists of Current and Certain Former Franchisees
- J. State Effective Dates

**ITEM 1**  
**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language in this disclosure document, the terms “we”, “us”, and “our” also refer to Pure Sweat Studios LLC, the franchisor. The terms “you” and “your” refer to the person to whom we grant a franchise, the franchisee. If the franchisee is a partnership, corporation, or other business entity, “you” includes the franchisee’s owners.

**The Franchisor and its Predecessor and Affiliates**

We are Pure Sweat Studios LLC, a Tennessee limited liability company. We conduct business under the names and marks “Pure Sweat Sauna Studio” and “Pure Sweat + Float Studio” and related names and marks. We do not conduct business under any other names. We maintain our principal place of business at 6021 Highway 100, Nashville, Tennessee 37205. We started offering franchises for Pure Sweat Studios Businesses April 29, 2022. We may produce and sell innovative advertising and sales promotion materials. We and our affiliates may attempt to negotiate group discount rates for the benefit of our franchisees for products and services and marketing and sales materials. We do not have any other business activities.

We do not have a parent company. Our predecessor is PSF Studio LLC, a Tennessee limited liability company. Its principal business address is the same as ours. It offered and sold Pure Sweat Studio franchises from 2018 to 2022. It has not offered franchises in any other lines of business. It has operated a Pure Sweat + Float Studio location since May 1, 2017 in the Belle Meade area of Nashville, Tennessee.

Open Doors in Nashville, LLC is an affiliate of ours. It is a Tennessee limited liability company owned by our Managing Member, Candice Bruder. It opened a sauna studio under the name “Pure Sweat Sauna Studio” at 1204 Dallas Avenue Nashville, TN 37212 in December 2019. It has never offered franchises in this or any other lines of business.

We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

We and our current and future affiliates retain the right to own or operate additional Pure Sweat Studio businesses.

Our registered agents for service of process are outlined in Exhibit H to this disclosure document.

**The Franchises We Offer**

We are offering, under the terms of this disclosure document, the opportunity to enter into a franchise agreement (“Franchise Agreement”) to become a franchisee to develop and operate an infrared sauna business using our proprietary system under the Pure Sweat Sauna Studio brand. We also offer the option to add floatation services to the Pure Sweat Sauna Studio model, in which case a franchisee will use the Pure Sweat + Float Studio brand. In this disclosure document, for simplicity the Pure Sweat Sauna Studio and/or Pure Sweat + Float Studio franchises are sometimes referred to as the “Pure Sweat Studio business(es)/franchise(s)” or “PS+FS Business”. The PS+FS Business is operated from, and the services provided in, a bespoke studio setting.

Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate a franchised PS+FS Business (the “Franchised Business”) within an agreed-upon geographic area (the “Territory”) at an approved location (“Location”). The Territory will typically be one or more zip

codes.

Our Franchise Agreement, which is attached as Exhibit A, will grant you the right to use our distinctive set of specifications and operating procedures (collectively the “System”) at a Location within a Territory. The distinguishing characteristics of the System include our professional image and rigorous standards; our sauna and flotation pod requirements; our techniques and systems for managing customer sign-up and payment; our techniques for identifying, recruiting and retaining qualified employees; our techniques for marketing and scheduling sauna and floatation services; the System; and the accumulated experience reflected in our training program and operating procedures. These are not necessarily all of the elements of the System. We describe our mandatory and recommended standards, specifications and operating procedures in our confidential operations manual (the “Confidential Operations Manual”), which we will loan to you for the term of your franchise. We may periodically change, improve, add to, delete from and further develop the elements of the System and the Confidential Operations Manual.

You will operate your Franchised Business under the “Pure Sweat Sauna Studio” or “Pure Sweat + Float Studio” name and logo marks (collectively, the “Proprietary Marks”). We may designate other trade names, service marks, and trademarks as Proprietary Marks that you will use in conjunction with your Franchised Business.

The market for the PS+FS Business is new and developing. Although potential customers are the general public of adult age, the typical customer will be in the higher socio-economic levels interested in investing in their health and wellness, particularly those already engaged in fitness activities, weight management and alternative health practices. Sales are not significantly seasonal and you will need to conduct promotional activities throughout the year.

We may offer to qualified prospects the opportunity to purchase multiple franchises simultaneously. Such franchises would be opened within a Development Area and subject to a Development Schedule as described and defined in a Multiple Franchise Purchase Addendum (attached to the Franchise Agreement as Exhibit F). You would sign all unit Franchise Agreements associated with the Multiple Franchise Purchase Addendum at the same time that you sign the Multiple Franchise Purchase Addendum.

### **Industry-Specific Laws and Regulations**

You must comply with all local, state, and federal laws that apply to your Franchised Business operations, including for example health, EEOC, OSHA, discrimination, employment, and sexual harassment laws. You must obtain and maintain any required local licenses and permits relating to a PS+FS Business. You should consult with your attorney concerning any laws and ordinances that may affect the operation of your Franchised Business.

### **Competition**

You can expect to compete in your market with locally-owned, regional, and national health and wellness businesses, which may compete with the programs offered by a PS+FS Business, including other businesses offering floatation services and other businesses offering infrared sauna services. The market for health and wellness services is competitive and, in some fields, developed, and in other fields developing. These businesses are often affected by other factors as well, such as changes in economic conditions, market trends, and product and therapy development.

## **ITEM 2** **BUSINESS EXPERIENCE**

**Managing Member: Candice Bruder**

Ms. Bruder has been our Managing Member since our inception in 2022. She is the Managing Member of PSF Studio LLC, which has operated a Pure Sweat Studio business in Nashville, Tennessee since 2016. Ms. Bruder is the sole Member of Open Doors in Nashville, LLC, which has operated a Pure Sweat Studio business in Nashville, Tennessee since 2019.

**Consultant: James Foley**

Mr. Foley has been a member of our consultancy team since our inception in 2022. Mr. Foley assisted Ms. Bruder in the foundation of PSF Studio in August 2016 and in operations since then in Nashville, Tennessee. Mr. Foley is Founder and Owner of Foley Real Estate in Nashville, Tennessee, since 2021. He was Vice President at CBRE from 2010 to 2021.

**Franchise Advisor: Amy Leclerc**

Ms. Leclerc has served as our independent Franchise Advisor in White Salmon, Washington since our inception in 2022. She was independent Franchise Advisor in White Salmon, Oregon for PSF Studio LLC during 2021 and 2022. Ms. Leclerc has served as co-owner of Sit Still Kids Salon Franchise in Portland, Oregon since 2018. She was Vice President of Sales and Business Development for Barre3 in Portland, Oregon from 2010 to 2018.

**Franchise Director: Jazz Godard**

Ms. Godard has served as our Franchise Director in Nashville, Tennessee since our inception in 2022. She served as a manager of operations, marketing, and human relations for our affiliate, PSF Studio LLC, in Nashville, Tennessee from 2020 to 2022. She was an independent marketing and operations consultant in Nashville, Tennessee from 2020 to 2022. Ms. Godard was a manager at OneOncology in Nashville from 2018 to 2020. She was Marketing Coordinator at Stewart Transportation Solutions in Nashville from 2016 to 2018.

**ITEM 3  
LITIGATION**

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**

**Initial Franchise Fee**

When you sign the Franchise Agreement, you must pay to us an initial franchise fee (“**Initial Franchise Fee**”) in the amount of \$40,000. The Initial Franchise Fee is payable in one lump sum, is not refundable and will be fully-earned when we receive it from you.

The Initial Franchise Fee is uniformly applied to all new franchisees in the manner described above;

however, we may periodically offer (but are not obligated in any case to do so) initial franchise fee incentives to qualified franchisees in association with certain programs (for example, for existing franchisees purchasing additional franchises and for honorably discharged veterans of the U.S. Armed Services). In some cases, these incentives may include our permission to pay the amount of your applicable Initial Franchise Fee in installments.

**Multiple Franchise Purchases**

If you are purchasing multiple franchises simultaneously pursuant to a Multiple Franchise Purchase Addendum, then the Initial Franchise Fee is \$40,000 for the first franchise, \$30,000 for the second franchise, and \$20,000 for the third and each additional franchise. For example, if you purchase three franchises at the same time, the Initial Franchise Fees will total \$90,000. If you purchase ten franchises at the same time, the Initial Franchise Fees will total \$230,000. You will pay 100% of the Initial Franchise Fees for the multiple first franchises and 50% of the Initial Franchise Fees for each additional franchise up front at the time you sign the Multiple Franchise Purchase Addendum. ~~You will pay the 50% unpaid balance of the Initial Franchise Fees for the additional franchises before signing the lease (or purchase agreement) for each relevant Location. The Initial Franchise Fees are payable in one lump sum, are not refundable and will be fully-earned when we receive them from you.~~

If you are purchasing an additional franchise (without signing a Multiple Franchise Purchase Addendum for the purchase of multiple franchises simultaneously), then the standard Initial Franchise Fee is discounted by 25% (to \$30,000).

**Veteran Discount**

We offer a 10% discount off our standard Initial Franchise Fee for veterans of the United States armed forces. We reserve the right to modify or discontinue these discounts at any time.

**Pre-Opening Training Fee**

The initial training that takes place at our designated training facility is included in the Initial Franchise Fee. However, upon signing the Franchise Agreement, in addition to the Initial Franchise Fee, you must pay us a non-refundable pre-opening training fee ("**Pre-Opening Training Fee**") in the amount of \$4,000. This is for the pre-opening training we will conduct onsite at your Location. The Pre-Opening Training Fee is paid for your first franchise and for additional franchises if the franchisor deems such training necessary or desirable (in which case an additional Pre-Opening Training Fee will be required upon signing the additional franchise agreement or prior to commencement of the pre-opening training for the relevant Location, at franchisor’s discretion).

**ITEM 6  
OTHER FEES**

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty Fee	5% of Gross Revenues	Each month, by the 10 <sup>th</sup> day of the month based on the Gross Revenues for the previous month	See Note 2 for definition of Gross Revenues.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Marketing Fee	1% of Gross Revenues	Each month, by the 10 <sup>th</sup> day of the month based on the Gross Revenues for the previous month	See Note 2 for definition of Gross Revenues.
Local Marketing Expenditure	1% of Gross Revenues	Monthly	You must spend at least 1% of your Gross Revenues on advertising in your local market each month.
Audit Costs	Our costs and expenses associated with the audit, reasonable accounting and legal costs.	Upon demand	Only due if we audit because you did not timely provide required financial information to us (for example, sales reports, books and records) or if you underreport your sales or underpay your Monthly Royalty Fee or Monthly Marketing Fee by 2% or more or if you fail to meet any remediation requirements following an audit. (You will also have to pay interest on the underpayment.)
Regional Meetings	No fee	n/a	Attendance at our regional meetings for franchises is mandatory. They will be held in-person or on a virtual basis. If they are held in-person, you must pay for the travel and living expenses, if any, of your personnel who attend the meetings.
Costs and Attorneys' Fees	Our expenses and attorneys' fees; will vary under circumstances	Upon demand	Payable if you are in default and we need to enforce and terminate the agreement or if we prevail in a court action.
Indemnity	Will vary under circumstances	As incurred	You must indemnify us, and reimburse us for our costs (including any settlement, judgment, as well as our attorneys' fees) in relation to a loss, damage or liability we incur having anything to do with your business operations.
Insurance - Reimbursement of Costs	Our costs and expenses	Upon demand	Only due if you fail to obtain or maintain the required insurance and we do so on your behalf.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Interest on Overdue Amounts	Lesser of 1.5% per month or maximum rate that may be imposed under applicable law	Upon demand	Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due.
Franchise Renewal Fee	\$5,000	When you sign a Franchise Renewal Agreement	The franchise renewal fee is payable in lieu of a new Initial Franchise Fee.
Taxes	Our costs	Upon demand	Only due if we must make any tax payment (other than income tax) with respect to payments you make to us under the Franchise Agreement.
Temporary Management of the Franchised Business	In certain circumstances	Upon demand	See Note 3.
Training - Additional Training or Consulting	Our then-current training fee (currently \$600 per day) and our out-of-pocket costs and your Owner and Manager's salary, travel, lodging and personal expenses during such training or consultation	Upon demand	Payable for training or consulting you request or that we require you to attend.
Transfer Fee	The greater of 1% of the purchase price of your interest in the Franchised Business, and \$12,500	At time of transfer	Only due if you make a transfer (as defined in the Franchise Agreement) and the transfer is not the result of a death or permanent disability. Transfers include, among other things, the sale of your franchise or an interest in your company.

Notes to Item 6 chart:

1. All fees are payable to us and non-refundable. While we expect to uniformly apply these fees to our franchisees, we reserve the right to waive some or all of these fees for one or more franchisees in

circumstances in which we think it appropriate to do so.

All payments paid to us under the Franchise Agreement must be made by means of our choosing.

You may not, under any circumstances, set off, deduct or otherwise withhold any payment due to us under the Franchise Agreement on grounds of our alleged non-performance of any obligations.

2. “**Gross Revenues**” means all revenue arising from the Franchised Business, but does not include any sales taxes or other taxes that you collect and pay directly to the appropriate taxing authority. This includes revenues obtained through Mindbody, as well as any third party partners such as ClassPass, events, and all other forms of revenue obtained through the Franchise Business.

3. In order to maintain the continuity of operation of the Franchised Business and to preserve the integrity of the System, we have the right (but not the obligation) to operate and manage the Franchised Business for any of the following reasons: (a) after we have given you written notice that you are in default under the Franchise Agreement and during the pendency of any cure period or in lieu of immediately terminating the Franchise Agreement; (b) you or your owner(s) are absent or incapacitated because of illness (c) your business activities are having, or are likely to have, a negative impact upon the value of our Marks, goodwill, or the franchise system (as we determine at our sole discretion); (d) we determine that significant operational problems require us to temporarily operate the Franchised Business; I while your Franchised Business is not being managed by a competent and trained manager after your death or incapacity of an owner; or (f) after termination or expiration of your Franchise Agreement while we are deciding whether to exercise our right to assume your lease and/or purchase any or all of your assets pursuant to the Franchise Agreement or while such a purchase or assumption is pending. If you own more than one franchise, then we may elect to temporarily operate and manage one, some, or all of your franchises. Our right to manage and operate will terminate if the heirs of a deceased or disabled franchisee sell or manage/operate the outlet(s) in compliance with relevant provisions in the Franchise Agreement.

~~3. upon the death or permanent disability of you, or an owner of a controlling interest in you resulting, in our opinion, in your diminished capacity to properly operate the Franchised Business.~~

## ITEM 7

### ESTIMATED INITIAL INVESTMENT

#### **YOUR ESTIMATED INITIAL INVESTMENT (Pure Sweat Sauna Studio: Sauna-Only Concept)**

<b>Type of Expenditure</b>	<b>Amount (Low)</b>	<b>Amount (High)</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee (Note 1)	\$40,000	\$40,000	Lump sum	Upon signing of Franchise Agreement	Us
Pre-Opening Training Fee (Note 1)	\$4,000	\$4,000	Lump sum	Upon signing of Franchise Agreement	Us
Real Property (Note 2)	\$7,000	\$13,000	As incurred	As incurred	Landlord

<b>Type of Expenditure</b>	<b>Amount (Low)</b>	<b>Amount (High)</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Training Expenses (Note 3)	\$100	\$2,000	As incurred	During training	Transportation, hotels and food
Administrative costs (Note 4)	\$6,000	\$8,000	As incurred	As incurred	Suppliers
Grand Opening Marketing Program (Note 5)	\$2,000	\$3,000	As incurred,	As incurred	Suppliers
Build-Out of Studio	\$165,000	\$225,000	As incurred, prior to opening	Prior to opening	Suppliers
Equipment and Furniture (Note 6)	\$89,000	\$110,000	As incurred	As incurred	Suppliers
Insurance (Note 7)	\$2,500	\$3,000	As incurred	As incurred	Insurance Provider
Additional Funds – 3 Months (Note 8)	\$25,000	\$75,000	As incurred	As incurred	Suppliers, Employees, etc.
<b>TOTAL (Note 9)</b>	<b>\$340,600</b>	<b>\$483,000</b>			

**YOUR ESTIMATED INITIAL INVESTMENT**  
**(Pure Sweat + Float Studio: Sauna Plus Floatation Concept)**

<b>Type of Expenditure</b>	<b>Amount (Low)</b>	<b>Amount (High)</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee (Note 1)	\$40,000	\$40,000	Lump sum	Upon signing of Franchise Agreement	Us
Pre-Opening Training Fee (Note 1)	\$4,000	\$4,000	Lump sum	Upon signing of Franchise Agreement	Us
Real Property (Note 2)	\$9,000	\$14,000	As incurred	As incurred	Landlord
Initial Training Expenses (Note 3)	\$100	\$2,000	As incurred	During training	Transportation, hotels and food
Administrative costs (Note 4)	\$6,000	\$8,000	As incurred	As incurred	Suppliers
Grand Opening Marketing Program (Note 5)	\$2,000	\$3,000	As incurred,	As incurred	Suppliers
Build-Out of Studio	\$165,000	\$250,000	As incurred, prior to opening	Prior to opening	Suppliers
Equipment and Furniture (Note 6)	\$120,000	\$133,000	As incurred	As incurred	Suppliers
Insurance (Note 7)	\$2,500	\$3,000	As incurred	As incurred	Insurance Provider
Additional Funds – first three months of operation (Note 8)	\$30,000	\$80,000	As incurred	As incurred	Suppliers, Employees, etc.
<b>TOTAL (Note 9)</b>	<b>\$378,600</b>	<b>\$537,000</b>			

Notes to Item 7 Tables Above:

Please note that we do not offer direct or indirect financing to you for any items. The availability and terms of financing from other sources will likely depend on factors such as the availability of financing generally, your creditworthiness, and the policies of lending institutions.

Unless otherwise noted, none of the fees or costs estimated in this Item 7 are non-refundable except to the extent that you can negotiate a refund with vendors.

- (1) Initial Franchise Fee and Pre-Opening Training Fee. The Initial Franchise Fee is paid upon signing the Franchise Agreement. The initial training that takes place at our designated training facility is included in the Initial Franchise Fee. However, upon signing the Franchise Agreement, in addition to the Initial Franchise Fee, you must pay us a Pre-Opening Training Fee for the pre-opening training we will conduct onsite at your Location.
- (2) Real Property. This estimate is for the first month's rent and security deposit for your premises.

Local market and other factors will affect the actual amount.

- (3) Training Expenses. The “low” estimate assumes that your attendees reside within commuting distance of our training facilities and do not incur *per diem* expenses. The “high” estimate assumes travel, meals, and lodging for your attendees. The cost you incur will vary depending upon factors such as the distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, *per diem* expenses actually incurred, and the number of persons who will attend training.
- (4) Administrative Costs. This estimate covers certain expenses that you will incur in starting your Franchised Business including the cost of office supplies, codes compliance and other business set-up fees.
- (5) Grand Opening Marketing Program. The amount in the table is an estimate for the initial promotion and advertising efforts you might make, and for the first month of regular advertising. You must spend at least 1% of your Gross Revenues on advertising. You can find additional details regarding advertising and promotion in Item 11 (under “Advertising”).
- (6) Equipment. For the Pure Sweat Sauna franchise, this estimate includes six saunas plus studio furniture and washer and dryer. For the Pure Sweat + Float franchise, this estimate includes the cost of one or two float tanks and five saunas, plus studio furniture and a washer and dryer.
- (7) Insurance. The estimate is for an initial deposit and three months coverage for the policies required under the Franchise Agreement. Your obligations with respect to insurance are more fully described in Item 8.
- (8) Additional Funds. The estimate for additional funds covers such expenses as payroll, rent, ongoing advertising costs, cleaning and maintenance, utilities, credit card fees, office and equipment supplies, and similar.
- (9) Total. We relied on our own experience when preparing these figures. These estimated expenditures will vary depending on factors such as the number of items of floatation and sauna equipment you purchase, and the business decisions you make. ~~Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the PS+FS Business; the prevailing wage rate; competition; and your management and training experience, skill, and business acumen. There can, therefore, be no assurance that your experience will correspond with the information presented above.~~

You should review these figures carefully on your own with a business advisor of your choosing, before making any decision to purchase the franchise. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established. Extensive start-up costs may be involved, depending upon your circumstances.

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**YOUR ESTIMATED INITIAL INVESTMENT**

**Multiple Franchise Purchase Addendum  
(Pure Sweat Sauna Studio: Sauna-Only Concept)**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee for Multiple Franchise Purchaser (Note 1)	\$90,000	\$130,000	Cash	At Signing	Us
Other Expenditures for First Location (Note 2)	\$300,600	\$443,000	As disclosed in table for single unit franchise above	As disclosed in table for single unit franchise above	As disclosed in table for single unit franchise above
<b>Grand Total</b>	<b>\$390,600</b>	<b>\$573,000</b>			

**Multiple Franchise Purchase Addendum  
(Pure Sweat + Float Studio: Sauna Plus Floatation Concept)**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee for Multiple Franchise Purchaser (Note 1)	\$90,000	\$130,000	Cash	At Signing	Us
Other Expenditures for First Location (Note 2)	\$338,600	\$497,000	As disclosed in table for single unit franchise above	As disclosed in table for single unit franchise above	As disclosed in table for single unit franchise above
<b>Grand Total</b>	<b>\$428,600</b>	<b>\$627,000</b>			

Notes to Item 7 Tables Above:

- (1) The low-end of this estimate is based on purchasing the right to develop three franchises. The high-end of this estimate is based on purchasing the right to develop five franchises.
- (2) If you purchase multiple franchises simultaneously pursuant to a Multiple Franchise Purchase Addendum, then the Initial Franchise Fee is \$40,000 for the first franchise, \$30,000 for the second

franchise, and \$20,000 for the third and each additional franchise. You will pay 100% of the Initial Franchise Fees for the ~~first multiple franchises and 50% of the Initial Franchise Fees for each additional franchise up front~~ at the time you sign the Multiple Franchise Purchase Addendum. ~~You will pay the 50% unpaid balance of the Initial Franchise Fees for the additional franchises before signing the lease (or purchase agreement) for each relevant Location.~~

- (3) If you sign a Multiple Franchise Purchase Addendum for the right to develop multiple franchises, you should expect to incur these same expenses and fees for each separate franchise you develop, subject to inflation and other increases over time.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **General**

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications as we may periodically prescribe in the Confidential Operations Manual or otherwise in writing.

#### **The Services**

At all times during the term of the Franchise Agreement, you may offer only the services that we have expressly authorized in writing for PS+FS Businesses to offer. We have the right to change the authorized services and we may designate specific services as optional or mandatory. We have the right to approve some services, and other items for certain franchisees and not others based on legitimate business reasons. Currently, the services that PS+FS Businesses offer consist of infrared sauna services and floatation services.

#### **Approved Items and Suppliers**

~~As of the issuance date of this disclosure document, we and our affiliates are not approved or designated suppliers.~~ We may enter into arrangements with suppliers of sauna and floatation equipment, salt and other supplies for such equipment, towels, washers and dryers, marketing, promotion, printing, apparel and other supplies (together “**Approved Items**”) to make those Approved Items available to PS+FS Businesses at favorable prices and other terms. If so, we will use our best efforts to maintain purchasing arrangements for Approved Items throughout the term of the Franchise Agreement, although we do not represent or guarantee that Approved Items will be available on any specific terms. In order for us to negotiate favorable arrangements with suppliers of Approved Items, it is beneficial for all PS+FS Businesses to combine their purchasing power. Accordingly, you must buy all of your requirements of Approved Items from the suppliers with whom we have established purchasing programs for PS+FS Businesses. You must purchase Approved Items solely for the operation of your Franchised Business and not for use in any other business or for resale or redistribution to any other party.

We have the right to require that all Approved Items and services that you purchase for use in your Franchised Business: *(a)* meet specifications that we periodically establish; *(b)* be purchased only from suppliers that we have expressly approved; and *(c)* be purchased only from a single source (which may include us or our affiliates or a buying cooperative that we organize). To the extent that we establish specifications, require approval of suppliers, or designate specific suppliers for particular items, we will publish our requirements in the Confidential Operations Manual.

As of the issuance date of this disclosure document, you must purchase the specific type(s) of full-

spectrum infrared sauna cabins and flotation equipment we specify (as applicable for the type of franchise you are purchasing) from our designated suppliers, Mindbody, Inc.'s Mindbody business management (point of sale and scheduling) software, and Mindbody's Marketing Suite for email marketing services – see the immediately following sections of this Item 8.

As noted above, we may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the PS+FS Businesses in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all Approved Items and other products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the franchised network of PS+FS Businesses.

Subject to our right to designate one or more exclusive suppliers, with advance written notice, you may request our approval to obtain products, equipment, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards, as established from time to time. These specifications and standards will relate to factors such as the following (to the extent applicable): quality, durability, value, cleanliness, texture, composition, strength, finish and appearance, and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing before approval and use. You will reimburse us for the actual cost of the tests. We will license any supplier that can meet or exceed our quality control requirements and standards, for a reasonable license fee, to produce and deliver products to you but to no other person. Our confidential requirements, designs, systems and formulas will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We will not unreasonably withhold approval of a supplier you propose (unless we designate an exclusive supplier for the particular product or service). We will endeavor in good faith to notify you in writing of the approval or disapproval of any supplier you propose within 30 days of our receipt from you of your written notice of request for approval.

We or our agents may inspect any approved manufacturer, supplier or distributor facilities and products to ensure proper production, processing, packaging, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. If we find from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

Except as described in this Item 8, we do not provide any material benefits to you based on your use of our approved suppliers.

Our principal, Candice Bruder, owns us and our predecessor, PSF Studio LLC. Otherwise, none of our officers own an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers, for the System. From time to time, our officers may own non-material interests in publicly-held companies that may be suppliers (or have subsidiaries that may be suppliers) to our franchise system.

We and our affiliate may derive revenue from providing products and services directly to our franchisees. During our last fiscal year ended September 30, 2021, we received such revenue in the amount

of \$0 (which was 0% of our total revenue). ~~During our last fiscal year ended September 30, 2021, our predecessor did not receive any such revenue.~~

We may earn money from the suppliers based on your purchases in the form of rebates, commissions, or other payments. These payments compensate us for the cost of negotiating and maintaining the purchasing arrangements with the suppliers. As of the issuance date of this disclosure document, we do not receive any such rebates, commissions, or other payments based on our franchisees' purchases from approved suppliers.

Currently, there are no purchasing or distribution cooperatives in existence.

We have negotiated purchasing arrangements, including price terms, with suppliers of infrared sauna cabins for PS+FS Businesses – see the immediately following sections of this Item 8.

### **Sauna Equipment**

Sunlighten's full-spectrum infrared sauna cabins are currently the only sauna equipment approved for use in PS+FS Businesses. We have negotiated purchasing arrangements with Sunlighten for our franchisees. Should you wish to use another source, it is subject to our prior written approval at our discretion.

### **Flootation Equipment**

Superior Float Tanks' float pods, float tanks, or float rooms are currently the only floatation equipment approved for use in PS+FS Businesses. We will not derive any revenue from the sale of these products to our franchisees. Superior Float Tanks will not make any payments to us based on franchisee purchases of these products.

### **Computer System**

You must buy or lease a computer system ("**Computer System**") that meets our requirements, including: (a) back office and systems for recording customer reservations and sales, data, retrieval, and transmission systems for use at your Franchised Business, and between and among your Franchised Business and us; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; and/or (e) internet access mode (e.g., form of telecommunications connection) and speed. More detailed information concerning the computer system can be found in Item 11 of this disclosure document under the heading "Computer System."

You must also license software that meets our requirements ("**Required Software**"), including: (a) computer software programs and accounting system software that you must use in connection with the Computer System, which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which you must record data; and (d) the database file structure of your Computer System. You must, at your own cost, implement and periodically upgrade and make other changes to the Computer System and Required Software as we may reasonably request in writing. Currently you are required to license MINDBODY, Inc.'s MINDBODY business management and marketing software for point of sale, scheduling, and email marketing purposes. We will not derive any revenue from the license of this product to our franchisees. MINDBODY, Inc. will not make any payments to us based on franchisee licenses of these products.

### **Email Marketing**

You must follow our standards and specifications, and obtain our prior written approval for all advertising, marketing and promotions. Currently you are required to use Mindbody's Marketing Suite for email marketing services. We will not derive any revenue from the sale of these services to our franchisees. Mindbody will not make any payments to us based on franchisee purchases of these services.

### **PCI Compliance and Credit Cards**

You must maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Credit Card Vendors**") that we may periodically designate as mandatory. The term "Credit Card Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). You must comply with all of our policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (we may set these requirements in the Confidential Operations Manual).

You must comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

### **Insurance**

Under the Franchise Agreement, you must obtain and maintain at least all of the following insurance coverages per occurrence:

- General liability insurance coverage of at least \$1,000,000.
- Employer's liability insurance coverage of at least \$1,000,000.
- Property insurance coverage of at least \$500,000.
- Insurance coverage for data breach and cybersecurity of at least \$1,000,000.
- Personal and Advertising Injury insurance coverage of at least \$1,000,000.
- Umbrella insurance coverage of at least \$1,000,000.

We may at any time amend the amount and types of insurance you are required to carry. We must be named as an additional insured to the full extent of coverage provided under the insurance policies other than any employer's liability insurance policies. The insurance companies must be satisfactory to us and the policies must not be able to be cancelled or amended without us getting at least thirty (30) days written notice. Your obligation to obtain coverage is not limited in any way by insurance that we maintain. Annually upon renewal, and upon our request, you must provide us with certificates of insurance evidencing the required coverage. If you fail to obtain and maintain insurance coverage as required, we have the right, but not the obligation, to obtain the required insurance on your behalf and to charge you for the cost of the insurance plus a reasonable fee for our services in procuring the insurance.

**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(s) in Franchise Agreement	<u>Section(s) in Multiple Franchise Purchase Addendum</u>	Disclosure Document Item(s)
a. Site selection and acquisition/lease	5.1	<u>N/A</u>	7 and 11
b. Pre-opening purchases/leases	5, 6 and 7	<u>N/A</u>	7 and 8
c. Site development and other pre-opening requirements	5 and 6	<u>3</u>	7, 8 and 11
d. Initial and ongoing training	5.4 – 5.7	<u>7</u>	11
e. Opening	5.3	<u>5</u>	11
f. Fees	3.2(vii), 4, 5.7, 6.5, 7.4(d), 9.2(c), 14.2(c)(vii)	<u>6 and 7</u>	5 and 6
g. Compliance with standards and policies/Confidential Operations Manual	7	<u>N/A</u>	8, 11 and 14
h. Trademarks and proprietary information	10	<u>N/A</u>	13 and 14
i. Restrictions on products/services offered	7.2	<u>N/A</u>	16
j. Warranty and customer service requirements	15.1 and 15.2	<u>N/A</u>	Not applicable
k. Territorial development and sales quotas	7.5	<u>2 and 5</u>	12
l. Ongoing product & service purchases	7.2(j) – (l)	<u>N/A</u>	8
m. Maintenance, appearance and remodeling requirements	3.2(vi), 7.2	<u>N/A</u>	11
n. Insurance	7.4	<u>N/A</u>	7 and 8
o. Advertising	8	<u>N/A</u>	6 and 11
p. Indemnification	9.1(b), 15.3 and Exhibit B	<u>N/A</u>	6
q. Owner’s participation/management/ staffing	7.2	<u>N/A</u>	11 and 15
r. Records and reports	6	<u>N/A</u>	6
s. Inspections and audits	6.5 and 10.3	<u>N/A</u>	6 and 11

Obligation	Section(s) in Franchise Agreement	<u>Section(s) in Multiple Franchise Purchase Addendum</u>	Disclosure Document Item(s)
t. Transfer	14	<u>N/A</u>	17
u. Renewal	3.2 – 3.4	<u>N/A</u>	17
v. Post-termination obligations	13	<u>8</u>	17
w. Non-competition covenants	16	<u>N/A</u>	17
x. Dispute resolution	17	<u>9</u>	17
y. Other: Personal Guarantee	11.3 and Exhibit B	<u>N/A</u>	15

**ITEM 10**  
**FINANCING**

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

**ITEM 11**  
**FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as listed below, PSF Studio is not required to provide you with any assistance.**

**Our Obligations Before Opening**

Before you open your Franchised Business, we will:

- (1) Identify your Territory. (Exhibit A of the Franchise Agreement)
- (2) Conduct an initial training program for you (or the Owner, if you are a corporation, limited liability company or other entity). (Additional information about training can be found below in this Item 11 under “Training.”) (*Franchise Agreement, Section 5*)
- (3) Conduct pre-opening training at your Location for your first franchise (and for additional franchises if the franchisor deems such training necessary or desirable). (*Franchise Agreement, Section 5*)
- (4) Allow you access, for the duration of the Franchise Agreement, to the Confidential Operations Manual (which is more fully described in Item 14 below). The Confidential Operations Manual describes standard operating procedures for PS+FS Businesses. You must maintain the confidentiality of the contents of the Confidential Operations Manual. The table of contents of the Confidential Operations Manual is attached as Exhibit C. There are a total of approximately 19 pages in our Confidential Operations Manual plus forms, checklists, and templates totaling over 200 pages. You may disclose the contents of the Confidential Operations Manual only to your employees as is necessary and only after entering into a confidentiality agreement with the employee to whom it is disclosed. (*Franchise Agreement, Section 10.1(b)*)
- (5) Create a web page for you on our website at [www.puresweatfloatstudio.com](http://www.puresweatfloatstudio.com). (*Franchise Agreement, Section 8.5*)

**Site Selection**

You may request guidance from us in selecting a site, and the site you choose is subject to our written approval. We will consider general location and neighborhood, size, physical characteristics of the building and surrounding area, and lease terms in approving a site. We do not help you with negotiating the purchase or lease of a site, and we will not own the site. We will approve or disapprove a site within a reasonable period of time, typically within 30 days of receiving all information that we request about the site.

### **Typical Length of Time Before Operation**

We expect it will take approximately four to six months from the date that you sign the Franchise Agreement until you begin operating your Franchised Business. The time required to begin operation may be affected by various factors including completing training, meeting local ordinances, building permits or similar requirements, ability to obtain a lease, delayed installation of equipment, fixture and signs, and similar factors. You must have all necessary licenses, permits, and approvals, have hired and trained personnel, installed the Computer System and Required Software, and otherwise implemented all components of the System before opening. You must begin operating the Franchised Business within 365 days following the date that you signed the Franchise Agreement. If you do not begin operating on time, and we do not grant you the right to extend the opening deadline, we will have the right to terminate the Franchise Agreement. If we cannot agree on a site, then we will have the right to terminate the Franchise Agreement.

### **Our Obligations After Opening**

During the operation of your Franchised Business:

- (1) We will make available to you information about new developments, techniques, and improvements in the areas of operations, management, and marketing. We may provide this information through amendment of the Confidential Operations Manual or at an informational seminar. (*Franchise Agreement, Sections 7.1(a) and 7.2(m)*)
- (2) We will make available additional training and consulting, as you request and subject to our availability. (*Franchise Agreement, Section 5.7*)
- (3) We will administer the Marketing Fund as stated in the Franchise Agreement and as described below in this Item 11. (*Franchise Agreement, Section 8.7*)
- (4) We may periodically inspect the Franchised Business and its operations and review your business records to ensure compliance with the System. (*Franchise Agreement, Section 6.5 and 10.3*)

### **Training**

Before your Franchised Business begins operations, you (or your Owner) must attend and successfully complete, to our satisfaction, the initial training program we offer. This training will be provided approximately two months before opening. The classroom portion of the initial training program will be provided by video conference or other technology. The on-the-job portion of the initial training program will be offered at one of our Pure Sweat Studio locations in Nashville, Tennessee. We reserve the right to provide some or all of the training via video conference or other technology. We have the right to reduce the duration or content of the training program for any trainee who has prior experience with our concept or in similar businesses.

We will provide the initial training program for you (or your Owner) at no charge. You will bear all expenses incurred by you and your personnel in attending training (including the initial training program and refresher training programs), such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance (see Items 6 and 7 of this disclosure document).

If you or your Owner fail to complete the initial training program to our satisfaction, we may terminate the Franchise Agreement.

If you replace your Owner, their replacement must attend and successfully complete the initial training program. You must pay our then current training fee (see Item 6), and must bear the cost of your attendees' wages and benefits, travel, lodging and meals expenses while attending the training program.

You are responsible to train your initial and future managers in compliance with our standards and specifications.

In addition to the initial training, we will provide "Pre-Opening Training" at your Studio, comprising approximately 15 hours of consultation, advice and training during the period 2 weeks before or after your Studio opening. You must pay us the \$4,000 Pre-Opening Training Fee upon signing the Franchise Agreement. The Pre-Opening Training Fee is paid for your first franchise and for additional franchises if the franchisor deems such training necessary or desirable (in which case an additional Pre-Opening Training Fee will be required upon signing the additional franchise agreement or prior to commencement of the pre-opening training for the relevant Location, at franchisor's discretion).

For any additional training, you will pay our then-current per diem fee and bear the costs of transportation, lodging, meals and similar expenses of our trainer/s.

As of the issuance date of this disclosure document, certain third party suppliers provide training for their equipment, as follows:

- Superior Float Tanks provides training during installation of their float equipment, as well as ongoing technical support;
- MindBody provides training on its software, as well as ongoing technical support; and
- Sunlighten provides set-up guidance, as well as ongoing tech/help support.

<b>TRAINING PROGRAM</b>			
<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of Training On-the-Job</b>	<b>Location</b>
Owner Initial Training – Orientation, System Overview, Operations, Communications & PR	25 to 35 hours	None	Video Conference or Other Technology
Operations	None	18 hours	One of our Pure Sweat Studio locations in Nashville, Tennessee

<b>TRAINING PROGRAM</b>			
<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of Training On-the-Job</b>	<b>Location</b>
Pre-Opening Training	None	15 hours	Your studio
Total	25 to 35 hours	33 hours	

*Our Training Team.* Our training will be conducted by some or all of the following individuals.

*Candice Bruder*, our founder, created the Pure Sweat Studio business, starting in August 2016. Her experience in the subjects she teaches at training dates back to at least 2016.

*Jazz Godard*, our Franchise Director, has served as our Franchise Director since our inception in 2022. . Her experience in the subjects she teaches at training dates back to at least 2016

*Landon Barnes*, the Director of Operations of our corporate-owned, Belle Meade studio and 12 South Studio (both in Nashville, Tennessee), has been with us since October 2018. His experience in the subjects he teaches at training dates back to at least 2018.

*Additional Training.* We may require you (or your Owner) and your manager to successfully complete additional training courses at locations that we specify. You may also request that we provide additional training in your Territory, and we will provide such training if we determine that we are able to do so. We may charge you a training fee and our out-of-pocket expenses for all additional training programs, whether you request or we require such training, which fee shall be as set forth in the Confidential Operations Manual or otherwise in writing.

We may conduct regional business review meetings to discuss and review new business, marketing, technology, training ideas and concepts. The business review meetings will be held in-person or on a virtual basis. You (or your Owner) and your manager must attend the meetings, unless your absence is excused by us. You must pay all wages and benefits, travel, lodging and meal expenses of your attendees.

*Experience.* You (or your Owner) and your manager must have experienced at least three (3) sessions of both the infrared sauna (and the float therapy if applicable) prior to opening your location. All new hires must have experienced at least one (1) session of both the infrared sauna (and float therapy if applicable) prior to beginning work. Each member of your team must also experience at least three (3) sessions of both infrared sauna and float therapy within the first two (2) months of working at your location. This is to enable team members to speak authentically to the services. We may reasonably modify these requirements.

### **Marketing Fund**

You must pay to us 1% of your total Gross Revenue each month for the preceding month as a Marketing Fee for our Marketing Fund. The Marketing Fund is intended to maximize general public recognition, acceptance, and use of the System and to augment and improve the System. We will maintain and administer the Marketing Fund, as follows:

- (a) We will direct all marketing, brand, and business development programs, with sole discretion over

the concepts, materials, and media used in these programs and the placement and allocation of the programs. We are not obligated to make expenditures for you or in your region that are equivalent or proportionate to your contributions, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund. Our corporate-owned studio is not required to contribute to the Marketing Fund.

- (b) The Marketing Fund, all contributions to the Marketing Fund, and any earnings on such contributions, shall be used exclusively to meet any and all costs of maintaining, administering, staffing, directing, conducting, and preparing advertising, marketing, public relations, brand development, modifying sections of the Operations Manual related to marketing and promotion, promotional programs and materials, retail consulting services, and/or any other activities which we believe will enhance the image and performance of the System, including, among other things, the costs of preparing and conducting local, regional and/or national media advertising campaigns; direct mail advertising; developing and implementing websites, social networking/media, search optimization, and other electronic marketing strategies; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; conducting training related to marketing, customer service and sales augmentation; updating the Operations Manual; and providing promotional and other marketing materials and services to PS+FS Businesses operated under the System.
- (c) Sums paid into the Marketing Fund will not be used to defray any of our expenses, except for such reasonable costs and overhead, including our personnel compensation to the extent they devote time to activities of the Marketing Fund, as we may incur in activities reasonably related to the direction and implementation of the Marketing Fund. We will prepare and make available to you upon request an unaudited annual statement of the operations of the Marketing Fund.
- (d) We may use an in-house advertising department or outside regional or national advertising agencies. We may provide to you advertising materials and point of sales aids for you to use in your local advertising and promotional efforts.
- (e) We may spend in any fiscal year an amount greater or less than the aggregate Marketing Fees collected from all franchisees in that year, and we may apply contributions to past expenditures and carry over any surplus or deficit to future years.
- (f) While advertising materials may note that franchises are available from us, no Marketing Fees are used for advertising that is principally a solicitation for the sale of franchises.
- (g) Our company or affiliate-owned operations offering products and services similar to our franchisees may or may not be required to pay Marketing Fees.

<u>Summary of Marketing Fee Contributions and Expenses</u> <u>for Fiscal Year Ended September 30, 2021*</u>			
		Dollar Amount	Percentage
Expenses:	Administrative Expenses	<del>\$5,500</del>	<del>019%</del>
	Production	\$0	0%
	Media Placement	\$0	0%
	Other: Business Development	<del>\$23,087</del>	<del>081%</del>

<u>Summary of Marketing Fee Contributions and Expenses</u> <u>for Fiscal Year Ended September 30, 2021*</u>			
Total Expenses:		<u>\$028,587</u>	100%
Marketing Fund Contributions:		<u>\$0901</u>	
Excess of Expenses Over Contributions:		<u>\$027,686</u>	

\* ~~This table pertains to our predecessor, PSF Studio LLC. We (Pure Sweat Sauna Studios, LLC) did not receive or spend any Marketing Fees during our last fiscal year end because we were not formed until 2022.~~

### **Local Advertising and Promotion**

Each month during the term of the Franchise Agreement, you must spend at least 1% of your Gross Revenues on local advertising and marketing campaign activities.

We do not currently have any advertising councils composed of franchisees that advise us on advertising policies although we may do so in the future.

We do not ~~currently have~~ require you to participate in a local or regional advertising cooperative ~~that you must participate in.~~

Certain criteria will apply to the local marketing that you conduct. Your local advertising and promotion must be either as provided by us, or conform to the standards and specifications as we set out in the Confidential Operations Manual. You must not use any marketing, advertising or promotional plans or materials unless and until you have received our written approval.

All copyrights in and to marketing, advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem reasonably necessary to implement this provision.

We may periodically make available to you certain marketing survey information and data and advertising research for your use in local marketing and promotion initiatives.

### **Website and Social Media**

We will incorporate your Studio into our website at [www.puresweatsaunastudio.com](http://www.puresweatsaunastudio.com) and/or [www.puresweatfloatstudio.com](http://www.puresweatfloatstudio.com) (as applicable), and you are not allowed to maintain or launch any website.

You are allowed to use Social Media, which means any social media and social networks such as Facebook, LinkedIn, Twitter, Pinterest, Tumblr, Instagram, blogs, wiki and microblogs, with our prior written approval for each new Social Media outlet. You do not need our prior written approval for each posting, but you must remove any content we instruct you to remove.

If we approve a separate Social Media for your Franchised Business: (a) you must get our prior written approval for any required user name, which must be in the form “Pure Sweat Sauna Studio [location]” or “Pure Sweat + Float Studio [location]” (depending upon the type of franchise you purchase)

or an approved abbreviation such as “PSS [*location*]” or “PSFS [*location*]” (or such other form as we designate); and (b) you must comply with the standards and specifications for Social Media that we may prescribe in the Franchise Agreement (Section 8.6), in the Confidential Operations Manual or otherwise in writing.

### **Computer System**

You must install and use the Computer System and Required Software that we designate. You also agree to afford us **independent**, unimpeded access to your Computer System and Required Software in the manner, form, and at the times that we request. We will have the right at any time to retrieve and use this data and information from your Computer System in any manner we deem necessary or desirable.

We estimate that the cost of purchasing required computer hardware (a PC or an Apple) and software (at a minimum, our Required Software, Microsoft Office 2010 or newer with following components: Microsoft Word, Microsoft Excel, and Microsoft Outlook) will typically be \$1,500 to \$5,000, plus applicable sales tax, shipping, the cost of peripherals, etc. You must maintain a high-speed Internet connection. You must purchase a license for MindBody business management software for a monthly minimum fee of approximately \$435. The estimated annual cost of computer hardware and software maintenance, support, and upgrades is \$100 to \$250. The Required Software will automate and assist you in managing your business.

You must also purchase a credit card magnetic reader at approximately \$120, a receipt printer at \$200, and use Mindbody’s email marketing system, the cost of which is included within Mindbody’s \$435 monthly fee.

You must be able to access information that is available on the Internet and be able to send and receive email. We will provide email address/es for you to use for your Franchised Business. You must reimburse us for the costs of these.

You must implement and periodically upgrade and make other changes to the Computer System and Required Software as we may reasonably request in writing at your expense. There are no contractual limitations on the frequency and cost of these upgrades.

We will own the telephone numbers for your Franchised Business.

### **Pricing**

We will be permitted, to the extent permitted by applicable law, to establish price ceilings or minimum or maximum allowable prices on the products and services you offer and sell.

## **ITEM 12 TERRITORY**

### **Franchise Territory**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, we will grant you a protected Territory as described below.

Under the Franchise Agreement, we will grant you the right to operate the Franchised Business within your Territory. The Territory is usually defined as a 3-mile radius around your Location. However,

the radius and/or shape of your Territory may be different based on specific market variables of your Location, including population, growth trends, affluence of nearby population, topography, geography, density, demographics, and number of qualified households and age range of core customers. Your authorized territory may not be in the shape of a circle, and may be described by street map landmarks, compass directions, or other boundaries. As an example, and without limiting the generality of the foregoing, your authorized territory may be less than 3 miles in radius in densely populated urban areas with good demographics.

The authorized territories we grant to our franchisees may overlap, as long as the address of a franchisee's studio is not located within the boundaries of another franchisee's authorized territory.

During the term of the Franchise Agreement, we will not operate or grant the right to any other party to operate a Pure Sweat Studio business in your Territory.

### Franchise Location

You must operate your Franchised Business from an appropriate facility at a location within the Territory approved by us – your Location. The only business you may operate from the Location is the Franchised Business and the only place you may operate your Franchised Business is at the Location. You may provide sauna and float services (if applicable to the type of Franchise you purchase) at your Location to customers from outside your Territory, but you may not sell any merchandise via any channels of distribution, such as via the Internet, except at the Location.

If you have not selected and we have not approved of the site Location when you sign the Franchise Agreement, then the Franchise Agreement will identify the search area within which you may search for your Location, and we will designate the Territory when you select and we approve of the Location.

You may not establish or operate any other Pure Sweat Studio without signing a separate Franchise Agreement for that facility. Territory Protection

~~During the term of the Franchise Agreement, we will not operate or grant the right to any other party to operate a Pure Sweat Studio business in your Territory. Because we reserve certain rights with respect to your Territory (as described below in this Item), you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.~~

### Relocation

You may relocate your Franchised Business with our written approval, and you may request our approval (which may be withheld at our sole discretion) for opening an additional Location within your Territory. Relocation will be subject to the following conditions:

- A. You are not in breach of the Franchise Agreement;
- B. You evidence to our satisfaction your ability to obtain and commence operations at the new location within a time we deem reasonable after you vacate the original location;
- C. You develop, furnish, and equip, at your sole expense, the new location according to our then-current specifications and standards;
- D. You pay all reasonable out-of-pocket expenses we incur because of the relocation;
- E. You sign a general release of claims against us; and
- F. You satisfy our then-current franchise placement and demographics criteria.

## Renewal

Upon renewal of the Franchise, we may modify the Franchise Territory to meet our then-current franchise market penetration and demographic standards, or to account for population changes, or based on other factors we, as franchisor, deem reasonable.

## Development Area for Multiple Franchise Purchases

If you sign the Multiple Franchise Purchase Addendum to purchase multiple franchises simultaneously, then we will designate a Development Area in which you will open your franchises. Because we reserve certain rights with respect to your Development Area (as described below in this Item), you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, we will not establish or allow others to establish a Pure Sweat Studio business physically located within your Development Area using our Marks and System so long as the Franchise Agreements and corresponding Multiple Franchise Purchase Addendum are in force and you are not in default in any material provision of any such agreement, and except as provided in the paragraphs under the headings “Our Use of the Marks and Products and Services” below. Therefore, your Development Area will be *protected* but not *exclusive*.

The Addendum will expire at the earlier of the following: (1) the opening of your last Franchise under your Development Schedule (described in the Multiple Franchise Purchase Addendum); or (2) the termination of the Addendum under the terms and conditions of the Addendum or the Franchise Agreement. If you do not comply with the Development Schedule, we will have the right to reduce the size of (or change) your Development Area or terminate the Addendum and any of your Franchise Agreements representing Franchises that have not yet opened for business. Thereafter, we and our affiliates will have the right to operate or grant to others the right to operate outlets within your former Development Area. However, your Franchise Territory (defined above) for each of your operating franchises will remain in force.

## Marketing and Providing Services

You may not use alternative distribution channels to make sales outside or inside your Territory, except as otherwise allowed by us in the Operations Manual.

Except with our prior written permission, you shall not offer or sell products or services from any location other than the Location. Except with our prior written permission, you shall not place advertisements using our trade names or service marks in or originating from any area other than the Territory. This includes, but is not limited to, internet, catalog sales, telemarketing or other direct marketing. You may not advertise in any media whose primary circulation is outside the Territory, except with our prior written permission and the prior written consent of any of our franchisees whose territory is reached by that media.

All internet marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement, and must be coordinated through us and approved by us. You may not acquire an independent internet domain name or website.

If other PS+FS Businesses solicit customers in your Territory or sponsor advertising which reaches persons in your Territory (e.g. in violation of the Franchise Agreement), then we will have no liability to you for this.

## No Minimum Sales Requirements

You do not need to meet any particular sales or revenue volume in order to keep your territorial rights as described above so long as you stay in compliance with the terms of your Franchise Agreement.

#### No Right of First Refusal

Under the Franchise Agreement you will not have any options, rights of first refusal, or similar rights to acquire additional franchises or other rights, whether inside the Territory or contiguous area, or elsewhere.

#### Our Use of the Marks and Products and Services

We and our affiliates reserve all rights not specifically granted to you. We will have the right, among other things, to do any or all of the following without compensation to you, notwithstanding the proximity of such activities to your Territory or their actual or threatened impact on sales at your Franchised Business:

- Establish, and license others to establish, PS+FS Businesses at any location outside the Territory;
- Establish, and license others to establish, businesses located anywhere under other systems or other proprietary marks, which may offer programs, services and products that are the same as, similar to, the programs, services and products offered by PS+FS Businesses (we have not established and do not presently intend to establish other franchises or company-owned outlets selling similar products or services under a different trademark);
- Acquire (or be acquired), merge, or combine with businesses (including competing businesses) and operate such businesses or programs of any kind anywhere; and
- Sell products and services anywhere using the Proprietary Marks or otherwise, through any method (including alternative distribution channels such as e-commerce) other than the operation of a PS+FS Business at a physical location within your Territory (we will have no obligation to compensate you for any such sales).

### **ITEM 13** **TRADEMARKS**

We grant you the right to use certain Marks under the Franchise Agreement. By Marks, we mean the service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks and trademarks that we specify in Exhibit A of the Franchise Agreement for use in the connection with the System. We represent that we have the right to use, and license others to use, the Marks. We will periodically advise you as to any additions to, or deletions from, the Marks, and your right to use the Marks will be deemed modified by those additions or deletions.

We have registered the following principal Mark on the Principal Register of the U.S. Patent and Trademark Office (the “*USPTO*”).

Mark	Registration Number	Registration Date
	5,632,388	December 18, 2018

We have applied to register the following principal Marks on the Principal Register of the USPTO.

Mark	Serial Number	Application Date
	97257131	February 8, 2022
PURE SWEAT SAUNA STUDIO	97254291	February 4, 2022
PURE SWEAT + FLOAT STUDIO (standard character mark)	97254289	February 4, 2022

We do not have a federal registration for the above applications. Therefore, our trademark does not have many legal benefits and rights as a federally-registered mark. If your right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We have filed (or anticipate filing when due) all required affidavits in respect to registrations of our principal marks with the USPTO. We have filed (or anticipate filing when due) all required registration renewals in respect to such registrations.

Your right to use the Marks is limited to the uses that we authorize under the Franchise Agreement, and any unauthorized use of the Marks will infringe upon our rights. You may not use any Mark: *(a)* as part of your corporate or other legal name; *(b)* as part of any e-mail address, domain name, or other electronic medium; *(c)* in connection with any employment or human resources documents (including employment applications, paychecks, pay stubs and employment agreements. You must identify yourself as the owner of the Franchised Business in a manner acceptable to us (such as on invoices, order forms, receipts, contracts, and on the premises of the Office if it is not located within your home). You must also give the trademark registration notices that we designate, and obtain any assumed business name registrations that applicable law requires.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Marks. We know of no superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

There are no agreements currently in effect or contemplated which would significantly limit our right to use or license the use of the marks listed in this Item 13 in a manner material to the franchise.

You must promptly notify us of any suspected infringement of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. We do not have to protect your right to use the Marks, nor do we have to protect you from claims of infringement or unfair competition arising out of your use of the Marks. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. You must render the assistance we require to protect and maintain our interests in any litigation or proceeding or otherwise to protect and maintain our interests in the Marks. If there is any litigation related to the Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action.

#### **ITEM 14**

### **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

#### Patents

No patents are material to the operation of your Franchised Business.

#### Copyrights

We (or our affiliates, in some cases) claim copyright protection covering various materials used in our business and the development and operation of PS+FS Businesses, including the Confidential Operations Manual, advertisements, promotional materials, labels, posters, signs, World Wide Web and other Internet sites (collectively, the “**Works**”). We do not have any registered copyrights for the Works that we license you to use in the Franchise Agreement.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. We have the right to control any litigation or other proceeding with respect to our copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditure you make because of any discontinuance or modification.

## Confidential Information

During and after the term of the Franchise Agreement, you may not communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the PS+FS Businesses that may be communicated to you before or during the term of the Franchise Agreement or of which you are apprised by virtue of your operation of the Franchised Business or that you learn by virtue of your relationship with us. You may divulge such confidential information only to those of your employees that must have access to it in order to operate the Franchised Business and only after they sign a confidentiality and non-competition agreement with you in the form provided in the Franchise Agreement.

## Confidential Operations Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under our Marks, you must conduct your business according to the Confidential Operations Manual. We will provide access to the Confidential Operations Manual to you for the term of the Franchise Agreement.

You must always treat in a confidential manner the Confidential Operations Manual, any other manuals we create (or that we approve) for use with the Franchised Business, and the information contained in the Confidential Operations Manual. You must maintain this information as secret and confidential. You may not copy, duplicate, record, or otherwise reproduce the Confidential Operations Manual and the related materials, or any part (except for the parts of the Confidential Operations Manual that are meant for you to copy, which we will clearly mark), nor may you otherwise let any unauthorized person have access to these materials. The Confidential Operations Manual will always be our sole property. You must always keep the Confidential Operations Manual in a secure place at your Office and password protected if we provide the Confidential Operations Manual to you electronically.

We may periodically revise the content of the Confidential Operations Manual, and you must make corresponding revisions to your copy of the Confidential Operations Manual and comply with each new or changed standard. If there is ever a dispute as to the contents of the Confidential Operations Manual, our master copy of the Confidential Operations Manual (maintained at our home office) will be controlling.

## **ITEM 15** **OBLIGATION TO PARTICIPATE IN THE** **ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

If you are a corporation, partnership or LLC, we may require you to appoint a single individual owner as your single point of contact (“SPOC”) for communications with us. Such individual must be one of your owners and must have completed our mandatory training program. Any communication from Franchisor to the SPOC will be deemed to have been given to the Franchisee and all of its owners. You will ensure that communications to us typically will be given by and through the SPOC. You will notify us in writing if you desire to change the SPOC.

The Franchise Agreement requires you to participate personally in the direct operation of the Franchised Business. You may appoint a manager to assist you with business operations. The manager is not required to be an equity holder in your company.

You (or your Owner) or your manager who has been fully trained in the System must personally be present at your Location at all times to ensure maintenance of the standards set out in the Franchise Agreement and the Confidential Operations Manual.

~~You will have sole responsibility for all employment decisions and functions related to your Franchised Business, including hiring, firing, compensation, benefits, work hours, work rules, record-keeping, supervision, and discipline of employees. You must take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet any minimum standards that we may periodically establish in the Confidential Operations Manual.~~

Your equity owners who hold a 5% or greater ownership interest in you must sign a Personal Guarantee, the current form of which is attached as Exhibit B to the Franchise Agreement. Your owners who do not sign a Personal Guarantee and your managers, officers and directors must sign a Confidentiality Agreement (and Non-competition Agreement to the extent permitted by applicable laws), the current form of which is attached as Exhibit C to the Franchise Agreement. It is your responsibility to ensure the form of agreement you use with your employees complies with applicable laws.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must only offer only the sauna and floatation services, along with related merchandise, we have approved in the Franchise Agreement, the Confidential Operations Manual, or otherwise in writing. You must not offer services or products in connection with the Franchised Business that are not approved by us. We have the right to change the types of authorized goods and services without limitation.

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

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document. Please also read the notes that follow this table:**

Provision	Section in Franchise Agreement (“FA”) and Multiple Franchise Purchase Addendum (“MFPA”)	Summary
a Length of the franchise term	<a href="#"><u>FA 3.1</u></a>	Ten years
b Renewal or extension of the term	<a href="#"><u>FA 3.2</u></a>	An additional ten-year term, subject to certain contractual requirements described in “c” below.

Provision	Section in Franchise Agreement (“FA”) and Multiple Franchise Purchase Addendum (“MFPA”)	Summary
c Requirements for you to renew or extend	<a href="#">FA 3.2</a>	<p>Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, not in default, signed a new lease for your Location, renovated Location, sign release (subject to state law), sign then-current form of Franchise Renewal Agreement, pay a franchise renewal fee, and others; please refer to Section 3.2 in the Franchise Agreement.</p> <p>If you want to renew your franchise at the expiration of the initial term, you may be asked to sign a new form of Franchise Renewal Agreement that contains terms and conditions materially different from those in your original Franchise Agreement, such as different fee requirements and territorial rights.</p>
d Termination by you	Not applicable	
e Termination by us without cause	Not applicable	
f Termination by us with cause	<a href="#">FA 12, 14.2(a)</a>	Default under the Franchise Agreement, bankruptcy, abandonment, and other grounds; see Section 12 of the Franchise Agreement. Transfer without our prior written approval; see Section 14.2(a) of the Franchise Agreement.
g “Cause” defined – curable defaults	<a href="#">FA 12.2</a>	All defaults not specified in Section 12.1 and 14.2(a) of the Franchise Agreement.
h “Cause” defined – non-curable defaults	<a href="#">FA 12.1 and 14.2(a)</a>  <a href="#">Multiple Franchise Purchase Addendum MFPA</a> (Exhibit F to the <a href="#">Franchise Agreement FA</a> ), Section 8	<p>Abandonment, conviction of felony, insolvency, and others; see Sections 12.1 and 14.2(a) of the Franchise Agreement.</p> <p>The Multiple Franchise Purchase Addendum will expire at the earlier of the following: (1) the opening of your last franchise under your Development Schedule; or (2) the termination of the Addendum under to the terms and conditions of the Addendum or the Franchise Agreement. We will have the right to terminate the Addendum if we have the right to terminate any agreement between you and us (or our affiliate) in the future.</p> <p>If you do not comply with the Addendum, including the Development Schedule, we will have the right to reduce the size of (or change) your Development Area or terminate the Addendum and any of your Franchise Agreements representing Franchises that have not yet opened for business.</p>

Provision	Section in Franchise Agreement (“FA”) and Multiple Franchise Purchase Addendum (“MFPA”)	Summary
i Your obligations on termination/ nonrenewal	<a href="#">FA 13</a> <a href="#">MFPA 8</a>	Stop operating the Franchised Business, stop all use of our Marks, pay amounts due, and others; see Section 13 of the Franchise Agreement.
j Assignment of contract by us	<a href="#">FA 14.1</a>	There are no limits on our right to assign the Franchise Agreement.
k “Transfer” by you – defined	<a href="#">FA 14.2</a>	Includes transfer of any interest that results in change of control and transfer of substantially all of your assets.
l Our approval of transfer by you	<a href="#">FA 14.2</a>	We must approve transfers.
m Conditions for our approval of transfer	<a href="#">FA 14.2</a>	Sign a release (subject to state law), have buyer sign a new Franchise Agreement or an assumption agreement, pay transfer fee, and others; see Section 14.2 of the Franchise Agreement.
n Our right of first refusal to acquire your business	<a href="#">FA 14.2(d)</a>	We can match any offer.
o Our option to purchase your business	<a href="#">FA 13.1</a>	We will have the right to purchase some or all of your franchise business assets upon expiration or termination of the Franchise Agreement.
p Your death or disability	<a href="#">FA 14.3</a>	If you die or become incapacitated, your executor or representative must apply to us in writing for approval within 180 days after death or the onset of disability.
q Non-competition covenants during the term of the franchise	<a href="#">FA 16</a>	Includes prohibition on engaging in a “ <b>Competitive Business</b> ” (subject to state law). A Competitive Business means any business that offers sauna or flotation services (regardless of the type of franchise you purchase).
r Non-competition covenants after the franchise is terminated or expires	<a href="#">FA 16</a>	Includes a two-year prohibition similar to “q” (above) within a 10-mile radius of: (a) your Location; and (b) the location of any other Pure Sweat Sauna Studio or Pure Sweat + Float Studio (regardless of the type of franchise you operated). Also applies after a transfer. Subject to state law.
s Modification of the agreement	<a href="#">FA 18.6</a>	Must be in writing and signed by both parties.
t Integration / merger clause	<a href="#">FA 18.1</a>	Only the final written terms of the Franchise Agreement are binding ( <a href="#">subject to state law</a> ), but this provision does not disclaim any representation made in this disclosure document. Any representations or promises outside of the disclosure document and

Provision	Section in Franchise Agreement (“FA”) and Multiple Franchise Purchase Addendum (“MFPA”)	Summary
		agreements may not be enforceable.
u Dispute resolution by arbitration or mediation	<a href="#">FA 17.2</a> <a href="#">MFPA 9</a>	Except for injunctive relief and certain other disputes as described in the Franchise Agreement, the parties must first try to resolve a dispute by negotiation, then must submit the dispute to mediation, and, if mediation does not lead to resolution, the dispute must be submitted to arbitration.
v Choice of forum	<a href="#">FA 17.2</a> <a href="#">MFPA 9</a>	Except for injunctive relief, mediation and arbitration must take place in Nashville, TN subject to state law. See the State Law Addendum to the Franchise Agreement and this disclosure document for state-specific addenda to this Item.
w Choice of law	<a href="#">FA 17.1</a> <a href="#">MFPA 9</a>	Tennessee law applies except as otherwise provided in the Franchise Agreement and subject to state law. See the State Law Addendum to the Franchise Agreement and this disclosure document for state-specific addenda to this Item.

**ITEM 18**  
**PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

The following disclosures are historical financial performance representations.

They include profit and loss information for our two affiliate-owned outlets. Such information is provided for our affiliate, PSF Studio LLC, for calendar years 2019, 2020, and 2021. It opened for business in March 2017. Such information is also provided for our affiliate, Open Doors in Nashville, LLC, for calendar years 2020 and 2021. It opened for business December 2019. The disclosures are based on our affiliate’s records.

They also include average annual Gross Revenue (defined below) information for our franchisee-owned outlets that had been in operation for at least 12 months as of December 31, 2021. This information is provided for calendar years during which each franchise was open during the full calendar year (2021 for one franchise and 2020 and 2021 for the other franchise). The disclosures are based on information reported to us by our franchisees. We calculated Gross Revenue based on percentage-based fees (Royalty fees and Marketing Fees) we received from such franchisees.

The information has not been audited.

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**Profit and Loss Information for Our Two Affiliated-Owned Outlets**  
**Calendar Years 2019, 2020, and 2021**

<b>PSF Studio LLC</b> <b>(Pure Sweat + Float Studio)</b> <b>6021 TN-100, Nashville, TN 37205</b> <b>Opening Date: March 2017</b>				<b>2019</b>	<b>2020</b>	<b>2021</b>
Ordinary Income/Expense						
Income						
Services Income						
			Bank Deposits	0.00	0.00	6,890.82
			ClassPass	40,065.90	14,320.90	18,389.10
			Retail Product Sales	71,411.10	85,520.57	147,274.30
			Services Income - Other	446,163.68	360,028.25	496,539.67
			<b>Total Services Income</b>	<b>557,640.68</b>	<b>459,869.72</b>	<b>669,093.89</b>
			TN Sales Tax 9.25%	-32,409.24	-7,352.00	-11,262.00
			<b>Total Income</b>	<b>525,231.44</b>	<b>452,517.72</b>	<b>657,831.89</b>
Cost of Goods Sold						
			Merchant Account Fees	118.00	0.00	0.00
			Purchases - Resale Items	34,850.07	43,763.74	71,364.13
Supplies						
			Float Supplies	1,605.37	3,938.90	4,821.48
			Supplies - Other	127.45	0.00	0.00
			<b>Total Supplies</b>	<b>1,732.82</b>	<b>3,938.90</b>	<b>4,821.48</b>
			<b>Total COGS</b>	<b>36,700.89</b>	<b>47,702.64</b>	<b>76,185.61</b>
			<b>Gross Profit</b>	<b>488,530.55</b>	<b>404,815.08</b>	<b>581,646.28</b>
Expense						
Advertising and Promotion						
			Branding	2,200.00	0.00	0.00
			Marketing	470.97	2,080.90	6,228.85
			Website	1,221.97	1,318.76	834.01
			Advertising and Promotion - Other	29,416.08	22,637.38	3,990.54
			<b>Total Advertising and Promotion</b>	<b>33,309.02</b>	<b>26,037.04</b>	<b>11,053.40</b>
Auto						
			Gas	1,286.37	495.29	90.00
			Lease - down payment	5,000.00	0.00	0.00

<b>PSF Studio LLC (Pure Sweat + Float Studio) 6021 TN-100, Nashville, TN 37205 Opening Date: March 2017</b>					<b>2019</b>	<b>2020</b>	<b>2021</b>
				Lease payment	4,843.04	7,264.56	7,264.56
				Parking	135.00	0.00	15.00
				Rental	1.00	0.00	0.00
				Service	1,432.79	0.00	161.61
				Tags	28.00	0.00	0.00
				Auto - Other	30.27	0.00	0.00
				Total Auto	12,756.47	7,759.85	7,531.17
				Bank Service Charges			
				MB credit card/monthly fees	18,204.74	17,166.23	22,921.94
				Bank Service Charges - Other	81.90	0.00	168.79
				Total Bank Service Charges	18,286.64	17,166.23	23,090.73
				Charitable Donation	450.00	69.00	250.00
				Cleaning and Maintenance	2,400.00	2,450.00	5,250.00
				Contract Work			
				Web Design	0.00	0.00	1,800.00
				Total Contract Work	0.00	0.00	1,800.00
				Dues and Subscriptions			
				Pure Partnership Packages	259.00	0.00	0.00
				Subscription and Memberships	0.00	0.00	52.45
				Dues and Subscriptions - Other	413.00	177.00	161.56
				Total Dues and Subscriptions	672.00	177.00	214.01
				Fees	599.00	0.00	857.37
				Fees and Licenses			
				2018 F&E extension	1,467.00	0.00	0.00
				2020 F&E	0.00	0.00	3,425.00
				SOS Annual Report	300.95	300.95	300.95
				TDOR Business License and Tax	1,630.00	1,970.00	2,779.00

<b>PSF Studio LLC</b> <b>(Pure Sweat + Float Studio)</b> <b>6021 TN-100, Nashville, TN 37205</b> <b>Opening Date: March 2017</b>					<b>2019</b>	<b>2020</b>	<b>2021</b>
				Fees and Licenses - Other	282.07	0.00	294.84
				Total Fees and Licenses	3,680.02	2,270.95	6,799.79
				Insurance Expense			
				Commercial	0.00	0.00	1,641.00
				Liability	3,023.78	1,511.89	1,966.49
				Workers' Compensation	494.00	658.50	-359.14
				Insurance Expense - Other	2,653.00	841.50	0.00
				Total Insurance Expense	6,170.78	3,011.89	3,248.35
				Interest Expense			
				CC Interest Expense	339.70	0.00	0.00
				SBA Loan - Fees	100.00	0.00	0.00
				SBA Loan Interest 10k	415.06	-992.48	0.00
				SBA Loan Interest 165k	7,889.96	3,619.34	0.00
				Total Interest Expense	8,744.72	2,626.86	0.00
				Licenses and Permits	40.94	0.00	0.00
				Meals and Entertainment			
				Entertainment	507.10	0.00	0.00
				Meals	1,901.36	342.68	1,644.85
				Total Meals and Entertainment	2,408.46	342.68	1,644.85
				Misc.	634.00	0.00	0.00
				Payroll Expenses	118,036.72	102,101.32	138,504.57
				Professional Fees			
				Accounting	0.00	432.96	0.00
				Consulting	3,161.57	555.00	0.00
				Corporate Development	0.00	1,965.81	3,912.46
				CPA fees	0.00	0.00	4,000.00
				Legal	6,287.05	1,850.50	0.00
				Research	1,244.84	0.00	0.00
				Staffing	366.39	199.47	1,247.06
				Professional Fees - Other	0.00	6,727.50	0.00
				Total Professional Fees	11,059.85	11,731.24	9,159.52

<b>PSF Studio LLC</b> <b>(Pure Sweat + Float Studio)</b> <b>6021 TN-100, Nashville, TN 37205</b> <b>Opening Date: March 2017</b>				<b>2019</b>	<b>2020</b>	<b>2021</b>
			Reconciliation Discrepancies	0.00	100.00	0.00
			Rent Expense	53,632.21	53,337.53	55,829.79
			Repairs and Maintenance	4,541.70	3,561.93	6,562.72
			<b>5% Royalty Fee and 1% Marketing Fee</b>	<b>31,513.00</b>	<b>27,151.00</b>	<b>39,469.00</b>
			Studio Supplies			
			Office Supplies	3,823.31	6,108.29	5,496.42
			Postage and Delivery	283.66	174.43	155.14
			Professional Journals and Publications	55.22	0.00	179.40
			Salon Supplies, Linens, Laundry	12,920.53	11,098.89	15,382.54
			Studio Supplies - Other	0.00	1,277.08	430.44
			Total Studio Supplies	17,082.72	18,658.69	21,643.94
			Taxes			
			F&E 2019	0.00	3,027.88	0.00
			Total Taxes	0.00	3,027.88	0.00
			Travel	2,057.61	0.00	-254.79
			Utilities			
			Audible	0.00	0.00	32.74
			Calm	0.00	59.99	59.99
			Cell	2,298.28	2,428.99	2,626.93
			Gas	972.13	1,207.26	1,383.30
			HULU	82.72	78.68	81.99
			NES	10,031.11	7,665.07	9,194.43
			Netflix	205.74	210.12	234.21
			Pest	553.00	632.00	474.00
			Telephone Expense	1,947.00	1,817.13	1,814.16
			Water	1,429.20	1,960.44	2,868.24
			Total Utilities	17,519.18	16,059.68	18,769.99
			Total Expense	345,595.04	297,640.77	351,424.41
			Net Ordinary Income	142,935.51	107,174.31	230,221.87
			Other Income/Expense			
			Other Income			
			Cash Reward			

<b>PSF Studio LLC (Pure Sweat + Float Studio) 6021 TN-100, Nashville, TN 37205 Opening Date: March 2017</b>				<b>2019</b>	<b>2020</b>	<b>2021</b>
			Travel	0.00	0.00	1,348.27
			Cash Reward - Other	59.72	29.03	26.08
			Total Cash Reward	59.72	29.03	1,374.35
			Interest Income	8.95	4.95	12.88
			TN Relief Fund	0.00	10,000.00	0.00
			Total Other Income	68.67	10,033.98	1,387.23
			Other Expense			
			PSF Cool Spring			
			Bank Charges	30.00	0.00	0.00
			Total PSF Cool Spring	30.00	0.00	0.00
			Total Other Expense	30.00	0.00	0.00
			Net Other Income	38.67	10,033.98	1,387.23
<b>Net Income</b>				<b>142,974.18</b>	<b>117,208.29</b>	<b>231,609.10</b>

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<b>Open Doors in Nashville, LLC</b> <b>(Pure Sweat Sauna Studio)</b> <b>11204 Dallas Ave, Nashville, TN 37212</b> <b>Opening Date: December 2019</b>				<b>2020</b>	<b>2021</b>
Ordinary Income/Expense					
Income					
Sauna Services					
Bank Deposit				0.00	3,246.00
ClassPass				17,500.00	32,330.00
Retail Sales				57,608.58	93,990.62
Sauna Services - Other				251,536.21	410,946.37
Total Sauna Services				326,644.79	540,512.99
TN 9.25% Sales Tax				-5,239.32	-8,156.00
<b>Total Income</b>				<b>321,405.47</b>	<b>532,356.99</b>
Cost of Goods Sold					
Purchases				30,716.85	44,388.77
Total COGS				30,716.85	44,388.77
Gross Profit				290,688.62	487,968.22
Expense					
Advertising and Promotion					
Marketing				1,708.36	13,579.30
website				355.73	0.00
Advertising and Promotion - Other				1,458.76	616.51
Total Advertising and Promotion				3,522.85	14,195.81
Automobile Expense					
Gas				19.73	53.23
Parking				8.00	25.00
Total Automobile Expense				27.73	78.23
Bank Service Charges				87.26	158.28
Charitable Contribution				54.00	0.00
Cleaning and Maintenance				300.00	1,500.00
Insurance Expense					
General Liability Insurance				2,651.99	3,607.48
Worker's Compensation				658.50	0.00
Insurance Expense - Other				753.50	0.00
Total Insurance Expense				4,063.99	3,607.48
Licenses and Fees					
2019 F&E				555.76	0.00
2020 F&E				0.00	1,638.92
Business Tax				0.00	1,206.00

<b>Open Doors in Nashville, LLC</b> <b>(Pure Sweat Sauna Studio)</b> <b>11204 Dallas Ave, Nashville, TN 37212</b> <b>Opening Date: December 2019</b>				<b>2020</b>	<b>2021</b>
			Mindbody	12,604.60	19,866.43
			SOS Annual Report	300.95	300.95
			Licenses and Fees - Other	0.00	90.00
			Total Licenses and Fees	13,461.31	23,102.30
			Meals and Entertainment		
			Meals	354.03	802.19
			Meals and Entertainment - Other	0.00	333.15
			Total Meals and Entertainment	354.03	1,135.34
			Office Supplies	3,125.99	5,914.19
			Payroll Expenses	120,824.97	140,148.85
			Postage and Delivery	419.55	117.27
			Printing and Reproduction	768.65	792.66
			Professional Fees		
			Attorney	1,850.50	0.00
			Professional Fees - Other	100.00	5,429.25
			Total Professional Fees	1,950.50	5,429.25
			Rent Expense	45,760.62	47,903.65
			Repairs and Maintenance	706.42	1,426.62
			<b>5% Royalty Fee and 1% Marketing Fee</b>	<b>17,441.00</b>	<b>29,278.00</b>
			Studio Supplies, Linens	8,396.96	11,073.72
			Supplies and Materials	513.21	1,036.62
			Telephone Expense	1,671.24	1,848.32
			Utilities		
			Amazon Prime	28.44	0.00
			Calm.com	69.99	69.99
			Garbage	390.95	0.00
			Gas	1,269.17	1,724.57
			NES	6,894.58	8,008.00
			Netflix	437.75	459.66
			Pest Control	303.00	327.00
			Security	247.50	270.00
			Spotify	131.28	229.74
			Total Utilities	9,772.66	11,088.96
			Total Expense	233,222.94	299,835.55
			Net Ordinary Income	57,465.68	188,132.67
			Other Income/Expense		

<b>Open Doors in Nashville, LLC</b> <b>(Pure Sweat Sauna Studio)</b> <b>I1204 Dallas Ave, Nashville, TN 37212</b> <b>Opening Date: December 2019</b>		<b>2020</b>	<b>2021</b>
	Other Income		
	Interest Income	0.90	10.53
	Other income		
	TN Relief Fund	2,500.00	0.00
	Other income - Other	1,092.76	1,354.20
	Total Other income	3,592.76	1,354.20
	Total Other Income	3,593.66	1,364.73
	Net Other Income	3,593.66	1,364.73
<b>Net Income</b>		<b>61,059.34</b>	<b>189,497.40</b>

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**Average Annual Gross Revenue Information**  
**for Our Franchisee-Owned Outlets**  
**Calendar Years 2019, 2020, and 2021**

**Franchise #1**  
**Opening Date: October 2018**

	<b>2020</b>	<b>2021</b>
<b>Gross Revenue:</b>	\$410,209.17	\$599,279.67

**Franchise #2**  
**Opening Date: May 2020**

	<b>2021</b>
<b>Gross Revenue:</b>	\$491,726.83

1. **Some outlets have sold or earned this amount. Your individual results may differ. There is no assurance you'll sell or earn as much.**
  
2. As of December 31, 2021, there were two affiliate-owned outlets and three franchised outlets in operation. Of those three franchised outlets, two had been in operation for at least 12 months as of December 31, 2021. All such outlets reported sufficient financial information to be included in this financial performance representation.
  
3. For purposes of this Item 19, the following definitions shall apply:
 

“Total Income” and “Gross Revenue” mean all receipts generated by the outlet from any source. It does not include sales taxes.

“Net Income” means Revenue minus ordinary and recurring operating expenses.
  
4. Some characteristics of the included outlets may differ materially for those of the outlet you will operate. For example, our first affiliate-owned outlet commenced operations in 2017 and our first franchisee commenced operations in 2018, whereas your outlet will be a new operation. Also, one of our affiliate-owned outlets and all franchised outlets included in this representation provide sauna and float services. One of our affiliate-owned outlets included in this representation provides sauna services only (not float services). Your outlet may provide sauna services only, or sauna and float services, depending upon the type of franchise you purchase.
  
5. We have added Royalty Fees (5% of Total Income) and Marketing Fees (1% of Total Income) to the financial performance representations for our affiliate-owned outlets even though they did not pay such fees.
  
6. The financial representations of Gross Revenue for franchisees 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 franchised business. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

7. Written substantiation of this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representations, PURE SWEAT STUDIOS LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing 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 Candice Bruder, Managing Member, PURE SWEAT STUDIOS LLC, 6021 Highway 100, Nashville, Tennessee 37205, 615-928-8829, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1:**  
**Systemwide Outlet Summary**  
**For Fiscal Years Ending September 30, 2019, 2020 and 2021**

<b>Outlet Type</b>	<b>Fiscal Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
<b>Franchised</b>	Sept. 2019	1	1	0
	Sept. 2020	1	2	+1
	Sept. 2021	2	2	0
<b>Company- Owned</b>	Sept. 2019	1	1	0
	Sept. 2020	1	2	+1
	Sept. 2021	2	2	0
<b>Total Outlets</b>	<b>Sept. 2019</b>	<b>2</b>	<b>2</b>	<b>0</b>
	<b>Sept. 2020</b>	<b>2</b>	<b>4</b>	<b>+2</b>
	<b>Sept. 2021</b>	<b>4</b>	<b>4</b>	<b>0</b>

Note: All numbers are as of our September 30 fiscal year end. A third franchise opened after September 30, 2021 and before the issuance date of this disclosure document. See Exhibit I.

**Table 2:**  
**Transfers of Outlets from Franchisees to New Owners**  
**(other than the franchisor)**  
**For Fiscal Years Ending September 30, 2019, 2020 and 2021**

<b>State</b>	<b>Fiscal Year</b>	<b>Number of Transfers</b>
All States	Sept. 2019	0
	Sept. 2020	0
	Sept. 2021	0
<b>Total</b>	<b>Sept. 2019</b>	<b>0</b>
	<b>Sept. 2020</b>	<b>0</b>
	<b>Sept. 2021</b>	<b>0</b>

**Table 3:  
Status of Franchised Outlets\*  
For Fiscal Years Ending September 30, 2019, 2020 and 2021**

State	Fiscal Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
TN	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
<b>Totals</b>	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2021</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

\* These franchises were sold by our predecessor, PSF Studio LLC, and assigned to us.

**Table 4:  
Status of Company-Owned Outlets  
For Fiscal Years Ending September 30, 2019, 2020 and 2021**

State (Note 2)	Fiscal Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
TN	2019	1	0	0	0	0	1
	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2
Total	2019	1	0	0	0	0	1
	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2

**Table 5:  
Projected Openings  
as of September 30, 2021 (Through September 30, 2022)**

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 Year
All States	0	0	0
Totals	0	0	0

As of the date of this disclosure document, we did not have any franchisees who had an agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement.

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

Exhibit I includes the following:

- A list of our current franchisee outlets and the addresses and telephone numbers of all of their operations as of September 30, 2021.
- A list of our current franchisees who have signed franchise agreements but whose outlets are not yet opened as of September 30, 2021.
- A list of our current company-owned and affiliate-owned outlets and the addresses and telephone numbers of all of their operations as of September 30, 2021.

No franchisees have signed a confidentiality clause in a Franchise Agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with us.

No trademark-specific franchisee organizations associated with the franchise system have been created, sponsored, or endorsed by us. No independent franchisee organizations have asked to be included in this disclosure document.

## **ITEM 21** **FINANCIAL STATEMENTS**

We have not been in business for three years or more and cannot include all of the financial statements otherwise required under this Item. Attached to this disclosure document in Exhibit B is our audited opening balance sheet as of February 28, 2022 and our audited statement of operations and member's equity and statement of cash flows for the two months ended February 28, 2022. Our fiscal year end is September 30.

## **ITEM 22** **CONTRACTS**

The following agreements are attached as exhibits to this disclosure document:

- A. Franchise Agreement and Exhibits
- D. ~~Disclosure Verification Form~~ Disclosure Acknowledgment and Agreement
- E. Form of General Release
- F. State Law Addendum to FDD and Franchise Agreement
- G. SBA Franchise Agreement Addendum

## **ITEM 23** **RECEIPTS**

The last two pages of this disclosure document are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy; please keep the other copy along with this disclosure document.

**EXHIBIT A**  
**FRANCHISE AGREEMENT**



PURE SWEAT + FLOAT STUDIO

**PURE SWEAT STUDIOS LLC**

FRANCHISE AGREEMENT

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- EXHIBIT G Lease Addendum

## PURE SWEAT STUDIOS LLC

### PURE SWEAT STUDIOS FRANCHISE AGREEMENT

THIS AGREEMENT (the “**Agreement**”) is effective as of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”) by and between Pure Sweat Studios LLC, a Tennessee limited liability company with its principal business office at 6021 Highway 100, Nashville, Tennessee 37205 (the “**Franchisor**” or “**we/us**”), and

\_\_\_\_\_, a \_\_\_\_\_ with its principal business office at \_\_\_\_\_  
\_\_\_\_\_ (the “**Franchisee**” or “**you**”).

WHEREAS, Franchisor, through the expenditure of time, skill, effort, and money, has developed and continues to develop a distinctive and proprietary system of providing infrared sauna and floatation pod services (the “**System**”); and

WHEREAS, Franchisor offers franchises for infrared sauna businesses using Franchisor’s applicable System under the Pure Sweat Sauna Studio brand and also offers the option to add floatation services to the Pure Sweat Sauna Studio model, in which case a franchisee will use the Pure Sweat + Float Studio brand and applicable System; and

WHEREAS, Franchisor owns certain trademarks, trade names and logos, which may be amended by Franchisor from time to time (the “**Marks**”); and

WHEREAS, Franchisor owns certain copyrights in materials, which may be amended by Franchisor from time to time, comprising the Confidential Operations Manual, and other materials used in connection with the System (the “**Copyrighted Materials**”); and

WHEREAS, Franchisor is willing to grant franchises to qualified third parties to use the Marks, the System, and the Copyrighted Materials in connection with the operation of an infrared sauna and floatation pod business (the “**Franchised Business**”); and

WHEREAS, Franchisee desires to open, own and operate the Franchised Business at a site described in Exhibit A, if known in advance of completion of this Agreement, and such other expansion site or sites, if any, in accordance with Article 7.5 (individually and collectively, the “**Studio**”) within the territory described in Exhibit A (the “**Territory**”), in accordance with the terms of this Agreement; and

WHEREAS, if Franchisee is not an individual, such owners of Franchisee as Franchisor may designate shall enter into a guarantee agreement concurrently with the execution of this Agreement in the form attached hereto as Exhibit B, dated the date hereof for the benefit of Franchisor, guaranteeing the obligations of Franchisee hereunder.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

#### **ARTICLE 1** **Definitions**

##### 1.1 Definitions.

Each of the following capitalized terms is defined in the Article set forth opposite such term:

<b><u>Defined Term</u></b>	<b><u>Article</u></b>
Adjustment	4.6
Marketing Materials	8.7(a)
Agreement	Recitals
Arbitration Rules	17.2(a)(iv)
Assignment	14.2(a)
Confidential Information	10.1(a)
Confidential Operations Manual	7.1(a)
Copyrighted Materials	Recitals
Dispute	17.1
Domain Name	8.4(a)
Effective Date	Recitals
Franchisee	Recitals
Franchisor	Recitals
Gross Revenues	4.4(a)
Hardware	6.6
Initial Fee	4.2
Initial Training	5.4
Manager	5.4
Marks	Recitals
Mediation Rules	17.2(a)(iii)
Monthly Brand Development Fee	4.1
Monthly Royalty Fee	4.3
Notice of Default	12.2(b)
Owner	5.4

Marketing Fund	8.7
Renewal Term	3.2
Signer	19.1(l)
Social Media	8.6
Software	6.6
Studio	Recitals
System	Recitals
Term	3.1
Territory	Recitals
Transfer Fee	14.2(c)(vii)
Username	8.6(b)

## **ARTICLE 2**

### **Grant of Franchise**

#### 2.1 Franchise and License.

Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee the right, franchise, and privilege to operate the Studio in the Territory, including the right to sell Pure Sweat Studio branded products approved by Franchisor, and a license to use the System, the Marks, and the Copyrighted Materials in the operation of the Studio in the Territory. To clarify, this license is only for use of aspects of the System, Marks, and Copyrighted Materials associated with the specific type of franchise granted to you by this Agreement as indicated in Exhibit A. The rights, license, and franchise granted hereunder are limited to the operation of the Studio in the Territory. Franchisee accepts the obligation, franchise, and privilege of operating the Studio in the Territory and agrees to maintain full, complete and continuous operation of the Studio.

In this Agreement, for simplicity the brand is sometimes referred to as “Pure Sweat Studio” regardless of whether this Agreement is for a Pure Sweat Sauna Studio or a Pure Sweat + Float Studio.

#### 2.2 Territorial Protection and Limitations.

Franchisor agrees not to authorize the establishment of any other Studio under the Marks in the Territory during the Term and further agrees not to license, install, sell, authorize or grant a third party permission to install or operate a flotation pod, infrared sauna or other equipment for the offering of flotation or sauna services within the Territory under the Marks or any other mark; *provided, however*, that Franchisor and their affiliates (current and future), directly and through licensees and franchisees, reserve all other rights of every kind and nature including without limitation the exclusive rights to sell Pure Sweat Studio merchandise in any and all media at retail outlets other than Franchisee’s Studio, via the internet, by mail-order, and by any other means or channel of distribution in the Territory. This restriction shall also apply to any other business operated by Franchisor or any affiliate. Franchisor and its affiliates (current and

future) further retain and reserve the right to engage in any and all activities not expressly prohibited in this Agreement and the right to use or license the use of the Marks in connection with any or all such activities so long as such use does not damage the brand or the reputation of the Studio in the Territory.

### 2.3 Exclusions From Franchise Rights.

Franchisee shall have no right to use the System, the Marks, or the Copyrighted Materials for any purpose other than expressly provided herein, and shall have no right to grant subfranchises or sublicenses.

## **ARTICLE 3** **Term and Renewal**

### 3.1 Term.

The term of this Agreement shall commence on the Effective Date, and shall continue until the tenth (10<sup>th</sup>) anniversary of such date (“**Term**”) unless terminated earlier in accordance with this Agreement.

### 3.2 Renewal.

Franchisee shall have the right to renew this Agreement at the expiration of the Term for an additional term of ten (10) years (“**Renewal Term**”) upon written notice to Franchisor not more than one hundred eighty (180) days nor less than sixty (60) days prior to the expiration date of the Term and subject to the other provisions of this Article 3. Franchisor (a) may decline to renew this Agreement if Franchisor and Franchisee fail to agree to changes or additions to this Agreement made by Franchisor in good faith and in the normal course of business, and (b) shall have no obligation to grant the Renewal Term unless all of the following conditions have been fulfilled:

(i) Franchisee shall not be in default in any way under this Agreement or any other agreement between Franchisee and Franchisor;

(ii) Franchisee shall have timely cured each default for which Franchisee was given a Notice of Default;

(iii) Franchisee shall have paid all amounts owed by Franchisee to Franchisor when due;

(iv) Franchisee shall have at all times complied with Franchisor’s training requirements;

(v) Franchisee shall have acquired or entered into a lease agreement, the term of which shall continue at least until the end of the requested renewal period, for premises in the Territory;

(vi) Franchisee shall have completed renovation and refurbishment of the Studio, consistent with Franchisor’s then current standards, no later than sixty (60) days prior to the expiration of the Term;

(vii) Franchisee shall have paid to Franchisor a renewal fee in the amount of Five Thousand U.S. Dollars (US\$5,000);

(viii) Franchisee shall have complied with all requirements and deadlines set by Franchisor following any audit carried out pursuant to Article 10.3; and

(ix) Franchisee shall have submitted to Franchisor a five (5) year financial plan for the Studio acceptable to Franchisor in Franchisor’s sole discretion and shall have received written notice of acceptance

from Franchisor.

In the event that Franchisor determines not to renew this Agreement, Franchisor's written notice of non-renewal shall include a statement that this Agreement is not being renewed, and the effective date of non-renewal shall be either the date of expiry of this Agreement, or thirty (30) days after Franchisee's receipt of the notice of non-renewal, whichever occurs later.

### 3.3 Effect of Renewal.

Upon determination to renew, Franchisee shall execute:

(a) Franchisor's form of franchise agreement and any other agreements required to be executed by the parties (with only such modifications to reflect the fact that the agreement relates to the grant of a renewal franchise), each as is in effect at the time of such renewal, which agreements shall supersede in all respects this Agreement and other agreements between the parties; and the terms of which may differ from the terms of this Agreement and agreements between the parties, including, without limitation, a different percentage Monthly Royalty Fee and Marketing Fee; and

(b) A general release, in the form prescribed by Franchisor at the time of such renewal, of any and all claims against Franchisor and its affiliates (current and future), and their respective officers, directors, agents, stockholders, and employees, as of such date.

### 3.4 No Further Renewal.

Each party agrees to discuss in good faith any requested renewal of the Agreement beyond the Renewal Term, but under no circumstances shall either party be obligated to renew this Agreement beyond such term, and the parties waive and relinquish any right or claim to any such further renewal, whether arising by law, equity, or otherwise, regardless of the factual basis for such claim.

### 3.5 Holding Over.

Should the Term expire without written renewal, and should the parties continue to perform their respective obligations hereunder despite such expiration, such circumstance shall not renew the Agreement but shall instead be understood to extend the Term only on a month-to-month basis, subject to all other terms and conditions of the Agreement. Any such holdover period may be terminated by Franchisor at any time by written notice to Franchisee, for any reason or no reason, with or without cause, any such termination to be effective on the last day of the month following the month in such notice is received.

## **ARTICLE 4**

### **Fees**

#### 4.1 Monthly Marketing Fee.

Franchisee shall pay to Franchisor, without offset, credit, or deduction of any nature, for each month during the Term, a monthly marketing fee (the "**Monthly Marketing Fee**") of one percent (1%) of all Gross Revenues for such month.

#### 4.2 Initial Fee.

Franchisee shall pay to Franchisor as a condition to the execution of this Agreement, and in addition to all other fees described in this Agreement, an initial franchise fee (the "**Initial Fee**") in the amount of Forty Thousand U.S. Dollars (US\$40,000). The Initial Fee shall be payable to an account pre-specified by

Franchisor upon execution of this Agreement by bank check, certified check, or wire transfer of immediately available funds to a bank account specified in writing by Franchisor. The Initial Fee shall be nonrefundable, in whole or in part. In addition to the Initial Fee, upon execution of this Agreement, you shall pay us a Pre-Opening Training Fee as defined in Section 5.7 below.

#### 4.3 Monthly Royalty Fee.

Franchisee shall pay to Franchisor, without offset, credit, or deduction of any nature, for each month during the Term, a monthly royalty fee (the “**Monthly Royalty Fee**”) of five percent (5%) of all Gross Revenues for such month.

#### 4.4 Definition of Gross Revenues.

(a) “**Gross Revenues**” shall mean the aggregate amount of all revenues accrued by the Franchisee, directly or indirectly, from any source whatsoever, which revenues arise from or are derived by Franchisee or by any other person from the Studio (including any additional Studios established by Franchisee in accordance with Article 7.5), and from the sale of any products or services associated with the use of the Marks, whether such revenues are derived in compliance with or in violation of this Agreement, provided that Gross Revenues shall not include sales tax, value added tax, or other similar levies or taxes validly imposed under applicable law on Franchisee’s customers but collected by Franchisee in accordance with applicable law and remitted by Franchisee to the tax authorities.

(b) There shall be no exclusion from Gross Revenues for taxes or levies imposed on and payable by Franchisee (rather than being imposed under applicable law on Franchisee’s customers but collected and remitted by Franchisee to the tax authorities), even if the amount of any such tax or levy imposed on Franchisee is based on the amount of Franchisee’s sales.

(c) In the event a customer pays in advance for a series of sauna or floatation services, Gross Revenues for each month shall only include the portion of such advance payment allocated to services actually taken during such month, except that:

(i) In the event that a customer pays for a course of services under a fixed-term contract, the portion of the payment which remains unearned at the contract expiration date shall be forfeited immediately and shall be included in “Gross Revenues” for the month of such forfeiture.

(ii) In the event that a customer pays for a course of services under a contract for no specific period, the portion of the payment for such course as remains unearned shall be forfeited by the customer once one year (1) year has passed since the customer last took a lesson and shall be included in “Gross Revenues” for the month of such forfeiture.

(iii) In the event that a forfeiture of a customer account balance occurs under any other circumstances, such customer account balance as is forfeited shall be included in “Gross Revenues” for the month of forfeiture.

(d) The amounts recorded and submitted by the Franchisee with respect to the products and services provided shall be presented in a clear and detailed manner, including any discounts or price conditions specially negotiated for the products or services provided to the customers, and the Franchisee commits to keep such amounts, discounts and price conditions available for Franchisor assessment through the audits set forth in this Agreement.

#### 4.5 Payment of Monthly Royalty Fee and Monthly Marketing Fee.

(a) On or before the tenth (10<sup>th</sup>) day following the end of each month, Franchisee shall submit to Franchisor, on a form approved by Franchisor, a correct statement, signed by Franchisee, of the Gross Revenues for such month. The statement shall be submitted each month regardless of whether Monthly Royalty Fees or Monthly Marketing Fees are due.

(b) On or before the fifteenth (15<sup>th</sup>) day following the end of each month, Franchisee shall remit to Franchisor or such other entity as Franchisor may designate the entire Monthly Royalty Fee and Monthly Marketing Fee for such month. Except as provided in Article 4.6, the Monthly Royalty Fee and Monthly Marketing Fee are not refundable under any circumstances.

#### 4.6 Adjustments.

In the event that Franchisee is obligated to return and does return to a customer all or portions of revenues received in observance of a policy permitted under the Confidential Operations Manual after Franchisee has paid its Monthly Royalty Fee and/or Monthly Marketing Fee, and Franchisee submits to Franchisor within ten days verifiable evidence of such transaction, Franchisor shall remit to Franchisee the proportion of the Monthly Royalty Fee and Monthly Marketing Fee already paid by Franchisee with respect to such returned revenues (the “**Adjustment**”).

#### 4.7 Payment Location and Method.

Franchisee shall remit all payments due to Franchisor under the terms of this Agreement by the means, and to the account and location which Franchisor shall specify from time to time. Franchisor shall have the right to take all monies due to it from Franchisee directly through a direct debit system, but if such a system is not available, it may require all payments be made by electronic transfer of funds. Upon the request of Franchisor, Franchisee shall execute and deliver to Franchisor such documents as may be necessary to authorize and facilitate payments to Franchisor by direct debit or other electronic fund transfer. All costs of currency exchange, if any, and of the direct debit system or electronic transfers of funds shall be borne by Franchisee. Franchisee shall reimburse Franchisor for any fees or charges incurred by Franchisor in the event any fund transfer or other charge is denied. Franchisee shall not for any reason, delay or withhold the payment of sums due under this Agreement, put payments into escrow, and/or set-off payments based on any claim or alleged claim that Franchisee may have against Franchisor or others. Franchisee also shall not, on grounds of any alleged non-performance by Franchisor or others, withhold payment of any fee, including without limitation Monthly Royalty Fees and Marketing Fees, nor withhold or delay submission of any reports due under this Agreement.

#### 4.8 Late Payment.

In respect of all amounts due under this Agreement but not actually paid on or before the date such amounts are due, Franchisee shall pay interest from the date such amount was due until the date such amount is paid, at a rate of eighteen percent (18%) per year, compounded monthly, or the maximum rate permitted by applicable law, whichever is lower. This paragraph is not an agreement by Franchisor to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee’s operation of the Studio.

#### 4.9 Franchisor Expenses.

If Franchisor incurs any expenses on Franchisee’s behalf, for which Franchisee is required to reimburse Franchisor pursuant to this Agreement, Franchisee agrees to reimburse Franchisor fully and promptly for such expenses, plus such amounts as are reasonably necessary to cover Franchisor’s

administrative and transactional costs. Franchisee further agrees that, if requested by Franchisor, Franchisee shall pay directly to the third parties providing any products or services such amounts as Franchisee would otherwise be required to reimburse to Franchisor under this Agreement.

## **ARTICLE 5**

### **Opening and Training**

#### **5.1 Site of Studio.**

Franchisee may operate the Studio only in the Territory at a site approved in writing by Franchisor. Franchisee may request guidance from Franchisor in determining a suitable site for the Studio. Franchisee acknowledges that Franchisor's guidance and approval of a site does not constitute a representation or guarantee by Franchisor that the site will be a successful site for the Studio. Except to the extent prohibited by local law, Franchisee's lease or sublease for premises of its Studio must include the lease addendum attached hereto as Exhibit G (the "**Lease Addendum**"). If the Landlord makes any proposed changes to the Lease Addendum, you must send us the proposed changes for our review and approval before signing the lease and Lease Addendum.

#### **5.2 Layout and Design of Studio.**

Franchisee shall obtain the prior written approval of Franchisor for the layout and design of the Studio, which shall conform to the specifications laid out in the Confidential Operations Manual.

#### **5.3 Franchisee to Commence Performance.**

Franchisee shall commence full and continuous operation of the Studio within three hundred sixty-five (365) days from the Effective Date.

#### **5.4 Initial Training.**

Prior to the opening of the Studio, Franchisor shall conduct, and Owner (as defined below) shall attend and complete to Franchisor's satisfaction an initial training program ("**Initial Training**"), on the operation of the Studio for the purpose of protecting and maintaining the brand, the Marks and the System and not for controlling the day-to-day operation of the Studio. We reserve the right to provide some or all of the training via video conference or other technology. Owner's Initial Training shall take place approximately two (2) months prior to the opening. The time involved for such training will be determined by Franchisor. Franchisor may elect not to require Owner to attend and complete such training, if Franchisor determines, in its sole discretion, that Owner already has sufficient experience and knowledge of the protection and maintenance of the brand, the Marks and the System at Pure Sweat Studios. Such training shall be provided at Franchisor's expense; *provided, that* Franchisee shall be solely responsible for Owner's travel, lodging, and personal expenses. Notwithstanding any contrary provision contained herein, the Initial Training is included in the Initial Franchise Fee only for your first franchise. Except for Pre-Opening Training pursuant to Article 5.7, Owner and/or Manager shall be solely responsible for training the other employees of Franchisee. For the purpose of this Agreement, "**Owner**" shall mean Franchisee, if Franchisee consists of one or more individual persons. If Franchisee is not an individual person, "**Owner**" shall mean the individual persons who own the Franchisee business entity. "**Manager**" shall mean a full-time manager (who also may be an Owner) who uses his or her best efforts to manage the day-to-day operations of the Studio as required by Article 7.2(b). Franchisee shall notify Franchisor of the identity of Manager within fifteen days following the Effective Date, and shall promptly notify Franchisor of any and all new Owners and Managers thereafter.

5.5 Failure to Complete Initial Training.

If Owner fails to complete Initial Training to Franchisor's satisfaction, or if Franchisee fails to train its initial and future Managers in compliance with Franchisor's standards and specifications, Franchisor shall have the right in its sole discretion to terminate this Agreement within thirty (30) days following such failure, effective upon written notice to Franchisee.

5.6 Experience.

In order for more effective communication with customers and potential customers, in addition to the Initial Training, Owner and Manager shall each experience at least three (3) sessions of both infrared sauna (and float therapy as applicable) at a Pure Sweat Studio location prior to opening the Studio. All new hires shall each experience at least one (1) session of both infrared sauna and float therapy at a Pure Sweat Studio location prior to beginning work. Each employee of Franchisee shall experience at least three (3) sessions of both infrared sauna and float therapy at the Studio within the first two (2) months of starting work. We may reasonably modify these requirements.

5.7 Pre-Opening Training.

In addition to the Initial Training, within approximately two (2) weeks prior or subsequent to the opening of the Studio, Franchisor shall provide, for a duration of fifteen (15) hours, consultation, advice and training by a Franchisor representative concerning the operation of the Studio and use of the System for the purpose of protecting and maintaining the brand, the Marks and the System and not for controlling the day-to-day operation of the Studio. Such consultation, advice and training shall take place at the Studio. You shall pay us a non-refundable pre-opening training fee of \$4,000 ("**Pre-Opening Training Fee**") upon signing this Agreement. The Pre-Opening Training Fee is required for your first franchise and for additional franchises if the franchisor deems such training necessary or desirable (in which case an additional Pre-Opening Training Fee will be required upon signing the additional franchise agreement or prior to commencement of the pre-opening training for the relevant location, at Franchisor's discretion). If this Agreement is for an additional franchise, then the attached Exhibit A will indicate whether you must pay the Pre-Opening Training Fee.

5.8 Additional Training; Consulting Services.

Franchisor may provide additional training and consultation to Franchisee. Such training may be provided upon Franchisee's request (subject to availability of Franchisor's training personnel). Franchisor may provide additional training programs and designate them as mandatory or optional for Franchisee. Franchisor may charge Franchisee a reasonable fee for any such additional training or consulting. .

Any new Manager must complete an initial training program conducted by you in compliance with our Operations Manual.

With respect to all training and consulting services, Franchisee shall be solely responsible for Owner and Manager's salary, travel, lodging and personal expenses during such training or consultation. Franchisee shall be responsible for travel, meals, and lodging expenses for Franchisor's trainers if the training occurs at the Franchisee's Studio.

**ARTICLE 6**  
**Business Plans, Accounts and Records**

6.1 Business Plans.

Within thirty (30) days of the date of this Agreement, Franchisee shall adopt and provide a copy to Franchisor of a business plan in such form and containing such items as determined by Franchisor. Thereafter, Franchisee shall submit such business plan together with gross revenue projections to Franchisor by September 30 of each year for the following year's activities. Such business plan shall include particular focus on marketing, operational improvements, and cost efficiency with respect to the Studio and shall include a narrative statement of the plan together with a proposed budget.

#### 6.2 Monthly, Quarterly and Year-to-Date Reports.

Franchisee shall submit to Franchisor, within thirty (30) days after the last day of each March, June, September, and December, a quarterly sales report, and such gross income, sales tax, and value added tax returns for each such period as Franchisee shall be required to file with appropriate government authorities. In addition, Franchisee shall submit to Franchisor monthly and year-to-date profit-and-loss statements, detailing revenue sources and operational costs, and cash-flow statements within twenty (20) days after the last day of each month in such form as directed by Franchisor.

#### 6.3 Annual Report.

Franchisee shall submit to Franchisor, at Franchisee's sole expense, within ninety (90) days of the end of each fiscal year during the Term, annual financial statements of the Franchisee, consisting of a profit-and-loss statement and balance sheet, prepared in accordance with accounting practices generally accepted in the Territory for the type of business in which Franchisee is engaged under this Agreement, by an independent certified public accountant or chartered accountant approved in writing by Franchisor, and certified as accurate by Franchisee, if Franchisee is an individual, or by the chief financial officer or other authorized officer of Franchisee. Franchisee agrees that Franchisor may give notice to Franchisee at least ninety (90) days before the end of the fiscal year that financial statements of Franchisee must be audited by an accounting firm, if available, or by an independent certified public accountant or chartered accountant approved in writing by Franchisor, and be submitted to Franchisor for the then current fiscal year. Such annual audited financial statements shall include such items as required by Franchisor.

#### 6.4 Records; Submission of Records.

Franchisee agrees to keep complete and accurate books, records, and tax returns for a period of at least four (4) years after the close of each fiscal year. Franchisee shall submit to Franchisor any records, data and reports concerning the Studio as Franchisor may reasonably request from time to time, including but not limited to any business records related to, or upon which, payments made to Franchisor are based. In addition, Franchisee agrees to submit all reports required to be submitted to Franchisor under this Agreement, including but not limited to all sales and financial reports, in the form provided under the Software or as otherwise directed by Franchisor. Without limiting the generality of the foregoing, Franchisee shall provide profit-and-loss statements and any other financial statements that Franchisor requires at such frequency and in such formats as the Franchisor requires.

#### 6.5 Inspection and Audit of Records.

Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at its expense, the books, records, and business tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books and records of Franchisee at Franchisor's expense. If an inspection or audit should reveal that any payments, including royalty and advertising fund payments, due to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, plus interest pursuant to Article 4.8.

If such an examination is conducted because of Franchisee's failure to furnish any requested records, reports, or information, or if such an inspection or audit discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection or audit (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or at law, including, but not limited to, termination or non-renewal pursuant to Articles 12 and Article 3 respectively.

6.6 Hardware; Software; Operating System.

Franchisee shall, at its own expense, purchase and install the computer hardware and peripheral equipment specified in the Confidential Operations Manual ("**Hardware**"). Franchisee shall, at its own expense, license and install the computer operating system, and point-of-sale, scheduling, customer relationship management and other operational software specified in the Confidential Operations Manual ("**Software**"). Franchisee acknowledges and agrees that Franchisor may, from time-to-time, require reasonable upgrades to the Hardware and/or Software, and Franchisee agrees to comply with such instructions from Franchisor.

6.7 Franchisor Access.

Franchisee shall afford Franchisor unimpeded access by modem, or other real-time means, to the Hardware and Software in order to, without limitation, retrieve such data and information from Franchisee's computer system as Franchisor in its sole discretion deems necessary and desirable, and to use the information derived from Franchisee's computer system.

6.8 Disclosing Franchisee Information in FDD.

We reserve the right to disclose financial performance information regarding your franchise operations in our franchise disclosure documents and elsewhere at our discretion. This may include, for example, information about your income, sales, profits, and expenses. You hereby consent to the disclosure of such information. You agree to provide such information to us promptly upon request. You shall provide us with unfettered access and login credentials to your MindBody software (or any similar replacement software) immediately upon our request.

**ARTICLE 7**  
**Operations**

7.1 Compliance with Confidential Operations Manual.

(a) Franchisor shall loan and/or provide online access to Franchisee, at no additional charge, certain confidential operation and instruction materials developed and owned by Franchisor (the "**Confidential Operations Manual**"). Franchisee acknowledges that the Confidential Operations Manual is intended to further the purposes of this Agreement and that compliance with the procedures and operating standards of Franchisor set forth in the Confidential Operations Manual is essential to enhancing and preserving the goodwill associated with the Marks and the System, so that both will be highly regarded by prospective customers. Therefore, Franchisee covenants and agrees to conform and adhere to the procedures and operating standards of Franchisor set forth in the Confidential Operations Manual and further agrees to accept such changes, modifications, revisions, and additions to the Confidential Operations Manual, other manuals, and the Copyrighted Materials, which Franchisor, in the good faith exercise of its judgment, deems necessary.

(b) Franchisee shall at all times ensure that the Studio at all times has, or has online access to, the complete and current copy of the Confidential Operations Manual and all of its updates.

(c) Should Franchisee lose one or more of the Confidential Operations Manual or supplements, Franchisor may impose a reasonable charge for replacement manuals or supplements issued to Franchisee.

(d) In the event of a conflict between the terms and conditions set forth in this Agreement and the content of the Confidential Operations Manual, those set forth in this Agreement shall control. In the event of any dispute as to the contents of the Confidential Operations Manual, the terms and dates of the master copy maintained by Franchisor shall control.

## 7.2 Procedures and Operating Standards.

Without in any way limiting the procedures and operating standards of Franchisor set forth in the Confidential Operations Manual, Franchisee agrees to the following procedures and operating standards:

(a) Franchisee shall maintain the physical premises of the Studio in an appropriate manner and in accordance with the standards of Franchisor. Franchisee shall not alter the appearance of its Studio without the prior written approval of Franchisor.

(b) Franchisee agrees to maintain sufficient working capital to cover all normal operating expenses and needs of the Studio.

(c) Franchisee shall keep the Studio open for business and service to the public seven (7) days a week, except for such public holidays as Franchisee desires to close and such business days as necessary for repairs, maintenance, or reasonable vacation, except as local law otherwise provides. Such days and hours of operation shall be subject to Franchisor's prior written approval.

(d) Owner shall obtain and review daily opening and closing reports from the Studio.

(e) Owner must participate personally in the direct operation of the Franchised Business. You may appoint a Manager to assist you with business operations. You (or your Owner) or your Manager who has been fully trained in the System must personally be present at your Studio at all times to ensure maintenance of the standards set out in this Agreement and the Operations Manual.

(f) The Studio in its entirety shall be subject to a professional deep clean at least once per week or such other frequency as Franchisor shall determine in its sole discretion from time to time.

(g) Franchisee shall not provide services to anyone under the age of eighteen (18) without a signed guardian/parent consent form and shall obtain a signed waiver from each and every customer prior to providing service. The waivers shall name Franchisor as a third party beneficiary and shall conform with any requirements set out in the Confidential Operations Manual or otherwise required in writing by Franchisor. Franchisee hereby acknowledges that it is solely responsible for obtaining its own legal advice in relation to the form of such waiver and consent, and that this Article and the execution of customer waivers and consents shall not in any way affect any of Franchisee's other obligations or any of Franchisor's benefits under this Agreement.

(h) Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, or the threat of any action, suit, or proceeding, or the issuance of any order, writ, injunction, award, or decree by any court, agency, or other governmental instrumentality relating to

the Franchisee, the Studio or its operations.

(i) Franchisee agrees not to purchase, install, or use any equipment, fixtures, furniture, inventory items, or supplies whatsoever on, for, or in connection with the Studio unless such items comply with Franchisor's current, issued standards and specifications. Upon request of Franchisor, Franchisee shall provide Franchisor with evidence of compliance with this provision. Franchisor may periodically distribute to Franchisee a current list of items subject to standards or specifications.

(j) Franchisee shall not sell any Pure Sweat Studio branded or other merchandise without Franchisor's prior written approval for each such item of merchandise.

(k) Franchisee agrees to stock a sufficient and representative inventory of supplies and products as indicated in the Confidential Operations Manual.

(l) Franchisor shall keep Franchisee informed of Franchisor's plans, policies, and new developments, and Franchisor may provide, and Owner and Manager shall each attend (if required by Franchisor), at least one (1) informational seminar per year at such location that Franchisor shall designate. The cost of such seminars shall be borne by Franchisor, except that Franchisee shall pay Franchisee's or Franchisee's representative's salary while attending, and expenses for travel, food and lodging to attend.

(m) Without prior written approval of Franchisor, Franchisee shall not:

(i) Depart from the System;

(ii) Offer any service or product for sale except to the extent permitted by this Agreement, the Confidential Operations Manual, or authorized by Franchisor in writing;

(n) Franchisee shall not discriminate for reasons of race, caste, tribe, color, genetic information, religion, national origin, citizenship, gender, marital status, sexual orientation, age, disability, military service, workers' compensation claims, or any other legally protected class.

(o) Owner or Manager must attend and participate in Franchisor's regional meetings designated by Franchisor as mandatory, unless Owner's or any Manager's absence is excused by Franchisor. Franchisee shall be responsible for all Owner's and Manager's expenses incurred in connection therewith, including the costs of meals, entertainment, lodging, travel, laundry and wages. This provision shall not be interpreted to require Franchisor to provide regional meetings at any minimum frequency or at all.

(p) Franchisee agrees to maintain, at all times, relationships with the credit and debit card issuers or sponsors, check or credit verification services, financial center services, merchant service providers, and electronic fund transfer systems that Franchisor may periodically designate as mandatory.

(q) In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor has the right to establish, in writing, reasonable new standards for the implementation of technology, and Franchisee agrees to comply with such standards.

(r) Franchisee shall meet its payment obligations to its suppliers of goods and services in accordance with the relevant agreed terms.

### 7.3 Notice of Independent Ownership.

In all public records and in its relationship with other persons, on its premises, website, the internet, Social Media, stationery letterhead, business forms, invoices, contracts (including but not limited to employment agreements), checks and other printed materials, and in such fashion as is required by Franchisor, Franchisee shall conspicuously indicate its name and independent ownership of the Studio with the following statement: “This Pure Sweat Sauna Studio *[or Pure Sweat + Float Studio]* is independently owned and operated by *[name of Franchisee]* as a franchisee of Pure Sweat Studios LLC,” or such similar statement as Franchisor shall approve in writing.

#### 7.4 Insurance.

(a) Franchisee shall, at its expense, obtain and maintain in full force and effect throughout the Term comprehensive insurance, including but not limited to coverage for data breach and cybersecurity, of no less scope and limits than is customary in the Territory for the type of business in which Franchisee is engaged under this Agreement, including but not limited to the types and amounts of insurance specified in Exhibit A appended hereto.

(b) Franchisor may at any time amend the amount and types of insurance Franchisee is required to carry. To the extent permitted by law in the Territory, Franchisor shall be named as an additional insured to the full extent of coverage provided under such insurance policies other than any employer’s liability insurance policies. Franchisee shall keep and maintain any and all insurance required hereunder, and under any lease or any loan agreement, in full force and effect at all times during the Term. Such policy or policies shall be written by a licensed insurance company satisfactory to Franchisor.

(c) The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. Certificates of insurance showing compliance with the requirements of this Article 7.4, including but not limited to proof of payment of premiums, shall be furnished by Franchisee to Franchisor annually upon renewal and at any other time on the request of Franchisor. To the extent permitted by law in the Territory, such policy or policies shall not be subject to cancellation or alteration without at least thirty (30) days prior written notice to Franchisor. Maintenance of such insurance and performance by Franchisee of the obligations under this Article 7.4 shall not relieve Franchisee of liability under the indemnity provision of this Agreement.

(d) Should Franchisee, for any reason, not procure and maintain insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without any obligation to do so) immediately to procure such insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

#### 7.5 Expansion in Territory.

(a) If Franchisee fulfills its obligation to maintain full, complete and continuous operation of the Studio, and if Franchisee is not otherwise in default in any way under this Agreement or any other agreement between Franchisee and Franchisor, then from time to time during the Term Franchisee may request in writing that Franchisor approve and authorize Franchisee’s establishment of a further Studio in the Territory. Such request shall set forth the proposed site for the further Studio and shall be accompanied by a feasibility study in a form acceptable to Franchisor. Franchisor shall have the right in its sole and absolute discretion either to grant or to deny Franchisee’s request for a further Studio. Franchisee shall have no right to establish an additional Studio under this Agreement.

(b) All of the terms of this Agreement, including the royalties payable hereunder, shall apply to a further Studio that is established in accordance with this Article 7.5. Gross Revenues shall include

revenues arising or derived from the further Studio and, therefore, shall be included in the computation of the Monthly Royalty Fee and the Monthly Marketing Fee. In addition, initial start-up training for the further Studio shall be the responsibility of Franchisee. Franchisor shall provide no start-up training with respect to the further Studio unless Franchisee pays the trainer's expenses and salary during training and a convenient training schedule can be mutually agreed upon between Franchisor and Franchisee.

#### 7.6 Extranet.

Franchisor may establish an extranet for communications between Franchisor, Franchisee, franchisees, licensees, and other persons and entities as determined by Franchisor in its sole discretion. Franchisee shall comply with Franchisor's requirements (as set forth in the Confidential Operations Manual or otherwise in writing) with respect to connecting to the extranet, and utilizing the extranet in connection with the operation of the Studio. The extranet may include, without limitation, the Confidential Operations Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the extranet.

#### 7.7 Supplies and Sources of Supplies

We may require you to use approved suppliers, or we may designate a single source of supply, for any goods or services for your Franchise. All specifications that we require of you and lists of approved and exclusively designated suppliers will be included in the Operations Manual. We will use our best judgment to set and modify specifications in order to maintain the integrity and quality of the franchise system.

EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY US, WE MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND SERVICES WE OR OUR AFFILIATES PROVIDE. ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT RESTRICTED TO, THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL OUR LIABILITY IN CONNECTION WITH ANY PRODUCTS OR SERVICES EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE, LICENSE FEE, OR SUBSCRIPTION FEE PAID BY YOU FOR THE PRODUCTS OR SERVICES. IN NO EVENT WILL WE BE LIABLE TO ANY PARTY, INCLUDING BUT NOT LIMITED TO, YOU AND YOUR CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE (OR INABILITY TO USE) THE PRODUCTS OR SERVICES FOR ANY PURPOSE WHATSOEVER, EVEN IF WE ARE AWARE OR HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGES.

*Except for items and services that we require you to purchase from us, our affiliates, or our exclusively designated suppliers, with advance written notice, you may request our approval to obtain products, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards. These specifications and standards will relate to quality and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing prior to approval and use. You will reimburse us for the actual cost of the tests. We will license any supplier that can meet or exceed our quality control and confidential requirements and standards, for a reasonable license fee, to*

produce and deliver products to you but to no other person. Our confidential manufacturing requirements, equipment, designs, and systems will be disclosed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently adhere to our standards, requirements and testing procedures; will maintain the confidentiality of the designs and systems; and will adequately supply your reasonable needs. We may require a confidentiality and non-disclosure agreement signed by the proposed supplier prior to release of any Confidential Information. We will not unreasonably withhold approval of a supplier you propose. We will notify you in writing of the approval or disapproval of any supplier you propose within 30 days of our receipt from you of your written notice of request for approval.

You acknowledge that while you may propose alternate suppliers for products and services, the proposed suppliers may not qualify. You further acknowledge that our approved suppliers may be the only source of supply for products and services required in the Franchise.

We or our agents may inspect any proposed or approved manufacturer's, supplier's or distributor's facilities and products to ensure proper production, processing, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. Should we determine from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, together with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

7.8 Interim Management. To protect the System, the Marks, the Confidential Information, and the goodwill associated with the same, Franchisor may (but is not obligated to) assume interim management of the Franchised Business for any of the following reasons: (a) after Franchisor has given Franchisee written notice that Franchisee is in default under this Agreement and during the pendency of any cure period or in lieu of immediately terminating this Agreement; (b) you or your Owner(s) are absent or incapacitated because of illness (c) your business activities are having, or are likely to have, a negative impact upon the value of our Marks, goodwill, or the franchise system (as we determine at our sole discretion); (d) we determine that significant operational problems require us to temporarily operate the Franchised Business; (e) while your Franchised Business is not being managed by a competent and trained Manager after your death or incapacity of an Owner (as described in Section 14.3 below); or (f) after termination or expiration of your Franchise Agreement while we are deciding whether to exercise our right to assume your lease and/or purchase any or all of your assets pursuant to Section 13.1 (entitled "Obligations of Franchisee") or while such a purchase or assumption is pending. If Franchisor elects to assume interim management of the Franchised Business, then: (i) Franchisor's election will not relieve Franchisee of Franchisee's obligations under this Agreement; (ii) Franchisor will not be liable for any debts, losses, costs or expenses incurred in the operation of the Franchise during any interim management period; (iii) Franchisor will have the right to charge a reasonable fee for the management services; (iv) Franchisee and its Owner(s) hereby agrees to indemnify, defend and hold harmless Franchisor and its interim manager(s) from and against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with the interim management of the Franchised Business, other than those arising solely from the gross negligence or willful misconduct of Franchisor; and (v) our operation or appointment of a manager to operate the Franchised Business will not be deemed an assignment to us of your commercial lease or sublease. We will have no responsibility for payment of any rent or other charges owing on any lease.

7.9 Pricing. We will be permitted, to the extent permitted by applicable law, to establish price ceilings or minimum or maximum allowable prices on the products and services you offer and sell.

**ARTICLE 8**  
Marketing and Advertising

8.1 Standards and Specifications.

Franchisee shall not utilize any advertisement or promotion except those that (a) have been provided by Franchisor, or (b) conform to Franchisor's standards and specifications set forth in the Confidential Operations Manual and have the prior written approval of Franchisor. In particular, Franchisee shall submit to Franchisor specimens for approval of use of any and all advertisements, press releases, brochures, point of sale displays, packages, labels and tags or other digital or printed material, which approval shall not be unreasonably withheld. Franchisee agrees to discontinue the use of any and all advertisements, press releases, brochures, point of sale displays, packages, labels and tags or other digital or printed material which is not, or ceases to be, approved by Franchisor, within five (5) days from the date Franchisee receives Franchisor's written notice to cease such use. Franchisee agrees to provide Franchisor with such evidence demonstrating compliance with this provision as Franchisor may require from time to time.

8.2 Franchisor Marketing Research.

Franchisor may provide marketing survey information and data and advertising research as may from time to time be developed by Franchisor and deemed beneficial by Franchisor for the operation of the Studio.

8.3 Required Local Advertising.

Franchisee shall be required to expend a minimum of one percent (1%) annually of Gross Revenues on local advertising or marketing campaign activities, approved by Franchisor as provided in Article 8.1, for the Studio. Franchisor may provide Franchisee with advertising material, and advise Franchisee on local advertising and promotion of the Studio. Franchisee agrees to provide Franchisor with such evidence demonstrating compliance with this provision as Franchisor may require from time to time.

8.4 Domain Names.

Franchisee shall not register, use or maintain any domain name without Franchisor's prior written approval for such domain name. Franchisor may set conditions for such approval in addition to the following conditions which will automatically apply:

(a) Any domain name used by Franchisee in relation to this Agreement ("**Domain Name**") shall be registered by Franchisor in the name of Franchisor, or such other entity as Franchisor may choose, with Franchisor's chosen domain registrar and licensed to Franchisee to use for the Term, with such use enabled through Franchisor implementing such DNS settings as Franchisee reasonably requests;

(b) In the event Franchisee has already registered a Domain Name, Franchisee shall immediately unlock the Domain Name, provide Franchisor with the authorization code/s for the Domain Name, if applicable, and authorize the relevant domain registrar/s to transfer the Domain Name to Franchisor by responding to such registrar's electronic request for authorization as soon as such request is submitted. Franchisor shall license the Domain Name to Franchisee to use for the Term, with such use enabled through Franchisor implementing such DNS settings as Franchisee requests;

(c) In the event any Domain Name cannot be registered by Franchisor pursuant to Article

8.4(a) or 8.4(b) because of domain registry ownership restrictions, such Domain Name shall be registered by Franchisee, in the name of Franchisor where possible, and licensed to Franchisee to use for the Term. Other than registration and renewal costs of Domain Names registered or renewed by Franchisor, Franchisee shall bear all costs relating to registration and renewal of Domain Names. Franchisor shall not charge Franchisee any license fee or similar fee for the use of a Domain Name.

#### 8.5 Websites.

Franchisee shall not maintain or launch any website, but rather Franchisor shall incorporate Franchisee's Studio into Franchisor's existing website and provide Franchisee with reasonable email addresses using Franchisor's domain. Franchisee shall reimburse Franchisor for its costs in providing the aforementioned. Franchisee agrees that e-commerce is a rapidly developing field and that the provisions of this Article 8.5 may be modified in the future or that guidelines on use of the Internet may be introduced in the Confidential Operations Manual. In the event of such modification or the inclusion of such guidelines by Franchisor, Franchisee agrees that they will be legally binding on Franchisee. Franchisee acknowledges Franchisor's right to operate via the Internet, directly and through licensees, franchisees and affiliates (current and future), without territorial or other restriction of any kind.

#### 8.6 Social Media.

"Social media" and "social networks" shall be collectively referred to herein as "**Social Media**," and shall include any online collaboration, sharing or publishing platforms, whether accessed through the web, a mobile device, text messaging, email or any other existing or subsequently developed communications platform, including but not limited to Facebook®, LinkedIn®, Twitter®, Pinterest®, Tumblr®, Instagram®, blogs, wiki, and microblogs. Franchisee may use Social Media to advertise and promote the Studio, but only in accordance with the restrictions and limitations set forth below:

(a) Franchisee must obtain Franchisor's prior written approval each time it begins or initiates activity on a new Social Media outlet. For example, if Franchisee wishes to start a new Facebook® page to promote the Studio, Franchisee must first obtain Franchisor's written approval. However, Franchisee is not required to obtain Franchisor's prior written approval each time it posts new content to a Social Media outlet that has been pre-approved by Franchisor. All content on Franchisee's Social Media must comply with Articles 8.6(c) and 8.6(d) below and all other provisions of this Agreement and the Confidential Operations Manual. Franchisor reserves the right to remove, or to require Franchisee to remove, any content used or posted by Franchisee or any third party on Social Media that violates this Agreement or the Confidential Operations Manual, violates any laws or regulations, or that Franchisor otherwise determines, in its sole discretion, should be removed. In the event that Franchisor requires that Franchisee remove such content, Franchisee shall remove the content as soon as practicable, but in no event later than twenty-four (24) hours after receipt of such requirement.

(b) To the extent the type of Social Media used requires a title or username (hereinafter, "**Username**"), Franchisee agrees that the title will begin with "Pure Sweat Sauna Studio" or "Pure Sweat + Float Studio" (depending upon the type of franchise) followed by a "space," and end with a term identifying the Franchisee's specific location and the username, if required to have fewer characters, will be "psss" (or "psfs" as applicable) followed by the specific location. For example, if located in Cool Springs, the title "Pure Sweat Sauna Studio\_Cool Springs" and the username "pssscoolsprings" may be used. Or, for a Pure Sweat + Float franchise, "Pure Sweat + Float Studio\_Cool Springs" and the username "psfscoolsprings" may be used. Franchisor may adjust these requirements at its discretion. The precise Username requires prior written approval by Franchisor.

(c) When using Social Media, Franchisee shall:

- (i) only post or use content and information for purposes of advertising and promoting the Studio;
  - (ii) only post or use truthful content that is not misleading;
  - (iii) comply with our brand standards, as outlined in the social media guide portion of the Operations Manual;
  - (iv) comply with all relevant laws and regulations concerning endorsements and testimonials in advertising;
  - (v) post or use content that may be provided by the Franchisor from time to time for that purpose;
  - (vi) monitor all content posted by third parties and, if it violates this Agreement, the Confidential Operations Manual, or any laws or regulations, immediately cause such content to be removed;
  - (vii) where possible, include a hyperlink to the applicable Pure Sweat Studio website (currently at [www.PureSweatSaunaStudio.com](http://www.PureSweatSaunaStudio.com) or [www.PureSweatFloatStudio.com](http://www.PureSweatFloatStudio.com))\_and such additional websites as Franchisor may direct;
  - (viii) when appropriate, or when otherwise required by Franchisor, include a disclaimer indicating that the views expressed are those of the Franchisee, and do not necessarily reflect the views or position of the Franchisor; and.
  - (ix) preserve all content posted on Social Media, and provide Franchisor with complete copies thereof upon Franchisor's request.
- (d) When using Social Media, Franchisee shall not:
- (i) use Social Media for any purposes other than to advertise and promote the Studio;
  - (ii) slander or defame another person or entity, including but not limited to competitors, employees, customers, suppliers, or Franchisor;
  - (iii) harass employees, customers, or any other person;
  - (iv) post content relating to issues such as religion, politics, or other potentially incendiary topics, or content that is racist, offensive, pornographic, or otherwise objectionable;
  - (v) post or use content that is incompatible with Franchisor's image;
  - (vi) use direct messaging and similar features of Social Media outlets to directly contact customers, potential customers, or any third parties without Franchisor consent;
  - (vii) place a hyperlink to any third party website without Franchisor's prior written approval in each instance;
  - (viii) use materials that are owned by any third party in an infringing manner, including,

but not limited to content protected by copyright and trademark laws;

(ix) violate privacy laws or post personal or sensitive information of any person, including street address, email address, identification numbers, medical condition, and similar information, or misuse the confidential or private information of customers;

(x) disclose proprietary information of customers or suppliers;

(xi) use or post the confidential or proprietary information of Franchisor, or breach any other restrictions in this Agreement or the Confidential Operations Manual relating to confidentiality and disclosure; and

(xii) post or comment on legal matters, or private matters internal to Franchisor or the System.

(e) Franchisee alone is responsible for all costs incurred and content used in connection with Social Media, and it is solely responsible for complying with all laws and regulations and third-party site terms and conditions. Franchisor is not liable for the Franchisee's use of Social Media, and it does not have responsibility or obligation for monitoring compliance with such laws, regulations, or terms and conditions. Any approval by Franchisor of the use of Social Media by Franchisee hereunder, or the monitoring thereof, does not constitute a representation that the Franchisee is in compliance with laws, regulations or terms and conditions. Franchisee alone is responsible for monitoring its employees to ensure compliance with these requirements.

(f) The term "Social Media" hereunder shall not include the personal social media accounts or websites of Franchisee or any of its employees. Franchisee and its employees are prohibited from using any personal social media accounts or websites to discuss or refer to the Franchisor or to advertise or promote the Studio. Franchisees and its employees are prohibited from identifying themselves as Franchisee employees (other than on LinkedIn or similar career-oriented Social Media) and from using the marks on personal social media accounts or websites.

(g) Franchisee acknowledges that Social Media is a rapidly developing field and that Franchisor is entitled to modify the provisions of this Article 8.6 and to add guidelines on use of Social Media to the Confidential Operations Manual. In the event of such modification or the inclusion of such guidelines by Franchisor, Franchisee agrees that they will be legally binding on Franchisee from the date on which Franchisee receives written notification thereof.

(h) Franchisee acknowledges Franchisor's unlimited right to use Social Media, directly and through licensees, franchisees and affiliates (current and future), without territorial or other restriction of any kind.

## 8.7 Marketing Fund.

Franchisor shall use the Monthly Marketing Fee for a marketing fund (the "**Marketing Fund**"). The Marketing Fund shall be maintained and administered by Franchisor or its designee, as follows:

(a) Franchisor shall direct all advertising, marketing, brand, and business development programs with sole discretion over the creative concepts, materials and media (the "**Marketing Materials**") used in such programs and the placement and allocation thereof. Franchisor reserves the right in its sole and exclusive discretion to use such media, create such programs, and allocate any money from the Marketing Fund to such regions or localities as Franchisor shall deem appropriate. All Marketing Materials,

including all copyright rights therein, shall be and shall remain the sole property of Franchisor, and may not be altered by Franchisee. Franchisee acknowledges that the Marketing Fund need not be spent pro rata with respect to the Franchisee's contribution, and is intended to further the general recognition and acceptance of the Marks and to augment and improve the System.

(b) The Marketing Fund may be used to meet any and all costs of maintaining, administering, staffing, directing, conducting, and preparing advertising, marketing, public relations, brand development, promotional programs and materials and programs, and/or any other activities which we believe will enhance the image and performance of the Marks or the System. This includes, without limitation, the cost of (1) preparing and conducting advertising campaigns and materials for television, radio, internet, social media, magazines, newspapers, and other media, and other public relations activities, (2) employing advertising agencies to assist therein, (3) producing signage and point-of-sale materials, (4) conducting marketing activities, (5) conducting brand development activities, (6) modifying sections of the Operations Manual related to marketing and promotion,, (7) compensating personnel employed by Franchisor who engage in advertising, marketing, public relations, or brand development activities on behalf of the Marketing Fund, if Franchisor in its sole and exclusive discretion, decides to employ such personnel, but only to the extent such personnel actually devote time to such activities, (8) providing promotional brochures and other marketing materials to franchisees, (9) updating and maintaining the Franchisor's website, (10) conducting training related to advertising or marketing, and (11) any other activities that we believe will enhance the image and performance of the Marks or the System. Sums paid by Franchisee to the Marketing Fund shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Marketing Fund and its related programs, including, without limitation, conducting research, preparing materials, and collecting and accounting for assessments for the Marketing Fund.

(c) An accounting of the operation of the Marketing Fund shall be prepared annually and shall be made available to Franchisee upon request.

(d) We may use an in-house advertising department or outside regional or national advertising agencies.

(e) We may spend in any fiscal year an amount greater or less than the aggregate Marketing Fees collected from all franchisees in that year, and we may apply contributions to past expenditures and carry over any surplus or deficit to future years.

(f) Our company or affiliate-owned operations offering products and services similar to our franchisees may or may not be required to pay Marketing Fees.

## 8.8 Telephone Number.

(a) Franchisee acknowledges that its telephone and fax numbers for the Studio shall be the property of Franchisor and must therefore remain with Franchisor following termination or expiration of this Agreement.

(b) At its sole expense, Franchisee shall obtain appropriate business and telephone listings in accordance with procedures prescribed by the Confidential Operations Manual, covering the Territory or such other areas as Franchisor may direct, as promptly as possible after the Effective Date, and shall list telephone numbers and website links for the Franchise. If Franchisee is engaged in businesses other than the Franchise, Franchisee must maintain different telephone numbers and may make no reference to the Franchise in any telephone directory listings of such other businesses.

(a) Upon termination of this Agreement for any reason, or expiration of this Agreement, the telephone and fax numbers shall remain with the Franchisor, and may not be disconnected by Franchisee.

(b) Franchisee further agrees to execute any applicable telephone number transfer forms relating to telephone numbers for the Franchise that Franchisor requires. Also, Franchisee hereby irrevocably appoints and designates Franchisor as Franchisee's attorney-in-fact to transfer any listed telephone numbers relating to the Franchise if necessary and to discontinue telephone directory listings using the fictitious name or assumed name, in the event of termination or expiration of this Agreement. In order to facilitate same, Franchisee shall be required to execute Exhibit D annexed hereto.

## 8.9 Marketing and Providing Services.

You may not use alternative distribution channels to make sales outside or inside your Territory, except as otherwise allowed by us in the Operations Manual.

Except with our prior written permission, you shall not offer or sell products or services from any location other than the Studio. Except with our prior written permission, you shall not place advertisements using our trade names or service marks in or originating from any area other than the Territory. This includes, but is not limited to, internet, catalog sales, telemarketing or other direct marketing. You may not advertise in any media whose primary circulation is outside the Territory, except with our prior written permission and the prior written consent of any of our franchisees whose territory is reached by that media.

All internet marketing is part of our marketing programs described in the Operations Manual and defined in this Agreement, and must be coordinated through us and approved by us. You may not acquire an independent internet domain name or website.

If other PS+FS Businesses solicit customers in your Territory or sponsor advertising which reaches persons in your Territory (e.g. in violation of the Franchise Agreement), then we will have no liability to you for this.

## **ARTICLE 9** **Taxes, Permits and Compliance**

### 9.1 Taxes.

(a) Franchisee shall bear sole responsibility for the payment of any sales tax, value added tax, and other similar levies or taxes imposed on or arising as a result of Franchisee's payment of any fee or other amount under this Agreement, including, but not limited to, the Initial Fee, the Monthly Royalty Fee, and the Transfer Fee, and Marketing Fee, none of which shall be reduced because of Franchisee's payment of any such taxes or levies. In the event that Franchisor is required by a third party to pay such taxes or levies, Franchisee shall pay to Franchisor upon demand an amount equal to any such tax or levy together with any interest, penalties or surcharges attributable thereto.

(b) Franchisee shall (i) remit to the proper governing authority in a timely manner any taxes required to be withheld by Franchisee from payments made to Franchisor, (ii) provide to Franchisor an official receipt issued by the proper governing authority for payment of such taxes within ten (10) days of such payment together with copies of said tax filings and other evidence of receipt of payment, (iii) set forth in a monthly operating report, signed by an officer of Franchisee, in the form prescribed by the Franchisor, the amount of such taxes and the payments to which they relate, (iv) at the request of Franchisor, make a claim for, or provide such assistance as Franchisor may reasonably request in making a claim for, relief

under any applicable double tax or similar treaty in respect of any amount payable by Franchisee to Franchisor pursuant to this Agreement whether such relief takes the form of an exemption (in whole or in part) from a requirement to deduct or to withhold an amount of or in respect of tax or a repayment or refund of or on account of tax, and (v) execute such documents and do all such acts and things and supply such information to Franchisor or the relevant taxing authorities as may be requested by Franchisor or such taxing authorities in relation to any such claim. The respective fee shall be reduced for payment of such withholding taxes, provided that Franchisee provides Franchisor with evidence of such payment. Franchisee shall indemnify Franchisor for any interest, penalties, late charges or other charges assessed against Franchisor as a result of Franchisee's failure to pay or delinquent payment of all such taxes.

(c) Franchisee shall pay all applicable income and other taxes on a timely basis.

## 9.2 Permits and Approvals.

(a) Franchisee shall timely secure and maintain in full force all required approvals, consents, permits, licenses, and certificates, and shall make all filings necessary to enter into, make enforceable the terms of, or to perform under, this Agreement from and with all governmental, fiscal, and/or other proper authorities which are required by the applicable laws and regulations of the Territory or which Franchisor may request, including, without limitation, any approvals, consents, permits, licenses, and filings necessary to permit payments hereunder. Franchisor at all times, and in any manner it deems desirable, shall have the right to participate in any process or negotiations for any approvals, consents, permits, and licenses.

(b) As part of the process of obtaining any such approval, consent, permit, license, or certificate, Franchisor shall assist Franchisee, as requested, in responding to any inquiry from any governmental or other proper authority. Franchisee at all times shall keep Franchisor fully informed of the status of any proceeding with respect to any such approval, consent, permit, license, certificate, or filing and shall provide Franchisor with copies of any and all forms concerning the Studio that Franchisee files or submits to any authority. If any required approval of this Agreement has not been received within ninety (90) days from the date of execution hereof, then either party may withdraw from this Agreement by giving notice to the other without incurring liability to the other party as a result of such withdrawal.

(c) Should Franchisor elect to record this Agreement, a summary hereof, or any related document, Franchisee shall pay all related taxes, fees, and expenses, and shall provide such cooperation as Franchisor reasonably may require.

(d) If, at any time during the Term, any government or agency thereof should require, directly or indirectly, any alteration or modification of any term or condition of this Agreement, or of the performance of the parties hereunder, the parties agree to use their best efforts to comply with such request. Should, however, either of the parties consider such a request to be material and adverse to it, then such party may terminate this Agreement by giving written notice to such effect to the other party hereto.

## 9.3 Compliance.

(a) Franchisee shall comply with all laws, statutes, ordinances, rules, and regulations relating to the full and proper operation of the Studio. To the extent that the requirements of said laws, statutes, ordinances, rules, and regulations are in conflict with the terms of this Agreement, the Confidential Operations Manual, or other instructions of Franchisor, Franchisee shall comply with said laws and immediately shall provide written notice of such conflict to Franchisor. If Franchisor determines such compliance is material and adverse to it, Franchisor may terminate this Agreement upon reasonable notice.

(b) Without in any way limiting any other provision of this Agreement, Franchisee shall

comply with all laws, statutes, ordinances, rules, and regulations relating to data protection and privacy, and shall complete and sign the certificate attached hereto as Exhibit E.

(c) Franchisee shall comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization or standards that Franchisor may reasonably specify. Among other things, Franchisee agrees to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

## **ARTICLE 10**

### **Protection of Intellectual Property**

#### 10.1 Trade Secrets.

(a) Franchisee acknowledges that all elements of the System, the Confidential Operations Manual, training materials, Studio design specifications, price lists, sales techniques, and accounting and operation systems (including all amendments and supplements to any and all of the aforementioned), together with all other information relating to the Pure Sweat Studio franchise system or arising out of Franchisee's operation of the Studio, including without limitation all customer data (the "**Confidential Information**") are trade secrets of Franchisor. Franchisee acknowledges that Franchisee does not and shall not acquire any right or interest therein beyond the rights expressly granted to it under this Agreement. Franchisee shall maintain adequate security in the control, use, and handling of the Confidential Information in accordance with the practices described in the Confidential Operations Manual or as stated otherwise in writing from time to time. Franchisee shall maintain the absolute confidentiality of all such Confidential Information during and after the Term, and shall not use any such Confidential Information in any other business or in any manner not specifically authorized or approved in writing by Franchisor.

(b) Notwithstanding the provisions of Article 10.1(a), Franchisee shall be permitted to disclose Confidential Information to those of its employees who must have access to such information, provided that such disclosure shall be permitted only to the extent necessary for the operation of the Studio. Franchisee shall procure execution of a confidentiality (and non-competition) agreement in the form attached hereto as Exhibit C by each such employee.

(c) At the request of Franchisor, Franchisee shall share with Franchisor and/or prospective franchisees, as Franchisor may direct, all information related to the Studio which is not secret.

#### 10.2 The Marks and Copyrighted Materials.

(a) Franchisee acknowledges that Franchisee's right to use the Marks and the Copyrighted Materials is derived solely from this Agreement and is limited to the operation of the Studio by Franchisee pursuant to this Agreement. Franchisee acknowledges that Franchisee does not and shall not acquire any right or interest therein beyond the rights to use the Marks and Copyrighted Materials expressly granted to it under this Agreement. Franchisee acknowledges that any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor.

(b) Franchisee shall not, at any time during the Term or after its termination or expiration, contest the validity or ownership of any of the Marks or the Copyrighted Materials or aid, assist, or encourage any other party to take any action that would harm or infringe the Marks or Copyrighted Materials. Franchisee also shall not, at any time during the Term or after its termination or expiration, file for rights in any of Franchisor's intellectual property, for Franchisee's interest.

(c) Franchisee shall operate, advertise, and promote the Studio using the Pure Sweat Sauna Studio or Pure Sweat + Float Studio name (depending upon the type of franchise) without the addition of any prefix or suffix or the use of any other name, translation, transliteration or designation, except as Franchisor specifically authorizes in writing. Franchisee shall neither use, unless authorized by Franchisor pursuant to Article 8.4 or 8.6, nor authorize any third party to use, any Mark or portion of any Mark with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified, translated or transliterated form, as part of any domain name, email address, Username, or trade name of Franchisee or any third party. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by Franchisor hereunder.

(d) Under no circumstances shall Franchisee use Franchisor's name or any of the Marks or Copyrighted Materials (i) on any form, publication, material, or item that has not been approved in writing by Franchisor, and (ii) without such notice or notices of trademark, copyright, and other proprietary rights as requested by Franchisor. Unless otherwise notified by Franchisor, the copyright notice shall be as follows: "Copyright© 20\_Pure Sweat Studios LLC. All rights reserved." Franchisee, at all times when it uses a Mark, shall indicate Franchisor as the owner of the Mark by using the registration symbol "®" for registered trademarks and service marks (or the designations TM or SM where applicable as specified by Franchisor). Franchisee shall not permit any such notice to be altered, erased, defaced, or over-printed.

(e) Franchisor reserves all rights to control the form and manner in which the Marks are used, and Franchisee agrees to use only those labels, imprints, and other devices, and only the formats, designs, and colors of the Marks that are shown in the Confidential Operations Manual, as the same may be modified by Franchisor from time to time in writing. Franchisor shall have the right to restrict the use of a particular design or format of the Marks to a particular use within the scope of this Agreement, and require that said format or design of the Marks be put to no other use.

(f) Franchisor retains the right to assign or otherwise transfer any of the Marks or Copyrighted Materials to any other entity, and no such transfer or assignment shall require any consent from Franchisee, provided that no such transfer or assignment shall result in the termination of this Agreement.

(g) Upon the termination or expiration of this Agreement, Franchisee shall immediately discontinue use of the Marks, the System and the Copyrighted Materials.

(h) Franchisee shall not create, use or register any translation or transliteration of any of the Marks without Franchisor's prior written consent.

(i) Franchisee acknowledges and understands that there may be instances of uses of the Marks and the Copyrighted Materials in the Territory that are not authorized by Franchisor, and Franchisee agrees that these unauthorized uses shall not constitute a default under this Agreement by Franchisor or a defense to nonperformance under this Agreement.

### 10.3 Quality Control.

(a) Franchisor shall have the right to control, and Franchisee hereby grants to Franchisor the right to control the nature and quality of the services and products sold by Franchisee under the Marks, and, pursuant thereto, Franchisee agrees to maintain such standards of quality for all services and products as required by Franchisor. Franchisee shall submit to Franchisor such evidence as Franchisor may reasonably require to ensure Franchisee's compliance with its obligations set forth herein. Franchisee agrees not to deviate from the standards set by Franchisor for the operation of its Studio, and agrees such standards are

necessary to maintain the name and reputation of Franchisor and the System.

(b) Franchisor shall have the right of entry and inspection of the Studio at all reasonable times and, additionally, shall have the right to observe and audit the manner in which Franchisee is rendering its services and conducting its operations in all respects, to confer with Franchisee's employees and customers, to observe Franchisee's procedures for evaluation purposes to make certain that the services and operations are satisfactory and meet the quality control provisions and performance standards established by Franchisor to maintain the name and reputation of Franchisor and the System.

(c) If any audit discloses a deficiency in the rendering of services, conducting of operations, or otherwise, Franchisor may set such requirements and deadlines as are reasonably necessary to ensure that Franchisee meets the above quality control provisions and performance standards. In the event that Franchisee fails to meet any remediation requirements or deadlines, Franchisor shall have the right to charge Franchisee for its audit service, which fee shall be paid within thirty (30) days of the date of invoice for the same. Franchisee acknowledges that any failure to meet any requirements or deadlines for two (2) consecutive audits shall constitute grounds for immediate termination of this Agreement and Franchisor may give a notice of termination effective immediately upon receipt by Franchisee.

(d) In the event any audit or other investigation by Franchisor, or any complaint by a customer of Franchisee, reveals that the quality of Franchisee's services in respect of any customer is sufficiently deficient, in Franchisor's sole determination, that the name and reputation of Franchisor is at immediate risk, Franchisor or any affiliate (current and future) of Franchisor shall have the right but not the obligation, as a non-exclusive remedy, to take over services in respect of such customer/s and require that Franchisee ceases services to such customer/s.

#### 10.4 Disclaimers of Franchisor.

Nothing in this Agreement shall be construed as:

(a) A warranty, guarantee, or representation by Franchisor as to the nature, significance, validity, or incontestability of the Marks or registration thereof;

(b) A warranty, guarantee, or representation by Franchisor that any use made of the Marks under this Agreement is, or will be, free from infringement of trademark rights of third parties;

(c) A requirement that Franchisor shall file any trademark application, secure any trademark registration, or maintain any registration in force;

(d) A warranty, guarantee, or representation that no third party will use the Marks in the Territory or an agreement by Franchisor to bring or prosecute actions or suits against third parties for infringement of any of the Marks; or

(e) A statement, representation or warranty of present or continuing value of any Mark or creating any rights whatsoever in or for Franchisee upon claimed or actual diminution of the value, significance, or importance of any of the Marks.

#### 10.5 Domain Names and Usernames.

The use of Domain Names and Usernames containing any Mark does not convey any ownership of or right to use such Mark and Franchisee acknowledges that any goodwill established by such use shall inure to the exclusive benefit of Franchisor. Franchisee agrees not to register any domain name containing

a Mark or similar word, or any portion of a Mark or similar word, except pursuant to Article 8.4.

10.6 Franchisor Modification.

Franchisee acknowledges that Franchisor may, in its sole discretion, modify or discontinue use of the Marks, Copyrighted Materials, and/or the System within a reasonable time after notice to Franchisee. In the event of any such changes, it shall be the sole responsibility of Franchisee to make such expenditures as are reasonably required for compliance with such modification or discontinuance.

10.7 Franchisee Modifications.

Franchisee agrees that it shall be prohibited from modifying or altering the Copyrighted Materials, or the System in any respect, whether in relation to design, content, manufacture, use or otherwise, without the prior written consent of Franchisor. In the event such prior written consent is given, and in the event Franchisee makes any such modification without the consent of Franchisor notwithstanding the aforementioned, all right, title, and interest in and to such modifications made by Franchisee and Franchisee's employees and agents shall be the sole and exclusive property of Franchisor, and Franchisee shall, for no additional consideration, promptly execute, and cause its employees and agents to execute, any and all documents required to transfer and assign such right, title, and interest to Franchisor. These modifications, if patentable or subject to trademark or copyright protection, may be filed and registered as patents, trademarks or copyrights, as the case may be, by Franchisor during and after the Term and Franchisee shall assist Franchisor in any registration or filing process if so requested. In the event that such modifications cannot be transferred or assigned, Franchisee agrees to grant to Franchisor an irrevocable, worldwide, exclusive, royalty- free license (with the right to sub-license) to such modifications. In any event, all such modifications shall be considered as part of Franchisor's Confidential Information.

10.8 Unfair Competition.

Franchisee acknowledges the uniqueness of the System, the Marks and the Copyrighted Materials, and the associated knowledge, know-how, and expertise of Franchisor. Franchisee agrees that it would be an unfair method of competition to use or duplicate the System, the Marks, the Copyrighted Materials or any of the knowledge, know-how, and expertise received from Franchisor for any use other than for the operation of the Studio strictly in accordance with the licenses and restrictions in this Agreement.

10.9 Claims Relating to Intellectual Property.

(a) Franchisee shall promptly, and in any event within five (5) days of learning thereof, notify Franchisor of: any known or suspected unauthorized use of any of the Marks, Copyrighted Materials, or Confidential Information by third parties; any claim or potential claim based upon, or arising from, any attempt by a third party to use any of the Marks or any colorable imitation thereof, the Copyrighted Materials, the Confidential Information, or any part thereof; or any claim or potential claim against Franchisee relating to the Marks, the Copyrighted Materials or the Confidential Information.

(b) Franchisor shall have the sole right, but is not obligated, to defend, settle, assert, or bring any action relating to the Marks, Copyrighted Materials, or Confidential Information and each shall exercise such right in its sole discretion. In any defense or prosecution of any claim or litigation relating to the Marks, Copyrighted Materials, or Confidential Information undertaken by Franchisor, Franchisee shall cooperate with Franchisor and provide evidence, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of Franchisor or its counsel to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action.

**ARTICLE 11**  
**Franchisee's Representations; Conditions Precedent; Owner Guarantees**

11.1 Representations and Warranties.

Franchisee represents and warrants to Franchisor that each of the following is and, at all times while this Agreement is in effect, will remain complete and correct: (i) except as a result of transfers permitted by Article 14 and where Franchisee is not an individual, the equity of the Franchisee is as shown in Exhibit A; (ii) where Franchisee is not an individual, Franchisee is an entity as stated in Exhibit A, and its activities are confined exclusively to owning and operating the Studio under the terms of this Agreement; (iii) all certificates, if any, representing ownership of the Franchisee bear a legend that they are subject to the terms of this Agreement.

11.2 Conditions Precedent.

Any and all obligations of Franchisor under this Agreement are conditional upon Franchisor receiving from the Franchisee the following documents and other evidence in form and substance satisfactory to Franchisor:

- (a) a certified copy of the Articles of Association, or equivalent, of Franchisee;
- (b) a commercial registration extract for Franchisee issued by the relevant jurisdiction company register no later than 60 days prior to the planned execution of the Agreement;
- (c) a copy of a valid commercial license for Franchisee, if applicable; and
- (d) a resolution authorizing the signatory of Franchisee to execute this Agreement.

11.3 Owner Guarantees.

If Franchisee is not an individual, Franchisee shall procure the execution of a guarantee, confidentiality and non-competition agreement in the form attached as Exhibit B by each owner of Franchisee as Franchisor may designate.

**ARTICLE 12**  
**Default and Termination**

12.1 Default and Termination Immediately Upon Notice.

Franchisor may terminate this Agreement immediately upon delivery of a written notice of termination to Franchisee in accordance with Article 18.5, for any one or more of the following reasons:

- (a) Franchisee expressly or impliedly misrepresents the results of the sauna or floatation services provided at the Studio.
- (b) A change in the control of Franchisee or the Studio without Franchisor's prior written consent.
- (c) A breach of Franchisee's obligations under Article 10, or Franchisee engaging in, or assisting any other party to engage in, any action that would harm or infringe the Marks, the System, the Copyrighted Materials or the Confidential Information.

(d) Franchisee's insolvency or its written admission of its inability to pay its obligations as they mature, the calling or convening of a meeting of creditors of Franchisee, the making of an assignment for the benefit of its creditors by Franchisee, the declaration of bankruptcy or judicial determination of insolvency of Franchisee, or the appointment of a receiver or trustee of all or part of the assets of Franchisee.

(e) Franchisee's failure to comply with the provisions of Article 14.3.

(f) Franchisee's or Owner's conviction of any felony or Franchisee's or Owner's conviction of any crime for which a substantial penalty is imposed.

(g) The Studio is seized, closed or prevented from operating.

(h) Franchisee's failure to open and commence full and continuous operation of the Studio within three hundred sixty-five (365) days from the Effective Date.

(i) Franchisee's failure two (2) times within any twelve (12) month period to pay any sums due hereunder or under any other agreement between the parties within ten (10) days after the same are due.

(j) Any behavior by an owner, principal, or director of Franchisee which in Franchisor's sole determination, would tend to bring Franchisor, the Studio or the System into disrepute, or tend to cause damage to the name and reputation of Franchisor.

(k) Franchisee's failure to operate the Studio, which failure lasts for ten (10) or more consecutive business days.

(l) Franchisee's failure to permit Franchisor to inspect the premises, observe the operation, or conduct an audit of the Studio.

(m) Franchisee's failure to comply with all requirements and deadlines set by Franchisor following two (2) consecutive audits carried out pursuant to Article 10.3.

(n) Franchisee's breach of any of the obligations contained in Articles 9.3(b) or 9.3(c).

## 12.2 Default and Termination Following Notice and Opportunity to Cure.

(a) Unless cured as provided for in Article 12.2(b), Franchisor may terminate this Agreement for Franchisee's failure to comply with this Agreement, or any other Agreement between Franchisor and Franchisee, including, but not limited to the following:

(i) Franchisee's offer of products or services at the Studio that are not approved by Franchisor or are incompatible with the System.

(ii) Franchisee's express or implied guarantee of the results of the sauna or floatation services, except as specifically authorized by Franchisor.

(iii) Franchisee's failure to provide adequately trained staff to operate the sauna and floatation equipment.

(iv) Franchisee's failure to provide any financial report, or to pay any Monthly

Royalty Fee or Monthly Marketing Fee when due, or to pay any other amount required under this Agreement or any other agreement between the parties when due.

(v) Franchisee's failure to comply with required standards and policies set forth in the Confidential Operations Manual and any modifications thereto.

(vi) Franchisee's failure to obtain and maintain all necessary government approvals, or permits and licenses for the operation of the Studio, or Franchisee's failure to comply with any applicable laws.

(vii) Franchisee's failure to prevent the occurrence of unlawful activities or the sale, use, or exchange of any unauthorized or illegal material at the Studio.

(viii) Franchisee's failure to maintain insurance as required by the terms of Article 7.4 of this Agreement, and/or the Confidential Operations Manual.

(ix) Franchisee's failure to comply with Franchisor's policies regarding advertising.

(x) Franchisee's failure to accurately describe any facts in Franchisee's application for the franchise, or any facts concerning the ownership structure of Franchisee or the Studio.

(xi) Franchisee's failure to act in good faith to carry out the terms and conditions of this Agreement.

(xii) Franchisee conducting any business relating to this Agreement outside the Territory without Franchisor's written consent.

(b) Upon default by Franchisee under any provision of this Agreement, Franchisor may terminate this Agreement by providing Franchisee with a notice of default ("**Notice of Default**") in accordance with Article 18.5, and an opportunity to cure. Franchisee shall be given time to cure any such default, which shall be not less than ten (10) days with respect to curable monetary defaults, and thirty (30) days with respect to curable non-monetary defaults, after the date of the Notice of Default. If Franchisor determines that Franchisee has cured the breach before the date stated in the Notice of Default, such Notice of Default shall be of no further effect. If Franchisor determines that Franchisee has not cured the breach before the cure date stated in the Notice of Default, then Franchisor may give a notice of termination, setting forth the reason or reasons for termination, and such termination shall become effective immediately upon its receipt by Franchisee.

(c) The notice and opportunity to cure provisions of Article 12.2 are not applicable to the circumstances set forth in Article 12.1 and Article 14.2(a), which provide for immediate termination without opportunity to cure.

## **ARTICLE 13**

### **Rights and Duties of Parties Upon Expiration or Termination**

#### **13.1 Obligations of Franchisee.**

Upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate, and:

(a) Franchisee shall immediately cease to operate the Studio, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

(b) Franchisee shall immediately and permanently cease to use, in any manner whatsoever, the System, the Marks, the Copyrighted Materials, and any Confidential Information. Franchisee shall cease to use, sell, distribute, trade in, or exploit, without limitation, all websites, domain names, email addresses, Usernames, signs, advertising materials, stationery, forms, and any other articles which contain or display the Marks or otherwise were used or developed in connection with this Agreement.

(c) Franchisee shall take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name rights or other registrations filed with relevant authorities, which contain Marks or other marks associated with Franchisor or the Studio; and Franchisee shall furnish Franchisor with evidence of compliance with this obligation satisfactory to Franchisor within thirty (30) days after termination or expiration of this Agreement.

(e) In the event Franchisee continues to operate or subsequently begins to operate any other business, Franchisee shall not use any reproduction, counterfeit, copy, translation, transliteration or colorable imitation of the Marks either in connection with such other business or the promotion thereof; and, further, Franchisee shall not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor.

(f) Franchisee shall expeditiously comply with the provisions of Article 8.9.

(g) Franchisee shall immediately pay all sums owing to Franchisor. In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees and disbursements, incurred by Franchisor in the termination process.

(h) Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees and disbursements, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

(i) Franchisee shall immediately turn over to Franchisor, or destroy, at Franchisor's sole discretion, all authorized and unauthorized copies and notes of the Confidential Operations Manual, all Copyrighted Materials, and all other Confidential Information (all of which are acknowledged to be Franchisor's property). If destroyed, Franchisee must submit certification confirming destruction.

(j) Franchisor shall have the right (but not the duty) to be exercised by notice of intent to do so within thirty (30) days after termination or expiration of this Agreement, to purchase for cash any or all signs (except those signs owned by Franchisor), advertising materials, and all items bearing the Marks, at fair market value. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee under this Agreement against any payment therefor.

(k) Franchisor shall have the right (but not the duty) to be exercised by notice of intent to do so within thirty (30) days after termination or expiration of this Agreement, to purchase any or all of your franchised business-related equipment, trade fixtures, furnishings, supplies, and other personal property ("**Personal Property**") and inventory, free and clear of all liens, restrictions, or encumbrances. The purchase price will be fair market value for Personal Property, and your invoice cost for inventory. We will not be liable for payment to you for intangibles, including goodwill. If we elect this option, then the parties will make good faith efforts to agree on a purchase price and reasonable payment terms within 10 days after the date of our written notice described above. If the parties cannot agree within the 10-day period, then

fair value will be determined by a single appraiser selected by you from a list of two appraisers provided by us. Any time within 30 days after receiving the appraiser's decision, at our option we may enter into the transaction at the price determined by the appraiser. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(l) In relation to any Domain Names not controlled by Franchisor, Franchisee shall, at no cost to Franchisor: (i) immediately provide Franchisor with the authorization code/s for the Domain Name, if applicable; (ii) authorize the relevant domain registrar/s to transfer the Domain Name to Franchisor or to another entity as directed by Franchisor, by responding to such registrar's electronic request for authorization as soon as such request is submitted; (iii) in a timely manner take any other action which may be necessary for securing, completing and absolutely vesting full right, title, interest and control to the Domain Name in favor of Franchisor, or to another entity as directed by Franchisor; and (iv) undertake all such actions as Franchisor requires to dissociate Franchisee from such Domain Name. In any event, Franchisee agrees that Franchisor may notify the relevant domain name registrar/s of the termination of Franchisee's right to use any Domain Name and instruct such registrar/s to terminate Franchisee's access to and ability to control any Domain Name. Franchisee acknowledges that, as between Franchisor and Franchisee, Franchisor has the sole right to and interest in any Domain Name.

(m) Franchisee shall, at no cost to Franchisor, assign ownership of all websites operated in relation to this Agreement to Franchisor or to another entity as directed by Franchisor, and Franchisee will undertake all such actions as Franchisor requires to dissociate Franchisee from such website/s.

(n) Franchisee shall transfer and assign all Social Media accounts and content, and any related usernames, listings and registrations operated pursuant to this Agreement to Franchisor or to another entity as directed by Franchisor, and Franchisee will undertake all such actions as Franchisor requires to dissociate Franchisee from such Social Media accounts, and shall in a timely manner take any other actions which may be necessary for securing, completing and absolutely vesting full right, title, interest and control to the Social Media accounts, the content thereon, and any related usernames, listings and registrations in favor of Franchisor, or to another entity as directed by Franchisor.

(o) Franchisee shall destroy all other materials containing the Marks and deliver a certificate of such destruction to Franchisor, or, with Franchisor's prior written approval, deliver such materials to Franchisor.

(p) Franchisee shall comply with the covenants not to compete in Article 16 of this Agreement.

(q) Franchisee shall, at Franchisor's option, assign to Franchisor or any other party that Franchisor may specify any interest which Franchisee has in any lease or sublease for the premises of the Studio.

### 13.2 Settlement of Outstanding Contracts with Customers.

Franchisee agrees that it is solely responsible for the settlement of all claims of Franchisee's customers who have booked or paid for services not completed on the effective date of expiration or termination of this Agreement.

### 13.3 Cessation of Sales Activities.

If Franchisee is in breach of any material provision of this Agreement which is either incurable or

which has not been cured after Franchisor has given Franchisee a Notice of Default and opportunity to cure, as a non-exclusive remedy Franchisor shall have no obligation whatsoever to sell any products, equipment or services to Franchisee. Franchisee shall not have a defense at law or equity based upon impossibility of Franchisee's performance as a result thereof, nor will Franchisee have any claim against Franchisor.

13.4 Payment of All Obligations Due.

The expiration or termination of this Agreement shall not relieve Franchisee from its obligation to pay Franchisor and other creditors when due any and all obligations and indebtedness incurred, or any Monthly Royalty Fee or Monthly Marketing Fee accrued as of the effective date of termination, and Franchisee's obligation under Article 4.3 shall remain in full force and effect.

13.5 Continuing Obligations.

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding such expiration or termination, until they are satisfied in full or by their nature expire.

13.6 No Compensation.

IN THE EVENT OF NONRENEWAL OR TERMINATION BY EITHER PARTY IN ACCORDANCE WITH THIS AGREEMENT, FRANCHISOR SHALL HAVE NO LIABILITY TO FRANCHISEE FOR ANY COMPENSATION, REIMBURSEMENT OR DAMAGES OF ANY KIND OR NATURE BY REASON OF SUCH NONRENEWAL OR TERMINATION INCLUDING FOR EXAMPLE ON ACCOUNT OF LOSS OF PROSPECTIVE PROFITS OR ANTICIPATED SALES, OR ON ACCOUNT OF ANY EXPENDITURE, INVESTMENT, LEASE OR COMMITMENT, OR ON ACCOUNT OF GOODWILL, MARKET SHARE, OR REPUTATION ESTABLISHED BY FRANCHISEE, OR OTHERWISE, AND ANY SUCH CLAIM OR CAUSE OF ACTION IS HEREBY WAIVED AND RELINQUISHED IN PERPETUITY BY FRANCHISEE.

**ARTICLE 14**  
**Transferability of Interest**

14.1 Transfer or Assignment by Franchisor.

This Agreement and all rights and duties of Franchisor hereunder may be freely assigned or transferred by Franchisor at its sole discretion to any person or entity which agrees to assume Franchisor's obligations hereunder, and shall be binding upon and inure to the benefit of Franchisor's successors and assigns including, without limitation, any entity which acquires all or a portion of the membership interest, capital stock or assets of Franchisor or any entity resulting from or participating in a merger, consolidation or reorganization in which Franchisor is involved, and to which Franchisor's rights and duties hereunder are assigned or transferred.

14.2 Assignment by Franchisee; Change of Ownership.

(a) Franchisee shall not sell, assign (including, but not limited to, assignments by operation of law), or otherwise transfer this Agreement (an "**Assignment**"), without Franchisor's prior written consent, which consent shall not be unreasonably withheld. An Assignment shall be deemed to include any transfer, sale, encumbrance or pledge of any direct or indirect ownership interest which results in a change in the control of Franchisee, the Studio, or substantially all of the assets of Franchisee or the Studio. Any attempt by Franchisee to effect an Assignment of this Agreement without Franchisor's prior written consent

shall be void and of no force and effect, and shall result in the immediate termination, without notice, of this Agreement.

(b) Franchisee shall provide a written request for Franchisor's consent to any Assignment no less than ninety (90) days prior to the proposed effective date of the requested Assignment. In the event a requested Assignment relates to a bona fide third party offer, Franchisee shall include in such written request the name and address of the proposed assignee and the price, terms, and conditions of the offer. As a condition to considering the request, Franchisor may require such financial and other information concerning the proposed assignee as Franchisor in its absolute discretion deems appropriate. Any request by Franchisor for information concerning the assignee shall be made no later than thirty (30) days after the Franchisee has requested Franchisor's consent to such Assignment. Franchisee shall bear all costs and expenses in connection with an Assignment, including, but not limited to, legal fees incurred to prepare the written form of Assignment, and registration, if such is required, as well as any franchise broker and similar or related fees.

(c) Prior to and as a condition precedent to any proposed transfer of any rights or interest hereunder, Franchisee shall provide Franchisor with the information necessary to satisfy Franchisor that the following conditions have been met:

(i) The proposed transferee, at Franchisor's option, shall have executed either a written assignment in form and substance satisfactory to Franchisor assuming all of Franchisee's duties and obligations under this Agreement, or the transferee shall execute a new franchise agreement and any other currently used agreements on Franchisor's then current forms;

(ii) Franchisee shall have paid in full and otherwise have satisfied all of its obligations under this Agreement, all related agreements, and otherwise owing to Franchisor;

(iii) Franchisee shall execute, on a form satisfactory to Franchisor, a general release of all claims against Franchisor;

(iv) The owner(s) of the proposed transferee, at the proposed transferee's expense at Franchisor's standard rate current at the time, shall agree to attend Franchisor's training program required of new operators;

(v) Franchisor may also require satisfactory proof that the transferee is properly authorized to enter into the transaction and perform the obligations of this Agreement;

(vi) In the event any owner of Franchisee who has signed a guarantee with respect to the obligations of the Franchisee pursuant to this Agreement ceases to be an owner of Franchisee, any transferee of such owner's interest may be required by the Franchisor to execute a guarantee, in a form satisfactory to Franchisor; and

(vii) Franchisee shall have paid to Franchisor a transfer fee equal to the greater of (a) Twelve Thousand Five Hundred U.S. Dollars (US\$12,500), or (b) one percent (1%) of the purchase price of the interest to be transferred (the "**Transfer Fee**").

(d) Notwithstanding the foregoing, in the event that Franchisee desires to assign this Agreement and has obtained a bona fide third party offer of Assignment, Franchisor shall have the right to meet the bona fide offer, such right to be exercised by Franchisor within thirty (30) days following the later of (i) the date Franchisor receives a copy of Franchisee's written request for Franchisor's consent to the Assignment and (ii) the date Franchisor receives such additional information concerning the proposed

assignee as Franchisor may request pursuant to Article 14.2(b). If Franchisor declines or does not meet the offer within such thirty (30)-day period, Franchisee may, subject to this Article 14.2, thereafter assign this Agreement to the third party, but not at a lower price nor on more favorable terms than were considered by Franchisor. If such an Assignment is not completed within six (6) months from the date the related request for consent is received by Franchisor, Franchisor shall again have the right to meet the offer, such right to be exercised by Franchisor within thirty (30) days of such six (6) month anniversary. Franchisor's failure to exercise this preferential right shall not terminate this Agreement or the preferential right or release Franchisee from any of its obligations under this Agreement.

#### 14.3 Death or Incapacity of Owner.

(a) In the event of the death or incapacity of an Owner holding a 50% or greater ownership interest in Franchisee, the Owner's personal representative shall notify Franchisor within fifteen (15) days of death or the onset of incapacity, and, within one hundred eighty (180) days of such death or the onset of incapacity shall:

(i) Apply to Franchisor for the right of the personal representative, heirs, or devisees, to continue to operate the Studio for the duration of the Term, which right shall be granted upon the fulfillment of all of the conditions set forth in Article 14.2 of this Agreement (except that no Transfer Fee shall be required); or

(ii) Effect an Assignment of Owner's interest in compliance with the provisions of Article 14.2 of this Agreement; *provided, however*, in the event a proper and timely application for the right to continue to operate has been made and rejected, the one hundred eighty (180) days to sell, assign, transfer or convey shall be computed from the date of said rejection.

### **ARTICLE 15** **Independent Contractor; Indemnification**

#### 15.1 No Power to Obligate Franchisor.

This Agreement does not create a fiduciary relationship between the parties nor does it constitute Franchisee as an agent, legal representative, joint venturer, partner, employee, or servant of Franchisor, or joint employer with Franchisor, for any purpose whatsoever. Franchisee shall be an independent contractor and is not authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to create any obligation, express or implied, on behalf of Franchisor. Franchisee shall not, without the prior written approval of Franchisor, have any power to obligate Franchisor for any expenses, liabilities, or other obligations, except as specifically provided for in this Agreement. Franchisor shall not have the power to hire or fire Franchisee's employees, or to control Franchisee's employees, directly or indirectly, except in each case as specifically provided for in this Agreement for the purpose of maintaining the name and reputation of Franchisor and the System. Except as herein expressly provided, Franchisor may not control or have access to Franchisee's funds or the expenditure thereof, or in any other way exercise dominion or control over the Studio. Neither Franchisee nor any employee of Franchisee is, directly or indirectly, expressly or by implication, an employee, solely or jointly, of Franchisor for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings levied or fixed by any government agency.

#### 15.2 No Liability.

Except as otherwise expressly authorized by this Agreement, neither party hereto shall: make any

express or implied agreements, warranties, guarantees, or representations; incur any debt in the name of or on behalf of the other party; or represent that the relationship between Franchisor and Franchisee is other than that of franchisor and franchisee. Franchisor does not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement, nor will Franchisor be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Studio.

### 15.3 Indemnification.

Franchisee acknowledges that it is responsible for all losses, damages and liabilities of any kind arising out of or in connection with its possession, ownership, advertising, management, promotion or operation of the Studio, and Franchisee agrees to defend, indemnify, and hold harmless Franchisor and its affiliates (current and future), from and with respect to any and all claims, suits, demands, losses, obligations, costs, expenses, liabilities, debts and damages arising therefrom or in any way related to the Studio, including but not limited to any arising from or related to Franchisee's actual or alleged breach of this Agreement. Franchisee's responsibility and this indemnity shall include responsibility for the acts and omissions of all of Franchisee's employees, agents, guests, customers and contractors. Franchisor shall notify Franchisee of any claims for which Franchisee may be obligated to indemnify Franchisor under the terms of this Article. If Franchisee fails to assume the defense of any such claims, Franchisor may but is not obligated to defend the action in the manner it deems appropriate, and Franchisee shall pay to Franchisor all costs, including attorneys' fees and disbursements, incurred by Franchisor in effecting such defense, in addition to any sum which Franchisor may pay by reason of any settlement or judgment against Franchisor. Franchisor's rights to indemnity under this Agreement shall arise notwithstanding that joint or concurrent liability may be imposed on Franchisor by statute, ordinance, regulation, or other law.

## **ARTICLE 16** **Non-Competition**

### 16.1 Non-Competition.

For as long as Franchisee remains franchisee under this Agreement and for a period of two (2) years following the expiration or termination of this Agreement for any reason, Franchisee shall not have any interest, directly or indirectly, as an owner (except of publicly-traded securities and interests in other franchises pursuant to other franchise agreements with Franchisor), partner, director, officer, employee, consultant, representative, agent, or in any other capacity, in any business principally offering sauna or floatation services, nor will it have any interest, directly or indirectly, as aforesaid, in any entity which franchises or grants to others the right to offer sauna or floatation services. For as long as Franchisee remains franchisee under this Agreement, such restriction shall have no geographic restriction. During such two (2) year period, such restriction shall be limited to an area within a ten (10) mile radius around the Studio and around the location of any other Pure Sweat Sauna Studio or Pure Sweat + Float Studio. In addition, during such two (2) year period, Franchisee shall not employ, or attempt to employ, any employee or freelancer of Franchisor and its affiliates or any employee or freelancer of the Studio or of any other Pure Sweat Sauna Studio or Pure Sweat + Float Studio. All the foregoing restrictions shall apply regardless of the type of franchise indicated in Exhibit A to this Agreement.

### 16.2 Owner and Employee Non-Competition Agreements.

Franchisee's full compliance with Articles 10.1(b) and 11.3 are conditions to Franchisor's obligations under this Agreement.

## **ARTICLE 17**

## Governing Law; Dispute Resolution

### 17.1 Governing Law.

The laws of the State of Tennessee shall apply to any claim, controversy, difference or dispute of whatsoever kind or nature between the parties, including but not limited to the making, entering into, performance, termination or interpretation of this Agreement (a “**Dispute**”), without giving effect to any conflict-of-law rules of such jurisdiction.

### 17.2 Dispute Resolution.

(a) Except as provided in Article 17.4 and as otherwise provided herein, in the event any Dispute arises, the following resolution procedures shall be followed:

(i) a party claiming that a Dispute has arisen shall give written notice to the other party specifying the nature of the Dispute;

(ii) the parties shall first endeavor in good faith and in an expeditious manner to resolve any claim or controversy expeditiously by negotiation;

(iii) in the event that the Dispute has not been resolved by negotiation within forty-five (45) days of the disputing party’s notice, the parties shall, upon written demand of either party, endeavor in good faith and in an expeditious manner to resolve the Dispute by mediation under the then current Mediation Rules of the American Arbitration Association Commercial Mediation Procedures (the “**Mediation Rules**”). In the event the parties fail to agree on a mediator, the mediator shall be chosen as provided in the Mediation Rules. The mediation conference shall be held in Nashville, Tennessee. The mediation conference shall last for no more than one (1) day (unless otherwise agreed) and the mediation will terminate when a party withdraws from the mediation or as otherwise provided in the Mediation Rules. The mediator’s fees shall be borne equally by the parties. Each party will bear its own costs and expenses of its participation in the mediation;

(iv) in the event the Dispute has not been resolved by mediation within forty-five (45) days of the appointment of a mediator, and upon written demand of either party, a Dispute shall be submitted to arbitration pursuant to the then-prevailing Arbitration Rules of the American Arbitration Association (the “**Arbitration Rules**”) before a panel of three arbitrators, with one arbitrator being chosen by each of the parties, and the third being selected by the two previously chosen arbitrators. In the event the two previously chosen arbitrators cannot agree on the third, the third arbitrator shall be chosen as provided in the Arbitration Rules. Any issue regarding arbitrability or enforcement of this Article, shall be governed by the Federal Arbitration Act of the United States and the federal common law of arbitration. The arbitration proceeding shall be held in Nashville, Tennessee; and the parties hereby waive all questions of personal jurisdiction and venue for the purpose of carrying out this Article. The seat of arbitration shall be Tennessee. The arbitrator’s fee shall be borne equally by the parties. All other costs and expenses of the arbitration shall be borne by the losing party, including reasonable accounting and legal fees and disbursements incurred in connection with such proceeding.

(b) Notwithstanding the above-prescribed time periods for negotiation and mediation, in the event a party reasonably believes that the other is not acting in good faith or in an expeditious manner, such party may commence proceedings pursuant to Article 17.2(a)(iv).

(c) Except in relation to Franchisor’s right to seek immediate injunctive relief and/or payment as provided in Article 17.4 and as otherwise provided herein, and subject to the negotiation and

mediation provisions of this Article 17.2, each of the parties hereby waives all questions of personal jurisdiction, all objections it may have now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of Disputes shall be heard and determined only by arbitration pursuant to Article 17.2(a)(iv), and agrees not to bring any proceeding relating to a Dispute in any court. Subject to the provisions of Article 17.3, the parties hereby agree that the arbitrator may make any award or awards or enter such orders, including an injunction or specific performance as may be deemed appropriate by the arbitrator, but shall have no authority to award punitive or exemplary damages. The Franchisor and Franchisee hereby waive any right to or claim of any punitive or exemplary damages, each against the other, and agree that, in the event of a Dispute, each shall be limited to the recovery of actual damages sustained. Such award or awards shall be the sole and exclusive remedy between the parties hereto regarding any Dispute, except nothing herein shall be deemed to bar Franchisor's right to obtain injunctive relief against conduct or threatened conduct that will cause it loss or damage, or injunctive relief as provided in Article 17.4 or elsewhere in this Agreement. If either party brings any action at law or in equity to enforce or interpret the provisions of this Agreement, the losing party shall pay both parties' attorneys' fees, costs and disbursements. A decision of the arbitrator shall have no collateral estoppel effect with respect to any person or entity not a party to the arbitration proceeding.

(d) All awards shall be paid promptly, free of any tax, deduction, or offset, and any costs, fees, or taxes incident to enforcing the award shall, to the maximum extent permitted by law, be charged against the party resisting such enforcement. Judgment on the award may be entered by either party in any court of competent jurisdiction. The award shall include interest from the date of any damages incurred for breach or other violation of the contract, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator.

### 17.3 Irreparable Harm.

Franchisee and Owner acknowledge that: violation of the provisions of Article 10, Article 13.1(i), or Article 16 of this Agreement, or violation of any other related agreement concerning use of the Marks, the System, the Copyrighted Materials, or the Confidential Information; violation of Franchisee's or Owner's obligations upon termination or expiration of this Agreement; or any assignment, transfer, or attempted assignment or transfer in violation of Article 14 hereof, would constitute irreparable harm to Franchisor for which there is no adequate remedy at law. Therefore, upon breach of Franchisee's obligations under any of the aforementioned Articles, Franchisor shall be entitled to liquidated damages in the amount of Fifty Thousand U.S. Dollars (US\$50,000.00) as a non-exclusive remedy for each such breach. Such liquidated damages shall be in addition to and not in place of Franchisor's equitable and other remedies, including but not limited to injunctive relief.

### 17.4 Court Proceedings.

Notwithstanding Article 17.2, Franchisee acknowledges that:

(a) Franchisor and its affiliates (current and future) shall be entitled to immediate and permanent injunctive relief in any court having competent jurisdiction as a non-exclusive remedy in the event of: actual or threatened violation of the provisions of Article 10, Article 13.1(i) or Article 16 of this Agreement, or violation of any other related agreement concerning use of the Marks, the System, the Copyrighted Materials, or the Confidential Information; violation of Franchisee's or Owner's obligations upon termination or expiration of this Agreement; any assignment, transfer, or attempted assignment or transfer in violation of Article 14 hereof; or any other action or threatened action which could harm Franchisor's or its current and future affiliates' intellectual property.

(b) Without in any way limiting or restricting Article 4.8, Franchisor shall be entitled to

bring proceedings in any court having competent jurisdiction if Franchisee is more than sixty (60) days late in paying any sums due to Franchisor or its affiliates (current and future) under this Agreement or any other agreement, in order to seek to enforce such payment obligations or to enforce the termination of this Agreement for such default.

(c) The mediation and arbitration provisions of this Agreement shall not apply to controversies, disputes, or claims related to or based on (1) improper use of the Marks [including those based on the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.)] or any of the Franchisor's other intellectual property; (2) the violation by Franchisee (or any related individual or entity) of any of the restrictive covenants in this Agreement, including but not limited to those pertaining to non-disclosure and non-use of confidential information and non-competition; or (3) collection of delinquent payments from you.

## **ARTICLE 18**

### **Miscellaneous**

#### 18.1 Entire Agreement.

This Agreement, together with the exhibits, ancillary agreements and Confidential Operations Manual referred to herein, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter of this Agreement. Franchisee acknowledges that it is entering into this Agreement not as a result of any representations about Franchisor or the franchised business made by Franchisor's shareholders, officers, directors, employees, agents, representatives, attorneys, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement or in any disclosure document, prospectus or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

#### 18.2 Counterparts; Effectiveness.

This Agreement may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto.

#### 18.3 Interpretation.

The Article headings herein are included for convenience of reference only and shall be ignored in the construction and interpretation hereof. Whenever required by the context, any gender shall include any other gender, the singular shall include the plural and the plural shall include the singular.

#### 18.4 Severability.

If any provisions of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

#### 18.5 Notice.

Any and all notices required or permitted under this Agreement shall be in writing, and shall be personally delivered, or sent by means that afford the sender evidence of delivery or of rejected delivery (including, but not limited to, transmission by email or fax), to the respective parties at the addresses shown in Exhibit A unless and until a different address has been designated by written notice to the other party. Any notice by a means that affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

#### 18.6 Amendments; Waivers; Approvals; Forbearance.

(a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, by Franchisee and Franchisor in the case of an amendment, or by the party against whom the waiver is to be effective in the case of a waiver. Franchisor may modify the Confidential Operations Manual unilaterally to any extent that Franchisor, in the exercise of its sole discretion, deems necessary, including, without limitation, to meet competition, protect the Marks or improve the quality of the products and services provided by Franchisor's franchisees, or to otherwise revise the System or modify the System.

(b) Waiver by either party of any default, misrepresentation, or breach hereunder, whether intentional or not, shall not be deemed to extend to any prior or subsequent default, misrepresentation, or breach, or affect in any way any rights arising by virtue of a prior or subsequent occurrence.

(c) The failure by either party, in a single case or repeatedly, to take action because of any default, misrepresentation, or breach hereunder shall not constitute an approval of such action, nor shall it be construed as an approval of such action in the future.

(d) Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor. Any approval or consent granted must be in writing to be binding upon Franchisor.

(e) In providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject.

#### 18.7 Scope of Discretion.

(a) Neither party has rights to claim the existence of an implied covenant of good faith and fair dealing in contravention of any term of this Agreement. Without in any way limiting the foregoing, if applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement, as described in Article 18.7(b), grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

(b) Whenever Franchisor has reserved in this Agreement a right to take or withhold an action, or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor, and its judgment of what is in the best interests of the Franchisor's network of franchisees at the time its decision is made, without regard to whether: (i) other reasonable or even

arguably preferable alternative decisions could have been made by Franchisor; (ii) Franchisor's decision or the action it takes applies differently to Franchisee and one or more other franchisees or Franchisor's affiliates' company-owned operations; or (iii) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests. Franchisor shall have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review.

18.8 Rights and Remedies.

No single or partial exercise by either party in exercising any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any right or remedies provided in this Agreement or by law.

18.9 Delegation.

Franchisor may, in Franchisor's sole discretion, delegate the provision of any or all duties and services required of it to one or more current or future affiliates of Franchisor.

18.10 Force Majeure.

The period of time during which either party hereto is prevented or delayed in the performance or fulfilling of any obligation, or the payment of any fees or sums and charges due hereunder, due to unavoidable delays caused by force majeure, earthquake, fire, flood, or the elements, malicious mischief, riots, strikes, lockouts, boycotts, picketing, labor disputes or disturbance, war, compliance with any directive, order, or regulation of any governmental authority or representative thereof acting under claim or color of authority, or for any reason beyond such party's reasonable control, whether or not similar to the foregoing, shall be added to such party's time for performance thereof up to a maximum of ninety (90) days, and such party shall have no liability by reason thereof.

**ARTICLE 19**  
**Acknowledgments**

19.1 Acknowledgments.

(a) Franchisee acknowledges that it has conducted an independent investigation of the business franchised under this Agreement, and recognizes that this business venture involves business risks, and that Franchisee's success will be largely dependent upon Franchisee's ability.

(b) Franchisee acknowledges and agrees that Franchisor's advice is not a guarantee of success and is simply advice, and that Franchisee is the party that must reach and implement its own decisions about how to operate its Studio on a day-to-day basis under the System.

(c) Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. Franchisee acknowledges, agrees, and confirms that Franchisor did not provide Franchisee (or its representatives) with data to predict the potential performance of Franchisee's Studio.

(d) Franchisee acknowledges that it received a copy of this Agreement and the exhibits, with all of the blank lines filled in, with ample time within which to review with applicable advisors of

Franchisee's choosing (whether or not Franchisee chose to do so). Franchisee also acknowledges that it received the Franchise Disclosure Document at least fourteen (14) days before it signed this Agreement and before it paid funds to Franchisor.

(e) Franchisee acknowledges and agrees that it has read and understood the Franchise Disclosure Document, this Agreement, and the exhibits to this Agreement.

(f) Franchisee acknowledges that Franchisor has recommended that Franchisee seek advice from advisors of Franchisee's own choosing (including a lawyer and an accountant) about the potential benefits and risks of entering into this Agreement, and that Franchisee has had sufficient time and opportunity to consult with those advisors (whether or not Franchisee elected to do so).

(g) Each party represents and warrants to the other that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (i) negotiating and entering into this Agreement; (ii) exercising its rights under this Agreement; and/or (iii) fulfilling its responsibilities under this Agreement.

(h) Although Franchisor retains the right to establish and periodically modify System standards, which Franchisee has agreed to maintain in the operation of its Studio, Franchisee retains the sole responsibility for the day-to-day management and operation of the Studio and the maintenance of standards at the Studio.

(i) Franchisee acknowledges and agrees that Franchisor may modify the terms under which it will offer franchises to other parties in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

(j) Franchisee acknowledges and agrees that:

(i) Franchisee is the only party that employs Franchisee's employees (even though Franchisor may provide Franchisee with advice, guidance, and training);

(ii) Franchisor is not the employer of any of Franchisee's employees, and Franchisor will not play any role in decisions regarding their employment (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

(iii) the guidance that Franchisor provides and requirements under which Franchisee will operate are intended to promote and protect the value of the brand, the Marks and the System;

(iv) when forming and in operating Franchisee's business, Franchisee had to adopt standards to operate that business, and that instead of developing and implementing Franchisee's own standards (or those of another party), Franchisee chose to adopt and implement Franchisor's standards for Franchisee's business (including but not limited to the System and the requirements under this Agreement); and

(v) Franchisee has made (and will remain responsible at all times for) all of the organizational and basic decisions about establishing and forming Franchisee's entity, operating Franchisee's business (including but not limited to adopting Franchisor's standards as Franchisee's standards), hiring employees, and employment matters (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or

dismissal), engaging professional advisors, and all other facets of Franchisee's operation.

(k) Franchisee acknowledges and agrees that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon Franchisee's ability as an independent business operator, Franchisee's active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. Franchisor does not make any representation or warranty express or implied as to the potential success of the business venture contemplated under this Agreement.

(l) If two or more persons are signing this Agreement on behalf of the Franchisee (each, a "Signer"), the parties agree that:

(i) Each Signer shall have the power to individually bind Franchisee with respect to Franchisor and third parties;

(ii) Franchisor has the right to treat each Signer as having the full authority to bind all other Signers in any and all matters;

(iii) Franchisor has the right to treat each Signer as if s/he represents and can act on behalf of all the other Signer(s) in all matters;

(iv) Franchisor has the right to communicate with any Signer, and such communication shall be deemed as having been given to all Signers; and

(v) If there is a conflict among the Signers (including giving Franchisor conflicting information or having Signers make different requests to Franchisor), Franchisor has the right to select from among any conflicting or inconsistent requests by, or information from, any of the Signers, and Franchisor's selection in any such case will be final and dispositive with respect to any such conflict.

(m) Franchisee acknowledges that Franchisor may vary standards for any franchisee based upon the peculiarities of a particular location or circumstance, density of population, business potential, population of trade area, existing business practices or any other conditions which Franchisor deems to be of importance to the successful operation of such business. Franchisee shall have no recourse against Franchisor on account of any variation from standard specifications and practices granted to any franchisee and shall not be entitled to require Franchisor to grant Franchisee any like or similar variation.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have entered into this Agreement.

**PURE SWEAT STUDIOS LLC**

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

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

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

**FRANCHISEE**

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

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

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

**FRANCHISE AGREEMENT**  
**EXHIBIT A**

**AGREEMENT DATA**

**1 - TYPE OF FRANCHISE AND PRIMARY MARK**

Below we have indicated the type of franchise granted to you by the Franchise Agreement (we will check the appropriate blank):

Type of Franchise	Franchisor will check the appropriate blank
Pure Sweat Sauna Studio: Sauna-Only Franchise _____	_____
Pure Sweat + Float: Sauna Plus Floatation Franchise _____	_____

**2 - EQUITY AND FORMATION OF FRANCHISEE**

The equity of the Franchisee is owned as follows:

\_\_\_\_\_ owns \_\_\_\_\_ per cent (%); and

\_\_\_\_\_ owns \_\_\_\_\_ per cent (%).

Franchisee is a \_\_\_\_\_ organized under the laws of \_\_\_\_\_. \_\_\_\_\_ and \_\_\_\_\_ are the designated members to represent the Franchisee entity.

**3 SINGLE POINT OF CONTACT**

The following individual shall be Franchisee's single point of contact ("SPOC") for communications with the Franchisor: \_\_\_\_\_. Such individual must be one of Franchisee's owners and must complete Franchisor's mandatory training program. Any communication from Franchisor to the SPOC will be deemed to have been given to the Franchisee and all of its owners. The Franchisee will ensure that communications to the Franchisor typically will be given by and through the SPOC. Franchisee will notify Franchisor in writing if Franchisee desires to change the SPOC.

**4 - SITE OF STUDIO**

Franchisee agrees to open and maintain the Studio in compliance with the requirements of this Agreement at the site listed below (*this blank will be completed by Franchisor after the site has been approved if not approved at the time of signing the Franchise Agreement*):

\_\_\_\_\_

[Franchisee is responsible for selecting the site for the Studio within the following "Search Area": \_\_\_\_\_ . Franchisor does not grant territorial protections or exclusivity in the Search Area. Franchisor does grant certain territorial protections in the Territory as defined below and described in the Franchise Agreement.]

**5 - TERRITORY**

The Territory is described as follows [*3-mile radius from the center of the site of the StudioLocation*] [*Other description*] [*see attached map*].

**6 - NOTICES**

Notices to Franchisor:

Pure Sweat Studios LLC  
6021 Highway 100  
Nashville, TN 37205  
Attention: Ms. Candice Bruder

Notices to Franchisee:

\_\_\_\_\_

**7 - INSURANCE TYPES AND MINIMUM COVERAGE LIMITS**

Type of Insurance	Coverage Limit for Each Occurrence
General liability	\$1,000,000
Employer's liability	\$1,000,000
Property	\$500,000
Insurance for data breach and cybersecurity	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Umbrella	\$1,000,000

**8 – PRE-OPENING TRAINING FEE**

If the Franchise Agreement is for your first franchise, then the Franchisor will provide the pre-opening training described in Section 5.7 of the Franchise Agreement and you shall pay the Pre-Opening Training Fee as described in that Section. If this Agreement is for an additional franchise, then Franchisor will mark one of the following blanks:

\_\_\_\_\_ Franchisor will provide the pre-opening training and you shall pay the Pre-Opening Training Fee.

\_\_\_\_\_ Franchisor will not provide the pre-opening training and you shall not pay the Pre-

| Opening Training Fee.

**FRANCHISE AGREEMENT**  
**EXHIBIT B**

**GUARANTEE, CONFIDENTIALITY, AND NON-COMPETITION AGREEMENT**

## **GUARANTEE, CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

As an inducement to PURE SWEAT STUDIOS LLC (“**Franchisor**”) to execute the Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”), by and between Franchisor and \_\_\_\_\_, a \_\_\_\_\_ with its principal business office at \_\_\_\_\_ (the “**Franchisee**”), the undersigned (the “**Guarantor**”), unconditionally enters into this agreement (“**Guarantee**”) in which Guarantor guarantees to Franchisor and its successors and assigns that all of the monetary and other obligations of the Franchisee under the Franchise Agreement will be punctually paid and performed. Further, the Guarantor agrees to: (a) indemnify Franchisor; (b) be bound by the Franchise Agreement even after transferring Guarantor’s interest in the franchise; (c) not unfairly compete with Franchisor; and (d) maintain the confidentiality of all Confidential Information (as defined in the Franchise Agreement), as set forth below and in the Franchise Agreement.

### 1. Guarantee

Upon demand by Franchisor, Guarantor will immediately make each payment required of Franchisee under the Franchise Agreement. Guarantor hereby waives any right to require Franchisor to: (a) proceed against Franchisee or any other guarantor for any payment required under the Franchise Agreement; (b) proceed against or exhaust any security from Franchisee or any other guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee or any other guarantor. Without affecting the obligations of Guarantor under this Guarantee, Franchisor may, without notice to Guarantor, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Guarantor waives notice of amendment of the Franchise Agreement and notice of demand for payment by Franchisee, and agrees to be bound by any and all such amendments and changes to the Franchise Agreement.

### 2. Non-Competition

(a) Guarantor agrees not to directly or indirectly engage in the operation of any business that utilizes or duplicates the System (as defined in the Franchise Agreement) or any part thereof, or offers sauna or floatation services, other than the Pure Sweat Sauna Studio or Pure Sweat + Float Studio which is the subject of the Franchise Agreement (the “**Studio**”).

(b) For as long as Guarantor is affiliated, directly or indirectly, with Franchisee and for a period of two (2) years following the earliest of: (a) the expiration or earlier termination for any reason of the Franchise Agreement, (b) the date on which Franchisee ceases to operate the Studio pursuant to the Franchise Agreement and (c) the date on which Guarantor is no longer affiliated, directly or indirectly, with Franchisee, Guarantor shall not have any interest, directly or indirectly, as an owner (except of publicly-traded securities and interests in other franchises pursuant to other franchise agreements with Franchisor), partner, director, officer, employee, consultant, representative, agent, or in any other capacity, in any business principally offering sauna or floatation services, nor will Guarantor have any interest, directly or indirectly, as an owner (except of publicly-traded securities and interests in other franchises pursuant to other franchise agreements with Franchisor), partner, director, officer, employee, consultant, representative, agent, or in any other capacity, in any entity which franchises or grants to others the right to offer sauna or floatation services. For as long as Guarantor is affiliated, directly or indirectly, with Franchisee, such covenant shall apply worldwide without any geographic scope restriction (or to the maximum geographic scope permitted by applicable law). During such two (2) year period described above, such restriction shall be limited to an area within a ten (10) mile radius of the Studio. For as long as Guarantor is affiliated, directly or indirectly, with Franchisee and for such two (2) year period, Guarantor shall not employ, or attempt to employ, any employee or freelancer of Franchisor and its affiliates or any employee or freelancer

of the Studio or of any other Pure Sweat Sauna Studio or Pure Sweat + Float Studio. Guarantor acknowledges having seen the covenants not to compete as set forth in the Franchise Agreement, and agrees to be bound by all covenants not to compete contained in the Franchise Agreement. To clarify, all the foregoing restrictions shall apply regardless of the type of franchise (Pure Sweat Sauna Studio or Pure Sweat + Float Studio).

3. Confidential Information

Guarantor agrees not to: copy any Confidential Information; communicate or divulge any Confidential Information to any other person or legal entity (other than to personnel of Franchisee with a need to know, and who each execute in writing, with a copy to Franchisor, an agreement containing substantially all of the same confidentiality and non-competition terms as are contained in the Franchise Agreement, and listing Franchisor as a third party beneficiary with the independent right to enforce the agreement); or use any Confidential Information for the benefit of Guarantor or any other person or legal entity. Guarantor acknowledges and agrees to be bound by all terms and conditions of the Franchise Agreement requiring Franchisee not to disclose Confidential Information.

4. Transfer

Guarantor acknowledges and agrees that any assignment, including any transfer, sale, encumbrance or pledge which results in a change in the control of the Franchisee, a Studio, or substantially all of the assets of Franchisee or a Studio must have Franchisor's prior written consent, as set forth in the Franchise Agreement.

5. Indemnification

Guarantor agrees to defend, indemnify, and hold harmless Franchisor against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, arising out of, or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Franchise Agreement or failure by Guarantor to perform any obligation contained herein.

6. Irreparable Harm

Guarantor acknowledges that a violation of the provisions of this Guarantee, and the relevant provisions of the Franchise Agreement to which it refers, would constitute irreparable harm to Franchisor for which there is no adequate remedy at law, and for which only liquidated damages could compensate Franchisor. Therefore, upon breach of Franchisee's or Guarantor's obligations under any such provision, Guarantor agrees that Franchisor shall be entitled to recover liquidated damages from Guarantor in the amount of Fifty Thousand U.S. Dollars (US\$50,000.00) as a non-exclusive remedy for each such breach. Such liquidated damages shall be in addition to and not in place of Franchisor's equitable and other remedies, including but not limited to injunctive relief.

7. Duration

This Guarantee shall terminate upon the expiration or termination of the Franchise Agreement, except that all obligations and liabilities of Guarantor or Franchisee which arise from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by Guarantor or Franchisee, and all covenants which by their terms continue in force after termination or expiration of the Franchise Agreement, including the covenant not to compete, and the terms and conditions not to disclose confidential information, shall remain in force according to their terms. Upon

the death of the Guarantor, the estate of the Guarantor will be bound by this Guarantee, but only for defaults and obligations existing at the time of death. Guarantor hereby agrees to make this Guarantee binding upon Guarantor's heirs and assignees.

8. Severability.

If any provision of this Agreement, or the application thereof to any person, place, or circumstance, shall be held by a tribunal of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this Agreement and such provisions as applied to other persons, places, and circumstances, shall remain in full force and effect.

9. Governing Law; Dispute Resolution.

(a) The laws of the State of Tennessee shall apply to any claim, controversy, difference or dispute of whatsoever kind or nature between the parties, including but not limited to the making, entering into, performance, termination or interpretation of this Agreement (a "**Dispute**"), without giving effect to any conflict-of-law rules of such jurisdiction.

(b) Except for Franchisor's right to seek immediate injunctive relief as provided in Section 10 and as otherwise provided herein, in the event any Dispute arises, the following resolution procedures shall be followed:

(i) a party claiming that a Dispute has arisen shall give written notice to the other party specifying the nature of the Dispute;

(ii) the parties shall first endeavor in good faith and in an expeditious manner to resolve any claim or controversy expeditiously by negotiation;

(iii) in the event that the Dispute has not been resolved by negotiation within forty-five (45) days of the disputing party's notice, the parties shall, upon written demand of either party, endeavor in good faith and in an expeditious manner to resolve the Dispute by mediation under the then current Mediation Rules of the American Arbitration Association Commercial Mediation Procedures (the "**Mediation Rules**"). In the event the parties fail to agree on a mediator, the mediator shall be chosen as provided in the Mediation Rules. The mediation conference shall be held in Nashville, Tennessee. The mediation conference shall last for no more than one (1) day (unless otherwise agreed) and the mediation will terminate when a party withdraws from the mediation or as otherwise provided in the Mediation Rules. The mediator's fees shall be borne equally by the parties. Each party will bear its own costs and expenses of its participation in the mediation;

(iv) in the event the Dispute has not been resolved by mediation within forty-five (45) days of the appointment of a mediator, and upon written demand of either party, a Dispute shall be submitted to arbitration pursuant to the then-prevailing Arbitration Rules of the American Arbitration Association (the "**Arbitration Rules**") before a panel of three arbitrators, with one arbitrator being chosen by each of the parties, and the third being selected by the two previously chosen arbitrators. In the event the two previously chosen arbitrators cannot agree on the third, the third arbitrator shall be chosen as provided in the Arbitration Rules. Any issue regarding arbitrability or enforcement of this Article, shall be governed by the Federal Arbitration Act of the United States and the federal common law of arbitration. The arbitration proceeding shall be held in Nashville, Tennessee; and the parties hereby waive all questions of personal jurisdiction and venue for the purpose of carrying out this Article. The seat of arbitration shall be Tennessee. The arbitrator's fee shall be borne equally by the parties. All other costs and expenses of the arbitration shall be borne by the losing party, including reasonable accounting and legal fees and

disbursements incurred in connection with such proceeding.

(c) Notwithstanding the above-prescribed time periods for negotiation and mediation, in the event a party reasonably believes that the other is not acting in good faith or in an expeditious manner, such party may commence proceedings pursuant to Section 9(b)(iv).

(d) Except in relation to Franchisor's right to seek immediate injunctive relief as provided in Section 10, and subject to the negotiation and mediation provisions of this Section 9, each of the parties hereby waives all questions of personal jurisdiction, all objections it may have now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of Disputes shall be heard and determined only by arbitration pursuant to Section 9(b)(iv), and agrees not to bring any proceeding relating to a Dispute in any court. Subject to the provisions of Section 6, Guarantor hereby agrees that the arbitrator may make any award or awards or enter such orders, including an injunction or specific performance as may be deemed appropriate by the arbitrator, but shall have no authority to award punitive or exemplary damages. Such award or awards shall be the sole and exclusive remedy between the parties hereto regarding any Dispute, except nothing herein shall be deemed to bar Franchisor's right to obtain injunctive relief against conduct or threatened conduct that will cause it loss or damage, or injunctive relief as provided in Section 10 or elsewhere in this Agreement. If either party brings any action at law or in equity to enforce or interpret the provisions of this Agreement, the losing party shall pay both parties' attorneys' fees, costs and disbursements. A decision of the arbitrator shall have no collateral estoppel effect with respect to any person or entity not a party to the arbitration proceeding.

(e) All awards shall be paid promptly, free of any tax, deduction, or offset, and any costs, fees, or taxes incident to enforcing the award shall, to the maximum extent permitted by law, be charged against the party resisting such enforcement. Judgment on the award may be entered by either party in any court of competent jurisdiction. The award shall include interest from the date of any damages incurred for breach or other violation of the contract, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator.

10. Injunctive Relief.

Notwithstanding Section 9 above, Guarantor acknowledges Franchisor shall be entitled to immediate and permanent injunctive relief in any court having competent jurisdiction as a non-exclusive remedy in the event of actual or threatened violation of the provisions of this Guarantee or the relevant provisions of the Franchise Agreement to which it refers, or any other action or threatened action which could harm Franchisor's intellectual property.

IN WITNESS WHEREOF, the Guarantor has signed this Guarantee as of the effective date of the Franchise Agreement.

GUARANTOR

\_\_\_\_\_  
[Name]

**FRANCHISE AGREEMENT**  
**EXHIBIT C**

**SAMPLE FORM OF CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

It is your responsibility to ensure the form of agreement you use with your employees complies with applicable laws.

**SAMPLE FORM OF CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**  
**(FOR EMPLOYEES AND NON-OWNER MANAGERS)**

PURE SWEAT STUDIOS LLC (“**Franchisor**”) and \_\_\_\_\_, a \_\_\_\_\_ with its principal business office at \_\_\_\_\_ (the “**Franchisee**”) are parties to a franchise agreement (the “**Franchise Agreement**”) dated \_\_\_\_\_, 20\_\_\_\_, for the operation of the Pure Sweat Studio which is the subject of the Franchise Agreement (the “**Studio**”) in \_\_\_\_\_. As consideration for the position as \_\_\_\_\_ of Franchisee, the undersigned (“**Affiliate**”) hereby acknowledges and agrees not to compete unfairly with Franchisor, and to maintain the confidentiality of all Confidential Information (as defined below) disclosed to Affiliate, in connection with its association with Franchisee, as set forth in this agreement (“**Agreement**”).

1. Non-Competition

(a) Affiliate agrees not to directly or indirectly engage in the operation of any business that utilizes or duplicates the System or any part thereof, or offers any sauna or floatation services, other than the Studio. “**System**” is the proprietary, comprehensive, and distinctive system of providing infrared sauna and floatation pod services licensed to Franchisee in the Franchise Agreement and utilized by Franchisee in the operation of the Studios.

(b) For as long as Affiliate is affiliated, directly or indirectly, with Franchisee and for a period of two (2) years following the earlier of: (a) the expiration or earlier termination for any reason of the Franchise Agreement, and (b) the date on which Affiliate is no longer affiliated, directly or indirectly, with Franchisee, Affiliate shall not have any interest, directly or indirectly, as an owner (except of publicly-traded securities and interests in other franchises pursuant to other franchise agreements with Franchisor), partner, director, officer, employee, consultant, representative, agent, or in any other capacity, in any business principally offering sauna or floatation services, nor will Affiliate have any interest, directly or indirectly, as an owner (except of publicly-traded securities and interests in other franchises pursuant to other franchise agreements with Franchisor), partner, director, officer, employee, consultant, representative, agent, or in any other capacity, in any entity which franchises or grants to others the right to offer sauna or floatation services. For as long as Affiliate is affiliated, directly or indirectly, with Franchisee, such covenant shall apply worldwide without any geographic scope restriction (or to the maximum geographic scope permitted by applicable law). During the two (2) year period described above, such covenant shall be limited to an area within a ten (10) mile radius of the Studio. For as long as Affiliate is affiliated, directly or indirectly, with Franchisee and for a period of two (2) years following the earlier of: (a) the expiration, or earlier termination for any reason, of the Franchise Agreement, and (b) the date on which Affiliate is no longer affiliated, directly or indirectly, with Franchisee, Affiliate shall not employ, or attempt to employ, any employee or freelancer of Franchisor and its affiliates or any employee or freelancer of the Studio or of any other Pure Sweat Sauna Studio or Pure Sweat + Float Studio. Affiliate acknowledges having seen the covenants not to compete as set forth in the Franchise Agreement, and agrees to be bound by all covenants not to compete contained in the Franchise Agreement. To clarify, all the foregoing restrictions shall apply regardless of the type of franchise (Pure Sweat Sauna Studio or Pure Sweat + Float Studio).

2. Confidential Information

“**Confidential Information**” means all elements of the System, the Confidential Operations Manual furnished to Franchisee by Franchisor pursuant to the Franchise Agreement, instruction materials, training materials, Studio design specifications, price lists, sales techniques, and accounting and operations systems, together with all other information relating to the Franchisor franchise system or arising out of Franchisee’s operation of the Studio that is non-public and/or proprietary, including without limitation all

customer data. Affiliate agrees not to: (a) copy any Confidential Information; (b) communicate or divulge any Confidential Information to any other person or legal entity (other than to personnel of Franchisee with a need to know, and who each execute in writing, with a copy to Franchisor, a Confidentiality and Non-Competition Agreement); or (c) use any Confidential Information for the benefit of Affiliate or any other person or legal entity.

3. Transfer

If Affiliate is an officer or director, or the local equivalent thereof, of Franchisee, Affiliate acknowledges and agrees that any assignment, including any transfer, sale, encumbrance or pledge which results in a change in the control of the Franchisee, the Studio, or substantially all of the assets of the Studio must have Franchisor's prior written consent, as set forth in the Franchise Agreement.

4. Irreparable Harm

Affiliate acknowledges that a violation of the provisions of this Agreement, and the relevant provisions of the Franchise Agreement to which it refers, would constitute irreparable harm to Franchisor for which there is no adequate remedy at law and for which only liquidated damages could compensate Franchisor. Therefore, upon breach of Affiliate's obligations under this Agreement, Franchisor shall be entitled to liquidated damages from Affiliate in the amount of Fifty Thousand U.S. Dollars (US\$50,000) as a non-exclusive remedy for each such breach. Such liquidated damages shall be in addition to and not in place of Franchisor's equitable and other remedies, including but not limited to injunctive relief.

5. Severability.

If any provision of this Agreement, or the application thereof to any person, place, or circumstance, shall be held by a tribunal of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this Agreement and such provisions as applied to other persons, places, and circumstances, shall remain in full force and effect.

6. Governing Law; Dispute Resolution.

(a) The laws of the State of Tennessee shall apply to any claim, controversy, difference or dispute of whatsoever kind or nature between the parties, including but not limited to the making, entering into, performance, termination or interpretation of this Agreement (a "**Dispute**"), without giving effect to any conflict-of-law rules of such jurisdiction.

(b) Except for Franchisor's right to seek immediate injunctive relief as provided in Section 7 and as otherwise provided herein, in the event any Dispute arises, the following resolution procedures shall be followed:

(i) a party claiming that a Dispute has arisen shall give written notice to the other party specifying the nature of the Dispute;

(ii) the parties shall first endeavor in good faith and in an expeditious manner to resolve any claim or controversy expeditiously by negotiation;

(iii) in the event that the Dispute has not been resolved by negotiation within forty-five (45) days of the disputing party's notice, the parties shall, upon written demand of either party, endeavor in good faith and in an expeditious manner to resolve the Dispute by mediation under the then current Mediation Rules of the American Arbitration Association Commercial Mediation Procedures (the

“**Mediation Rules**”). In the event the parties fail to agree on a mediator, the mediator shall be chosen as provided in the Mediation Rules. The mediation conference shall be held in Nashville, Tennessee. The mediation conference shall last for no more than one (1) day (unless otherwise agreed) and the mediation will terminate when a party withdraws from the mediation or as otherwise provided in the Mediation Rules. The mediator’s fees shall be borne equally by the parties. Each party will bear its own costs and expenses of its participation in the mediation;

(iv) in the event the Dispute has not been resolved by mediation within forty- five (45) days of the appointment of a mediator, and upon written demand of either party, a Dispute shall be submitted to arbitration pursuant to the then-prevailing Arbitration Rules of the American Arbitration Association (the “**Arbitration Rules**”) before a panel of three arbitrators, with one arbitrator being chosen by each of the parties, and the third being selected by the two previously chosen arbitrators. In the event the two previously chosen arbitrators cannot agree on the third, the third arbitrator shall be chosen as provided in the Arbitration Rules. Any issue regarding arbitrability or enforcement of this Article, shall be governed by the Federal Arbitration Act of the United States and the federal common law of arbitration. The arbitration proceeding shall be held in Nashville, Tennessee; and the parties hereby waive all questions of personal jurisdiction and venue for the purpose of carrying out this Article. The seat of arbitration shall be Tennessee. The arbitrator’s fee shall be borne equally by the parties. All other costs and expenses of the arbitration shall be borne by the losing party, including reasonable accounting and legal fees and disbursements incurred in connection with such proceeding.

(c) Notwithstanding the above-prescribed time periods for negotiation and mediation, in the event a party reasonably believes that the other is not acting in good faith or in an expeditious manner, such party may commence proceedings pursuant to Section 6(b)(iv).

(d) Except in relation to Franchisor’s right to seek immediate injunctive relief as provided in Section 7, and subject to the negotiation and mediation provisions of this Section 6, each of the parties hereby waives all questions of personal jurisdiction, all objections it may have now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of Disputes shall be heard and determined only by arbitration pursuant to Section 6(b)(iv), and agrees not to bring any proceeding relating to a Dispute in any court. Subject to the provisions of Section 4, the parties hereby agree that the arbitrator may make any award or awards or enter such orders, including an injunction or specific performance as may be deemed appropriate by the arbitrator, but shall have no authority to award punitive or exemplary damages. The parties hereby waive any right to or claim of any punitive or exemplary damages, each against the other, and agree that, in the event of a Dispute, each shall be limited to the recovery of actual damages sustained. Such award or awards shall be the sole and exclusive remedy between the parties hereto regarding any Dispute, except nothing herein shall be deemed to bar Franchisor’s right to obtain injunctive relief against conduct or threatened conduct that will cause it loss or damage, or injunctive relief as provided in Section 7 or elsewhere in this Agreement. If either party brings any action at law or in equity to enforce or interpret the provisions of this Agreement, the losing party shall pay both parties’ attorneys’ fees, costs and disbursements. A decision of the arbitrator shall have no collateral estoppel effect with respect to any person or entity not a party to the arbitration proceeding.

(e) All awards shall be paid promptly, free of any tax, deduction, or offset, and any costs, fees, or taxes incident to enforcing the award shall, to the maximum extent permitted by law, be charged against the party resisting such enforcement. Judgment on the award may be entered by either party in any court of competent jurisdiction. The award shall include interest from the date of any damages incurred for breach or other violation of the contract, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator.

## 7. Remedies.

Notwithstanding Section 6 above, Affiliate acknowledges Franchisor shall be entitled to immediate and permanent injunctive relief in any court having competent jurisdiction as a non-exclusive remedy in the event of actual or threatened violation of the provisions of this Agreement, or any other action or threatened action which could harm Franchisor's intellectual property.

8. Third Party Beneficiary.

Franchisor shall be deemed a third-party beneficiary of this Agreement and may enforce it solely and/or jointly with Franchisee.

IN WITNESS WHEREOF, Affiliate has signed this Confidentiality and Non-Competition Agreement as of the date set forth below.

AFFILIATE:

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

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

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

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

**FRANCHISE AGREEMENT**  
**EXHIBIT D**

**TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY**

**TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY**

**FOR VALUE RECEIVED**, the undersigned (“**Franchisee**”) irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination or expiration of the Franchise Agreement described below to Pure Sweat Studios LLC (“**Franchisor**”) upon the following terms:

1. This assignment is made under the terms of the Franchise Agreement dated \_\_\_\_\_, 20\_\_ between Franchisor and Franchisee (the “**Franchise Agreement**”), which in part pertains to the telephone listing and numbers the Franchisee uses in the operation of the Pure Sweat Sauna Studio or Pure Sweat + Float Studio franchise covered by the Franchise Agreement.
2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force. Upon termination or expiration of the Franchise Agreement, the Franchisee’s limited right of use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor’s request, Franchisee will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the listings and numbers to Franchisor.
3. The telephone numbers and affiliated listings subject to this assignment are \_\_\_\_\_ and all numbers on the rotary series and all numbers the Franchisee uses in the Franchise in the future.
4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listings it incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listings and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory advertising.
5. Franchisee appoints Franchisor as its attorney-in-fact to act in Franchisee’s place, for the purpose of assigning any telephone number covered by Paragraph 3 above to Franchisor or Franchisor’s designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for five (5) years from the date of expiration, cancellation or termination of Franchisee’s rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by the Franchisee’s later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

This Agreement is signed and the power of attorney is granted, in both individual and representative capacities, as evidenced by the signature below

FRANCHISEE: \_\_\_\_\_  
Signature: \_\_\_\_\_ Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Date and location of signature: \_\_\_\_\_

**FRANCHISE AGREEMENT**  
**EXHIBIT E**

**CERTIFICATE OF COMPLIANCE WITH DATA PROTECTION AND PRIVACY LAWS**

**CERTIFICATE OF COMPLIANCE WITH DATA PROTECTION AND PRIVACY LAW**

The undersigned Pure Sweat Sauna Studio or Pure Sweat + Float Studio franchisee (“**Franchisee**”) hereby acknowledges and certifies that it has consulted the appropriate legal authorities responsible for governance of data protection and privacy within the territory defined in its Pure Sweat Studios LLC franchise agreement and/or consulted with legal counsel competent and experienced in such subject matter and it is compliant with all laws, statutes, ordinances, rules, and regulations relating to data protection and privacy applicable to its franchise business, as applicable.

Franchisee acknowledges that it has a duty pursuant to its Pure Sweat Studios LLC franchise agreement (i) to operate its franchise business in full compliance with all applicable laws, statutes, ordinances, rules, and regulations relating to data protection and privacy, and (ii) to comply with any amended or new laws, statutes, ordinances, rules, and regulations relating to data protection and privacy applicable to its franchise business.

In the event any amended or new law, statute, ordinance, rule, or regulation relating to data protection and privacy becomes effective in relation to Franchisee’s franchise business, Franchisee agrees to:

- 1 Notify Pure Sweat Studios LLC of such amended or new law, statute, ordinance, rule, or regulation;
- 2 Comply with any and all such laws, statutes, ordinances, rules, and regulations; and
- 3 Deliver evidence of such compliance to Pure Sweat Studios LLC.

Franchisee acknowledges and agrees that nothing herein is intended to modify or alter in any way the franchise agreement between Franchisee and Pure Sweat Studios LLC.

Acknowledged, certified and agreed by:

**FRANCHISEE**

\_\_\_\_\_

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

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

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

Territory: \_\_\_\_\_

**FRANCHISE AGREEMENT**  
**EXHIBIT F**

**MULTIPLE FRANCHISE PURCHASE ADDENDUM**

This Multiple Franchise Purchase Addendum (“*Addendum*”) is entered into as of \_\_\_\_\_, 20\_\_\_\_, between PURE SWEAT STUDIOS LLC, a Tennessee limited liability company (“*Franchisor*” or “*we/us*”), and \_\_\_\_\_ and \_\_\_\_\_ (“*you*”).

1. **Simultaneous Multiple Franchise Purchase.** The parties have contemporaneously executed [#] Franchise Agreements, including this Agreement, as part of a multiple franchise purchase.

2. Development Area.

A. **Development Area Defined.** You are responsible for selecting the sites for your Franchise Premises within the following “*Development Area*”:

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B. **Territorial Protections.** Subject to our reservations of rights in the Franchise Agreements, we will not establish or allow others to establish a Pure Sweat Studio business physically located within your Development Area using our Marks and System so long as the Franchise Agreements and this Addendum (and any other corresponding Multiple Franchise Purchase Addenda) are in force and you are not in default in any material provision of any such agreement. Upon termination or expiration of this Addendum (under Section 8 below), your rights with respect to the Development Area will automatically terminate.

3. **Franchise Premises and Franchise Territory.** The Franchise Territory for each franchise will be designated by us before you open each relevant Franchise Premises. The Franchise Territory and your Franchise Premises must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

4. **No Other Understandings.** Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of outlets by any party and concerning any territory protections granted to you.

5. **Franchise Opening Schedule.** You will commence in good faith to perform your obligations under the relevant franchise agreements and commence full and continuous operation of the relevant Franchise within the following time periods after execution of this Agreement (the “*Development Schedule*”):

END OF DEVELOPMENT PERIOD	NEW FRANCHISES TO BE OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF FRANCHISES TO BE OPENED AND CONTINUOUSLY OPERATED
First Franchise: Within 12 Months of Franchise Agreement Effective Date	1	1
Second Franchise: Earlier of 12 Months After Opening First Franchise or 12 Months After Deadline for Opening First Franchise	1	2
Third Franchise: Earlier of 12 Months After Opening Second Franchise or 12 Months After Deadline for Opening Second Franchise	1	3

Time is of the essence of this Development Schedule. For the avoidance of doubt, the Development Schedule set forth above is in lieu of the opening and mandatory training deadlines set forth in the Franchise Agreements contemporaneously executed with this Addendum.

6. **Payment of Initial Franchise Fees.** You shall pay 100% of the Initial Franchise Fees for the multiple first Franchises and ~~50% of the Initial Franchise Fees for each additional Franchise~~ at the time you contemporaneously sign the multiple Franchise Agreements and this Addendum. ~~You will pay the 50% unpaid balance of the initial franchise fees under the relevant franchise agreements before signing a lease (or purchase agreement) for each relevant Franchise Premises.~~ The Initial Franchise Fees ~~we collect~~ are not refundable under any circumstances.

7. **Initial Training and Pre-Opening Training.** The Initial Training is included in the Initial Franchise Fee only for your first franchise. Upon signing this Addendum, in addition to the Initial Franchise Fees, you must pay us a single non-refundable Pre-Opening Training Fee in the amount specified in the Franchise Agreements. This is for the pre-opening training we will conduct onsite at your Location. The Pre-Opening Training Fee is required for your first franchise and for additional franchises if the Franchisor deems such training necessary or desirable (in which case an additional Pre-Opening Training Fee will be required prior to commencement of the pre-opening training for the relevant Location).

8. **Termination and Expiration.** This Addendum will expire at the earlier of the following: (1) the opening of your last Franchise under your Development Schedule; or (2) the termination of this Addendum under to the terms and conditions of this Addendum or the Franchise Agreement. We will have the right to terminate this Addendum if we have the right to terminate any agreement between you and us (or our affiliate) in the future. If you do not comply with this Addendum, including but not limited to the Development Schedule, we will have the right to reduce the size of (or change) your Development Area or terminate this Addendum and any of your Franchise Agreements representing Franchises that have not yet opened for business. Such termination will be effective upon written notice to you. Thereafter, we and our affiliates will have the right to operate or grant to others the right to operate outlets within the Development Area. However, your Franchise Agreement(s) and Territory(ies) for each of your operating Franchises will

remain in force. Any failure to meet the Development Schedule caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control (not including financial circumstances) will be excused for a period of time that we deem reasonable under the circumstances.

9. ~~Defined Terms~~Miscellaneous. All capitalized terms contained in this Addendum that are not defined in this Addendum will have the meaning ascribed to them in the Franchise Agreement. The governing law, dispute resolution, and enforcement provisions in the Franchise Agreement shall apply to this Addendum.

*we/us*: PURE SWEAT STUDIOS LLC

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

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

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

*you* (jointly and severally):

Name of Corporation/LLC/Partnership: \_\_\_\_\_

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

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

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

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

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

**FRANCHISE AGREEMENT**  
**EXHIBIT G**

**LEASE ADDENDUM**

This Lease Addendum has been entered this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. It is by and between \_\_\_\_\_, (“*Landlord*”) and \_\_\_\_\_ (jointly and severally “*Tenant*”).

On or about \_\_\_\_\_, 20\_\_\_\_, Landlord and Tenant executed a lease agreement (the “*Lease*”) by which Tenant leased from Landlord real property for Tenant’s operations of a Pure Sweat Studios franchise at the following location: \_\_\_\_\_ (the “*Franchise Premises*”).

On or about \_\_\_\_\_, 20\_\_\_\_, Tenant and Pure Sweat Studios LLC (the “*Franchisor*”) executed a franchise agreement (the “*Franchise Agreement*”) for Tenant to operate a Pure Sweat Sauna Studio or Pure Sweat + Float franchise at the Franchise Premises.

Landlord and Tenant desire to execute this addendum to the Lease to give Franchisor certain rights to the Franchise Premises as required by the Franchise Agreement.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **Use of Franchise Premises.** Landlord acknowledges and agrees that the Franchise Premises may be used only for the operation of a Pure Sweat Sauna Studio or Pure Sweat + Float facility. Landlord permits Tenant to use and display the following service marks, trademarks, and commercial logos: Pure Sweat Sauna Studio or Pure Sweat + Float and all other marks that Franchisor has developed or develops in the future for a Pure Sweat Sauna Studio or Pure Sweat + Float facility.
2. **Landlord Reports and Disclosures to Franchisor.** Tenant acknowledges and agrees that Landlord may, upon Franchisor’s written request, disclose to Franchisor all reports, information, or data in Landlord’s possession respecting sales made in, upon, or from the Franchise Premises and Tenant’s business operations.
3. **Assignment to Franchisor.** Anything contained in the Lease to the contrary notwithstanding, Landlord agrees that without Landlord’s consent, the Lease and Tenant’s right, title and interest, may be assigned by Tenant to Franchisor, without cost or penalty. Without the need for additional consent from Landlord or Tenant, Franchisor (or Franchisor’s designee) will have the right, at Franchisor’s election, to assume the Lease and the leasehold interest in the Franchise Premises, upon termination or expiration of Tenant’s Lease or Franchise Agreement. This option may be exercised by Franchisor within 30 days of such termination or expiration by Franchisor’s delivery of written notice of the same to Landlord. Upon such assignment, Franchisor (or its designee) shall not assume obligations and liabilities of Tenant arising before the date of assignment as such obligations and liabilities will remain with Tenant.
4. **Franchisor’s Interim Management Rights.** Franchisor may (but is not obligated to) assume interim management of the franchise at the Franchise Premises for any of the reasons outlined in the Franchise Agreement. If Franchisor elects to assume interim management of the franchise, then with respect to Tenant, the provisions in the Franchise Agreement regarding Franchisor’s interim management will apply. If Franchisor elects to assume interim management of the Franchise, then with respect to Landlord, (i) Franchisor will not assume any liability or obligations under the Lease (including but not limited to Tenant’s rent payment obligations) and (ii) Franchisor’s interim management of the franchise will not be deemed an assignment to Franchisor of the Lease or any sublease.

5. **Tenant's Default; Notice to Franchisor.** Landlord will give written notice to Franchisor (concurrently with the giving of notice to Tenant) of any breach by Tenant under the Lease. Franchisor will have the right (but not obligation), in Franchisor's sole discretion, to cure any breach at Tenant's expense within 15 business days after the expiration of the period in which Tenant had to cure the default. Notice will be sent to the following address, or to the address Franchisor may, from time to time, specify in writing to Landlord:

PURE SWEAT STUDIOS LLC  
ATTN: CANDICE BRUDER  
6021 HIGHWAY 100  
NASHVILLE, TENNESSEE 37205

*Required copy to: Candice@puresweatfloatstudio.com*

6. **No Lien on Proprietary Materials or Marks.** Landlord shall have no lien, encumbrance or right of possession against any proprietary material of Franchisor, or against any materials or signs bearing any of the Franchisor's trademarks or service marks.

7. **Franchise Premises De-identification.** Upon termination, expiration, or non-renewal of the Lease or Franchise Agreement, Landlord authorizes Tenant to de-identify the Franchise Premises in compliance with the Franchise Agreement. If Tenant fails to do so, Landlord gives Franchisor the express right to de-identify the Franchise Premises. For example, de-identification may consist of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the color scheme used by Franchisor; and any other steps necessary (in Franchisor's reasonable discretion) to effectively distinguish the Franchise Premises from Franchisor's proprietary designs, marks, and trade dress.

8. **Renewal, Extension, or Cancellation of the Lease.** Landlord will not extend, renew, or cancel the Lease without Franchisor's prior written consent, which consent will not be unreasonably withheld, conditioned, or delayed.

9. **Third Party Beneficiary.** Tenant and Landlord acknowledge and agree that Franchisor is a third-party beneficiary of this Addendum, and Franchisor is entitled to all rights and remedies conferred upon Franchisor under this Addendum (which Franchisor may enforce directly against Tenant or Landlord, with or without the consent or joinder of Tenant). Notwithstanding anything contained in this Addendum, Franchisor will have no liability under the Lease or this Addendum unless Franchisor expressly enters into a written agreement with Landlord.

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

**Landlord:** \_\_\_\_\_

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

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

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

**Tenant:** \_\_\_\_\_

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

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

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

**EXHIBIT B**  
**FINANCIAL STATEMENTS**

# **PURE SWEAT STUDIOS LLC**

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

FEBRUARY 28, 2022



# PURE SWEAT STUDIOS LLC

## Table of Contents

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Statement of operations and member's equity .....	6
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***Independent Auditor's Report***

To the Members  
Pure Sweat Studios LLC  
Nashville, TN

***Opinion***

We have audited the accompanying financial statements of Pure Sweat Studios LLC, which comprise the balance sheet as of February 28, 2022, and the related statements of operations, members' equity, and cash flows for the two months then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pure Sweat Studios LLC as of February 28, 2022, and the results of its operations and its cash flows for the two months then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Kezas <sup>3</sup>/<sub>1</sub> Dinkley

St. George, Utah  
March 22, 2022

**PURE SWEAT STUDIOS LLC**  
BALANCE SHEET  
As of February 28, 2022

<b>Assets</b>	<u>2022</u>
Current assets	
Cash	\$ 50,000
Total current assets	<u>50,000</u>
Total assets	<u>\$ 50,000</u>
 <b>Liabilities and Member's Equity</b>	
Current liabilities	<u>\$ -</u>
Total current liabilities	<u>-</u>
Total liabilities	<u>-</u>
Member's equity	50,000
Total liabilities and member's equity	<u>\$ 50,000</u>

The accompanying notes are an integral part of these financial statements.

**PURE SWEAT STUDIOS LLC**  
**STATEMENT OF OPERATIONS AND MEMBER'S EQUITY**  
 For the two months ended February 28, 2022

	<b>2022</b>
Operating revenue	\$ -
Total revenue	-
Operating expenses	-
Total operating expenses	-
Net income	-
Beginning member's equity	\$ -
Member contributions	50,000
Net income	-
Ending member's equity	\$ 50,000

The accompanying notes are an integral part of these financial statements.

**PURE SWEAT STUDIOS LLC**  
**STATEMENT OF CASH FLOWS**  
 For the two months ended February 28, 2022

	2021
Cash flows from operating activities:	
Net income	\$ -
Cash flows from financing activities:	
Member contributions	50,000
Cash flows provided by financing activities	50,000
Net change in cash and cash equivalents	50,000
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	\$ 50,000
Supplemental disclosures of cash flow:	
Cash paid for interest and taxes	\$ -

The accompanying notes are an integral part of these financial statements.

**PURE SWEAT STUDIOS LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
February 28, 2022

(1) Nature of Business and Summary of Significant Accounting Policies

*(a) Nature of Business*

Pure Sweat Studios LLC (the "Company") was formed on January 1, 2022 as Pure Sweat Studios LLC in the state of Tennessee as a limited liability company for the principal purpose of conducting franchise sales, marketing, and management. The Company grants qualified franchisees the right to own and operate a Pure Sweat + Float Studio offering infrared sauna and float therapy or a Pure Sweat Sauna Studio offering infrared sauna.

The company uses the accrual basis of accounting, and their accounting period is the 12-month period ending September 30 of each year.

*(b) Accounting Standards Codification*

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

*(c) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

*(d) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of February 28, 2022, the Company had cash and cash equivalents of \$50,000.

*(e) Revenue Recognition*

The Company's revenues consist of fees from franchised locations operated by conventional franchisees. Revenues from franchisees consist of initial franchise fees and royalties based on a percentage of gross revenues.

Upon commencement of operations, the Company adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial franchise fee, ongoing royalties, marketing fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties, and marketing fees, which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise.

**PURE SWEAT STUDIOS LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
February 28, 2022

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

*(f) Income Taxes*

The Company is structured as a limited liability company under the laws of the state of Tennessee. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of February 28, 2022, no tax year was subject to examination.

*(g) Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

*(h) Concentration of Risk*

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

**(2) Franchise Agreements**

The Company's franchise agreements generally provide for a payment of initial franchise fees as well as continuing royalty fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Pure Sweat + Float Studio system for a period of ten years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not met the criteria for revenue recognition as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

**PURE SWEAT STUDIOS LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
February 28, 2022

The Company has no deferred revenue or commissions as of February 28, 2022.

(3) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus (“COVID-19”) as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through 2021 and subsequent to the fiscal year end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company’s operations, reducing revenue from both new and existing franchisees. The extent of the impact of COVID-19 on the Company’s future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company’s customers and vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company’s future financial condition or results of operations is uncertain.

(4) Subsequent Events

Management has reviewed and evaluated subsequent events through March 22, 2022, the date on which the financial statements were issued.

## **EXHIBIT C**

### **TABLE OF CONTENTS OF THE CONFIDENTIAL OPERATIONS MANUAL**

**Article I. Welcome to Pure Sweat Studios** (5 pages, covering):

- How to Use This Ops Manual
- Confidential Disclosure
- Pure Sweat Key Messaging
- Key Contacts
- Pathway to Open Checklist
- Supplemental Manuals
- Compliance with Applicable Laws
- Compliance with Franchisor's Policies and Procedures

**Article II. Real Estate** (4 pages, covering):

1. Real Estate Support

- 1.1. Pure Sweat Studios Support Overview
- 1.2. Real Estate Key Players

2. Site Selection

- 2.1. Market Analysis
- 2.2. Site Selection
- 2.3. Letter of Intent (LOI)
- 2.4. Receipt of Draft Lease
- 2.5. Franchise Rider

3. Lease + Planning

- 3.1. Lease Execution
- 3.2. Finalize Studio Floor Plan
- 3.3. General Construction Plan
- 3.4. Exterior Signage

4. Construction Overview

- 4.1. Contractor Bidding + Selection
- 4.2. Permitting
- 4.3. Construction Commencement
- 4.4. Certificate of Occupancy

**Article III. Pre-Opening Training** (3 pages, covering):

1. Pre-Opening Phase I: Begin Pure Sweat Training

- 1.1. Accessing GoogleDrive + Online Resources
- 1.2. Review + Acknowledgment of PSS Policies
- 1.3. Research + Verify Regulations
- 1.4. Pathway To Open Timeline

2. Pre-Opening Phase II: Studio Planning & Prep

- 2.1. Furniture, Fixtures + Equipment
- 2.2. Retail + Lobby Layout
- 2.3. Vendor Relationships

3. Pre-Opening Phase III: Marketing

- 3.1. Activate Marketing Channels
- 3.2. Launch Social Media

4. Pre-Opening Phase IV: Mindbody Online
  - 4.1. Mindbody Online (MBO)
  - 4.2. MBO Account Set-up + Training
5. Pre-Opening Phase V: Staffing
  - 5.1. Recruiting + Hiring
  - 5.2. Employee Onboarding
6. Launch Phase VI: Final Setup
  - 6.1. FFE + Retail Orders
  - 6.2. Print Materials + Signage
  - 6.3. Founding Membership Pre-Sale
  - 6.4. Corporate On-Site Training (Nashville HQ)
  - 6.5. Studio Setup + Inspection Checklist
  - 6.6. Grand Opening

**Article IV. Operations** (3 pages, covering):

1. Service Offerings
  - 1.1. Deep Dive Into Infrared Sauna
  - 1.2. Deep Dive Into Float
  - 1.3. Retail
2. Studio Ops
  - 2.1. Cleanliness + Standards of Excellence
  - 2.2. Client Correspondence
  - 2.3. Team Communications + Best Practices
  - 2.4. Reporting
3. Sales Overview
  - 3.1. Sales by Service
  - 3.2 Retail Sales

**Article V. Marketing** (2 pages, covering):

1. Marketing Strategy + Brand Standards
  - 1.1. Marketing Overview
  - 1.2. Social Media + PR
2. Programs + Events
  - 2.1. Approved Programs + Promotions
  - 2.2. Events Overview
3. Advertising

**Article VI. Human Resources** (1 page, covering):

1. Org Chart + Staff Expertise
2. Team Culture

**Article VII. Franchisee Info Disclosures** (1 page, covering):

1. Collection of Data
2. Accounting
3. Insurance

**Total: Approximately 19 pages plus forms, checklists, and templates totaling over 200 pages**

**EXHIBIT D**  
**DISCLOSURE ACKNOWLEDGMENT AND AGREEMENT**

1. PURE SWEAT STUDIOS LLC (“we/us”) through the use of this document, desires to ascertain that \_\_\_\_\_ and your owners and officers (collectively “you”) fully understand and comprehend that the purchase of a Pure Sweat Studios franchise is a business decision, complete with its associated risks. It is our company policy to verify that you are not relying upon any statements, representations, promises, or assurances (oral, written, visual, or otherwise) during the negotiations for the purchase of the franchise which have not been authorized by us.

2. You recognize that business risks, which exist in connection with the purchase of any business, make the success or failure of a Pure Sweat Studios franchise subject to many variables, including your skills and abilities, the hours you work, competition, interest rates, the economy, inflation, store location, operating costs, lease terms and costs, and the market place. You acknowledge your willingness to undertake these business risks.

3. You acknowledge that you received a copy of the Pure Sweat Studios Franchise Disclosure Document, which includes a copy of the form of Pure Sweat Studios Franchise Agreement and audited financials of Pure Sweat Studios, LLC. You acknowledge that you have personally and carefully reviewed all of this document.

4. We have advised you to seek professional assistance, to have professionals review the documents, and to have them consult with you regarding the risks associated with the purchase of the franchise.

5. You represent to us that your decision to enter into this business risk is in no manner predicated upon any representations, assurances, warranties, guarantees, or promises made by us or our representatives that are not set forth in the Pure Sweat Studios Franchise Disclosure Document, such as representations as to the likelihood of success of the franchise. You further acknowledge that you have not received any information concerning actual, average, projected, or forecasted franchise sales, profits, or earnings except for those set forth in the Pure Sweat Studios Franchise Disclosure Document. If you believe that you have received any information concerning actual, average, projected, or forecasted franchise sales profits or earnings other than as set forth in the Pure Sweat Studios Franchise Disclosure Document, please describe these in the space provided below or write “None.” Attach additional sheets if necessary.

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Acknowledged and accepted as of the date of each signature below.

**Franchisee:**

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

\_\_\_\_\_

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

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

Date: \_\_\_\_\_ [SIGNATURES CONTINUE BELOW.]

**Franchisee's Individual Owners and Officers:**

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

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

Position with Company: \_\_\_\_\_

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

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

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

Position with Company: \_\_\_\_\_

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

**EXHIBIT E**

**FORM OF GENERAL RELEASE**

The Franchise Agreement provides that the franchisee must sign a general release in a form satisfactory to the franchisor in certain circumstances, such as upon transfer or renewal of the franchise. Following is a form of General Release that is subject to change.

**FORM OF GENERAL RELEASE**

This General Release Agreement (“Agreement”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. It is among Pure Sweat Studios LLC (“Franchisor”), \_\_\_\_\_ and \_\_\_\_\_ (jointly and severally “Franchisee”) and \_\_\_\_\_ and \_\_\_\_\_ (jointly and severally “Transferee”).

**RECITALS**

On or about \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, Franchisor and Franchisee entered into a Pure Sweat Studios Franchise Agreement (the “Franchise Agreement[s]”) for the operation of a Pure Sweat Studios franchise at the following location: \_\_\_\_\_ (the “Franchise Premises”).

[NOTE: Describe the circumstances relating to the release, such as circumstances related to transfer or renewal of the franchise and relevant agreement dates.]

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

[1. Renewal of Franchise Agreement. The parties covenant and agree:

- A. The Franchise Agreement, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties is terminated. The provisions of the Franchise Agreement concerning your obligations upon termination and renewal will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.
- B. Contemporaneously with execution of this Agreement, you agree to execute our current franchise agreement forms. These forms may vary materially from the Franchise Agreement. Fees will be set at the currently prevailing rates and terms. The Franchise Premises must remain at the location designated in the Franchise Agreement unless we otherwise approve in writing.
- C. You will reimburse us for the following reasonable out-of-pocket costs we incur concerning the renewal:  
\_\_\_\_\_.
- D. You will refurbish, remodel, and replace the Franchise Premises, fixtures, and equipment to conform to the current Operations Manual and System. This includes:  
\_\_\_\_\_.
- E. You or your designated manager will attend and successfully complete the following retraining programs at your expense, including travel, meals, lodging, and our current training fee of \$ \_\_\_\_\_: \_\_\_\_\_.]

[1. Franchise Transfer. The Parties covenant and agree:

- A. The Franchise Agreement between Franchisor and Franchisee, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties are terminated, as between them, except as otherwise provided in this Agreement.
- B. Franchisor enters into this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of Transferee.

C. All obligations of Franchisee in connection with the Franchise Agreements and the franchises are assumed by the Transferee. Franchisee will remain bound by its covenants in the Franchise Agreements that neither it nor its owners, officers, partners, or other persons enumerated in the Franchise Agreements will disclose confidential information nor compete with Franchisor or Franchisor's franchisees.

D. [All now ascertained or liquidated debts in connection with the franchise have been paid by Franchisee.] [Franchisee owes \$--- in current obligations and will owe additional funds for franchise fees, advertising fees, and product purchases through the closing of this transfer transaction. Franchisee will pay all sums due to Franchisor and to product suppliers within 10 days of the relevant invoice or due date. All other now ascertained or liquidated debts in connection with the franchises have been paid by Franchisee.]

E. Franchisee is not in default in any way under the Franchise Agreements or any other agreement between it and Franchisor.

F. Transferee will pay for and complete to Franchisor's exclusive satisfaction the training programs now required of new franchisees. [Transferee has completed to Franchisor's satisfaction the training programs now required of new franchisees.] [Transferee has demonstrated to Franchisor's satisfaction sufficient ability to successfully operate the franchise]. Franchisee or Transferee have submitted to Franchisor, upon execution of this Agreement, a Transfer Fee in the amount of \$---. Franchisor acknowledges receipt of this Fee in consideration for Franchisor's legal, accounting, credit check, training and investigation expenses incurred as a result of this transfer. [In addition, Franchisee has paid to Franchisor, contemporaneous with execution of this Agreement, a \_\_\_ percent commission on the gross transfer price (excluding the price of real property), in the amount of \$\_\_. Franchisor acknowledges receipt of this amount in consideration for having obtained Transferee for Franchisee.]

G. Transferee will execute all documents Franchisor or Franchisee may reasonably require to complete the transfer and assumption of the franchise, including but not limited to execution of a new franchise agreement in the form currently being used by Franchisor. The new franchise agreement may contain economic and general terms which are materially different from those contained in the Franchise Agreement.

H. Transferee has met the standards established by Franchisor for quality of character, financial capacity and experience required of a new or renewing Pure Sweat Studios franchisee. Franchisee and Transferee have provided to Franchisor such information as Franchisor reasonably requested to evidence that Transferee meets these standards.

[I. The lessor or sublessor of the Franchise Premises has consented to the assignment or sublease of the Franchise Premises to Transferee.]

J. Franchisee and Transferee agree to subordinate to Transferee's obligations to Franchisor (including, without limitation, the payment of all franchise fees) any obligations of Transferee to Franchisee.

K. Transferee will assume possession and control of the equipment, furnishings, signs, supplies, inventory, advance paid deposits and other personal property and fixtures located on the Franchise Premises, except as follows:

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L. Franchisee will properly operate the franchises and maintain the Franchise Premises in

clean and proper working order and will continue the employment of all current employees until Transferee assumes control of the businesses and [relocates] the Franchise Premises.

M. Franchisee will maintain a sufficient inventory and sufficient supplies on hand to provide for normal business operations through the second day after Transferee assumes control of the businesses and the Franchise Premises, except as follows:

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Transferee agrees to place orders with product suppliers to maintain the inventory and supply levels following the closing of this transaction.

N. Franchisee and Transferee have entered into this Agreement for the transfer of Franchisee's rights under the Franchise Agreements after their own independent investigation. The transfer of the franchise rights and the amount of consideration for them have been determined by them independently. Franchisee and Transferee acknowledge that they have not relied upon any representation, warranty, promise or other consideration from or by Franchisor in entering into this Agreement or in evaluating the advisability of the transfer or the value of the franchises, any of the franchise rights or the franchise locations.

[O. Transferee will refurbish and remodel the Franchise Premises, and will refurbish, remodel and/or replace the fixtures, equipment and signage to conform to the current Operations Manual and Method of Operation within 90 days of transfer. This includes: \_\_\_\_\_.]

P. Franchisee acknowledges that Franchisor has been and is authorized to release to Transferee any and all information maintained by Franchisor relating to the franchised business and the Franchise Agreement.

***[NOTE: The following Section 2 is for franchise transfers but not for franchise renewals:]***

[2. Franchisee to Cease Using Trade Names, Marks, and Logos. Upon completion of the transfer, Franchisee will immediately cease using Franchisor's trade names, service marks, logos, and other marks, symbols or materials indicating that Franchisee is or was related to Franchisor in any way, except as otherwise provided in writing. Franchisee acknowledges that all such names, service marks, logos, and symbols are the exclusive property of Franchisor and that Franchisee has been allowed to use them, only in conjunction with the franchise relationship as outlined in this Agreement. Franchisee will remain jointly and severally bound to comply with the covenants in the Franchise Agreement which expressly or by reasonable implication are intended to apply to Franchisee after termination of the Franchise Agreement, including any applicable non-disclosure requirements. Franchisee will immediately:

A. deliver to Transferee or Franchisor all copies of the Operations Manuals, training materials, and all other franchise-related materials in Franchisee's custody, control or possession (or destroy such materials if requested by Franchisor);

B. take action as required to transfer to Transferee all registrations relating to the use of all assumed names;

C. notify the telephone company and all listing agencies of the transfer of Franchisee's rights to use the franchise names and logos and classified and directory listings of the franchise;

D. cease use of the franchise trademarks, service marks, trade names, copyrights, and other intellectual or intangible property; and

E. refrain from doing business in any way that might tend to give the public the impression that Franchisee still is or was a franchisee in the franchise system.]

3. Communication of Confidential Information. Neither Franchisee nor its owners, officers, directors, or other persons enumerated in the Franchise Agreements will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Franchise Agreement, the substance of the Pure Sweat Studios franchise operations manuals, or any other nonpublic information related to the operation of the Pure Sweat Studios franchise system. Franchisee represents and warrants that neither it nor any listed individual has communicated or divulged any such information to anyone prior to the date of this Agreement. This Section shall not reduce the scope of the confidentiality and non-disclosure obligations and restrictions in the Franchise Agreement; Franchisee will continue to comply with such obligations and restrictions.

[Nothing contained in this Agreement will preclude Franchisor or Franchisee from disclosing the fact of this Agreement or the amount paid by Transferee to Franchisor or to Franchisee.]

4. Release.

A. General. In consideration of the covenants and understandings set forth in this Agreement, Franchisee (for itself and on behalf of its affiliates, subsidiaries, divisions, successors, assigns, owners, officers, directors, LLC managers, employees and agents) ("**Releasing Parties**") does release and forever discharge and covenants not to sue Franchisor (and its affiliates, subsidiaries, divisions, successors, assigns, owners, officers, directors, LLC managers, employees and agents) ("**Released Parties**") from all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute (each a "**Claim**" and collectively "**Claims**"), including but not limited to Claims arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Franchise Agreement and any related agreements between the parties through the date of this Agreement [*(except provisions in the Franchise Agreement concerning Franchisee's obligations upon termination).*]

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof.

The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, through the date of this Agreement, including, but not limited to, economic loss.

[In consideration of the covenants and understandings set forth in this Agreement, Transferee does release and discharge Franchisor and its current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of Transferee's existing franchise or license agreement(s) with us and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.

Transferee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, through the date of this Agreement, including, but not limited to, economic loss.]

B. Waiver of Statute. With the advice of legal counsel, the Releasing Parties expressly waive any statute, legal doctrine or other similar limitation upon the effect of general releases. If applicable, the parties waive the benefit of California Civil Code Section 1542, which states: 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 AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

C. Covenant Not to Sue. The Releasing Parties covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any of the Released Parties with respect to any Claim.

*[D. Certain Obligations Not Released. The parties agree that the provisions of the Franchise Agreement concerning the obligations of Franchisee upon termination will continue in full force and effect. Without limiting the generality of the foregoing, Franchisee shall be liable to Franchisor for royalties and any other fees that accrue prior to the Effective Date.]*

E. Releasing Parties' Acknowledgments. EACH OF THE RELEASING PARTIES HEREBY ACKNOWLEDGE THAT THEY HAVE READ THIS RELEASE THOROUGHLY AND FULLY UNDERSTAND IT; THEY ARE VOLUNTARILY EXECUTING THIS RELEASE; THEY HAVE GRANTED THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE BEFORE EXECUTING THIS RELEASE; AND THEY ARE AWARE THAT BY SIGNING THIS RELEASE THEY ARE WAIVING CERTAIN LEGAL RIGHTS THAT THEY MAY HAVE AGAINST THE RELEASED PARTIES.

5. Indemnification. Franchisee, for themselves and their heirs, successors, representatives, assigns, subsidiaries, divisions, and agents and each of them, agree to indemnify and hold harmless Franchisor and its affiliates, subsidiaries, divisions, successors, assigns, officers, directors, employees and agents and each of them against any liabilities, losses, damages, deficiencies, claims, costs, expenses, actions, suits, proceedings, investigations, demands, assessments, judgments, and costs of any nature resulting, directly or indirectly, from the operation of the franchise by Franchisee or Franchisee's agents or employees. This Section shall not reduce the scope of the indemnities found in the Franchise Agreement.

6. Miscellaneous Provisions.

A. Entire Agreement. This writing is the entire agreement between the parties and may not be modified or amended except by written agreement signed by the parties.

B. Joint and Several Liability. If Franchisee consists of more than one individual or entity, then their liability under this Agreement will be joint and several.

C. Waiver. No waiver of any covenant or breach of this Agreement will be a waiver of any subsequent breach of the same or any other covenant or authorize the subsequent breach of any covenant or condition.

D. Time of Essence. Time is of the essence of this Agreement.

E. Injunctive Relief. In addition to other remedies available at law or in equity, any party may seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any covenant contained in this Agreement.

F. Dispute Resolution. If a dispute arises, before taking any other legal action, the parties agree to participate in good faith mediation in Nashville, Tennessee in accordance with the mediation procedures of the American Arbitration Association or of any similar organization that specializes in the mediation of commercial business disputes. The party demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The parties agree to equally share the costs of mediation. Injunctive relief and or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be

brought in any court of competent jurisdiction.

G. Costs and Attorneys' Fees. The prevailing party in any suit or action to enforce this Agreement will be entitled to recover its arbitration and court costs and reasonable legal fees to be set by the court, including costs and legal fees on appeal.

H. Governing Law and Venue. This Agreement is accepted in the State of Tennessee and will be governed by the laws of Tennessee, which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of the Tennessee franchise or business opportunity laws (if any). Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Tennessee, will be construed and enforced according to the laws of that state. All issues or disagreements relating to this Agreement, will be tried, heard, and decided in Davidson County, Tennessee.

I. Successors and Assigns. This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties.

J. Legal Representation. The parties acknowledge they have been represented by counsel and have been advised of the significance and ramifications of executing this Agreement.

K. Counterparts and Electronic Signatures. This Agreement may be executed simultaneously in counterparts, each of which will be deemed an original, but all of which, together, will constitute one and the same instrument. Execution of this Agreement via DocuSign or any other reputable e-signature service will constitute valid and enforceable execution.

L. Definition of "Including." In this Agreement, including means "including but not limited to" unless expressly stated otherwise.

[7. Effective Date. The effective date of this Agreement shall be the date the last party signs.]

IN WITNESS WHEREOF, the parties have executed this Agreement.

**Franchisor:** Pure Sweat Studios, LLC

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

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

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

**Franchisee:**

Name of Corporation/LLC/Partnership: \_\_\_\_\_

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

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

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

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

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

***Transferee:***

Name of Corporation/LLC/Partnership: \_\_\_\_\_

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

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

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

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

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

**Instructions for signatures (above) for “Franchisee” and “Transferee”:** If you are a corporation, limited liability company or other business entity, then this Agreement should be signed by a company officer or owner authorized to sign on behalf of the company. Additionally, this Agreement must be signed by all officers and owners of the company as individuals.

## EXHIBIT F

### STATE LAW ADDENDUM TO FDD AND FRANCHISE AGREEMENT

#### California

**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 DISCLOSURE DOCUMENT.**

Our website address is [www.puresweatfloatstudio.com](http://www.puresweatfloatstudio.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](http://www.dfpi.ca.gov).**

FDD Item 17, FA Sections 3, 12, 14, 16 and 17

(1) California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

(2) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

(3) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

(4) You must sign a general release if you renew or transfer your franchise. 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).

(5) The Franchise Agreement provides that all issues or disagreements relating to the Franchise Agreement will be mediated, tried, heard and decided in Nashville, Tennessee with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

(6) The Franchise Agreement requires application of the laws of the State of Tennessee. This provision may not be enforceable under California law.

(7) Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form and containing such information as the Commissioner of the Department of Financial Protection and Innovation may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

### FDD Item 3

Response to California 10 CCR Section 310.114.1(c)(3): Neither the franchisor nor any person or franchise broker in Item 2 of the FDD 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 that association or exchange.

### FDD Item 6; Franchise Agreement Section 4.8

Late payment penalties and late charges will not exceed California's legal limit on interest rates, which is currently 10% annually.

### FDD Item 17.r; FA Section 16 and Exhibit B (Guarantee, Confidentiality, and Non-Competition Agreement) and Exhibit C (Confidentiality and Non-Competition Agreement)

Under Business and Professions Code Section 16600, covenants not to compete that extend beyond the termination of the franchise are not enforceable under California law.

FDD Exhibit D (Disclosure Acknowledgment and Agreement) and FA Section 19 (entitled "Acknowledgments") are hereby modified to the extent necessary to not require franchisee to waive its rights under the Franchise Investment Law in violation of California Corporations Code 31512.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

### Illinois

### FDD Item 17 and FA Sections 3.2, 3.3, and 3.4 (renewal), 12 (default and termination), 17 (governing law and dispute resolution), and 19 (acknowledgments)

Illinois law shall apply to and govern the Franchise Agreement.

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.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

### FDD Item 5; FA Section 4.2; Multiple Franchise Purchase Addendum (FA Exhibit F) Section 6

All initial franchise fees owed to the franchisor, or its affiliate, by the franchisee will be deferred until such time as: (a) all initial obligations owed to the franchisee under the franchise agreement or other agreements have been fulfilled by the franchisor and (b) the franchisee has commenced doing business pursuant to the franchise agreement. If a multiple franchise purchase addendum is being signed, then payment of the initial franchise fees associated with each franchise to be developed will be deferred until the relevant franchise

is open under the development schedule. The Illinois Attorney General's Office imposed this deferral requirement due to the franchisor's financial condition.

The signatures ~~page~~ for the Illinois State Law Addendum ~~follows on the next page~~:

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

("we/us"): Pure Sweat Studio LLC

("you"): \_\_\_\_\_

\_\_\_\_\_

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

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

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

\_\_\_\_\_

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

Signed Personally: \_\_\_\_\_

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

## Maryland

The Disclosure Document (Item 17) and Franchise Agreement are amended to include that any provision which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Item 17 of the Disclosure Document and Sections 3 and 14 of the Franchise Agreement are amended.

The Franchise Agreement and Disclosure Acknowledgment and Agreement (FDD Exhibit D) are amended as follows: All 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.

Item 17 of the Disclosure Document, Section 17.2 of the Franchise Agreement, Section 9 of the Multiple Franchise Purchase Addendum, and any other relevant provisions in the Franchise Agreement and its exhibits are hereby amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 of the Disclosure Document, the Franchise Agreement, and the Multiple Franchise Purchase Addendum are amended as follows: This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

FDD Item 5, Franchise Agreement Section 4.2, and Multiple Franchise Purchase Addendum Section 6

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 initial payments by area developers shall be deferred until the first franchise under the multiple franchise purchase addendum opens.

[Signature blocks appear on the next page.]

Signature Page for Maryland State Law Addendum:

DATED \_\_\_\_\_, 20\_\_.

(“we/us”): PURE SWEAT STUDIOS, LLC (“you”): \_\_\_\_\_

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

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

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

\_\_\_\_\_  
Signed Personally: \_\_\_\_\_

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

## Michigan

**The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are included in these franchise documents, the provisions are void for Michigan franchisees and cannot be enforced against Michigan franchisees.** These provisions are:

- (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 law. This will 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 will include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice and a reasonable opportunity, which in no event need be more than 30 days, to cure the 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 six months' advance notice of the franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This will 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 will 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 breach 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 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 the franchisee's obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation or endorsement by the Attorney General.**

**A franchisor whose most recent financial statements are unaudited and show a net worth of less than \$100,000 will, 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 the escrow. Any questions regarding this notice should be directed to the Department of the Michigan Attorney General, 6520 Mercantile Way, Suite 3, Lansing, Michigan 48913; (517) 373-3800.**

The name and address of the franchisor's agent in Michigan authorized to receive service of process is:

Michigan Department of Commerce  
Corporation and Securities Bureau  
Office of Franchise and Agent Licensing  
6546 Mercantile Way  
P. O. Box 30222  
Lansing, Michigan 48910

### **Minnesota**

Minnesota law prohibits requiring a franchisee to waive his or her rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes; provided, that this part will not bar a voluntary arbitration of any matter if the proceeding is conducted by an independent tribunal under the rules of the American Arbitration Association. (Minn. Rules 2860.4400(J)).

**FDD Item 17; FA Sections 3.2, 3.3, and 3.4 (renewal), 12 (default and termination), and 14 (transferability of interest)**

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) 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 that consent to the transfer of the franchise will not be unreasonably withheld.

FDD Item 17; FA Sections 17 (governing law and dispute resolution) and 19 (acknowledgments)

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us 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 any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

FDD Item 13; FA Section 10 (protection of intellectual property)

Minnesota Statutes Section 80C.20, Subdivision 1(g) allows the Minnesota Commissioner of the Department of Commerce to issue a cease and dismiss order or issue an order denying, suspending or revoking any registration, amendment or exception on finding any of the following . . . that the method of sale or proposed method of sale of franchises or the operation of the business of the franchisor or any term or condition of the franchise agreement or any practice of the franchisor is or would be unfair or inequitable to franchisees. Pursuant to this section, the Commissioner requires all franchisors registering in the state of Minnesota to state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logo types or other commercial symbols or indemnify the franchisee from any loss, cost or expenses arising out of any claim, suit or demand regarding the use of the name. We intend to comply with the Minnesota statute and to protect the franchisee's rights and indemnify the franchisee for any losses to the full extent required by relevant state law.

FDD Item 17, FA Sections 6, 7 and 9

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release. The general release provisions in the Franchise Agreement are void and unenforceable in the state of Minnesota.

FA Section 17

Pursuant to Minnesota Statutes Section 80.C.21, this section will not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes, Chapter 80.C, including, but not limited to, the right to submit matters to the jurisdiction of the courts in Minnesota.

**Washington Addenda to the FDD, Franchise Agreement, Multiple Franchise Purchase Addendum, and Disclosure Acknowledgments and Agreement**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration

or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

RCW 19.100.220(2) provides that any agreement, condition, stipulation or provision purporting to bind any person to waive compliance with RCW 19.100 or any rule or order thereunder is void. Therefore, the Franchise Agreement and its exhibits and the Disclosure Acknowledgments and Agreement (FDD Exhibit D) are hereby modified to the extent necessary to not contravene RCW 19.100.180(2)(g).

Pursuant to RCW 19.100.180(2)(i), the franchisor must compensate the franchisee for good will in certain circumstances.

#### General Release (FDD Exhibit E), Section 4.C

Section 4.C of the Form of General Release (entitled "Covenant Not to Sue") does not apply to Washington franchisees.

### **Special Risks to Consider About *This* Franchise**

**Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own

investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The undersigned does hereby acknowledge receipt of this addendum.

**Wisconsin**

With respect to franchise agreements governed by Wisconsin law, the following shall supersede any inconsistent provision:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, nonrenewal or substantial change in the competitive circumstances of a dealership agreement without good cause. The Law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. Item 17 of the Disclosure Document and the corresponding section of the Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions in the Franchise Agreement that are inconsistent with that Law. Wis. Stats. Ch. 135, the Wisconsin Fair Dealership Law.



\*\*\*

It is agreed that the applicable foregoing state law addendum for the state of \_\_\_\_\_, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed, to the extent that they are valid requirements of an applicable, effective, and enforceable state law. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

DATED \_\_\_\_\_

**Franchisor:** Pure Sweat Studio LLC

**Franchisee:** \_\_\_\_\_

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

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

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

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

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

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

Signed Personally: \_\_\_\_\_

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

**EXHIBIT G**

**SBA FRANCHISE AGREEMENT ADDENDUM**

This Addendum is for use only with franchisees that are getting Small Business Administration (SBA) lender financing. This Addendum is subject to change based on requirements that the SBA may impose.

[SEE FOLLOWING PAGES.]



## ADDENDUM TO FRANCHISE<sup>1</sup> AGREEMENT

**THIS ADDENDUM** (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“Franchisor”), located at \_\_\_\_\_, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

### CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

### FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

renewals) for fair market value.

**COVENANTS**

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee’s real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee’s employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

**Authorized Representative of FRANCHISOR:**

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

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

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

**Authorized Representative of FRANCHISEE:**

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

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

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

**Note to Parties:** This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

## EXHIBIT H

### LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

The following table reflects our agents for service of process and the relevant state franchise authorities. We may not be registered to offer and sell franchises in all of these states:

<b>STATE</b>	<b>REGISTERED AGENTS</b>	<b>REGULATORY AUTHORITIES</b>
CALIFORNIA	California Commissioner of Financial Protection and Innovation:  Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344  Sacramento: 2101 Arena Boulevard Sacramento, California 95834-2036  San Diego: 1455 Frazee Road, Suite 315 San Diego, CA 92108  San Francisco: One Sansome Street, Suite 600 San Francisco, CA 94105-2980  Toll-Free Number: 1-866-275-2677	California Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 <u>Toll-Free Number: 1-866-275-2677</u>
CONNECTICUT	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232
FLORIDA	[Not Applicable]	Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770
HAWAII	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706  (312) 814-3892

<b>STATE</b>	<b>REGISTERED AGENTS</b>	<b>REGULATORY AUTHORITIES</b>
INDIANA	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottawa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance 1200 N Street Suite 311 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445
NEW YORK	New York Department of State 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222
NORTH DAKOTA	North Dakota Securities Commissioner Fifth Floor 500 East Boulevard Bismarck, ND 58505	Franchise Examiner Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
RHODE ISLAND	Director of Rhode Island Department of Franchise Regulation Division of Securities Suite 232 Providence, RI 02903 (401) 222-3048	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048

<b>STATE</b>	<b>REGISTERED AGENTS</b>	<b>REGULATORY AUTHORITIES</b>
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	Ryan C. Combe Registered Agent 2181 Combe Road Ogden, Utah 84403	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760	Administrator Dept. of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4 <sup>th</sup> Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4 <sup>th</sup> Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6 <sup>th</sup> Street, NW Washington, D.C. 20580 (202) 326-3128

**EXHIBIT I**

**LISTS OF CURRENT AND CERTAIN FORMER FRANCHISEES**

List of operating franchised outlets as of September 30, 2021:

<b>Name</b>	<b>Address</b>	<b>Phone Number</b>
Pure Nash LLC Meredith Lile	213 Franklin Road, Suite 130, Brentwood, TN 37027	615-716-0600
	1560 West McEwen Drive, Suite 154, Franklin, TN 37067	615-716-0600
LBJ Clarksville, LLC Laurel Judd*	2670 Madison Street, Suite I The Village Plaza – Sango Clarksville, TN 37043	931-919-4700

\* This franchise opened November 2021 – after our September 30, 2021 fiscal year end.

List of franchisees who had signed franchise agreement but not yet opened as of September 30, 2021:

None

List of franchised outlets that left the franchise system during our last fiscal year:

None

List of affiliate-owned outlets as September 30, 2021:

<b>Name</b>	<b>Address</b>	<b>Phone Number</b>
PSF Studio LLC	6021 TN-100 Nashville, TN 37205	615-928-8829
Open Doors in Nashville, LLC	1204 Dallas Ave Nashville, TN 37212	615-964-7949

**EXHIBIT J**

**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:

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Michigan	May 16, 2022
Minnesota	Pending
Washington	Pending
Wisconsin	<del>Pending</del> May 12, 2022

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 provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Pure Sweat Studios LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, franchisor or its affiliates in connection with the proposed sale or sooner if required by applicable state law.

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

The franchisor is Pure Sweat Studios LLC located at 6021 Highway 100, Nashville, Tennessee 37205 (615.928.8829).

The issuance date: April 29, 2022.

The franchise sellers of Pure Sweat Studios LLC, 6021 Highway 100, Nashville, Tennessee 37205 (615-928-8829) are: Candice Bruder, Founder and Managing Member. Any additional individual franchise sellers involved in offering the franchise are: Jim Foley, Member of PSF Studio LLC and consultant to Pure Sweat Studios LLC, 6021 Highway 100, Nashville, Tennessee 37205, 615-928-8829; Amy Leclerc, Independent Franchise Advisor, 620 Gaddis Place, White Salmon, WA 98672, 503-703-2779.

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Pure Sweat Studios LLC authorizes any officer or member of the LLC to serve as agent for service of process at 6021 Highway 100, Nashville, Tennessee 37205.

I received a Franchise Disclosure Document dated as indicated above that included the following exhibits:

- A. Franchise Agreement and Exhibits:
  - EXHIBIT A      Agreement Data
  - EXHIBIT B      Guarantee, Confidentiality, and Non-Competition Agreement
  - EXHIBIT C      Confidentiality and Non-Competition Agreement
  - EXHIBIT D      Conditional Assignment Agreement and Power of Attorney
  - EXHIBIT E      Certificate of Compliance with Data Protection and Privacy Laws
  - EXHIBIT F      Multiple Franchise Purchase Addendum
  - EXHIBIT G      Lease Addendum
- B. Financial Statements
- C. Table of Contents of the Confidential Operations Manual
- D. ~~Disclosure Verification Form~~ Disclosure Acknowledgment and Agreement
- E. Form of General Release
- F. State Law Addendum to FDD, ~~and~~ Franchise Agreement, and Certain Exhibits
- G. SBA Franchise Agreement Addendum
- H. List of State Agents for Service of Process and State Administrators
- I. Lists of Current and Certain Former Franchisees
- J. State Effective Dates

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

Signatures of All Prospective Franchisees:

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

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

Name of Corporation/LLC/Partnership (if applicable): \_\_\_\_\_

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

*You should return one copy of this signed receipt to us by emailing it to amy@puresweatsaunastudio.com. You should retain one copy for your records.*

## RECEIPT

This disclosure document summarizes provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Pure Sweat Studios LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, franchisor or its affiliates in connection with the proposed sale or sooner if required by applicable state law.

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

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Pure Sweat Studios LLC authorizes any officer or member of the LLC to serve as agent for service of process at 6021 Highway 100, Nashville, Tennessee 37205.

I received a Franchise Disclosure Document dated as indicated above that included the following exhibits:

B. Franchise Agreement and Exhibits:

- [EXHIBIT A Agreement Data](#)
- [EXHIBIT B Guarantee, Confidentiality, and Non-Competition Agreement](#)
- [EXHIBIT C Confidentiality and Non-Competition Agreement](#)
- [EXHIBIT D Conditional Assignment Agreement and Power of Attorney](#)
- [EXHIBIT E Certificate of Compliance with Data Protection and Privacy Laws](#)
- [EXHIBIT F Multiple Franchise Purchase Addendum](#)
- [EXHIBIT G Lease Addendum](#)

- B. Financial Statements
- C. Table of Contents of the Confidential Operations Manual
- D. ~~Disclosure Verification Form~~ Disclosure Acknowledgment and Agreement
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- G. SBA Franchise Agreement Addendum
- H. List of State Agents for Service of Process and State Administrators
- I. Lists of Current and Certain Former Franchisees
- J. State Effective Dates

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

Signatures of All Prospective Franchisees:

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

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

Name of Corporation/LLC/Partnership (if applicable): \_\_\_\_\_

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

*You should return one copy of this signed receipt to us by emailing it to amy@puresweatsaunastudio.com. You should retain one copy for your records.*