

## Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **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. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make payments may result in termination of your franchise and loss of your investment.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
5. **Unopened Franchises.** The Franchisor has signed a significant number of Franchise Agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.
6. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices that the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

Listed below are the Marks pending or registered on the Principal Register of the United States Patent and Trademark Office that franchisees are currently licensed to use.

Mark	Application/Registration Number	Application/Registration Date	Register
	5,212,334	May 30, 2017	Principal Register
<p data-bbox="245 793 662 831">Ignite The Wellness Within</p>	6,734,795	May 24, 2022	Principal Register
<p data-bbox="241 1016 665 1062">Perspire Sauna Studio</p>	6,928,108	December 20, 2022	Principal Register
	6,931,081	December 20, 2022	Principal Register
	6,999,114	March 14, 2023	Principal Register

Mark	Application/Registration Number	Application/Registration Date	Register
	7,335,528	March 26, 2024	Principal Register
	7,335,529	March 26, 2024	Principal Register

All required affidavits, including required declarations for the initial trademark registrations and subsequent trademark maintenance declarations and affidavits have been filed. At the appropriate time, renewals will be filed. There are no currently effective material determinations of the Patent and Trademark Office or Trademark Trial and Appeal Board. There are no pending infringements, oppositions or cancellations concerning the principal trademarks. There is no pending material litigation involving the principal trademarks.

You must follow our Operations Manual and Method of Operations when you use the Marks. You cannot use the Marks or any other of our trademarks or service marks as part of your corporate name.

The Operations Manual identifies the Marks you are licensed to use. We have the right to change the licensed Marks periodically. Your use of the Marks and any goodwill is to our and our affiliate's exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks upon termination or expiration of your Franchise Agreement. You are not permitted to make any changes or substitutions to the Marks except as we direct in writing.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Marks in the state where your PERSPIRE SAUNA STUDIO Business may be located. No agreement currently exists that significantly limits our rights to use or license the Marks in a manner material to the franchise.

If it becomes advisable at any time for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks, service marks or trade dress, you must comply with our directions within the period we specify. You must bear all costs and expenses applicable to your PERSPIRE SAUNA STUDIO Business should we decide to modify the Marks or adopt new marks. We will have no liability or obligation whatsoever with respect to any required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress.

We agree to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding arising out of your authorized use of any

your future income, you should report it to the franchisor's management by contacting our Fractional Chief Development Officer, Patricia Rother, 129 Cabrillo St., Suite 200, Costa Mesa, CA 92627, 949-669-1758 the Federal Trade Commission, and the appropriate state regulatory agencies.

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

**TABLE 1**  
**System Wide Outlet Summary for Years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	17	26	+9
	2023	<del>27</del> <u>26</u>	<del>45</del> <u>44</u>	+18
	2024	<del>45</del> <u>44</u>	66	+21
Company-Owned	2022	4	4	0
	2023	4	6	+2
	2024	6	6	0
<b>Total</b>	<b>2022</b>	<b>21</b>	<b>30</b>	<b>+9</b>
	<b>2023</b>	<del><b>31</b></del> <u><b>30</b></u>	<del><b>51</b></del> <u><b>50</b></u>	<b>+20</b>
	<b>2024</b>	<del><b>51</b></del> <u><b>50</b></u>	<b>72</b>	<b>+21</b> <u><b>22</b></u>

**TABLE 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2022 to 2024**

State	Year	Number of Transfers
Arizona	2022	0
	2023	0
	2024	1
Texas	2022	0
	2023	2
	2024	1
<b>Total</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>2</b>
	<b>2024</b>	<b>2</b>

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Wisconsin	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
TOTAL	2022	17	9	0	0	0	0	26
	2023	<del>27</del> 26	20	0	0	2	0	<del>45</del> 44
	2024	44	22	0	0	0	0	66

TABLE 4

StaPtus of Company (Affiliate) Owned Outlets for years 2022 to 2024.

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2022	2	0	0	0	0	2
	2023	2	0	2	0	0	4
	2024	4	0	0	0	0	4
Florida	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
TOTAL	2022	4	0	0	0	0	4
	2023	4	0	2	0	0	6
	2024	6	0	0	0	0	6